



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company and its subsidiaries for the year ended 30 June 2002.

CHANGE OF NAME

Pursuant to a special resolution passed at the annual general meeting held on 17 April 2002, the name of the Company was changed from Wah Lee Resources Holdings Limited to Guo Xin Group Limited.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the principal subsidiaries are set out in note 12 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2002 are set out in the consolidated income statement on page 16.

The directors do not recommend the payment of any dividend.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest customer of the Group by itself and together with the next four largest customers accounted for about

78% and 96% respectively of the Group's turnover.

During the year, the largest supplier of the Group by itself and together with the next four largest suppliers accounted for about 85% and 96% respectively of the Group's purchases.

None of the directors of the Company, any of their associates, or any shareholders (which to the best knowledge of the directors owns more than 5% of the Company's issued share capital) have any beneficial interest in the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and the Company during the year are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 16 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 17 to the financial statements.



DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

Executive directors:

- Mr. Zhang Yang
(appointed on 10 December 2001)
- Mr. Lam Cheung Shing, Richard
(appointed on 10 December 2001)
- Mr. Jiang Feng
(appointed on 10 December 2001)
- Mr. Yeung Kwok Fan
(removed on 11 December 2001)
- Mr. Sun Tak Yan, Desmond
(removed on 11 December 2001)
- Mr. Zhang Hua
(removed on 11 December 2001)
- Mr. Yeung Ming Kwong
(removed on 11 December 2001)
- Mr. Wu Ming Fat, Simon
(removed on 11 December 2001)

Independent non-executive directors:

- Mr. Tam Sun Wing
(appointed on 14 December 2001)
- Mr. Tso Shiu Kei, Vincent
(appointed on 14 December 2001)
- Ms. Lo Miu Sheung, Betty
(removed on 11 December 2001)

The directors of the Company, including the executive and independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting

of the Company in accordance with clauses 87 (1) and 87(2) of the Company's Bye-laws.

Mr. Zhang Yang had entered into a service contract with the Company for a fixed term of three years from 10 December 2001.

Save as disclosed above, no director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held as corporate interests (Note)
Mr. Zhang Yang	9,500,000,000

Note:

These shares were beneficially owned by Sourcebase Developments Limited, a company beneficially owned by Mr. Zhang Yang.



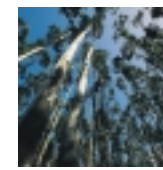
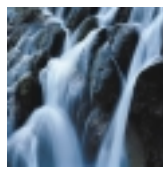
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Save as disclosed above, none of the directors or their associates had any interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTIONS

The share option scheme (the "Option Scheme") of the Company was adopted by the Company on 17 April 2002. The major terms of the Option Scheme are summarised as follows:

1. The purpose of the Option Scheme is to provide incentives to the participants.
2. The participants of the Option Scheme include any employee or director of any member of the Group.
3. The maximum number of shares in respect of which options might be granted under the Option Scheme must not exceed 10% of the issued share capital of the Company from time to time and should be of maximum of 2,686,180,000 shares at the date of this report.
4. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with the total number of shares issued and issuable under any option granted to the same participant under the Option Scheme, must not exceed 25% of the aggregate number of shares for the time being issued and issuable under the Option Scheme from time to time.
5. No minimum period of holding is required before the option became exercisable.
6. The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee to the Company.
7. The subscription price shall not be lower than the higher of:
 - (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotation sheets on the date of grants, which must be a trading date;
 - (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and
 - (iii) the nominal value of the share.
8. The Option Scheme will be expired on 17 April 2012.
9. At the balance sheet date, no option was granted by the Company under the Option Scheme.



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DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or the chief executive, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

Save for Mr. Zhang Yang's interests in the shares of the Company referred to in the section head "Directors' Interests in Shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses

no person as having an interest in 10% or more in the issued share capital of the Company as at 30 June 2002.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year ended 30 June 2002 with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the guidelines as regards the formation of an Audit Committee, as set out in paragraph 14 of the Code, have not yet been complied with for the period from 1 July 2001 to 13 December 2001.



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AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

ZHANG YANG
Chairman

Hong Kong, 17 October 2002