

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 SEPTEMBER 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 SEPTEMBER 30, 2003 AND NOVEMBER 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)

	SEPTEMBER 30, 2003		MARCH 31, 2003
	US\$	HK\$	HK\$
	(UNAUDITED)		
ASSETS			
Current assets:			
Cash and cash equivalents	7,190	56,082	83,766
Marketable securities	1,326	10,343	9,978
Accounts receivable, net of allowance for doubtful accounts of HK\$8,739 as of September 30, 2003 and HK\$9,216 as of March 31, 2003	8,783	68,506	69,840
Inventories :			
Raw materials	1,767	13,785	12,917
Work in progress	2,411	18,803	29,399
Finished goods	12,553	97,913	91,894
	-----	-----	-----
	16,731	130,501	134,210
Prepaid expenses	515	4,017	6,340
Deposits and other receivables	727	5,672	5,109
Other current assets	843	6,572	8,732
Income tax receivable	59	458	458
	-----	-----	-----
Total current assets	36,174	282,151	318,433
Deferred tax assets	37	287	--
Property, plant and equipment	18,392	143,456	101,807
Accumulated depreciation and impairment loss	(5,066)	(39,510)	(35,529)
	-----	-----	-----
	13,326	103,946	66,278
Real estate investment	13,761	107,332	108,327
Accumulated depreciation and impairment loss	(1,601)	(12,486)	(11,880)
	-----	-----	-----
	12,160	94,846	96,447
Long-term investments	332	2,586	2,586
	-----	-----	-----
Total assets	62,029	483,816	483,744
	=====	=====	=====

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

	SEPTEMBER 30, 2003		MARCH 31, 2003
	US\$	HK\$	HK\$
	(UNAUDITED)		
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debts :			
Secured bank loans	715	5,575	5,575
Accounts payable	902	7,037	5,554
Accrued payroll and employee benefits	1,092	8,519	7,188
Other accrued liabilities	1,275	9,946	9,577
Income taxes payable	604	4,708	2,224
	4,588	35,785	30,118
Total current liabilities			
Long-term debts :			
Secured bank loans	1,129	8,804	16,435
Deferred tax liabilities	43	334	-
Minority interests	23,585	183,965	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	5	34	37
- authorized: 25,000,000 shares; issued and outstanding: 4,405,960 shares as of September 30, 2003 and 4,815,960 shares as of March 31, 2003			
Additional paid-in capital	7,800	60,841	60,633
Retained earnings	24,712	192,750	196,491
Accumulated other comprehensive income	167	1,302	185
	32,684	254,928	257,347
Total stockholders' equity			
	62,029	483,816	483,744
Total liabilities and stockholders' equity	62,029	483,816	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 AND SIX MONTHS ENDED SEPTEMBER 30
(Amounts expressed in thousands except share data)

	THREE MONTHS ENDED SEPTEMBER 30,			SIX MONTHS ENDED SEPTEMBER 30,		
	2003		2002	2003		2002
	US\$	HK\$	HK\$	US\$	HK\$	HK\$
Net sales	13,014	101,508	81,445	21,589	168,396	158,221
Cost of goods sold	(9,414)	(73,433)	(53,414)	(15,805)	(123,279)	(105,871)
Gross profit	3,600	28,075	28,031	5,784	45,117	52,350
Rental income, gross	191	1,487	1,868	369	2,875	3,700
	3,791	29,562	29,899	6,153	47,992	56,050
Selling, general and administrative expenses						
- Pearls	(2,260)	(17,625)	(15,325)	(4,415)	(34,432)	(29,603)
- Real estate investment	(419)	(3,270)	(1,478)	(878)	(6,848)	(3,147)
Operating income	1,112	8,667	13,096	860	6,712	23,300
Share of result of an associate	-	-	(80)	-	-	(80)
Non-operating items						
- Interest expense	(18)	(141)	(452)	(35)	(274)	(1,036)
- Interest income	8	65	195	20	159	423
- Other income	51	397	865	136	1,058	1,630
Income before income taxes and minority interests	1,153	8,988	13,624	981	7,655	24,237
Income taxes	(264)	(2,058)	(2,261)	(427)	(3,333)	(5,527)
Income before minority interests	889	6,930	11,363	554	4,322	18,710
Minority interests	(510)	(3,981)	(5,122)	(419)	(3,268)	(8,503)
Net income	379	2,949	6,241	135	1,054	10,207
Other comprehensive income (loss), net of taxes and minority interests						
- Foreign currency translation adjustments	(4)	(29)	185	(4)	(34)	216
- Unrealized holding gain (loss) on marketable securities	97	760	(1,426)	148	1,151	(1,851)
Other comprehensive income (loss), net of taxes and minority interests	93	731	(1,241)	144	1,117	(1,635)
Comprehensive income	472	3,680	5,000	279	2,171	8,572
Basic earnings per common share	0.09	0.67	1.30	0.03	0.23	2.19
Diluted earnings per common share	0.08	0.63	1.30	0.03	0.22	2.19
Weighted average number of shares of common stock						
- for basic earnings per share	4,405,960	4,405,960	4,815,960	4,500,058	4,500,058	4,665,851
- for diluted earnings per share	4,717,098	4,717,098	4,815,960	4,787,439	4,787,439	4,665,851

See accompanying notes to condensed consolidated financial statements

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

	SIX MONTHS ENDED SEPTEMBER 30,		
	2003		2002
	US\$	HK\$	HK\$
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	136	1,054	10,207
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Write-down of inventories	455	3,549	5,639
Provision for doubtful debts	9	73	1,019
Impairment loss on property, plant and equipment	50	389	0
Impairment loss on real estate investment	226	1,762	0
Compensation expense	27	208	0
Depreciation and amortization	614	4,792	4,902
Share of result of an associate	0	0	80
Loss on disposal of property, plant and equipment	338	2,637	310
Realized gain on sales of marketable securities	(17)	(137)	-
Minority interests	418	3,268	8,503
Changes in operating assets and liabilities:			
Accounts receivable	220	1,714	(10,927)
Inventories	19	151	(33,113)
Prepaid expenses	298	2,323	60
Deposits and other receivables	(138)	(1,076)	(3,157)
Other current assets	277	2,159	2,908
Deferred tax assets	(37)	(287)	1,107
Accounts payable	190	1,483	3,500
Accrued payroll and employee benefits	171	1,331	144
Other accrued liabilities	47	369	453
Deferred tax liabilities	43	334	--
Income taxes payable	318	2,484	4,076
Net cash provided by (used in) operating activities	3,664	28,580	(4,289)
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(5,859)	(45,705)	(1,457)
Decrease in restricted cash	-	-	16,169
Loan to an associate	-	-	(300)
Proceeds from disposal of marketable securities	231	1,803	-
Proceeds from disposal of property, plant and equipment	8	64	196
Purchase of a long-term investment	-	-	(156)
Net cash (used in) provided by investing activities	(5,620)	(43,838)	14,452
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase in short-term borrowings	2,416	18,848	942
Repayment of short-term borrowings	(2,416)	(18,845)	(14,339)
Repayment of long-term debts	(978)	(7,631)	(2,788)
Repurchase of common stock	(615)	(4,797)	--
Net cash used in financing activities	(1,593)	(12,425)	(16,185)
Net decrease in cash and cash equivalents	(3,549)	(27,683)	(6,022)
Cash and cash equivalents at beginning of period	10,739	83,766	82,152
Exchange adjustments	-	(1)	1
Cash and cash equivalents at end of period	7,190	56,082	76,131
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest and financing charges	36	280	1,046
Net income taxes paid	95	743	344

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 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 dollar amounts 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 September 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 has adopted this statement on April 1, 2003. There was no significant impact on the Company financial position and 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 aggregate and, if material, classified as an extraordinary

item. Consequently, 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 such transactions; (iv) Makes certain technical corrections, which 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 derivatives 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. There was no significant impact on the Company's financial position and results of operations as a result of the adoption of SFAS No.149.

In May 2003, the FASB issued SFAS No. 150. "Accounting for Certain Financial Instruments with Characteristic of Both Liabilities and Equity." The statement establishes standards for how an issuer classifies and measures 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 assets in some circumstances. This statement does not apply to features embedded in a financial instrument that is not a derivative in its entirety. The statement also requires disclosures about alternative ways of settling the instruments and the capital structure of entities whose shares are mandatorily redeemable. 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, whose decisions are final and binding on all parties. 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 Quarter Ended September 30, 2002		
	Earnings	No. of shares	EPS
	HK\$'000		HK\$
Basic EPS			
Net income available to common stockholders	6,241	4,815,960	1.30
Diluted EPS			
Net income available to common stockholders, including conversion	6,241	4,815,960	1.30

	For the Six Months Ended September 30, 2002		
	Earnings	No. of shares	EPS
	HK\$'000		HK\$
Basic EPS			
Net income available to common stockholders	10,207	4,665,851	2.19
Diluted EPS			
Net income available to common stockholders, including conversion	10,207	4,665,851	2.19

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 September 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 Quarter Ended September 30, 2003		
	Earnings	No. of shares	EPS
	HK\$'000		HK\$
Basic EPS			
Net income available to common stockholders	2,949	4,405,960	0.67
Effect of dilutive stock options granted by the Company			
Diluted EPS	-	311,138	
	-----	-----	
Net income available to common stockholders, including conversion	2,949	4,717,098	0.63
	-----	-----	----

For the Six Months Ended September 30, 2003

	Earnings HK\$'000	No. of shares	EPS HK\$
Basic EPS			
Net income available to common stockholders	1,054	4,500,058	0.23
Effect of dilutive stock options granted by the Company			
Diluted EPS	-	287,381	
Net income available to common stockholders, including conversion	1,054	4,787,439	0.22

5. DISCLOSURE OF GEOGRAPHIC INFORMATION

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

	For the quarter ended		For the Six Months ended	
	September 30		September 30	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Net Sales:				
Hong Kong *	13,942	12,189	24,163	27,347
Export:				
North America	28,030	25,135	50,361	47,557
Germany	17,279	6,443	29,731	8,753
Europe (excluding Germany)	12,611	9,714	20,040	17,797
Japan	8,513	10,790	17,180	17,375
Other Asian countries	14,585	13,098	18,868	33,014
Others	6,548	4,076	8,053	6,378
	<u>101,508</u>	<u>81,445</u>	<u>168,396</u>	<u>158,221</u>

