

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004

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 (I.R.S. EMPLOYER IDENTIFICATION NO.)  
OF INCORPORATION OR ORGANIZATION)

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

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

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS  
REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934 DURING THE PRECEDING 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 CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS  
DEFINED IN RULE 12b-2 OF THE EXCHANGE ACT). YES  NO

AS OF NOVEMBER 12, 2004, 4,405,960 SHARES OF THE REGISTRANT'S COMMON STOCK  
WERE OUTSTANDING.

## PART I - FINANCIAL INFORMATION

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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, 2004		MARCH 31, 2004
	US\$	HK\$	HK\$
	(UNAUDITED)		
ASSETS			
Current assets:			
Cash and cash equivalents	26,578	207,311	104,907
Marketable securities	1,012	7,892	7,776
Accounts receivable, net of allowance for doubtful accounts of HK\$22,308 as of September 30, 2004 and HK\$14,728 as of March 31, 2004	8,159	63,642	62,993
Inventories:			
Raw materials	2,534	19,765	14,676
Work in progress	857	6,687	19,659
Finished goods	8,901	69,425	80,962
	-----	-----	-----
	12,292	95,877	115,297
Prepaid expenses	401	3,125	3,169
Deposits and other receivables, net of allowance for doubtful accounts of HK\$2,769 as of September 30, 2004 and March 31, 2004	551	4,295	7,840
Other current assets	506	3,946	8,937
Income tax receivable	70	549	461
	-----	-----	-----
Total current assets	49,569	386,637	311,380
Deferred tax assets	-	-	174
Property, plant and equipment	20,896	162,986	157,528
Accumulated depreciation	(5,656)	(44,109)	(41,737)
	-----	-----	-----
	15,240	118,877	115,791
Real estate investment	7,870	61,386	99,608
Accumulated depreciation	(1,425)	(11,113)	(10,935)
	-----	-----	-----
	6,445	50,273	88,673
Long-term investments	-	-	856
	-----	-----	-----
Total assets	71,254	555,787	516,874
	=====	=====	=====

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

	SEPTEMBER 30, 2004	MARCH 31, 2004	
	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	1,237	9,649	13,234
Accrued payroll and employee benefits	1,336	10,420	8,523
Other accrued liabilities	1,284	10,016	9,979
Deposit on sale of real estate investment	-	-	7,160
Income taxes payable	1,227	9,573	4,264
	-----	-----	-----
Total current liabilities	5,799	45,233	48,735
Long-term debts:			
Secured bank loans	414	3,229	6,016
Deferred tax liabilities	43	338	821
Minority interests	31,915	248,937	224,437
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	34
- authorized: 25,000,000 shares; issued and outstanding: 4,405,960 shares as of September 30, 2004 and March 31, 2004			
Additional paid-in capital	7,835	61,117	61,051
Retained earnings	24,855	193,869	172,836
Accumulated other comprehensive income	388	3,029	2,943
	-----	-----	-----
Total stockholders' equity	33,083	258,050	236,865
	-----	-----	-----
Total liabilities and stockholders' equity	71,254	555,787	516,874
	=====	=====	=====

