

MAN SANG HOLDINGS, INC.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER: 33-10639-NY

MAN SANG HOLDINGS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA 87-0539570
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION) (IRS EMPLOYER NO.)

21/F RAILWAY PLAZA, 39 CHATHAM ROAD SOUTH, TSIMSHATSUI, KOWLOON, HONG KONG
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICERS)

(852) 2317 5300
(ISSUER'S TELEPHONE NUMBER)

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST
REPORT)

CHECK WHETHER THE ISSUER (1) FILED ALL REPORTS REQUIRED TO BE FILED BY
SECTION 13 OR 15(d) OF THE EXCHANGE ACT DURING THE PAST 12 MONTHS (OR FOR SUCH
SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2)
HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES NO

INDICATE BY CHECKMARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER
(AS DEFINED IN RULE 12b-2 OF THE EXCHANGE ACT) YES NO .

AS OF JUNE 30, 2003 AND AUGUST 14, 2003, 4,405,960 SHARES OF COMMON
STOCK OF THE REGISTRANT WERE OUTSTANDING.

MAN SANG HOLDINGS, INC.

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PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts expressed in thousands except share data)

	JUNE 30, 2003		MARCH 31, 2003
	US\$	HK\$	HK\$
	(UNAUDITED)		
ASSETS			

Current assets:			
Cash and cash equivalents	14,404	112,350	83,766
Marketable securities	1,261	9,835	9,978
Accounts receivable, net of allowance for doubtful accounts of HK\$9,216 as of June 30, 2003 and HK\$9,216 as of March 31, 2003	6,413	50,026	69,840
Inventories :			
Raw materials	1,576	12,296	12,917
Work in progress	2,134	16,649	29,399
Finished goods	13,470	105,063	91,894
	-----	-----	-----
	17,180	134,008	134,210
Prepaid expenses	799	6,231	6,340
Deposits and other receivables	683	5,326	5,109
Other current assets	1,058	8,258	8,732
Income taxes receivable	59	458	458
	-----	-----	-----
Total current assets	41,857	326,492	318,433
Property, plant and equipment	18,038	140,694	101,807
Accumulated depreciation	(4,795)	(37,398)	(35,529)
	-----	-----	-----
	13,243	103,296	66,278
Real estate investment	8,874	69,214	108,327
Accumulated depreciation	(1,331)	(10,380)	(11,880)
	-----	-----	-----
	7,543	58,834	96,447
Long-term investments, net of impairment loss of HK\$3,000 as of June 30, 2003 and HK\$3,000 as of March 31, 2003	332	2,586	2,586
	-----	-----	-----
Total assets	62,975	491,208	483,744
	=====	=====	=====

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS -CONTINUED
(Amounts expressed in thousands except share data)

	JUNE 30, 2003		MARCH 31, 2003
	US\$	HK\$	HK\$
	(UNAUDITED)		
LIABILITIES AND STOCKHOLDERS' EQUITY			

Current liabilities:			
Short-term borrowings	2,417	18,848	-
Current portion of long-term debts :			
Secured bank loans	715	5,575	5,575
Accounts payable	852	6,649	5,554
Accrued payroll and employee benefits	873	6,813	7,188
Other accrued liabilities	1,144	8,922	9,577
Income taxes payable	314	2,446	2,224
	6,315	49,253	30,118
Total current liabilities			
Long-term debts :			
Secured bank loans	1,307	10,198	16,435
Deferred tax liabilities	152	1,186	-
Minority interests	23,003	179,427	179,844
Stockholders' equity:			
Series A preferred stock, par value US\$0.001	-	1	1
- authorized, issued and outstanding: 100,000 shares; (entitled in liquidation to US\$2,500 (HK\$19,500))			
Series B convertible preferred stock, par value US\$0.001	-	-	-
- authorized: 100,000 shares; no shares outstanding			
Common stock, par value US\$0.001	4	34	37
- authorized: 25,000,000 shares; issued and outstanding: 4,405,960 shares as of June 30, 2003 and 4,815,960 shares as of March 31, 2003			
Additional paid-in capital	7,788	60,737	60,633
Retained earnings	24,333	189,801	196,491
Accumulated other comprehensive income	73	571	185
	32,198	251,144	257,347
Total stockholders' equity			
	62,975	491,208	483,744
Total liabilities and stockholders' equity	62,975	491,208	483,744