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

The Company operates in 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:

	September 30, 2003	March 31, 2003
	HK\$'000	HK\$'000
Hong Kong	403,194	399,628
PRC	80,622	84,116
	<u>483,816</u>	<u>483,744</u>

6. DISCLOSURE OF MAJOR CUSTOMERS

During the three and six months ended September 30, 2003 and September 30, 2002, there was no customer who accounted for 10% or more of total sales. A substantial percentage of the Company's sales were 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 quarter ended September 30		For the six months ended, September 30	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Revenues from external customers:				
Pearls	101,508	81,445	168,396	158,221
Real estate investment	1,487	1,868	2,875	3,700
	<u>102,995</u>	<u>83,313</u>	<u>171,271</u>	<u>161,921</u>
Operating income:				
Pearls	10,450	12,706	10,685	22,747
Real estate investment	(1,783)	390	(3,973)	553
	<u>8,667</u>	<u>13,096</u>	<u>6,712</u>	<u>23,300</u>
Interest expense:				
Pearls	82	252	82	602
Real estate investment	18	128	104	283
Corporate assets	41	72	88	151
	<u>141</u>	<u>452</u>	<u>274</u>	<u>1,036</u>
Depreciation and amortization:				
Pearls	1,702	1,743	3,469	3,299
Real estate investment	449	456	865	913
Corporate assets	229	345	458	690
	<u>2,380</u>	<u>2,544</u>	<u>4,792</u>	<u>4,902</u>
Capital expenditure for segment assets:				
Pearls	237	418	3,553	1,435
Real estate investment	41,005	-	42,152	-
Corporate assets	-	17	-	22
	<u>41,242</u>	<u>435</u>	<u>45,705</u>	<u>1,457</u>
Segment assets:			As of September 30, 2003 HK\$'000	As of March 31, 2003 HK\$'000
Pearls			334,213	334,251
Real estate investment			94,846	96,447
Corporate assets			54,757	53,046
			<u>483,816</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 and six months ended September 30, 2003, approximately HK\$272,000 and HK\$544,000 respectively were 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 A PROPERTY

The Company purchased an office space at 8th Floor, Harcourt House, No.39 Gloucester Road, Wanchai, Hong Kong for a consideration of approximately HK\$38.2 million including purchase cost and its associated expenses. The transaction was completed on August 15, 2003.

10. SUBSEQUENT EVENTS

SALE OF PROPERTY

The Company entered into sale and purchase agreements on August 12, 2003 to sell commercial real property consisting of Units 14, 15 & 16 of the 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 approximately HK\$6.2 million. The transaction was completed on October 31, 2003.

In connection with the disposal, the Company recorded an impairment loss of approximately HK\$2.1 million, which represents the excess of the carrying value of the properties over the consideration. The impairment loss is recorded as a component of "Selling, General and Administrative Expenses" in the income statement for the three and the six months ended September 30, 2003.

DISPOSAL OF MSIL SHARES

The Company, through its wholly owned subsidiary, Man Sang International (B.V.I.) Limited ("MSBVI"), held 468.6 million issued shares of MSIL, representing 56.66% of all the issued shares of MSIL.

On October 6, 2003, Mr. Cheng Chung Hing, Ricky and Mr. Cheng Tai Po purchased from MSBVI

36 million and 24 million of MSIL shares respectively. The purchase price per share was based upon the average closing price of the MSIL shares over a period of 5 trading days up to and including October 6, 2003, the closing date of the transaction.

After the transaction, the Company, through MSBVI, holds 408.6 million MSIL shares, representing 49.40% of all the issued shares of MSIL and still is the principal shareholder of MSIL.

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; and (h) 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, performance or achievements 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 at least 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 the Chinese Renminbi ("RMB") and the Hong Kong or US dollar; (vi) that there will not be a substantial increase in tax burden of subsidiaries of the Company operating in the PRC; (vii) that there will not be a substantial change in climate and environmental conditions at the source regions of pearls that could have a material effect on the supply and pricing of pearls; and (viii) that there will not be a 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

Six-Month Period Ended September 30, 2003 compared to Six-Month Period Ended September 30, 2002.

Sales and Gross Profit

Net sales for the six months ended September 30, 2003 increased by HK\$10.2 million, or 6.4%, to HK\$168.4 million, compared to net sales of HK\$158.2 million during the same period in 2002. The overall increase in sales was mainly attributable to the recovery of business in the second quarter and the impact of Iraq war and Severe Acute Respiratory Syndrome ("SARS") on consumer spending in the first quarter. Overseas buyers reacted positively to the International Jewelry Show held this September, suggesting a return of customers' confidence. In addition, the increase is also due to the additional contribution of sales revenue generated from our acquired jewelry business in December 2002.

Gross profit for the six months ended September 30, 2003 decreased by HK\$7.2 million, or 13.8%, to HK\$45.1 million from HK\$52.3 million for the same period in 2002. As a percentage of net sales, gross profit margin decreased 6.3% to 26.8% for the six months ended September 30, 2003 from 33.1% for the same period in 2002. The decrease in gross profit margin was mainly attributable to our flexible pricing strategy on our fresh water pearls to boost sales and to our acquired jewelry business, which has a slightly lower gross profit margin than our existing pearl and pearl jewelry business.

Rental Income

Gross rental income for the six months ended September 30, 2003 was approximately HK\$2.9 million, representing a decrease of approximately HK\$0.8 million, or 22.3%, as compared to HK\$3.7 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, while being offset by the rental income contribution from the newly acquired property at 8th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

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

SG&A expenses were HK\$41.3 million, consisting of HK\$34.5 million attributable to pearl operations and HK\$6.8 million attributable to real estate operations. SG&A expenses for the six months ended September 30, 2003, an increase of approximately HK\$8.6 million, or 26.0%, from HK\$32.7 million, in the same period in 2002, consisting of HK\$29.6 million attributable to pearl operations and HK\$3.1 million attributable to real estate operations, for the same period in 2002. The increase in SG&A expenses was mainly due to (i) increased headcount and salaries expenses related to our acquired jewelry business, and (ii) loss arising on the demolition of one of the buildings for reconstruction in our Industrial City in Shenzhen.

As a percentage of net sales, SG&A expenses from pearl operations increased 1.7% to 20.4 % for the six months ended September 30, 2003 from 18.7% for the same period in 2002.

Interest Expense

Interest expense decreased by HK\$762K, or 73.6%, to HK\$274K for the six months ended

September 30, 2003 from HK\$1,036K for the same period in 2002 as a result of the reduction of the Company's bank borrowings and the lower interest rate during the period.

Interest Income

Interest income decreased by HK\$264K, or 62.4%, to HK\$159K for the six months ended September 30, 2003 from HK\$423K in the same period in 2002. The decrease was due principally to lower bank deposit balance and lower interest rates during the six months ended September 30, 2003 when compared to same period last year.

Income Tax Expense

Income taxes expenses for the six months ended September 30, 2003 were HK\$3.3 million, a decrease of HK\$2.2 million as compared to HK\$5.5 million for the same period in 2002. The lower income tax expense was due to lower taxable income generated during the six months ended September 30, 2003 when compared to same period last year.

Net Income

Net income for the six months ended September 30, 2003 was HK\$1.1 million, compared to net income of HK\$10.2 million for the same period in 2002. The decrease was mainly attributable to lower gross profit and rental income and higher SG&A expenses in this period in 2003 as compared to the same period in 2002.

RESULTS OF OPERATIONS

Three-Month Period Ended September 30, 2003 compared to Three-Month Period Ended September 30, 2002.

Sales and Gross Profit

Net sales for the three months ended September 30, 2003 increased by HK\$20.1 million, or 24.6%, to HK\$101.5 million, compared to net sales of HK\$81.4 million during the same period in 2002. The overall increase in sales was mainly attributable to the recovery of business in the second quarter and the impact of Iraq war and Severe Acute Respiratory Syndrome ("SARS") on consumer spending in the first quarter. Overseas buyers react positively in the International Jewelry Show in this September, suggesting a return of customers' confidence. In addition, the increase is also due to the additional contribution of sales revenue generated from the newly acquired jewelry business in December 2002.

Gross profit for the three months ended September 30, 2003 increased by HK\$44K, or 0.2%, to HK\$28.1 million from HK\$28.0 million for the same period in 2002. As a percentage of net sales, gross profit margin decreased 6.7% to 27.7% for the three months ended September 30, 2003 from 34.4% for the same period in 2002. The decrease in gross profit margin was mainly attributable to our flexible pricing strategy on our fresh water pearls to boost sales and to our acquired jewelry business, which has a slightly lower gross profit margin than our existing pearl and pearl jewelry business.

Rental Income

Gross rental income for the three months ended September 30, 2003 was approximately HK\$1.5 million representing a decrease of approximately HK0.4 million, or 20.4%, as compared to HK\$1.9 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, while being offset by the rental income contribution from the newly acquired property at 8th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

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

SG&A expenses were HK\$20.9 million, consisting of HK17.6 million attributable to pearl operations and HK\$3.3 million attributable to real estate operations. SG&A expenses for the three months ended September 30, 2003, an increase of approximately HK\$4.1 million, or 24.4%, from HK\$16.8 million, in the same period in 2002, consisting of HK\$15.3 million attributable to pearl operations and HK\$1.5 million attributable to real estate operations, for the same period in 2002. The increase in SG&A expenses was mainly due to the increased headcount and salaries expenses related to our acquired jewelry business.

As a percentage of net sales, SG&A expenses from pearl operations decreased 1.4% to 17.4% for the three months ended September 30, 2003 from 18.8% for the same period in 2002.

Interest Expense

Interest expense decreased by HK311K, or 68.8%, to HK\$141K for the three months ended September 30, 2003 from HK\$452K for the same period in 2002 as a result of lower bank borrowings within the Company for the period and lower interest rate.

Interest Income

Interest income decreased by HK\$130K, or 66.7%, to HK\$65K for the three months ended September 30, 2003 from HK\$195K in the same period in 2002. The decrease was due principally to lower bank deposit balance and lower interest rates during the three months ended September 30, 2003 when compared to same period last year.