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,		
	2004		2003	2004		2003
	US\$	HK\$	HK\$	US\$	HK\$	HK\$
Net sales	13,844	107,983	101,508	26,546	207,061	168,396
Cost of goods sold	(9,756)	(76,098)	(73,433)	(18,935)	(147,691)	(123,279)
Gross profit	4,088	31,885	28,075	7,611	59,370	45,117
Rental income, gross	167	1,301	1,487	369	2,879	2,875
Selling, general and administrative expenses	4,255	33,186	29,562	7,980	62,249	47,992
- Pearls	(3,210)	(25,037)	(17,625)	(5,424)	(42,299)	(34,432)
- Real estate investment	(492)	(3,836)	(3,270)	(684)	(5,339)	(6,848)
Operating income	553	4,313	8,667	1,872	14,611	6,712
Non-operating items						
- Interest expense	(5)	(40)	(141)	(10)	(78)	(274)
- Interest income	14	110	65	22	169	159
- Gain on sales of a real estate investment	4,391	34,248	-	4,391	34,248	-
- Other income	24	188	397	107	835	1,058
Income before income taxes and minority interests	4,977	38,819	8,988	6,382	49,785	7,655
Income taxes	(240)	(1,873)	(2,058)	(556)	(4,340)	(3,333)
Income before minority interests	4,737	36,946	6,930	5,826	45,445	4,322
Minority interests	(2,521)	(19,666)	(3,981)	(3,130)	(24,412)	(3,268)
Net income	2,216	17,280	2,949	2,696	21,033	1,054
Other comprehensive income, net of taxes and minority interests						
- Foreign currency translation adjustments	(1)	(6)	(29)	3	29	(34)
- Unrealized holding gain on marketable securities	34	265	760	7	57	1,151
Other comprehensive income, net of taxes and minority interests	33	259	731	10	86	1,117
Comprehensive income	2,249	17,539	3,680	2,706	21,119	2,171
Basic earnings per common share	0.49	3.83	0.65	0.60	4.67	0.23
Diluted earnings per common share	0.45	3.49	0.61	0.54	4.24	0.22
Weighted average number of shares of common stock						
- for basic earnings per share	4,405,960	4,405,960	4,405,960	4,405,960	4,405,960	4,500,058
- for diluted earnings per share	4,846,295	4,846,295	4,717,098	4,846,922	4,846,922	4,787,439

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,		
	2004		2003
	US\$	HK\$	HK\$
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net income	2,697	21,033	1,054
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for doubtful debts	972	7,580	73
Inventory write down	1,821	14,200	3,549
Impairment loss on property, plant and equipment	-	-	389
Impairment loss on real estate investment	-	-	1,762
Impairment loss on long term investment	110	856	-
Compensation expense	8	66	208
Depreciation and amortization	559	4,361	4,792
Gain on disposal of real estate investment	(4,391)	(34,248)	-
(Gain) Loss on disposal of property, plant and equipment	(3)	(20)	2,637
Realized gain on sales of marketable securities	-	-	(137)
Minority interests	3,130	24,412	3,268
Changes in operating assets and liabilities:			
Accounts receivable	(1,050)	(8,189)	1,714
Inventories	671	5,230	151
Prepaid expenses	6	44	2,323
Deposits and other receivables	454	3,545	(1,076)
Other current assets	640	4,991	2,159
Income taxes receivable	(11)	(88)	-
Deferred tax assets	22	174	(287)
Accounts payable	(460)	(3,585)	1,483
Accrued payroll and employee benefits	243	1,897	1,331
Other accrued liabilities	4	32	369
Deferred tax liabilities	(62)	(483)	334
Income taxes payable	681	5,309	2,484
Net cash provided by operating activities	6,041	47,117	28,580
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	(844)	(6,586)	(45,705)
Proceeds from disposal of marketable securities	-	-	1,803
Proceeds from disposal of property, plant and equipment	26	204	64
Proceeds from disposal of real estate investment	8,263	64,450	-
Net cash provided by (used in) investing activities	7,445	58,068	(43,838)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Increase in short-term borrowings	-	-	18,848
Repayment of short-term borrowings	-	-	(18,845)
Repayment of long-term debts	(357)	(2,787)	(7,631)
Repurchase of common stock	-	-	(4,797)
Net cash used in financing activities	(357)	(2,787)	(12,425)
Net increase (decrease) in cash and cash equivalents	13,129	102,398	(27,683)
Cash and cash equivalents at beginning of period	13,450	104,907	83,766
Exchange adjustments	-	6	(1)
Cash and cash equivalents at end of period	<u>26,579</u>	<u>207,311</u>	<u>56,082</u>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid during the period for:			
Interest and financing charges	10	76	280
Net income taxes paid	21	163	743

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2004  
(UNAUDITED)

1. INTERIM FINANCIAL PRESENTATION

The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The March 31, 2004 balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. 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, 2004. 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 PRESENTATIONS 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 presented in this report.