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED) FOR THE THREE MONTHS ENDED JUNE 30
(Amounts expressed in thousands except share data)

	Three Months Ended June 30,		
	2003		2002
	US\$	HK\$	HK\$
Net sales	8,575	66,888	76,776
Cost of sales	(6,391)	(49,846)	(52,457)
Gross profit	2,184	17,042	24,319
Rental income, gross	178	1,388	1,832
Selling, general and administrative expenses :	2,362	18,430	26,151
- Pearls	(2,154)	(16,807)	(14,278)
- Real estate investment	(459)	(3,578)	(1,669)
Operating (loss) income	(251)	(1,955)	10,204
Non-operating items :			
- Interest expenses	(17)	(133)	(584)
- Interest income	12	94	228
- Other income	85	661	765
(Loss) income before income taxes and minority interests	(171)	(1,333)	10,613
Income tax expenses	(163)	(1,275)	(3,266)
(Loss) income before minority interests	(334)	(2,608)	7,347
Minority interests	91	713	(3,381)
Net (loss) income	(243)	(1,895)	3,966
Other comprehensive income (loss) net of taxes and minority interests :			
- Foreign currency translation adjustments	(1)	(5)	31
- Unrealized holding gain (loss) on marketable securities	50	391	(425)
Other comprehensive income (loss) net of taxes and minority interests	49	386	(394)
Comprehensive (loss) income	(194)	(1,509)	3,572
Basic and diluted (loss) earnings per common share	(0.05)	(0.41)	0.88
Weighted average number of shares of common stock outstanding :			
- basic and diluted	4,595,191	4,595,191	4,514,092

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30
(Amounts expressed in thousands)

	THREE MONTHS ENDED JUNE 30,		
	2003		2002
	US\$	HK\$	HK\$
CASH FLOW FROM OPERATING ACTIVITIES:			
Net (loss) income	(243)	(1,895)	3,966
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Compensation expense	13	103	-
Depreciation and amortization	309	2,412	2,358
Loss on disposal of property, plant and equipment	332	2,591	333
Realized gain on sales of marketable securities	(6)	(44)	-
Minority interests	(91)	(713)	3,381
Changes in operating assets and liabilities:			
Accounts receivable	2,540	19,806	6,845
Inventories	26	199	(9,936)
Prepaid expenses	14	109	375
Deposits and other receivables	(28)	(217)	358
Other current assets	61	474	(302)
Deferred tax assets	-	-	1,205
Accounts payable	140	1,095	8,090
Accrued payroll and employee benefits	(48)	(375)	(426)
Other accrued liabilities	(84)	(655)	(499)
Deferred tax liabilities	152	1,186	-
Income taxes payable	29	222	1,770
Net cash provided by operating activities	3,116	24,298	17,518
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(572)	(4,463)	(1,022)
Decrease in restricted cash	-	-	5,194
Proceeds from disposal of property, plant and equipment	7	58	-
Proceeds from sales of marketable securities	112	877	-
Purchase of long-term investments	-	-	(156)
Net cash (used in) provided by investing activities	(453)	(3,528)	4,016
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase in short-term borrowings	2,417	18,848	942
Repayment of short-term borrowings	-	-	(4,905)
Repayment of long-term debts	(800)	(6,237)	(1,394)
Repurchase of common stock	(615)	(4,797)	-
Net cash provided by (used in) financing activities	1,002	7,814	(5,357)
Net increase in cash and cash equivalents	3,665	28,584	16,177
Cash and cash equivalents at beginning of period	10,739	83,766	82,152
Exchange adjustments	-	-	1
Cash and cash equivalents at end of period	14,404	112,350	98,330
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest and finance charges	17	135	573
Net income taxes paid	93	729	291

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2003
(UNAUDITED)

1. INTERIM FINANCIAL PRESENTATION

The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The March 31, 2003 balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. The interim financial statements and notes thereto should be read in conjunction with the financial statements and notes included in the annual report of Man Sang Holdings, Inc. (the "Company") on Form 10-K for the fiscal year ended March 31, 2003. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair presentation of the results for the interim periods presented. Operating results and cash flows for interim periods are not necessarily indicative of results of the entire year.