Income Tax Expense

Income taxes expenses for the three months ended September 30, 2003 were HK\$2.1 million, as compared to HK\$2.3 million for the same period in 2002. The lower income tax expenses was due to lower taxable income during the three months ended September 30, 2003 than same period last year.

Net Income

Net income for the three months ended September 30, 2003 was HK\$2.9 million, compared to net income of HK\$6.2 million for the same period in 2002. The decrease was mainly attributable to the lower gross profit, rental income and higher SG&A expenses in this period in 2003 as compared to the same period in 2002.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary liquidity needs are funded by collection of accounts receivable and sales of inventories. At September 30, 2003, the Company had working capital of HK\$246.4 million, which included a cash balance of HK\$56.1 million. The current ratio was 7.9 to 1 as of September 30, 2003. Net cash provided by operating activities was approximately HK\$28.6 million for the six months ended September 30, 2003. Net cash used in investing activities for the six months ended September 30, 2003 was HK\$43.8 million and net cash used in financing activities was HK\$12.4 million.

Inventories were HK\$130.5 million at September 30, 2003. The inventory turnover period was 6.7 months as at September 30, 2003.

Accounts receivable was HK\$68.5 million at September 30, 2003. The accounts receivable turnover period was 75 days as at September 30, 2003.

Long-term debts (including current portion of long-term debts) were HK\$14.4 million at September 30, 2003. The gearing ratio was 0.06 at September 30, 2003, calculated by reference to the debt of HK\$14.4 million and the stockholders' equity of HK\$254.9 million.

The Company had available working capital facilities of HK\$95.6 million in total with various banks at September 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 September 30, 2003, the Company had not utilized any 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 September 30, 2003, the Company had no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations.

During the six months ended September 30, 2003, the Company made 35.3% of its purchases in Hong Kong Dollar and 25.7% in US dollars.

At September 30, 2003, the Company had no short-term RMB bank borrowings. The RMB is not a fully convertible currency and the PRC government determines its exchange rate against other currencies. To the best of our knowledge, the PRC has not declared any intention to either devalue or revalue its currency; however, there can be no assurance that a decision to allow the currency to fluctuate in the future will not be taken. The Company mostly 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 that unless the Hong Kong government was to change its monetary policy, its exposure to currency risk in the foreseeable future is not material.

At September 30, 2003, the Company had Hong Kong dollar bank borrowings of HK\$14.4 million, the weighted average interest rate of which was 2.16 % 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 5.69% from 6.5% as at September 30, 2000 to 0.81% as at September 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 September 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 September 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 resources 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 breakdown 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 the design will succeed in achieving its stated goals under all potential future conditions.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

The Company held its Annual Meeting of Stockholders on August 6, 2003.

At the Meeting, the following nominees for election as directors, to hold office until the Company's 2004 Annual Meeting of Stockholders, received the votes of 3,887,619 shares of Common Stock and 100,000 shares of Series A Preferred Stock, constituting a majority of the voting power present at the Meeting:

Cheng Chung Hing, Ricky
Cheng Tai Po
Yan Sau Man, Amy
Lai Chau Ming, Matthew
Yuen Ka Lok, Ernest

1,000 shares of Common Stock abstained from voting.

Therefore, said nominees were elected as directors for the term described above.

The stockholders also ratified the Board of Directors' appointment of Deloitte Touche Tohmatsu as independent accountants. Holders of 3,886,619 shares of Common Stock and 100,000 shares of Preferred Stock voted for the ratification, holders of 2,000 shares voted against ratification and holders of no share abstained.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS. SEE EXHIBIT INDEX

(b) Reports on Form 8-K.

Current Report on Form 8-K filed on October 10, 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: November 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.

Exhibits	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)
10.1	Service Agreement, dated August 31, 2003, between Man Sang International Limited and Cheng Chung Hing.
10.2	Service Agreement, dated August 31, 2003, between Man Sang International Limited and Cheng Tai Po.
10.3	Service Agreement, dated August 31, 2003, between Man Sang International Limited and Yan Sau Man, Amy.
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 statements on Form 8-A dated June 17, 1996.

EXHIBIT 10.1

DATED THE 31ST DAY OF AUGUST, 2003

MAN SANG INTERNATIONAL LIMITED

AND

CHENG CHUNG HING

SERVICE AGREEMENT

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THIS AGREEMENT is made on the 31st day of August, 2003

BETWEEN:

- (1) MAN SANG INTERNATIONAL LIMITED, a company incorporated under the laws of Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong at 21st Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong (the "Company"); and
- (2) CHENG CHUNG HING of 20B, The Mayfair, 1 May Road, Hong Kong (the "Executive").

WHEREBY IT IS AGREED as follows:

1. INTERPRETATION

1.01 In this Agreement, unless the context requires otherwise:

"Board" means the board of directors for the time being of the Company;

"Group" means the Company and its subsidiaries from time to time and "member of the Group" shall be construed accordingly;

"HK\$" means Hong Kong dollars;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as the same may be amended from time to time); and

"month" means calendar month.

1.02 References herein to Clauses are to clauses in this Agreement unless the context requires otherwise.

1.03 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

1.04 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

2. APPOINTMENT

The Company will employ the Executive and the Executive hereby agrees to serve the Company as an executive director upon the terms and subject to the conditions hereinafter appearing.

3. DURATION

Subject to termination as hereinafter provided, the Company will employ the Executive with effect from 1st September, 2003 for a term of three (3) years until terminated by either party giving to the other not less than three (3) months' notice in writing.

4. EXECUTIVE'S DUTIES

The Executive shall, during the continuance of his employment hereunder:

- (a) serve the Company as the Chairman and an executive director and, in such capacity, perform the duties and exercise the powers from time to time assigned to or vested in him by the Board (including (without further remuneration unless otherwise agreed) serving on the board of directors, or in any other office, of any member(s) of the Group, as the Board may require) and he will perform those duties at such place or places in Hong Kong or elsewhere as the Board may from time to time determine;
- (b) comply with and conform to any lawful instructions or directions from time to time given or made by the Board, or with the authority of the Board, and shall comply with the Company's rules, regulations, policies and procedures from time to time in force;
- (c) faithfully and diligently serve the Group and use his best endeavours to promote the business and interests thereof;
- (d) devote himself exclusively and diligently to the business and interests of the Group and personally attend thereto at all times during usual business hours and during such other times as the Company may reasonably require except in case of incapacity through illness or accident in which case he shall forthwith notify the Secretary of the Company of such incapacity and shall furnish to the Board such evidence thereof as it may require;
- (e) keep the Board promptly and fully informed (in writing if so requested) of his conduct of the business or affairs of the Group and provide such explanations as the Board may require in connection therewith;
- (f) carry out his duties and exercise his powers jointly with any other director or executive of any member of the Group as shall from time to time be appointed by the Board to act jointly with the Executive and the Board may at any time

require the Executive to cease performing or exercising any of his duties or powers under this Agreement; and

- (g) comply with the relevant requirements of all applicable laws, regulations, codes of practice and rules (including Securities (Insider Dealing) Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 therein and the rules of any other stock exchange, market or dealing system on which the securities of any member of the Group is traded and the applicable laws, regulations, codes of practice in that jurisdiction).

5. REMUNERATION

The remuneration of the Executive shall be:

- (a) an annual salary package of HK\$3,000,000.00, such salary to include any sum receivable as director's fees or other remuneration from any other member of the Group (if any). This salary will be reviewed by the Board each year at the time of the annual salary reviews for senior executives provided that the Executive shall abstain from voting and shall not be counted in the quorum in respect of any resolution regarding the amount payable to himself in relation to his employment under this Agreement which is proposed at any meeting of the Board;
- (b) in respect of every financial year of the Company (which expression shall include any other financial period in respect of which the Company's accounts are made up), a discretionary bonus of such amount as shall be determined by the Board (provided that the aggregate of such amount and all discretionary bonuses payable by the Company to its executive directors in any financial year shall not exceed ten per cent. of the net profits (after tax and after extraordinary items) of the Company for such year as shown in its audited accounts), provided that such discretionary bonus shall be paid only on a pro rata basis in respect of any financial year of the Company during a portion only of which the Executive has served the Company hereunder, unless his employment shall have been terminated pursuant to Clause 10.02, in which case no discretionary bonus is payable.

6. OTHER BENEFITS

6.01 In addition to the foregoing remuneration and benefits, the Executive shall also be entitled to the following during the continuance of his employment hereunder, subject to determination by the Board as to the appropriate level of cost of each item:

- (a) the use of a residential property of the Company for accommodation as approved by the Board and the Company shall pay all rates, government rents,

utilities and other outgoings for maintenance and repair in respect of the use of such premises;

- (b) the use (whether for business or personal purposes) of a motor car of such type as may be approved by the Board and the Company shall pay all vehicle registration fees, taxes and insurance premiums in respect of the car and shall pay or reimburse against receipts all maintenance, repair and other running costs in respect of the car; and
- (c) the payment of all entrance fees, debentures, monthly subscriptions of The Hong Kong Jockey Club during the continuance of his employment hereunder.

6.02 In addition to the above benefits, the Executive shall also be entitled to such other benefits under any applicable employee benefit plan and employee share option scheme adopted by the Company and any member of the Group of which the Executive is a director or holds office for their respective employees (including the Executive) as the Board shall from time to time determine.

7. EXPENSES

The Company shall reimburse the Executive (against receipts or such other reasonable evidence of expenditure as the Board may require) for all reasonable expenses properly incurred in the course of his employment hereunder or in promoting or otherwise in connection with the business of the Company.

8. DEDUCTIONS

The Company shall be entitled, subject to any laws or agreements to the contrary, at any time to deduct from the Executive's remuneration hereunder any monies due from him to any member of the Group including, but not limited to, any outstanding loans, advances, the cost of repairing any damage to or loss of the Company's property caused by him (and of recovering the same) and any other monies owed by him to the Company or any of its subsidiaries.