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 as of September 30, 2004. 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 March 2004, the Emerging Issue Task Force ("EITF") reached its consensus on Issue No. 03-6 "Participating Securities and the Two-Class Method under FASB Statement No. 128, Earnings per Share". EITF No. 03-6 addresses how to determine whether a security should be considered a "participating security" for purposes of computing EPS and how to allocate earnings to a participating security when using the two-class method for computing basic EPS. EITF No. 03-6 is effective for reporting periods beginning after March 31, 2004 and should be applied by restating previously reported EPS.

The issued and outstanding shares of Series A preferred stock of the Company, which are entitled to participate in any dividends paid ratably with the holders of common stock, are participating securities under EITF No. 03-6. According to EITF No. 03-6 and SFAS No. 128, the undistributed earnings should be allocated between the common stock and the participating securities based on the contractual participation rights of the participating securities to share in current earnings as if all earnings were distributed ratably, but separate income statement presentation of the per share amounts attributable to the participating securities, other than common stock, is not required. However, the amount of earnings allocable to participating securities should be disclosed, as a reconciling item, in the basic EPS calculation as disclosed in note 4 to the condensed consolidated financial statements. No losses were allocated to the Series A preferred stock because its contractual terms provide no obligation of its holders to share in the Company's losses.

In November 2003 meeting, the EITF reached a consensus on disclosure guidance previously discussed under EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The consensus provided for certain disclosure requirements that were effective for fiscal years ending after December 15, 2003. We will adopt the disclosure requirements during the fiscal year ended March 31, 2005.

In March 2004 meeting, the EITF reached a consensus on recognition and measurement guidance previously discussed under EITF Issue No. 03-1. The consensus clarifies the meaning of other-than-temporary impairment and its application to investments classified as either available-for-sale or held-to-maturity under FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and investments accounted for under the cost method or the equity method. The recognition and measurement guidance for which the consensus was reached in the March 2004 meeting is to be applied to other-than-temporary impairment evaluations in reporting periods beginning after June 15, 2004. In September 2004, the EITF delayed the effective date to apply the measurement and recognition provisions relating to debt and equity securities until the FASB issues additional guidance. We believe that this consensus on the recognition and measurement guidance will not have a material impact on our financial position, results of operations, or cash flows.



#### 4. EARNINGS PER SHARE ("EPS")

EPS is calculated in accordance with SFAS No. 128 by application of the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. 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 the Board of Directors of MSIL. On August 2, 2002, at the 2002 Annual General Meeting of MSIL, MSIL's shareholders approved a share option scheme (the "New Share Option Scheme") to replace the Old Share Option Scheme. No option has been granted under the New Share Option Scheme and all the options granted under the Old Share Option Scheme lapsed in October 2002.

	For the Quarter Ended September 30, 2003	For the Six Months Ended September 30, 2003
	HK\$'000	HK\$'000
Net income	2,949	1,054
Allocation of undistributed earnings to participating securities (Series A preferred stock)	(65)	(23)
	-----	-----
Undistributed earnings to common stock, adjusted	<u>2,884</u>	<u>1,031</u>
	No. of shares	No. of shares
Weighted average-shares outstanding	4,405,960	4,500,058
Effect of dilutive securities stock options granted by the Company	311,138	287,381
	-----	-----
Adjusted weighted average-shares outstanding	<u>4,717,098</u>	<u>4,787,439</u>
	HK\$	HK\$
Net earnings per share		
Basic	<u>0.65</u>	<u>0.23</u>
Diluted	<u>0.61</u>	<u>0.22</u>

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. 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 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 vested on March 26, 2004 and the remaining half vests on March 26, 2005.