2. CURRENCY PRESENTATION AND FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign subsidiaries are translated from their functional currency to the reporting currency at period end exchange rates, while revenues and expenses are translated at average exchange rates during the period. Adjustments arising from such translation are reported as a separate component of stockholders' equity. Gains or losses from foreign currency transactions are included in the Statement of Operations. Aggregate net foreign currency gains or losses were immaterial for all periods.

The consolidated financial statements of the Company are maintained, and its consolidated financial statements are expressed, in Hong Kong dollars. The translations of Hong Kong dollars into United States dollars are for convenience only and have been made at the rate of HK\$7.8 to US\$1, the approximate free rate of exchange at June 30, 2003. Such translations should not be construed as representations that Hong Kong dollar amounts could be converted into United States dollars at that rate or any other rate.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement addresses the diverse accounting practices for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company adopted this statement on April 1, 2003. There was no significant impact on the Company's financial position or results of operations.

On April 30, 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections", to update, clarify, and simplify certain existing accounting pronouncements. Specifically, SFAS No. 145: (i) Rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt", an amendment of APB Opinion 30, and SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements", which amended SFAS No. 4, as these two statements required that all gains and losses from the

extinguishment of debt be aggregated and, if material, classified as an extraordinary item. Such gains and losses will now be classified as extraordinary only if they meet the criteria for extraordinary treatment set forth in APB Opinion 30, "Reporting the Results of Operations- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions"; (ii) Rescinds SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers", an amendment of Chapter 5 of Accounting Research Bulletins No. 43 and an interpretation of APB Opinion 17 and 30, because the discrete event to which the statement relates is no longer relevant; (iii) Amends SFAS No. 13, "Accounting for Leases", to require that certain lease modifications that have economic effects similar to sale-leaseback transaction be accounted for in the same manner as sale-leaseback transactions; (iv) Makes certain technical corrections that the FASB deemed to be non-substantive, to a number of existing accounting pronouncements.

The provisions of SFAS No. 145 related to the rescission of SFAS No. 4 and No. 64 are effective for fiscal years beginning after May 15, 2002. The provisions related to the amendment of SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. There was no significant impact on the Company's financial position and results of operations as a result of the adoption of SFAS No.145.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities." The statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. This statement is generally effective for contracts entered into or modified after June 30, 2003. Management is assessing, but has not yet determined, the impact that SFAS No. 149 will have, if any, on its financial position and results of operations.

In May 2003, the FASB issued SFAS No. 150. "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." The statement establishes standards for classification and measurement of certain financial instruments. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The statement requires that certain financial instruments that, under previous guidance, could be accounted for as equity be classified as liabilities, or as assets in some circumstances. The statement also requires disclosures about alternative ways of settling the instruments and the capital structure of entities whose shares are mandatorily redeemable. This statement does not apply to features embedded in a financial instrument that is not a derivative in its entirety. Management is assessing, but has not yet determined, the impact that SFAS No. 150 will have, if any, on its financial position and results of operations.

4. EARNINGS PER SHARE ("EPS")

EPS is calculated in accordance with SFAS No. 128. Per share data is calculated using the weighted average number of shares of common stock outstanding during the period.