9. LEAVE

The Executive shall be entitled after completion of each year of service with the Company to fifteen (15) days' leave (in addition to public holidays) with full pay, which leave shall be taken at such time or times as may be convenient to the Board having regard to the exigencies of the Group's business provided that:

- (a) if the employment of the Executive hereunder is to cease on the completion of any year of service, the Executive shall be entitled to take his said leave immediately prior to the end of such year of service notwithstanding that at that time such year of service shall not have been completed;

- (b) if the employment of the Executive hereunder is to cease (for any reason other than termination pursuant to Clause 10.02) during any year of service, the Executive shall be entitled to an amount of leave proportionate to the part of the year during which he has been employed by the Company, such leave to be taken immediately prior to the termination of his employment; and
- (c) if for any reason the Executive shall not have taken his full entitlement of leave in any particular year he shall not have any claim against the Company in respect thereof nor, unless the reason is the exigencies of the Company's business (of which the Board shall be the sole judge), shall he be entitled to additional leave in any year in respect of leave not taken in previous years.

10. TERMINATION

- 10.01 If the Executive is at any time incapacitated by illness, injury or accident from performing his duties hereunder and (if so required) furnishes the Board with evidence satisfactory to it of such incapacity and the cause thereof he shall be entitled to receive his full salary for the first three (3) months or any shorter period during which such incapacity continues and if he continues so incapacitated for a longer period than three (3) consecutive months or if he is so incapacitated at different times for more than ninety (90) days in any one period of fifty-two (52) consecutive weeks then and in either of such cases his employment may be terminated by the Company by one (1) month's notice in writing.
- 10.02 If at any time during the term of his employment hereunder the Executive shall be guilty of or commit any serious misconduct which in the absolute opinion of the Board is in any way detrimental to the interests of any member of the Group, or shall be in breach of any of the terms of this Agreement, or shall commit any act of bankruptcy or become insolvent, or make any arrangements or composition with his creditors generally, or become through mental disorder incapable of managing his own affairs, or fail to pay his personal debts or shall be guilty of persistent insobriety or be convicted of any criminal offense involving his integrity or honesty, the Company may terminate the Executive's employment hereunder forthwith without any notice or payment in lieu of notice and upon such termination, the Executive shall not be entitled to any bonus or any payment whatsoever (other than salary actually accrued due and payable pursuant to Clause 5(a)) for or in respect of the then current year of service or to claim any compensation or damages for or in respect of or by reason of such termination.
- 10.03 In the event that: (a) the Executive is lawfully removed from his office as a director of the Company by virtue of a resolution passed by the members of the Company; or (b) the Executive, having retired from the office of director of the Company in accordance with the Bye-laws of the Company or any other applicable regulation or law, is not re-elected as a director of the Company by the shareholders of the Company at an annual general meeting of the Company, the Company may within seven (7) days of the date of such vacation from office by the Executive, terminate this Agreement forthwith by written notice to the Executive.

- 10.04 In the event of termination of the Executive's employment for whatever reason, the Executive shall:
- (a) (if not already vacated from such office(s)) forthwith resign as a director of the Company and from all directorships or other offices held by him in any member of the Group (and the Executive irrevocably authorises the Company in his name and on his behalf to execute all documents and do all things necessary to effect such resignation in the event of his failure to do so);
 - (b) shall cease to be entitled to any benefits under this Agreement;
 - (c) immediately return the car provided by the Company under Clause 6.01 (b) and the keys in respect thereof to the Company at its principal place of business in Hong Kong or such other place in Hong Kong as the Company may reasonably request; and
 - (d) immediately vacate from the residential property of the Company provided for use pursuant to Clause 6.01 (a) and forthwith return the keys in respect thereof to the Company at its principal place of business in Hong Kong or such other place in Hong Kong as the Company may reasonably request

and the Executive shall not be entitled to claim any other compensation whatsoever from the Company in respect of such termination except where the Board otherwise agrees or as expressly provided for under this Agreement.

- 10.05 Any delay or forbearance by the Company in exercising any right to terminate this Agreement shall not constitute a waiver of such right.
- 10.06 If notice is served by either party pursuant to Clause 3, then for up to a maximum period of three (3) months, the Company shall not be obliged, at any time after the notice of termination is served, to provide any work for the Executive or to assign to or vest in the Executive any powers, duties or functions and may in its absolute discretion suspend the Executive from work, and suspend the contractual benefits of the Executive set out in Clause 5(b) and 6 and to require the Executive to refrain from entering any premises of any member(s) of the Group and to refrain from contacting any customers, clients, employees or suppliers of any member(s) of the Group.

11. EXECUTIVE'S UNDERTAKINGS

- 11.01 The Executive agrees to take good care of the car supplied by the Company under Clause 6.01(b) and the residential property provided by the Company under the Clause 6.01(a), and to ensure that the terms and conditions of the insurance policies in respect of the car and the residential property are observed.
- 11.02 The Executive shall not either during the continuance of his employment hereunder or at any time thereafter divulge to any person whomsoever or to any body corporate or unincorporated (except to those officers of the Group whose province it is to

know the same) or use for his own purposes or for any purposes other than those of the Group and shall use his best endeavours to prevent the unauthorised publication or disclosure of any trade secret or any confidential information concerning the business or finances of any member of the Group or any of its dealings, transactions or affairs or those of its customers, suppliers, management and shareholders which may come to his knowledge during or in the course of his employment. Confidential information shall include, without limitation, lists or details of customers and suppliers, information relating to the working of any process of invention carried on or used by any member of the Group, information relating to research and other projects, prices, discounts, mark-ups, future business strategy and development, marketing, price-sensitive information and any other information which is not generally available to the public.

11.03 Forthwith upon the termination of the employment of the Executive hereunder, and/or at any other time if the Company shall so request:

- (a) the Executive shall not, directly or indirectly, disseminate, disclose, divulge, reveal, report, publish, transfer or use, for any purpose whatsoever, any information which has been obtained by or disclosed to the Executive as a result of or in relation to the Executive's employment by the Company, including without limitation any confidential information (which includes without limitation all lists of customers and clients, specific customer names and data, business plans, marketing plans, business contracts, distribution and sales and marketing networks, designs, specifications, processes, formulas, trade secrets, business secrets, sales information, systems, programs, procedures, manuals, financial and personnel information, and any other proprietary information or data which the Company has received in confidence from others) and any of the terms and conditions of this Agreement; provided, however, that disclosure of any confidential information shall not be prohibited if (i) such disclosure is directly pursuant to a valid and existing order of a court of competent jurisdiction or other governmental body or agency, (ii) the Executive shall first have given prompt notice to the Company of any such possible or prospective order (or proceeding pursuant to which any such order may result), and (iii) the Company shall have been afforded a reasonable opportunity to respond to (and if so advised by counsel, to challenge) such order; provided further, that each party may disclose terms and conditions of this Agreement to his or its attorneys and accountants to the extent such disclosure is necessary to enable such attorneys and accountants to render professional services to such party;
- (b) the Executive, his representatives, heirs, successors and assigns shall completely release and forever discharge the Company, its present, former or future parent, subsidiary, affiliated, associated and other related companies, and any of their present, former and future shareholders, directors, officers, employees, agents, partners, consultants, representatives and attorneys, and each of their successors and assigns from all claims, demands, rights, causes of action, obligations, liabilities and/or attorneys' fee claims, of any and every kind, nature and character whatsoever wheresoever, known or unknown, which the Executive may now have or has ever had against the

Group, including without limitation those arising from or in any way connected with the employment of the Executive by the Company or the resignation or termination thereof, whether based on tort, express or implied contract, law, rule, regulation or ordinance; and

- (c) the Executive shall preserve the good name of, and shall not make any disparaging comments about the Group and any of the Company's present, former and future shareholders, directors, officers, employees, agents, partners, consultants, representatives and attorneys, and each of their successors and assigns.

11.04 The Executive shall not file, or cause to be filed, in any court or with any governmental or quasi-governmental agency, any action, claim or charge against the Company, its present, former or future parent, subsidiary, affiliated, associated and other related companies and any of their present, former and future shareholders, directors, officers and employees and each of their successors and assigns.

11.05 The Executive shall not at any time during the continuance of his employment hereunder or for a period of twelve (12) months thereafter, in any country or place where any member of the Group has carried on business, carry on or be employed or interested directly or indirectly in (whether as shareholder, director, partner, agent or otherwise and whether alone or jointly with others) any business carried on by any member of the Group during the continuance of the said employment in competition with any member of the Group (other than as a holder of not more than five (5) per cent of the issued shares, debentures or other securities of any company listed on any recognised stock exchange) provided that the provisions of this Clause 11.04 shall only apply in respect of business activities or services with which the Executive was personally concerned or for which he was responsible during his said employment.

11.06 The Executive shall not at any time during the continuance of his employment hereunder or for a period of twelve (12) months thereafter either on his own account or in conjunction with or on behalf of any other person or body corporate or unincorporated in competition with any member of the Group directly or indirectly solicit or entice away from any member of the Group, any person or body corporate or unincorporated who now is or at any time during or at the date of the termination of the said employment may have been or become a customer or supplier or prospective customer or supplier of any member of the Group and with whom the Executive had personal contact or dealings during his said employment.

11.07 The Executive shall not at any time during the continuance of his employment hereunder or for a period of twelve (12) months thereafter solicit or entice away from any member of the Group or employ or otherwise engage any person who now is or at any time during or at the date of the termination of the said employment may have become an employee of any member of the Group and with whom the Executive had contact during his said employment, whether or not such person would commit any breach of his contract of employment by reason of leaving the service of the relevant member of the Group.

11.08 The Executive shall not at any time or for any purpose after termination of his employment hereunder use either the English or Chinese name of the Company or any name similar thereto in connection with his own or any other name in any way calculated to suggest that he is or has been connected with the Company's business, nor in any way hold himself out as having had any such connection.

11.09 While the restrictions contained in Clauses 11.01 to 11.08 are considered by the parties to be reasonable for the protection of the business and interest of the Group and in all the circumstances and do not work harshly upon the Executive it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen and accordingly it is hereby agreed and declared that if any such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the member(s) of the Group but would be valid if part of the wording thereof were deleted or the periods (if any) thereof were reduced or the range of products or area dealt with thereby were reduced in scope, the said restriction shall apply with such modifications as may be necessary to make it valid and effective.

