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CHINA CHEMICAL & PHARMACEUTICAL CO., LTD.
23, HSIANG YANG RD., TAPIEI, 100, TAIWAN, R.O.C. http:// www.ccpc.com.tw
TEL : 886 2 2312-4200 FAX : 886 2 2361-5143

22 October 2018

Dear Shareholders,

First 2018 Extraordinary General Meeting of Shareholders

The Directors of China Chemical & Pharmaceutical Company ("CCPC") are pleased to present the first EGM resolutions of 2018 to shareholders vital for our business activities on Thursday 22nd of November.

The year 2017 was one of expansion and revenue growth for CCPC which showed an improvement in net income arising principally from an excellent performance by our Research & Development efforts resulted in **8%** growth of consolidated revenue of **NT$6,244** million for the year compared with **NT$5,781** million in 2016.

Despite rising costs and depressed business conditions, CCPC managed to increase its revenues slightly and maintain its net profit before extraordinary items at a level of only **4.91 Percent** higher than the 2016 level.

We are pleased to report satisfactory increases in both sales and earnings for 2017. In a highly competitive global marketplace, these results reflect the dedication and fine performance of all CCPC employees. Our commitment to manage costs vigorously by keeping expenses in line year in and year out, we hope to maximise profits while avoiding the kind of disruptive downsizing that many companies have had to endure.

For the immediate future, the main priority in our Company's strategic planning is to obtain high growth from existing businesses. As such, the Board has carefully considered targets and objectives which will require the voting approval of our shareholders to continue the improvement of CCPC to enable us to continue the active pursuit of every opportunity in all our marketplaces.

Resolutions to Shareholders at the 2018 Extraordinary General Meeting

In the history of our Company since its inception in 1952, the upcoming EGM will be the first the Board has convened in a fair and transparent manner in line with best practices. While the proposals are routine proposals in nature, we ask that our shareholders kindly refer to 2017 Annual Report, 2018 EGM Handbook together with this shareholder letter to consider voting all available proxy ballots at the general assembly. In summary, the agenda consists of three proposals, two re-election items and one Bylaw amendment.

The Board proposes the re-election of two directors:

1. Shiun-Sheng Wang, who was appointed Chairperson by the Board of Directors at the 2016 Annual General Meeting of Shareholders, steps down in accordance with the Company Bylaws and, being eligible, offers himself for re-appointment. Shiun-Sheng Wang is a highly valued member of the Board with a distinguished career in the biotechnology industry for over 29 years, his leadership has been instrumental to the growth of CCPC and management of the

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executive team.

2. Hsun-Hui Wang is the second most senior member of the Board and re-appointment from shareholders under the rules adopted by CCPC in the articles of amendment. Hsun-Hui Wang's career spanned more than 26 years and is a key figure in the pharmaceutical sector in Taiwan. We believe that his contribution and loyalty have enabled the business to become a higher achiever in quality.

It is the Board's firm view that the proposed candidates will continue to add long-term value into CCPC and its businesses for our shareholders and other stakeholders. We fully support the nominations described above at the EGM.

The third proposal is a technical amendment to increase the capital authorisation from **NT$3bn** to **NT$5bn** is required to improve the efficiency of ongoing operations and commitments made in several promising new ventures from the gains made from R&D activities over the past few years. We believe that our continued determination to improve profitability and expand our core businesses in human and animal products overseas is important for CCPC to achieve a new era of growth. It is vital for our Company to continue the pursuit of quality in all our endeavours for the year ahead. The executive board expects that revenues, net profit, as well as the profit per share for 2018-2022 will at least surpass the figures for 2018. While there is uncertainty about the state of the overall global economy, we are fundamentally optimistic regarding the strength of our business after the approval of the capital amendment resolution which will enable us to improve in many areas. Accordingly, we welcome your affirmative votes in support of the amendment at the EGM.

There is, in our view, good growth potential in most of our divisions although we must anticipate that our activities will continue to be affected by global market demands by international economies. Nevertheless, we look to the year ahead with optimism with the resolutions proposed before our shareholders for voting approval at the EGM on 14 November 2018. **The Board of Directors recommends shareholders to vote 'For' the agenda items tabled above.**

We thank you for your continued trust in CCPC and hope the above explanations of our business plans has given you belief in our abilities to execute important steps in Company and years to come. If you have any questions, do kindly contact the *Investor Relations department Sandy Huang <sandy@ccpc.com.tw>* or *Ipreo by IHS : Ilkay.Sarpdag@ipreo.com* for an immediate response.

Yours sincerely,

By Order of the Board of Directors

Chen, Hung-Shou
Independent Director