

CHAIRMAN'S STATEMENT

I take pleasure in presenting to the shareholders the annual report of Maxx Bioscience Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2005.

Results

For the year ended 31 December 2005, the Group achieved a consolidated turnover of HK\$46,384,000 (2004: HK\$63,162,000). Loss attributable to equity holders of the Company was HK\$97,214,000 (2004: HK\$137,485,000). Loss per share was HK\$0.10 (2004: HK\$0.69 per share as restated).

Final Dividend

The board (the "Board") of directors of the Company (the "Directors") resolved not to pay a final dividend for the year ended 31 December 2005 (2004: Nil).

Review and Prospects

Turnover of the Group's pharmaceutical and health products business only recorded a growth of 5% when compared with last year due to keen competition in the PRC market and the fact that Group's existing tonic drink products (including Houtou Mushroom tonic drink and Chrysanthemum tonic drink) have reached the consolidation stage of their product life cycles.

In October 2003, the Group made an investment in QuProbe which is the genomic diagnostic tools enabling physicians to diagnose diseases more quickly and accurately, and to monitor disease progression during therapy. The Group has since invested in the research and development works on QuProbe. However, in view of the additional resources required to invest in QuProbe in order to make it technically and commercially successful, the Group decided after the year end date to suspend the development of QuProbe.

Following the change in control of shareholding in December 2005 and the completion of the mandatory unconditional cash offer in March 2006 by Outwit Investments Limited ("Outwit"), the controlling shareholder of the Company, Outwit will conduct a review on the Group's business activities and assets and formulate business plans and strategies for the future business development of the Group.

Appreciation

On behalf of the Board, I would like to thank our shareholders, customers and business associates for their continued support and our employees for their contribution during the year. I look forward to a better future in the years to come.

By order of the Board

Lo Yuk Yee

Chairman

Hong Kong, 26 April 2006