12. INTELLECTUAL PROPERTY RIGHTS

12.01 The Company (or any other member of the Group as the case may be) shall be entitled free of charge to the sole ownership and exclusive use of any invention or improvement made or discovered by the Executive and of any copyright, design right, trade mark, service mark or trade name created or used by the Executive (hereinafter referred to as the "intellectual property rights") in the course of or for the purpose of providing services hereunder to the Company or any other member of the Group.

12.02 The Executive shall forthwith and from time to time both during and after the term of this Agreement and at the request and cost of the Company, insofar as it is within his power, do such acts and things and execute such documents, as may in the opinion of the Company be reasonably necessary for obtaining letters patent, registration or other protection for any such intellectual property rights in any part of the world and shall effect such registration and vest such letters patent or other protection in the Company (or any other member of the Group as the case may be) or its nominees. The Executive irrevocably authorises the Company for the purposes aforesaid in the name of the Executive and execute any document or do anything on his behalf. The Executive shall at the cost and request of the Company render all reasonable assistance to the Company (or any other member of the Group as the case may be) for and in connection with the purposes aforesaid.

12.03 The Executive shall not during or after the termination of the Agreement use to the detriment or prejudice of the Group or divulge to any person any confidential information concerning the intellectual property rights of the Group which may have come to his knowledge.

13. MISCELLANEOUS

13.01 This Agreement shall be in substitution for any subsisting agreement or arrangement (oral or otherwise) made between the Company and the Executive which shall be deemed to have been terminated by mutual consent as from the date on which the Executive's employment under this Agreement commences.

13.02 The expiration or termination of this Agreement howsoever arising shall not operate to affect such of the provisions hereof as in accordance with their terms are expressed to operate or have effect thereafter.

13.03 In the event of any variation of the remuneration payable to the Executive hereunder being made by consent of the parties hereto, such variation shall not constitute a new agreement but (subject to any express agreement to the contrary) the employment of the Executive hereunder shall continue subject in all respects to the terms and conditions of this Agreement with such variation as aforesaid.

13.04 Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or facsimile number set out below (or such other address or facsimile number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Company: Man Sang International Limited
21st Floor, Railway Plaza 39 Chatham Road South
Tsimshatsui, Kowloon Hong Kong
Fax number: (852) 2317 5243
Attention: Mr. Cheng Tai Po

To the Executive: Cheng Chung Hing
20B, The Mayfair
1 May Road
Hong Kong

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if given or made by letter, by post, two (2) clear business days after the date of posting, or by recorded delivery, when actually delivered to the relevant address; and (b) if given or made by facsimile, when despatched subject to receipt of machine-printed confirmation of error-free despatch of the whole of the notice, demand or communication to the facsimile number of the intended addressee.

13.05 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

13.06 No failure or delay by the Company in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any

other right, power or remedy. Without limiting the foregoing, no waiver by the Company of any breach by the Executive of any provision in this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other provision in this Agreement.

13.07 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

SIGNED by CHENG TAI PO
for and on behalf of MAN SANG
INTERNATIONAL LIMITED
in the presence of:

SIGNED by
Cheng Chung Hing
in the presence of:

EXHIBIT 10.2

DATED THE 31ST DAY OF AUGUST, 2003

MAN SANG INTERNATIONAL LIMITED

AND

CHENG TAI PO

SERVICE AGREEMENT

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THIS AGREEMENT is made on the 31st day of August, 2003

BETWEEN:

- (1) MAN SANG INTERNATIONAL LIMITED, a company incorporated under the laws of Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong at 21st Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong (the "Company"); and
- (2) CHENG TAI PO of 22A, Park Mansion, 27-29 MacDonnell Road, Hong Kong (the "Executive").

WHEREBY IT IS AGREED as follows:

1. INTERPRETATION

1.01 In this Agreement, unless the context requires otherwise:

"Board" means the board of directors for the time being of the Company;

"Group" means the Company and its subsidiaries from time to time and "member of the Group" shall be construed accordingly;

"HK\$" means Hong Kong dollars;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as the same may be amended from time to time); and

"month" means calendar month.

1.02 References herein to Clauses are to clauses in this Agreement unless the context requires otherwise.

1.03 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

1.04 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

2. APPOINTMENT

The Company will employ the Executive and the Executive hereby agrees to serve the Company as an executive director upon the terms and subject to the conditions hereinafter appearing.

3. DURATION

Subject to termination as hereinafter provided, the Company will employ the Executive with effect from 1st September, 2003 for a term of three (3) years until terminated by either party giving to the other not less than three (3) months' notice in writing.

4. EXECUTIVE'S DUTIES

The Executive shall, during the continuance of his employment hereunder:

- (a) serve the Company as the Vice Chairman and an executive director and, in such capacity, perform the duties and exercise the powers from time to time assigned to or vested in him by the Board (including (without further remuneration unless otherwise agreed) serving on the board of directors, or in any other office, of any member(s) of the Group, as the Board may require) and he will perform those duties at such place or places in Hong Kong or elsewhere as the Board may from time to time determine;
- (b) comply with and conform to any lawful instructions or directions from time to time given or made by the Board, or with the authority of the Board, and shall comply with the Company's rules, regulations, policies and procedures from time to time in force;
- (c) faithfully and diligently serve the Group and use his best endeavours to promote the business and interests thereof;
- (d) devote himself exclusively and diligently to the business and interests of the Group and personally attend thereto at all times during usual business hours and during such other times as the Company may reasonably require except in case of incapacity through illness or accident in which case he shall forthwith notify the Secretary of the Company of such incapacity and shall furnish to the Board such evidence thereof as it may require;
- (e) keep the Board promptly and fully informed (in writing if so requested) of his conduct of the business or affairs of the Group and provide such explanations as the Board may require in connection therewith;
- (f) carry out his duties and exercise his powers jointly with any other director or executive of any member of the Group as shall from time to time be appointed by the Board to act jointly with the Executive and the Board may at any time

require the Executive to cease performing or exercising any of his duties or powers under this Agreement; and

- (g) comply with the relevant requirements of all applicable laws, regulations, codes of practice and rules (including Securities (Insider Dealing) Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 therein and the rules of any other stock exchange, market or dealing system on which the securities of any member of the Group is traded and the applicable laws, regulations, codes of practice in that jurisdiction).

5. REMUNERATION

The remuneration of the Executive shall be:

- (a) an annual salary package of HK\$3,000,000.00, such salary to include any sum receivable as director's fees or other remuneration from any other member of the Group (if any). This salary will be reviewed by the Board each year at the time of the annual salary reviews for senior executives provided that the Executive shall abstain from voting and shall not be counted in the quorum in respect of any resolution regarding the amount payable to himself in relation to his employment under this Agreement which is proposed at any meeting of the Board;
- (b) in respect of every financial year of the Company (which expression shall include any other financial period in respect of which the Company's accounts are made up), a discretionary bonus of such amount as shall be determined by the Board (provided that the aggregate of such amount and all discretionary bonuses payable by the Company to its executive directors in any financial year shall not exceed ten per cent. of the net profits (after tax and after extraordinary items) of the Company for such year as shown in its audited accounts), provided that such discretionary bonus shall be paid only on a pro rata basis in respect of any financial year of the Company during a portion only of which the Executive has served the Company hereunder, unless his employment shall have been terminated pursuant to Clause 10.02, in which case no discretionary bonus is payable.

6. OTHER BENEFITS

6.01 In addition to the foregoing remuneration and benefits, the Executive shall also be entitled to the following during the continuance of his employment hereunder, subject to determination by the Board as to the appropriate level of cost of each item:

- (a) the Company shall pay all rates, government rents, utilities and other outgoings of the property he is residing; and

- (b) the use (whether for business or personal purposes) of a motor car of such type as may be approved by the Board and the Company shall pay all vehicle registration fees, taxes and insurance premiums in respect of the car and shall pay or reimburse against receipts all maintenance, repair and other running costs in respect of the car and the cost of petrol.

6.02 In addition to the above benefits, the Executive shall also be entitled to such other benefits under any applicable employee benefit plan and employee share option scheme adopted by the Company and any member of the Group of which the Executive is a director or holds office for their respective employees (including the Executive) as the Board shall from time to time determine.

7. EXPENSES

The Company shall reimburse the Executive (against receipts or such other reasonable evidence of expenditure as the Board may require) for all reasonable expenses properly incurred in the course of his employment hereunder or in promoting or otherwise in connection with the business of the Company.

8. DEDUCTIONS

The Company shall be entitled, subject to any laws or agreements to the contrary, at any time to deduct from the Executive's remuneration hereunder any monies due from him to any member of the Group including, but not limited to, any outstanding loans, advances, the cost of repairing any damage to or loss of the Company's property caused by him (and of recovering the same) and any other monies owed by him to the Company or any of its subsidiaries.

9. LEAVE

The Executive shall be entitled after completion of each year of service with the Company to fifteen (15) days' leave (in addition to public holidays) with full pay, which leave shall be taken at such time or times as may be convenient to the Board having regard to the exigencies of the Group's business provided that:

- (a) if the employment of the Executive hereunder is to cease on the completion of any year of service, the Executive shall be entitled to take his said leave immediately prior to the end of such year of service notwithstanding that at that time such year of service shall not have been completed;
- (b) if the employment of the Executive hereunder is to cease (for any reason other than termination pursuant to Clause 10.02) during any year of service, the Executive shall be entitled to an amount of leave proportionate to the part of the year during which he has been employed by the Company, such leave to be taken immediately prior to the termination of his employment; and

- (c) if for any reason the Executive shall not have taken his full entitlement of leave in any particular year he shall not have any claim against the Company in respect thereof nor, unless the reason is the exigencies of the Company's business (of which the Board shall be the sole judge), shall he be entitled to additional leave in any year in respect of leave not taken in previous years.

10. TERMINATION

10.01 If the Executive is at any time incapacitated by illness, injury or accident from performing his duties hereunder and (if so required) furnishes the Board with evidence satisfactory to it of such incapacity and the cause thereof he shall be entitled to receive his full salary for the first three (3) months or any shorter period during which such incapacity continues and if he continues so incapacitated for a longer period than three (3) consecutive months or if he is so incapacitated at different times for more than ninety (90) days in any one period of fifty-two (52) consecutive weeks then and in either of such cases his employment may be terminated by the Company by one (1) month's notice in writing.