Man Sang International Limited ("MSIL"), a subsidiary of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited, adopted a share option scheme (the "Old Share Option Scheme") on September 8, 1997. The Old Share Option Scheme is administered by Board of Directors of MSIL. On August 2, 2002, at the 2002 Annual General Meeting of MSIL, MSIL's shareholders approved a share option scheme (the "New Share Option Scheme") to replace the Old Share Option Scheme. No option has been granted under the New Share Option Scheme and all the options granted under the Old Share Option Scheme lapsed in October 2002.

For the Three Months Ended June 30, 2002

	Earnings HK\$'000	No. of shares	EPS HK\$
Basic EPS			
Net income available to common stockholders	3,966	4,514,092	0.88
Diluted EPS			
Net income available to common stockholders, including conversion	3,966	4,514,092	0.88

On June 7, 2002, the Company issued an aggregate of 410,000 shares of common stock, to two business consultants pursuant to their respective business consulting agreements. For the three months ended June 30, 2002, the effect on consolidated EPS of options issued by MSIL and options issued by the Company was not included in the computation of diluted EPS because doing so would have been antidilutive. On April 30, 2003, the Company repurchased the consultant's shares for US\$1.5 per share and cancelled those shares on May 12, 2003.

On March 26, 2003, pursuant to the Company's 1996 Stock Option Plan, the Compensation Committee granted to Cheng Chung Hing, Ricky, the Company's President, Chairman, Chief Executive Officer and then Chief Financial Officer, and Cheng Tai Po, the Company's Vice Chairman, non-qualified options to purchase 150,000 and 100,000 shares of the Company's common stock respectively at an exercise price of US\$1.1 per share, the latest closing price of the Company's common stock as of the date of grant. Half of the options vest on March 26, 2004 and the remaining half vest on March 26, 2005.

For the Three Months Ended June 30, 2003

	Loss HK\$'000	No. of shares	Loss per share HK\$
Basic loss per share			
Net loss available to common stockholders	(1,895)	4,595,191	(0.41)
Diluted loss per share			
Net loss available to common stockholders, including conversion	(1,895)	4,595,191	(0.41)

For the three months ended June 30, 2003, the effect on consolidated loss per share of options issued by the Company was not included in the computation of diluted loss per share because it would have resulted in an anti-dilutive effect.

5. DISCLOSURE OF GEOGRAPHIC INFORMATION

All of the Company's sales of pearls are coordinated through its Hong Kong subsidiaries. The following is an analysis by destination:

Three Months ended

	June 30	
	2003	2002
	HK\$'000	HK\$'000
Net Sales:		
Hong Kong *	10,221	15,160
Export:		
North America	22,331	22,422
Europe	19,881	10,393
Japan	8,667	6,584
Thailand	723	7,831
Other Asian countries	3,561	12,084
Others	1,505	2,302
	-----	-----
	<u>66,888</u>	<u>76,776</u>

* A majority of sales (by dollar amount) in Hong Kong are for re-export to North America and Europe.

The Company operates primarily in one geographic area, Hong Kong and other regions of The People's Republic of China (the "PRC"). The locations of the Company's identifiable assets are as follows:

	June 30, 2003	March 31, 2003
	HK\$'000	HK\$'000
Hong Kong	392,452	399,628
PRC	98,756	84,116
	-----	-----
	<u>491,208</u>	<u>483,744</u>

6. DISCLOSURE OF MAJOR CUSTOMERS

During the three months ended June 30, 2003, one customer accounted for 11.1% of total sales. No customers accounted for 10% or more of total sales during the three months ended June 30, 2002. A substantial percentage of the Company's sales was made to a small number of customers and was typically on an open account basis.

