

## IMPORTANT ISSUES

1. As to the claim to which the Company was included as one of the leading producers of Acetylsalicylic Acid (Aspirin) in the PRC, the Company received the notice from the Department of Commerce ("DOC") of the United States of America ("USA") to announce the appeal of the Company (in relation to the DOC's decision that the Company's export of Acetylsalicylic Acid to the USA will be subject to anti-dumping duties at the rate of 16.51%) was accepted by the International Trade Court of the USA. On 5 December 2001, the counsel of the Company in the USA submitted the questionnaire in respect of the re-examination to the DOC and the case is currently being heard. It is expected that the DOC will visit the Company for investigation in the first half of 2002. Other than the above-mentioned pending claim, the Group was not involved in any material litigation or arbitration and no material litigation or claim is pending or threatened or made against the Group.
2. In the reporting period, the Company purchased land use right from its holding company, SXPGC. The area of the property is 35,885.1 square metres and the total consideration payable for acquisition is RMB7,914,000. The transaction was approved by the independent non-executive directors of the Company and was published on the domestic newspapers, Securities Times and China Securities, and the Hong Kong newspapers, Wen Wei Po and Hong Kong iMail, on 15 December 2001.
3. In the reporting period, there is no trust, subcontract and lease of the assets between the Company and other companies.
4. There is no existing guarantee provided by the Company or its Directors or other officers of the Company on behalf of the Company, nor has any guarantee been provided by the Company or its Directors or other officers of the Company in the reporting period.
5. The Company did not appoint any custodian for the management of funds.
6. The Company, Directors and Senior Officers of the Company has not been prosecuted, fined or penalized by any PRC authorities during the year ended 31 December 2001
7. The Company and its shareholders, holding more than 5% of shares of the Company, have not provided any undertakings in newspapers and websites designated by the

CSRC for information disclosure.

8. The connected transactions are as set out in the Notes to the Accounts prepared in accordance with PRC accounting standards.
9. In 2001, the Company re-appointed PricewaterhouseCoopers (Certified Public Accountants in Hong Kong) and Shine Wing (Certified Public Accountants in the PRC) as the Company's international and domestic auditors. The auditors' remuneration are as follows:

	2001	2000
PricewaterhouseCoopers	USD95,000	USD95,000
Shine Wing	USD40,000	USD37,300