10.02 If at any time during the term of his employment hereunder the Executive shall be guilty of or commit any serious misconduct which in the absolute opinion of the Board is in any way detrimental to the interests of any member of the Group, or shall be in breach of any of the terms of this Agreement, or shall commit any act of bankruptcy or become insolvent, or make any arrangements or composition with his creditors generally, or become through mental disorder incapable of managing his own affairs, or fail to pay his personal debts or shall be guilty of persistent insobriety or be convicted of any criminal offense involving his integrity or honesty, the Company may terminate the Executive's employment hereunder forthwith without any notice or payment in lieu of notice and upon such termination, the Executive shall not be entitled to any bonus or any payment whatsoever (other than salary actually accrued due and payable pursuant to Clause 5(a)) for or in respect of the then current year of service or to claim any compensation or damages for or in respect of or by reason of such termination.

10.03 In the event that: (a) the Executive is lawfully removed from his office as a director of the Company by virtue of a resolution passed by the members of the Company; or (b) the Executive, having retired from the office of director of the Company in accordance with the Bye-laws of the Company or any other applicable regulation or law, is not re-elected as a director of the Company by the shareholders of the Company at an annual general meeting of the Company, the Company may within seven (7) days of the date of such vacation from office by the Executive, terminate this Agreement forthwith by written notice to the Executive.

10.04 In the event of termination of the Executive's employment for whatever reason, the Executive shall:

- (a) (if not already vacated from such office(s)) forthwith resign as a director of the Company and from all directorships or other offices held by him in any member of the Group (and the Executive irrevocably authorises the Company

in his name and on his behalf to execute all documents and do all things necessary to effect such resignation in the event of his failure to do so);

- (b) shall cease to be entitled to any benefits under this Agreement;
- (c) immediately return the car provided by the Company under Clause 6.01 (b) and the keys in respect thereof to the Company at its principal place of business in Hong Kong or such other place in Hong Kong as the Company may reasonably request; and
- (d) immediately vacate from the residential property of the Company provided for use pursuant to Clause 6.01 (a) and forthwith return the keys in respect thereof to the Company at its principal place of business in Hong Kong or such other place in Hong Kong as the Company may reasonably request

and the Executive shall not be entitled to claim any other compensation whatsoever from the Company in respect of such termination except where the Board otherwise agrees or as expressly provided for under this Agreement.

10.05 Any delay or forbearance by the Company in exercising any right to terminate this Agreement shall not constitute a waiver of such right.

10.06 If notice is served by either party pursuant to Clause 3, then for up to a maximum period of three (3) months, the Company shall not be obliged, at any time after the notice of termination is served, to provide any work for the Executive or to assign to or vest in the Executive any powers, duties or functions and may in its absolute discretion suspend the Executive from work, and suspend the contractual benefits of the Executive set out in Clause 5(b) and 6 and to require the Executive to refrain from entering any premises of any member(s) of the Group and to refrain from contacting any customers, clients, employees or suppliers of any member(s) of the Group.

11. EXECUTIVE'S UNDERTAKINGS

11.01 The Executive agrees to take good care of the car supplied by the Company under Clause 6.01(b) and the residential property provided by the Company under the Clause 6.01(a), and to ensure that the terms and conditions of the insurance policies in respect of the car and the residential property are observed.

11.02 The Executive shall not either during the continuance of his employment hereunder or at any time thereafter divulge to any person whomsoever or to any body corporate or unincorporated (except to those officers of the Group whose province it is to know the same) or use for his own purposes or for any purposes other than those of the Group and shall use his best endeavours to prevent the unauthorised publication or disclosure of any trade secret or any confidential information concerning the business or finances of any member of the Group or any of its dealings, transactions or affairs or those of its customers, suppliers, management and shareholders which may come to his knowledge during or in the course of his employment.

Confidential information shall include, without limitation, lists or details of customers and suppliers, information relating to the working of any process of invention carried on or used by any member of the Group, information relating to research and other projects, prices, discounts, mark-ups, future business strategy and development, marketing, price-sensitive information and any other information which is not generally available to the public.

11.03 Forthwith upon the termination of the employment of the Executive hereunder, and/or at any other time if the Company shall so request:

- (a) the Executive shall not, directly or indirectly, disseminate, disclose, divulge, reveal, report, publish, transfer or use, for any purpose whatsoever, any information which has been obtained by or disclosed to the Executive as a result of or in relation to the Executive's employment by the Company, including without limitation any confidential information (which includes without limitation all lists of customers and clients, specific customer names and data, business plans, marketing plans, business contracts, distribution and sales and marketing networks, designs, specifications, processes, formulas, trade secrets, business secrets, sales information, systems, programs, procedures, manuals, financial and personnel information, and any other proprietary information or data which the Company has received in confidence from others) and any of the terms and conditions of this Agreement; provided, however, that disclosure of any confidential information shall not be prohibited if (i) such disclosure is directly pursuant to a valid and existing order of a court of competent jurisdiction or other governmental body or agency, (ii) the Executive shall first have given prompt notice to the Company of any such possible or prospective order (or proceeding pursuant to which any such order may result), and (iii) the Company shall have been afforded a reasonable opportunity to respond to (and if so advised by counsel, to challenge) such order; provided further, that each party may disclose terms and conditions of this Agreement to his or its attorneys and accountants to the extent such disclosure is necessary to enable such attorneys and accountants to render professional services to such party;
- (b) the Executive, his representatives, heirs, successors and assigns shall completely release and forever discharge the Company, its present, former or future parent, subsidiary, affiliated, associated and other related companies, and any of their present, former and future shareholders, directors, officers, employees, agents, partners, consultants, representatives and attorneys, and each of their successors and assigns from all claims, demands, rights, causes of action, obligations, liabilities and/or attorneys' fee claims, of any and every kind, nature and character whatsoever wheresoever, known or unknown, which the Executive may now have or has ever had against the Group, including without limitation those arising from or in any way connected with the employment of the Executive by the Company or the resignation or termination thereof, whether based on tort, express or implied contract, law, rule, regulation or ordinance; and

- (c) the Executive shall preserve the good name of, and shall not make any disparaging comments about the Group and any of the Company's present, former and future shareholders, directors, officers, employees, agents, partners, consultants, representatives and attorneys, and each of their successors and assigns.
- 11.04 The Executive shall not file, or cause to be filed, in any court or with any governmental or quasi-governmental agency, any action, claim or charge against the Company, its present, former or future parent, subsidiary, affiliated, associated and other related companies and any of their present, former and future shareholders, directors, officers and employees and each of their successors and assigns.
- 11.05 The Executive shall not at any time during the continuance of his employment hereunder or for a period of twelve (12) months thereafter, in any country or place where any member of the Group has carried on business, carry on or be employed or interested directly or indirectly in (whether as shareholder, director, partner, agent or otherwise and whether alone or jointly with others) any business carried on by any member of the Group during the continuance of the said employment in competition with any member of the Group (other than as a holder of not more than five (5) per cent of the issued shares, debentures or other securities of any company listed on any recognised stock exchange) provided that the provisions of this Clause 11.04 shall only apply in respect of business activities or services with which the Executive was personally concerned or for which he was responsible during his said employment.
- 11.06 The Executive shall not at any time during the continuance of his employment hereunder or for a period of twelve (12) months thereafter either on his own account or in conjunction with or on behalf of any other person or body corporate or unincorporated in competition with any member of the Group directly or indirectly solicit or entice away from any member of the Group, any person or body corporate or unincorporated who now is or at any time during or at the date of the termination of the said employment may have been or become a customer or supplier or prospective customer or supplier of any member of the Group and with whom the Executive had personal contact or dealings during his said employment.
- 11.07 The Executive shall not at any time during the continuance of his employment hereunder or for a period of twelve (12) months thereafter solicit or entice away from any member of the Group or employ or otherwise engage any person who now is or at any time during or at the date of the termination of the said employment may have become an employee of any member of the Group and with whom the Executive had contact during his said employment, whether or not such person would commit any breach of his contract of employment by reason of leaving the service of the relevant member of the Group.
- 11.08 The Executive shall not at any time or for any purpose after termination of his employment hereunder use either the English or Chinese name of the Company or any name similar thereto in connection with his own or any other name in any way calculated to suggest that he is or has been connected with the Company's business, nor in any way hold himself out as having had any such connection.

11.09 While the restrictions contained in Clauses 11.01 to 11.08 are considered by the parties to be reasonable for the protection of the business and interest of the Group and in all the circumstances and do not work harshly upon the Executive it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen and accordingly it is hereby agreed and declared that if any such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the member(s) of the Group but would be valid if part of the wording thereof were deleted or the periods (if any) thereof were reduced or the range of products or area dealt with thereby were reduced in scope, the said restriction shall apply with such modifications as may be necessary to make it valid and effective.

12. INTELLECTUAL PROPERTY RIGHTS

12.01 The Company (or any other member of the Group as the case may be) shall be entitled free of charge to the sole ownership and exclusive use of any invention or improvement made or discovered by the Executive and of any copyright, design right, trade mark, service mark or trade name created or used by the Executive (hereinafter referred to as the "intellectual property rights") in the course of or for the purpose of providing services hereunder to the Company or any other member of the Group.

12.02 The Executive shall forthwith and from time to time both during and after the term of this Agreement and at the request and cost of the Company, insofar as it is within his power, do such acts and things and execute such documents, as may in the opinion of the Company be reasonably necessary for obtaining letters patent, registration or other protection for any such intellectual property rights in any part of the world and shall effect such registration and vest such letters patent or other protection in the Company (or any other member of the Group as the case may be) or its nominees. The Executive irrevocably authorises the Company for the purposes aforesaid in the name of the Executive and execute any document or do anything on his behalf. The Executive shall at the cost and request of the Company render all reasonable assistance to the Company (or any other member of the Group as the case may be) for and in connection with the purposes aforesaid.

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13.01 This Agreement shall be in substitution for any subsisting agreement or arrangement (oral or otherwise) made between the Company and the Executive which shall be deemed to have been terminated by mutual consent as from the date on which the Executive's employment under this Agreement commences.

13.02 The expiration or termination of this Agreement howsoever arising shall not operate to affect such of the provisions hereof as in accordance with their terms are expressed to operate or have effect thereafter.