	For the Quarter Ended September 30, 2004	For the Six Months Ended September 30, 2004
	HK\$'000	HK\$'000
Net income	17,280	21,033
Allocation of undistributed earnings to participating securities (Series A preferred stock)	(384)	(467)
Undistributed earnings to common stock, adjusted	<u>16,896</u>	<u>20,566</u>
	No. of shares	No. of shares
Weighted average-shares outstanding	4,405,960	4,405,960
Effect of dilutive securities stock options granted by the Company	440,335	440,962
Adjusted weighted average-shares outstanding	<u>4,846,295</u>	<u>4,846,922</u>
	HK\$	HK\$
Net earnings per share		
Basic	<u>3.83</u>	<u>4.67</u>
Diluted	<u>3.49</u>	<u>4.24</u>

## 5. DISCLOSURE OF GEOGRAPHIC INFORMATION

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

	For the Quarter Ended September 30		For the Six Months Ended September 30	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Net Sales:				
Hong Kong *	10,293	13,942	25,425	24,163
Export:				
North America	40,594	28,030	70,948	50,361
Europe (excluding Germany)	13,444	12,611	32,682	29,731
Germany	21,668	17,279	23,497	20,040
Japan	5,761	8,513	24,443	17,180
Other Asian countries	11,642	14,585	21,834	18,868
Others	4,581	6,548	8,232	8,053
	<u>107,983</u>	<u>101,508</u>	<u>207,061</u>	<u>168,396</u>

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

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

	September 30, 2004 HK\$'000	March 31, 2004 HK\$'000
Hong Kong	468,730	427,092
PRC	87,057	89,782
	<u>555,787</u>	<u>516,874</u>

## 6. DISCLOSURE OF MAJOR CUSTOMERS

During the three months ended September 30, 2004, one customer accounted for 10.1% of total sales. During the six months ended September 30, 2004, one customer accounted for 10.9% of total sales. During the three and six months ended September 30, 2003, there was no customer who accounted for 10.0% or more of total sales. Generally, a substantial percentage of the Company's sales has been made to a small number of customers and is 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	
	2004 HK\$ '000	2003 HK\$ '000	2004 HK\$ '000	2003 HK\$ '000
Revenues from external customers:				
Pearls	107,983	101,508	207,061	168,396
Real estate investment	1,301	1,487	2,879	2,875
	<u>109,284</u>	<u>102,995</u>	<u>209,940</u>	<u>171,271</u>
Operating income (loss):				
Pearls	6,848	10,450	17,071	10,685
Real estate investment	(2,535)	(1,783)	(2,460)	(3,973)
	<u>4,313</u>	<u>8,667</u>	<u>14,611</u>	<u>6,712</u>
Interest expense:				
Pearls	11	82	24	82
Real estate investment	8	18	15	104
Corporate assets	21	41	39	88
	<u>40</u>	<u>141</u>	<u>78</u>	<u>274</u>
Depreciation and amortization:				
Pearls	1,379	1,702	2,892	3,469
Real estate investment	475	449	1,010	865
Corporate assets	230	229	459	458
	<u>2,084</u>	<u>2,380</u>	<u>4,361</u>	<u>4,792</u>
Capital expenditure for segment assets:				
Pearls	3,560	237	6,586	3,553
Real estate investment	-	41,005	-	42,152
Corporate assets	-	-	-	-
	<u>3,560</u>	<u>41,242</u>	<u>6,586</u>	<u>45,705</u>
	As of September 30, 2004 HK\$ '000	As of March 31, 2004 HK\$ '000		
Segment assets:				
Pearls	457,864	372,671		
Real estate investment	50,273	95,833		
Corporate assets	47,650	48,370		
	<u>555,787</u>	<u>516,874</u>		

8. COMMON STOCK

On August 4, 2004, MSIL approved an ordinary share dividend of one share of ordinary share for every ten ordinary shares owned by each of its record shareholders.

9. DISPOSAL OF REAL ESTATE

On March 12, 2004, the Company entered into a Sale and Purchase Agreement to sell real estate located at 8th Floor, Harcourt House, No.39 Gloucester Road, Wanchai, Hong Kong to an independent third party for a consideration of HK\$71.6 million. The transaction was completed on September 15, 2004. No Hong Kong Profits Tax is provided as the gain is capital in nature.