7. SEGMENT INFORMATION

Reportable segment profit or loss, and segment assets are disclosed as follows:

Reportable Segment Profit or Loss, and Segment Assets

	For the three months ended, June 30	
	2003 HK\$'000	2002 HK\$'000
Revenues from external customers:		
Pearls	66,888	76,776
Real estate investment	1,388	1,832
	-----	-----
	<u>68,276</u>	<u>78,608</u>
Operating (loss) income:		
Pearls	235	10,041
Real estate investment	(2,190)	163
	-----	-----
	<u>(1,955)</u>	<u>10,204</u>
Interest expenses:		
Pearls	-	350
Real estate investment	86	155
Corporate assets	47	79
	-----	-----
	<u>133</u>	<u>584</u>
Depreciation and amortization:		
Pearls	1,767	1,556
Real estate investment	416	457
Corporate assets	229	345
	-----	-----
	<u>2,412</u>	<u>2,358</u>
Capital expenditure for segment assets:		
Pearls	3,316	1,017
Real estate investment	1,147	-
Corporate assets	-	5
	-----	-----
	<u>4,463</u>	<u>1,022</u>
	As of June 30, 2003 HK\$'000	As of March 31, 2003 HK\$'000
Segment assets:		
Pearls	380,000	334,251
Real estate investment	58,834	96,447
Corporate assets	52,374	53,046
	-----	-----
	<u>491,208</u>	<u>483,744</u>

8. COMMON STOCK

On June 7, 2002, the Company issued an aggregate of 410,000 shares of common stock, par value US\$0.001 per share, to two business consultants pursuant to their respective business consulting agreements, both dated June 1, 2002. Compensation expenses of approximately HK\$2.2 million, the fair value of the stock issued, is being recognized over the consultants' service period. During the three months ended June 30, 2003, approximately HK\$272,000 was charged to the income statement. On April 30, 2003, the Company repurchased the stock issued to these consultants at a price of US\$1.5 per share. These shares were cancelled on May 12, 2003.

On May 27, 2003, the Company launched a small shareholders buyout to purchase shares of the Company's common stock from shareholders who, on May 27, 2003, owned 99 or fewer shares of the Company. Subsequent to the closing of the buyout program, the Company's transfer agent reported to the Company in July 2003 that none of the shareholders accepted the offer.

On August 6, 2003, Man Sang International Ltd ("MSIL"), a subsidiary of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited, approved an ordinary share dividend of one share of ordinary share for every ten ordinary shares owned by each of its record shareholders.

9. PURCHASE OF PROPERTY

In June 2003, the Company entered into a provisional sales and purchase agreement to purchase office space at 8th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, for HK\$36.5 million. As of June 30, 2003, the Company had paid a deposit of HK\$1 million and expects to pay the balance of HK\$35.5 million by August 15, 2003.

10. SUBSEQUENT EVENT

In July 2003, the Company entered into provisional sales and purchase agreements to sell Units 14, 15 and 16 of 6th Floor, Block A, and car parking space numbered L-30, at Focal Industrial Centre, 21 Man Lok Street, Kowloon, Hong Kong for a total consideration of HK\$6.2 million. The Company expects to complete this transaction by October 31, 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section and other parts of this Form 10-Q contain forward-looking statements that are, by their nature, subject to risks and uncertainties. These forward-looking statements include, without limitation, statements relating to: (a) future supplies, demands, and purchase and sale prices of pearl and pearl jewelry in the international pearl and jewelry markets, and real estate in Hong Kong and the PRC; (b) sales and profitability of the Company's products and its future product mix; (c) the amount and nature of, and potential for, future developments and competitions; (d) expansion, consolidation and other trends in the pearl and jewelry industry; (e) the Company's business strategy; (f) the Company's estimated financial information regarding its business; (g) tax exemptions and tax rates; (h) potential sales and purchases of real property; (i) potential stock dividends and (i) the stability of interest rates and foreign currency exchange rates. These forward-looking statements are based on assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes to be appropriate in particular circumstances. However, whether actual results and developments will meet the Company's expectations and predictions depends on a number of known and unknown risks, uncertainties and other factors, any or all of which could cause actual results to differ materially from the Company's expectations, whether expressed or implied by such forward-looking statements (which may relate to, among other things, the Company's sales, costs and expenses, income, inventory performance, and receivables). The Company's ability to achieve its objectives and expectations are derived in part from assumptions regarding economic conditions, consumer tastes, and developments in its competitive environment. The following assumptions, among others, could materially affect the likelihood that the Company will achieve its objectives and expectations communicated through these forward-looking statements: (i) that low or negative growth in the economies or the financial markets of our customers, particularly in the United States and in Europe, will not occur and reduce discretionary spending on goods that might be perceived as "luxuries"; (ii) that the Hong Kong dollar will remain pegged to the US dollar at US\$1 to HK\$7.8; (iii) that customer's choice of pearls vis-a-vis other precious stones and metals will not change adversely; (iv) that the Company will continue to obtain a stable supply of pearls in the quantities, of the quality and on terms required by the Company; (v) that there will not be a substantial adverse change in the exchange relationship between Renminbi ("RMB") and the Hong Kong or US dollar; (vi) that there will not be substantial increase in tax burden of subsidiaries of the Company operating in the PRC; (vii) that there will not be substantial change in climate and environmental conditions at the source regions of pearls that could have material effect on the supply and pricing of pearls; and (viii) that there will not be substantial adverse change in the real estate market conditions in the PRC and in Hong Kong. The following discussion of results of operation, and liquidity and capital resources should be read in conjunction with the financial statements and the notes thereto included elsewhere in this Form 10-Q and with the Company's annual report on Form 10-K for the year ended March 31, 2003.