13.03 In the event of any variation of the remuneration payable to the Executive hereunder being made by consent of the parties hereto, such variation shall not constitute a new agreement but (subject to any express agreement to the contrary) the employment of the Executive hereunder shall continue subject in all respects to the terms and conditions of this Agreement with such variation as aforesaid.

13.04 Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or facsimile number set out below (or such other address or facsimile number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Company: Man Sang International Limited
21st Floor, Railway Plaza 39 Chatham Road South
Tsimshatsui, Kowloon Hong Kong
Fax number: (852) 2317 5243
Attention: Mr. Cheng Chung Hing

To the Executive: Cheng Tai Po
22A, Park Mansion,
27-29 MacDonnell Road
Hong Kong

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if given or made by letter, by post, two (2) clear business days after the date of posting, or by recorded delivery, when actually delivered to the relevant address; and (b) if given or made by facsimile, when despatched subject to receipt of machine-printed confirmation of error-free despatch of the whole of the notice, demand or communication to the facsimile number of the intended addressee.

13.05 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

13.06 No failure or delay by the Company in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by the Company of any breach by the Executive of any provision in this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other provision in this Agreement.

13.07 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

SIGNED by Cheng Chung Hing
for and on behalf of MAN SANG
INTERNATIONAL LIMITED
in the presence of:

SIGNED by
CHENG TAI PO
in the presence of:

EXHIBIT 10.3

DATED THE 31ST DAY OF AUGUST, 2003

MAN SANG INTERNATIONAL LIMITED

AND

YAN SAU MAN AMY

SERVICE AGREEMENT

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THIS AGREEMENT is made on the 31st day of August, 2003

BETWEEN:

- (1) MAN SANG INTERNATIONAL LIMITED, a company incorporated under the laws of Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong at 21st Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong (the "Company"); and
- (2) YAN SAU MAN AMY of Flat A, 10th Floor, Amigo Mansion, 79A Wong Ngai Chung Road, Happy Valley, Hong Kong (the "Executive").

WHEREBY IT IS AGREED as follows:

1. INTERPRETATION

1.01 In this Agreement, unless the context requires otherwise:

"Board" means the board of directors for the time being of the Company;

"Group" means the Company and its subsidiaries from time to time and "member of the Group" shall be construed accordingly;

"HK\$" means Hong Kong dollars;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as the same may be amended from time to time); and

"month" means calendar month.

1.02 References herein to Clauses are to clauses in this Agreement unless the context requires otherwise.

1.03 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

1.04 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

2. APPOINTMENT

The Company will employ the Executive and the Executive hereby agrees to serve the Company as an executive director upon the terms and subject to the conditions hereinafter appearing.

3. DURATION

Subject to termination as hereinafter provided, the Company will employ the Executive with effect from 1st September, 2003 for a term of three (3) years until terminated by either party giving to the other not less than three (3) months' notice in writing.

4. EXECUTIVE'S DUTIES

The Executive shall, during the continuance of her employment hereunder:

- (a) serve the Company as an executive director and, in such capacity, perform the duties and exercise the powers from time to time assigned to or vested in her by the Board (including (without further remuneration unless otherwise agreed) serving on the board of directors, or in any other office, of any member(s) of the Group, as the Board may require) and she will perform those duties at such place or places in Hong Kong or elsewhere as the Board may from time to time determine;
- (b) comply with and conform to any lawful instructions or directions from time to time given or made by the Board, or with the authority of the Board, and shall comply with the Company's rules, regulations, policies and procedures from time to time in force;
- (c) faithfully and diligently serve the Group and use her best endeavours to promote the business and interests thereof;
- (d) devote herself exclusively and diligently to the business and interests of the Group and personally attend thereto at all times during usual business hours and during such other times as the Company may reasonably require except in case of incapacity through illness or accident in which case she shall forthwith notify the Secretary of the Company of such incapacity and shall furnish to the Board such evidence thereof as it may require;
- (e) keep the Board promptly and fully informed (in writing if so requested) of her conduct of the business or affairs of the Group and provide such explanations as the Board may require in connection therewith;
- (f) carry out her duties and exercise her powers jointly with any other director or executive of any member of the Group as shall from time to time be appointed by the Board to act jointly with the Executive and the Board may at any time

require the Executive to cease performing or exercising any of her duties or powers under this Agreement; and

- (g) comply with the relevant requirements of all applicable laws, regulations, codes of practice and rules (including Securities (Insider Dealing) Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 therein and the rules of any other stock exchange, market or dealing system on which the securities of any member of the Group is traded and the applicable laws, regulations, codes of practice in that jurisdiction).

5. REMUNERATION

The remuneration of the Executive shall be:

- (a) an annual salary package of HK\$1,200,000.00, such salary to include any sum receivable as director's fees or other remuneration from any other member of the Group (if any). This salary will be reviewed by the Board each year at the time of the annual salary reviews for senior executives provided that the Executive shall abstain from voting and shall not be counted in the quorum in respect of any resolution regarding the amount payable to herself in relation to her employment under this Agreement which is proposed at any meeting of the Board;
- (b) in respect of every financial year of the Company (which expression shall include any other financial period in respect of which the Company's accounts are made up), a discretionary bonus of such amount as shall be determined by the Board (provided that the aggregate of such amount and all discretionary bonuses payable by the Company to its executive directors in any financial year shall not exceed ten per cent. of the net profits (after tax and after extraordinary items) of the Company for such year as shown in its audited accounts), provided that such discretionary bonus shall be paid only on a pro rata basis in respect of any financial year of the Company during a portion only of which the Executive has served the Company hereunder, unless her employment shall have been terminated pursuant to Clause 10.02, in which case no discretionary bonus is payable.

6. OTHER BENEFITS

In addition to the foregoing remuneration and benefits, the Executive shall also be entitled to such other benefits under any applicable employee benefit plan and employee share option scheme adopted by the Company and any member of the Group of which the Executive is a director or holds office for their respective employees (including the Executive) as the Board shall from time to time determine.

7. EXPENSES

The Company shall reimburse the Executive (against receipts or such other reasonable evidence of expenditure as the Board may require) for all reasonable expenses properly incurred in the course of her employment hereunder or in promoting or otherwise in connection with the business of the Company.

8. DEDUCTIONS

The Company shall be entitled, subject to any laws or agreements to the contrary, at any time to deduct from the Executive's remuneration hereunder any monies due from her to any member of the Group including, but not limited to, any outstanding loans, advances, the cost of repairing any damage to or loss of the Company's property caused by her (and of recovering the same) and any other monies owed by her to the Company or any of its subsidiaries.

9. LEAVE

The Executive shall be entitled after completion of each year of service with the Company to fifteen (15) days' leave (in addition to public holidays) with full pay, which leave shall be taken at such time or times as may be convenient to the Board having regard to the exigencies of the Group's business provided that:

- (a) if the employment of the Executive hereunder is to cease on the completion of any year of service, the Executive shall be entitled to take her said leave immediately prior to the end of such year of service notwithstanding that at that time such year of service shall not have been completed;
- (b) if the employment of the Executive hereunder is to cease (for any reason other than termination pursuant to Clause 10.02) during any year of service, the Executive shall be entitled to an amount of leave proportionate to the part of the year during which she has been employed by the Company, such leave to be taken immediately prior to the termination of her employment; and
- (c) if for any reason the Executive shall not have taken her full entitlement of leave in any particular year she shall not have any claim against the Company in respect thereof nor, unless the reason is the exigencies of the Company's business (of which the Board shall be the sole judge), shall she be entitled to additional leave in any year in respect of leave not taken in previous years.

10. TERMINATION

- 10.01 If the Executive is at any time incapacitated by illness, injury or accident from performing her duties hereunder and (if so required) furnishes the Board with evidence satisfactory to it of such incapacity and the cause thereof she shall be

entitled to receive her full salary for the first three (3) months or any shorter period during which such incapacity continues and if she continues so incapacitated for a longer period than three (3) consecutive months or if she is so incapacitated at different times for more than ninety (90) days in any one period of fifty-two (52) consecutive weeks then and in either of such cases her employment may be terminated by the Company by one (1) month's notice in writing.

10.02 If at any time during the term of her employment hereunder the Executive shall be guilty of or commit any serious misconduct which in the absolute opinion of the Board is in any way detrimental to the interests of any member of the Group, or shall be in breach of any of the terms of this Agreement, or shall commit any act of bankruptcy or become insolvent, or make any arrangements or composition with her creditors generally, or become through mental disorder incapable of managing her own affairs, or fail to pay her personal debts or shall be guilty of persistent insobriety or be convicted of any criminal offense involving her integrity or honesty, the Company may terminate the Executive's employment hereunder forthwith without any notice or payment in lieu of notice and upon such termination, the Executive shall not be entitled to any bonus or any payment whatsoever (other than salary actually accrued due and payable pursuant to Clause 5(a)) for or in respect of the then current year of service or to claim any compensation or damages for or in respect of or by reason of such termination.

10.03 In the event that: (a) the Executive is lawfully removed from her office as a director of the Company by virtue of a resolution passed by the members of the Company; or (b) the Executive, having retired from the office of director of the Company in accordance with the Bye-laws of the Company or any other applicable regulation or law, is not re-elected as a director of the Company by the shareholders of the Company at an annual general meeting of the Company, the Company may within seven (7) days of the date of such vacation from office by the Executive, terminate this Agreement forthwith by written notice to the Executive.

10.04 In the event of termination of the Executive's employment for whatever reason, the Executive shall:

- (a) (if not already vacated from such office(s)) forthwith resign as a director of the Company and from all directorships or other offices held by her in any member of the Group (and the Executive irrevocably authorises the Company in her name and on her behalf to execute all documents and do all things necessary to effect such resignation in the event of her failure to do so);
- (b) shall vacate her office and return all properties of the Company, including without limitation all equipment, vehicles, fixtures, furniture, all originals or copies of any and all notes, data, tapes, reference items, sketches, drawings, memoranda, records, files, correspondence, customer lists and addresses, and other materials or documents in any way relating to any of the confidential information or to the Company's business, which shall belong exclusively to the Company; and
- (c) shall cease to be entitled to any benefits under this Agreement

and the Executive shall not be entitled to claim any other compensation whatsoever from the Company in respect of such termination except where the Board otherwise agrees or as expressly provided for under this Agreement.

