

Report of the Directors

The directors have pleasure in presenting their annual report and the audited financial statements of China Rich Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 July 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company’s principal subsidiaries are set out in note 38 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group’s result for the year ended 31 July 2005 and the state of affairs of the Company and the Group as at 31 July 2005 are set out in the financial statements on pages 16 to 20.

The directors do not recommend the payment of dividend for the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity on page 21 respectively.

DISTRIBUTABLE RESERVES

In the opinion of the directors, the Company has no reserves available for distribution to its shareholders. However, pursuant to the Companies Act 1981 of Bermuda, the Company’s share premium account of approximately HK\$31,879,000 can be distributed in the form of fully paid shares.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 13 to the financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 14 to the financial statements.

GOLF RESORT

Details of the movements in golf resort of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the financial statements.

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

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Mr. Yip Kwong, Robert (*Chairman*)

Ms. Cheng Kit Yin, Kelly (resigned on 7 January 2005)

(*Deputy Chairman and Chief Financial Officer*)

Mr. Kam Shing

Mr. Dai Zhong Cheng (appointed on 1 December 2004)

Independent non-executive directors:

Dr. Wong King Keung, Peter

Dr. Lau Lap Ping

Mr. Edmund Siu (appointed on 30 September 2004)

There is no service contract entered into between the Company and Mr. Edmund Siu and Mr. Dai Zhong Cheng. Mr. Edmund Siu and Mr. Dai Zhong Cheng have no fixed term of service with the Company.

The independent non-executive directors are also subject to retirement by rotation in accordance with the Company's Bye-laws.

In accordance with Clause 87 of the Company's Bye-laws, Dr. Wong King Keung, Peter, and Dr. Lau Lap Ping shall retire. All other remaining directors continue in office.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

At 31 July 2005, the interests of the directors in the share capital of the Company and the associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as notified to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) Shares

Shares in the Company

Name of director	Personal interest	Corporate interest
	Number of shares held	Number of shares held <i>(Note a)</i>
Mr. Yip Kwong, Robert	8,100,000	245,855,621

Note a: These shares are owned by Central Securities Holdings Limited, a wholly-owned subsidiary of Everbest Holdings Group Limited which is a company wholly owned by Mr. Yip Kwong, Robert.

Shares in GreaterChina Technology Group Limited ("GreaterChina")

Name of director	Personal interest	Corporate interest
	Number of shares held	Number of shares held <i>(Note b)</i>
Mr. Yip Kwong, Robert	1,201,500	280,673,394

Note b: 258,451,559 shares are owned by the Company, in which Mr. Yip Kwong, Robert was interested in 253,955,621 shares in the Company, representing approximately 37.51% interest in the Company as at 31 July 2005 and 22,221,835 shares are owned by Central Securities Holdings Limited.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS *(Continued)*

(ii) Options

Options in the Company

Name of director	Date of grant	Exercise price HK\$	Number of share options		
			Outstanding at 1 August 2004	Lapsed during the year	Outstanding at 31 July 2005
Mr. Yip Kwong, Robert	5 March 1997	0.43	5,000,000	(5,000,000)	-
	26 January 2000	0.30	8,000,000	(8,000,000)	-
	22 March 2000	0.33	10,000,000	(10,000,000)	-
Mr. Kam Shing	26 January 2000	0.30	3,000,000	(3,000,000)	-
Dr. Wong King Keung, Peter	26 January 2000	0.30	5,000,000	(5,000,000)	-

There were no options granted to or exercised by the directors during the year.

Options in GreaterChina

Name of director	Date of grant	Exercise price HK\$	Outstanding	Cancelled	Outstanding
			at 1 August 2004	during the year	at 31 July 2005
Mr. Kam Shing	19 April 2002	0.234	1,000,000	(1,000,000)	-
Dr. Lau Lap Ping	19 April 2002	0.234	1,000,000	-	1,000,000

There were no options granted to or exercised by the directors during the year.

Save as disclosed above, at no time during the year was the Company, its ultimate holding company, or any subsidiaries of its ultimate holding company a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executives, nor any of 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.