RESULTS OF OPERATIONS

Sales and Gross Profit

Net sales for the three months ended June 30, 2003 decreased by HK\$9.9 million, or 12.9%, to HK\$66.9 million, compared to net sales of HK\$76.8 million during the same period in 2002. The overall decrease in sales in this quarter was mainly attributable to the impact of the war in Iraq and Severe Acute Respiratory Syndrome ("SARS") on consumer spending, which adversely affects trade shows and travels by overseas buyers to Hong Kong. This shortfall was partly offset by the contribution of sales revenue generated from the jewelry business acquired in December 2002.

Gross profit for the three months ended June 30, 2003 decreased by HK\$7.3 million, or 30.0%, to HK\$17.0 million from HK\$24.3 million for the same period in 2002. As a percentage of net sales, gross profit margin decreased 6.2% to 25.5% for the three months ended June 30, 2003 from 31.7% for the same period in 2002. The decrease in gross profit margin was mainly attributable to the newly acquired jewelry business, which has a slightly lower gross profit margin than our existing pearl and pearl jewelry business and to our flexible pricing strategy on our fresh water pearls.

Rental Income

Gross rental income for the three months ended June 30, 2003 was approximately HK\$1.4 million representing a decrease of approximately HK\$0.4 million, or 24.2%, as compared to HK\$1.8 million in the same period in 2002. The decrease in gross rental income was mainly attributable to the Company taking back certain of its property for its own use on April 21, 2003.

Selling, General and Administrative Expenses ("SG & A expenses")

SG&A expenses were HK\$20.4 million, consisting of HK\$16.8 million attributable to pearl operations and HK\$3.6 million attributable to real estate operations. SG&A expenses for the three months ended June 30, 2003 increased approximately HK\$4.4 million, or 27.8%, from HK\$16.0 million in the same period in 2002, consisting of HK\$14.3 million attributable to pearl operations and HK\$1.7 million attributable to real estate operations, for the same period in 2002. The increase in SG&A expenses was mainly due to the loss arising on the demolition of one of the buildings for reconstruction in our Industrial City in Shenzhen, and the increased headcount and salary expenses related to the acquisition of the jewelry business in December 2002.

As a percentage of net sales, SG&A expenses from pearl operations increased 6.5% to 25.1% for the three months ended June 30, 2003 from 18.6% for the same period in 2002.

Interest Expenses

Interest expenses decreased by HK\$451K, or 77.2%, to HK\$133K for the three months ended June 30, 2003 from HK\$584K for the same period in 2002 as a result of the use of bank deposits to repay part of the Company's bank borrowings.

Interest Income

Interest income decreased by HK\$134K, or 58.8%, to HK\$94K for the three months ended June 30, 2003 from HK\$228K in the same period in 2002. The decrease was due principally to a withdrawal of bank deposits to repay part of the Company's bank borrowings during the three months ended June 30, 2003.