10.05 Any delay or forbearance by the Company in exercising any right to terminate this Agreement shall not constitute a waiver of such right.

10.06 If notice is served by either party pursuant to Clause 3, then for up to a maximum period of three (3) months, the Company shall not be obliged, at any time after the notice of termination is served, to provide any work for the Executive or to assign to or vest in the Executive any powers, duties or functions and may in its absolute discretion suspend the Executive from work, and suspend the contractual benefits of the Executive set out in Clause 5(b) and 6 and to require the Executive to refrain from entering any premises of any member(s) of the Group and to refrain from contacting any customers, clients, employees or suppliers of any member(s) of the Group.

11. EXECUTIVE'S UNDERTAKINGS

11.01 The Executive shall not either during the continuance of her employment hereunder or at any time thereafter divulge to any person whomsoever or to any body corporate or unincorporated (except to those officers of the Group whose province it is to know the same) or use for her own purposes or for any purposes other than those of the Group and shall use her best endeavours to prevent the unauthorised publication or disclosure of any trade secret or any confidential information concerning the business or finances of any member of the Group or any of its dealings, transactions or affairs or those of its customers, suppliers, management and shareholders which may come to her knowledge during or in the course of her employment. Confidential information shall include, without limitation, lists or details of customers and suppliers, information relating to the working of any process of invention carried on or used by any member of the Group, information relating to research and other projects, prices, discounts, mark-ups, future business strategy and development, marketing, price-sensitive information and any other information which is not generally available to the public.

11.02 Forthwith upon the termination of the employment of the Executive hereunder, and/or at any other time if the Company shall so request:

- (a) the Executive shall not, directly or indirectly, disseminate, disclose, divulge, reveal, report, publish, transfer or use, for any purpose whatsoever, any information which has been obtained by or disclosed to the Executive as a result of or in relation to the Executive's employment by the Company, including without limitation any confidential information (which includes without limitation all lists of customers and clients, specific customer names and data, business plans, marketing plans, business contracts, distribution and sales and marketing networks, designs, specifications, processes,

formulas, trade secrets, business secrets, sales information, systems, programs, procedures, manuals, financial and personnel information, and any other proprietary information or data which the Company has received in confidence from others) and any of the terms and conditions of this Agreement; provided, however, that disclosure of any confidential information shall not be prohibited if (i) such disclosure is directly pursuant to a valid and existing order of a court of competent jurisdiction or other governmental body or agency, (ii) the Executive shall first have given prompt notice to the Company of any such possible or prospective order (or proceeding pursuant to which any such order may result), and (iii) the Company shall have been afforded a reasonable opportunity to respond to (and if so advised by counsel, to challenge) such order; provided further, that each party may disclose terms and conditions of this Agreement to her or its attorneys and accountants to the extent such disclosure is necessary to enable such attorneys and accountants to render professional services to such party;

- (b) the Executive, her representatives, heirs, successors and assigns shall completely release and forever discharge the Company, its present, former or future parent, subsidiary, affiliated, associated and other related companies, and any of their present, former and future shareholders, directors, officers, employees, agents, partners, consultants, representatives and attorneys, and each of their successors and assigns from all claims, demands, rights, causes of action, obligations, liabilities and/or attorneys' fee claims, of any and every kind, nature and character whatsoever wheresoever, known or unknown, which the Executive may now have or has ever had against the Group, including without limitation those arising from or in any way connected with the employment of the Executive by the Company or the resignation or termination thereof, whether based on tort, express or implied contract, law, rule, regulation or ordinance; and
- (c) the Executive shall preserve the good name of, and shall not make any disparaging comments about the Group and any of the Company's present, former and future shareholders, directors, officers, employees, agents, partners, consultants, representatives and attorneys, and each of their successors and assigns.

11.03 The Executive shall not file, or cause to be filed, in any court or with any governmental or quasi-governmental agency, any action, claim or charge against the Company, its present, former or future parent, subsidiary, affiliated, associated and other related companies and any of their present, former and future shareholders, directors, officers and employees and each of their successors and assigns.

11.04 The Executive shall not at any time during the continuance of her employment hereunder or for a period of twelve (12) months thereafter, in any country or place where any member of the Group has carried on business, carry on or be employed or interested directly or indirectly in (whether as shareholder, director, partner, agent or otherwise and whether alone or jointly with others) any business carried on by any member of the Group during the continuance of the said employment in competition with any member of the Group (other than as a holder of not more than five (5) per

cent of the issued shares, debentures or other securities of any company listed on any recognised stock exchange) provided that the provisions of this Clause 11.04 shall only apply in respect of business activities or services with which the Executive was personally concerned or for which she was responsible during her said employment.

11.05 The Executive shall not at any time during the continuance of her employment hereunder or for a period of twelve (12) months thereafter either on her own account or in conjunction with or on behalf of any other person or body corporate or unincorporated in competition with any member of the Group directly or indirectly solicit or entice away from any member of the Group, any person or body corporate or unincorporated who now is or at any time during or at the date of the termination of the said employment may have been or become a customer or supplier or prospective customer or supplier of any member of the Group and with whom the Executive had personal contact or dealings during her said employment.

11.06 The Executive shall not at any time during the continuance of her employment hereunder or for a period of twelve (12) months thereafter solicit or entice away from any member of the Group or employ or otherwise engage any person who now is or at any time during or at the date of the termination of the said employment may have become an employee of any member of the Group and with whom the Executive had contact during her said employment, whether or not such person would commit any breach of her contract of employment by reason of leaving the service of the relevant member of the Group.

11.07 The Executive shall not at any time or for any purpose after termination of her employment hereunder use either the English or Chinese name of the Company or any name similar thereto in connection with her own or any other name in any way calculated to suggest that she is or has been connected with the Company's business, nor in any way hold herself out as having had any such connection.

11.08 While the restrictions contained in Clauses 11.01 to 11.07 are considered by the parties to be reasonable for the protection of the business and interest of the Group and in all the circumstances and do not work harshly upon the Executive it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen and accordingly it is hereby agreed and declared that if any such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the member(s) of the Group but would be valid if part of the wording thereof were deleted or the periods (if any) thereof were reduced or the range of products or area dealt with thereby were reduced in scope, the said restriction shall apply with such modifications as may be necessary to make it valid and effective.

12. INTELLECTUAL PROPERTY RIGHTS

12.01 The Company (or any other member of the Group as the case may be) shall be entitled free of charge to the sole ownership and exclusive use of any invention or improvement made or discovered by the Executive and of any copyright, design right, trade mark, service mark or trade name created or used by the Executive

(hereinafter referred to as the "intellectual property rights") in the course of or for the purpose of providing services hereunder to the Company or any other member of the Group.

12.02 The Executive shall forthwith and from time to time both during and after the term of this Agreement and at the request and cost of the Company, insofar as it is within her power, do such acts and things and execute such documents, as may in the opinion of the Company be reasonably necessary for obtaining letters patent, registration or other protection for any such intellectual property rights in any part of the world and shall effect such registration and vest such letters patent or other protection in the Company (or any other member of the Group as the case may be) or its nominees. The Executive irrevocably authorises the Company for the purposes aforesaid in the name of the Executive and execute any document or do anything on her behalf. The Executive shall at the cost and request of the Company render all reasonable assistance to the Company (or any other member of the Group as the case may be) for and in connection with the purposes aforesaid.

12.03 The Executive shall not during or after the termination of the Agreement use to the detriment or prejudice of the Group or divulge to any person any confidential information concerning the intellectual property rights of the Group which may have come to her knowledge.

13. MISCELLANEOUS

13.01 This Agreement shall be in substitution for any subsisting agreement or arrangement (oral or otherwise) made between the Company and the Executive which shall be deemed to have been terminated by mutual consent as from the date on which the Executive's employment under this Agreement commences.

13.02 The expiration or termination of this Agreement howsoever arising shall not operate to affect such of the provisions hereof as in accordance with their terms are expressed to operate or have effect thereafter.

13.03 In the event of any variation of the remuneration payable to the Executive hereunder being made by consent of the parties hereto, such variation shall not constitute a new agreement but (subject to any express agreement to the contrary) the employment of the Executive hereunder shall continue subject in all respects to the terms and conditions of this Agreement with such variation as aforesaid.

13.04 Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or facsimile number set out below (or such other address or facsimile number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Company: Man Sang International Limited
21st Floor, Railway Plaza 39 Chatham Road
South Tsimshatsui, Kowloon Hong Kong
Fax number: (852) 2317 5243

Attention: Mr. Cheng Chung Hing

To the Executive: Yan Sau Man Amy
Flat A, 10th Floor, Amigo Mansion
79A Wong Ngai Chung Road
Happy Valley
Hong Kong

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if given or made by letter, by post, two (2) clear business days after the date of posting, or by recorded delivery, when actually delivered to the relevant address; and (b) if given or made by facsimile, when despatched subject to receipt of machine-printed confirmation of error-free despatch of the whole of the notice, demand or communication to the facsimile number of the intended addressee.

- 13.05 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.
- 13.06 No failure or delay by the Company in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by the Company of any breach by the Executive of any provision in this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other provision in this Agreement.
- 13.07 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

SIGNED by CHENG CHUNG HING
for and on behalf of MAN SANG
INTERNATIONAL LIMITED
in the presence of:

SIGNED by
Yan Sau Man Amy
in the presence of:

EXHIBIT 31.1

I, CHENG Chung Hing, Ricky, certify that:

I have reviewed this quarterly report on Form 10-Q of Man Sang Holding, 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 statement 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 quarterly report, fairly present in all material respects the financial conditions, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers 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 quarterly report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion 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 officers 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 function):

- 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 controls over financial reporting.

Date: November 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 Holding, 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 statement 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 quarterly report, fairly present in all material respects the financial conditions, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers 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 quarterly report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion 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 officers 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 function):

- 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 controls over financial reporting.

Date: November 14, 2003

/s/ AU MOON YING, HENRY

Au Moon Ying, Henry
Chief Financial Officer

EXHIBIT 32.1

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 period ended September 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: November 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 period ended September 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: November 14, 2003

/s/ AU MOON YING, HENRY

Au Moon Ying, Henry
Chief Financial Officer