Save as disclosed above and nominee shares in certain subsidiaries held in trust for the Group, at 31 July 2005, neither the directors nor the chief executives, nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SFO.

SHARE OPTION SCHEMES

Details of the Company's share option schemes are set out in note 28 to the financial statements.

No options were granted to any directors and employees of the Company during the year ended 31 July 2005 pursuant to the new share option scheme adopted on 10 January 2002 (the "New Scheme").

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of the Group's transactions with GreaterChina, in which Dr. Lau Lap Ping is a non-executive director of GreaterChina, are set out in note 37 to the financial statements.

Details of the Group's transactions with CR Airways Limited, in which Mr. Yip Kwong has a beneficial interest in CR Airways Limited, are set out in note 37 to the financial statements.

Save as disclosed above, no contracts of significance to which the Company, its ultimate holding company or any subsidiaries of its ultimate holding company 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

As at 31 July 2005, the following persons or corporations have relevant interests in the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

LONG POSITIONS IN SHARES OF THE COMPANY

Ordinary shares of HK\$0.05 each of the Company

Name of shareholder	Capacity	Number of Issued ordinary shares held	Percentage of the issued share capital in the Company
Yip Kwong, Robert	Beneficial owner	253,955,621	37.51%
Central Securities Holdings Limited (<i>Note c</i>)	Interest of a controlled corporation	245,855,621	36.32%
Everbest Holdings Group Limited (<i>Note d</i>)	Interest of a controlled corporation	245,855,621	36.32%
Yu Ming Investment Management Limited	Beneficial owner	125,176,862	18.49%
Oyster Services Limited (<i>Note e</i>)	Interest of a controlled corporation	125,176,862	18.49%
HSBC International Trustee Limited (<i>Note f</i>)	Interest of a controlled corporation	125,176,862	18.49%

LONG POSITIONS IN SHARES OF THE COMPANY *(Continued)*

Ordinary shares of HK\$0.05 each of the Company *(Continued)*

Note c: Central Securities Holdings Limited ("Central Securities") is a wholly-owned subsidiary of Everbest Holdings Group Limited ("Everbest").

Note d: Everbest is a company wholly owned by Mr. Yip Kwong, Robert. This parcel of shares refers to the same parcel of shares held by Central Securities which Everbest is deemed to be interested.

Note e: Oyster Services Limited ("Oyster Services") holds 75% interest in Yu Ming Investment Management Limited ("Yu Ming"). This parcel of shares refers to the same parcel of shares held by Yu Ming which Oyster Services is deemed to be interested.

Note f: HSBC International Trustee Limited ("HSBC International") holds 100% interest in Oyster Services. This parcel of shares refers to the same parcel of shares held by Yu Ming which HSBC International is deemed to be interested.

CONNECTED TRANSACTIONS

Details of the discloseable connected transactions of the Group are set out in note 37 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers of the Group for the year accounted for approximately 13% of the Group's turnover. The Group's largest customer accounted for approximately 7% of its turnover for the year.

The aggregate purchases attributable to the Group's five largest suppliers were 11% of the Group's total purchases for the year.

As far as the directors are aware, neither the directors, their associates nor those shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in the Group's five largest customers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE MATTERS

The Company has complied throughout the year ended 31 July 2005 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.

The non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Byelaws of the Company.

The Code of Best Practice was replaced by the Code on Corporate Governance Practices (the "CG Code") on 1 January 2005 subject to transitional arrangements. The Company has taken relevant actions to comply with the CG Code.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The members of the audit committee have reviewed the financial statements of the Group for the year ended 31 July 2005 and are of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made. Audit Committee meeting was held in November 2005.

AUDITORS

Messrs. Ernst & Young were appointed as auditors of the Company on 29 July 2003 in succession to Messrs. Deloitte Touche Tohmatsu which were resigned on 11 July 2003.

Messrs. HLB Hodgson Impey Cheng were appointed as auditors of the Company on 12 October 2004 in succession to Messrs. Ernst & Young which were resigned on 23 August 2004.

Messrs. HLB Hodgson Impey Cheng retire, and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Yip Kwong, Robert
Chairman

Hong Kong, 25 November 2005