Income Tax Expenses

Income tax expenses for the three months ended June 30, 2003 were HK\$1.3 million, as compared to HK\$3.3 million for the same period in 2002. The decrease was due to lower tax expenses as a result of lower taxable income generated during the three months ended June 30, 2003.

Net (Loss) Income

Net loss for the three months ended June 30, 2003 was HK\$1.9 million, compared to net income of HK\$4.0 million for the same period in 2002. The decrease was mainly attributable to the decrease in sales, gross profit and rental income in this period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary liquidity needs are funded by collection of accounts receivable and sales of inventories. At June 30, 2003, the Company had working capital of HK\$277.2 million, which included a cash balance of HK\$112.4 million. The current ratio was 6.6 to 1 as of June 30, 2003. Net cash provided by operating activities was approximately HK\$24.3 million for the three months ended June 30, 2003. Net cash used in investing activities for the three months ended June 30, 2003 was HK\$3.5 million and net cash provided by financing activities was HK\$7.8 million.

Inventories were HK\$134.0 million at June 30, 2003. The inventory turnover period was 7.9 months as at June 30, 2003.

Accounts receivable was HK\$50.0 million at June 30, 2003. Debtors' turnover period was 68 days as at June 30, 2003.

Long-term debts (including current portion of long-term debts) were HK\$15.8 million at June 30, 2003. The gearing ratio was 0.85 at June 30, 2003.

The Company had available working capital facilities of HK\$70.6 million in total with various banks at June 30, 2003. Such banking facilities include letter of credit arrangements, import loans, overdraft and other facilities commonly used in the jewelry business. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and in the PRC, and are subject to periodic review. At June 30, 2003, the Company had utilized HK\$18.8 million of these credit facilities.

The Company believes that its existing cash, cash equivalents, banking facilities and funds to be generated from internal operations will be sufficient to meet its anticipated future liquidity requirements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2003, the Company had no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations.

During the three months ended June 30, 2003, the Company made 5.0% of its purchases in RMB and an aggregate of 61.6% in Hong Kong dollars and US dollars.

At June 30, 2003, the Company had short-term RMB bank borrowings of HK\$18.8 million and the weighted average interest rate was 5.3% per annum. The RMB is not a fully convertible currency and the PRC government determines its exchange rate against other currencies. As the PRC has not declared any intention to either devalue or revalue its currency, the Company believes that any imminent risk of a substantial fluctuation of the RMB exchange rate remains low. The Company denominates its sales in either US dollars or Hong Kong dollars. Because the Hong Kong dollar remained pegged to the US dollar at a consistent rate, the Company feels that the exposure of its sales proceeds to foreign exchange fluctuations is minimal. Therefore, the Company believes its currency risk in the foreseeable future is not material.

At June 30, 2003, the Company had Hong Kong dollar bank borrowings of HK\$15.8 million, the weighted average interest rate of which was 2.4% per annum. The Company's interest expense is sensitive to fluctuations in the general level of Hong Kong interest rates determined on the basis of Hong Kong Inter-bank Offer Rate ("HIBOR"). Because the Hong Kong dollar is pegged to the US dollar, which correlates Hong Kong interest rates to US interest rates, any change in US interest rates will likely affect Hong Kong interest rates. Since the US economy has slowed down and US interest rates have remained low, the three-month HIBOR has decreased by 5.37% from 6.5% as at June 30, 2000 to 1.13% as at June 30, 2003. Therefore, the Company does not foresee material risks of an increase in Hong Kong interest rates in the foreseeable future and did not enter into derivative contracts or other arrangements to hedge against such risk.

ITEM 4. CONTROLS AND PROCEDURES

As of June 30, 2003, an evaluation was performed under the supervision and the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. No significant change was made in the Company's internal control over financial reporting during the fiscal quarter ended June 30, 2003 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's Chief Executive Officer and Chief Financial Officer do not expect that the Company's disclosure controls or internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

On June 7, 2002, the Company issued an aggregate of 410,000 shares of common stock, par value US\$0.001 per share, to two business consultants pursuant to their respective business consulting agreements, both dated June 1, 2002. On April 30, 2003, the Company repurchased the stock issued to these consultants at a price of US\$1.5 per share. These shares were cancelled on May 12, 2003.

ITEM 5. OTHER INFORMATION

PURCHASE OF PROPERTY

In June 2003, the Company entered into a provisional sales and purchase agreement to purchase office space at 8th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, for HK\$36.5 million. As of June 30, 2003, the Company had paid a deposit of HK\$1 million and expects to pay the balance by August 15, 2003.

SALE OF PROPERTIES

In July 2003, the Company entered into provisional sales and purchase agreements to sell Units 14, 15 and 16 of 6th Floor, Block A, and car parking space numbered L-30, at Focal Industrial Centre, 21 Man Lok Street, Kowloon, Hong Kong for a total consideration of HK\$6.2 million. The Company expects to complete this transaction by October 31, 2003.

BONUS SHARES

On August 6, 2003, Man Sang International Ltd. ("MSIL"), a subsidiary of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited, approved the issuance to MSIL's shareholders of one bonus ordinary share for every ten ordinary shares of MSIL held.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

- 3.1 Restated Articles of Incorporation including the Certificate of Designation, of the Series A Preferred Stock. (1)
- 3.2 Certificate of Designation of the Series B Preferred Stock. (2)
- 3.3 Amended Bylaws. (1)
 - 31.1 Rule 13a-14(a) Certification of Chief Executive Officer.
 - 31.2 Rule 13a-14(a) Certification of Chief Financial Officer.
 - 32.1 Section 1350 Certification of Chief Executive Officer.
 - 32.2 Section 1350 Certification of Chief Financial Officer.
- (1) Incorporated by reference to the Company's current report on Form 8-K dated January 8, 1996.
- (2) Incorporated by reference to the Company's registration statement on Form 8-A dated June 17, 1996.

(B) Reports on Form 8-K

- (1) Current Report on Form 8-K filed on April 29, 2003.
- (2) Current Report on Form 8-K filed on May 29, 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, Man Sang Holdings, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAN SANG HOLDINGS, INC.

Dated: August 14, 2003

By: /s/ CHENG CHUNG HING, RICKY

CHENG Chung Hing, Ricky
Chairman of the Board, President and
Chief Executive Officer

INDEX TO EXHIBITS

The following documents are filed herewith or have been included as exhibits to previous filings with the Securities and Exchange Commission and are incorporated by reference as indicated below.

Exhibit No.	Description
3.1	Restated Articles of Incorporation including the Certificate of Designation, of the Series A Preferred Stock. (1)
3.2	Certificate of Designation of the Series B Preferred Stock.(2)
3.3	Amended Bylaws.(1)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
(1)	Incorporated by reference to the Company's current report on Form 8-K dated January 8, 1996.
(2)	Incorporated by reference to the Company's registration statement on Form 8-A dated June 17, 1996.

EXHIBIT 31.1

I, Cheng, Chung Hing, Ricky, certify that:

I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings, Inc.,

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2003

/s/ CHENG CHUNG HING, RICKY

Cheng Chung Hing, Ricky
Chief Executive Officer

EXHIBIT 31.2

I, Au Moon Ying, Henry, certify that:

I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings, Inc.,

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2003

/s/ AU MOON YING, HENRY

Au Moon Ying, Henry
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Man Sang Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Cheng Chung Hing, Ricky, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act OF 2002, that:

- (1) The Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: August 14, 2003

/s/ CHENG CHUNG HING, RICKY

Cheng Chung Hing, Ricky
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Man Sang Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Au Moon Ying, Henry, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, thAT:

- (1) The Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: August 14, 2003

/s/ AU MOON YING, HENRY

Au Moon Ying, Henry
Chief Financial Officer