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 within the meaning of the Private Securities Litigation Reform Act of 1995, which are, by their nature, subject to risks and uncertainties. This Act provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements, other than statements of historical fact, including statements regarding industry prospects and future results of operations or financial position, made in this Form 10-Q are forward looking. Words such as "anticipates," "believes," "expects," "future" and "intends" and similar expressions may identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to: our future performance, our expansion efforts, demand for our products; the state of economic conditions and our markets; currency and exchange rate fluctuations; and our ability to meet its liquidity requirements. These forward-looking statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be appropriate in particular circumstances. However, whether actual results and developments will meet our expectations and predictions depends on a number of known and unknown risks and uncertainties and other factors, any or all of which could cause actual results, performance or achievements to differ materially from our 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). Primarily engaged in the processing and trading of pearls and pearl jewelry products, and in real estate investment, our ability to achieve our objectives and expectations are derived at least in part from assumptions regarding economic conditions, consumer tastes, and developments in our competitive environment. The following assumptions, among others, could materially affect the likelihood that we will achieve our objectives and expectations communicated through these forward-looking statements: (i) that low or negative growth in the economies or the financial markets of its 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 we will continue to obtain a stable supply of pearls in the quantities, of the quality and on terms we require; (v) that there will not be a substantial adverse change in the exchange relationship between the renminbi ("RMB") and the Hong

Kong or US dollar; (vi) that there will not be substantial increase in tax burden of our subsidiaries operating in the PRC; (vii) that there will not be substantial change in climate and environmental conditions at the source regions of pearls that could have material effect on the supply and pricing of pearls; and (viii) that there will not be substantial adverse change in the real estate market conditions in the PRC and in Hong Kong. The following discussion of results of operation, and liquidity and capital resources should be read in conjunction with the financial statements and the notes thereto included elsewhere in this Form 10-Q and with our annual report on Form 10-K for the year ended March 31, 2004, which contains a further description of risks and uncertainties related to forward-looking statements, as well as other aspects of our business. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We will not publicly release any revisions to these forward-looking statements after the date hereof. Readers are urged, however, to review the factors set forth in reports that we file from time to time with the Securities and Exchange Commission.

#### OVERVIEW

For the six months ended September 30, 2004, the Company and its subsidiaries (the "Group") recorded net sales of approximately HK\$ 207.1 million, representing an increase of 23.0% as compared to the same period in 2003. Net income was approximately HK\$21.0 million after including the gain of HK\$ 34.2 million on the disposal of one of our real estate investments (See Note 9 to the Condensed Consolidated Financial Statements included herewith). Excluding the effect of the contribution of this disposal gain, the improvement in performance is mainly due to an increase in sales in the first quarter of fiscal 2005 compared to the same period in fiscal 2004, which was adversely affected by the negative economic effects of Severe Acute Respiratory Syndrome ("SARS") and the Iraq war.

On the pearl business side, South Sea pearls including white and gold South Sea pearls and Tahitian Black pearls continue to be our key contributor to our sales performance, representing 47.1% of the Group's total sales for the six months ended September 30, 2004. Buyers have been more active in recent auctions and tradeshows due to better economic conditions worldwide and are more confident about their future sales. Sales of assembled jewelry products continue to grow at a healthy pace.

Overall, international fashion designers predict that the demand for pearl jewelry will continue to grow over the next few years. Pearls and pearl jewelry products have gained a firm foothold in the fashion world and are becoming more popular among young and trendy consumers, with new designs combining all types of pearls and jewelry materials, and various price ranges to

suit different customers.

#### FUTURE TRENDS

We continue to expand our core pearl business and also place emphasis in further enlarging our assembled jewelry products business by offering the products and services that suit our customers' needs as well as using flexible pricing strategies. By attending international tradeshows and exhibitions and adopting aggressive marketing strategies, we believe that we can further enlarge our market share and customer base. We also closely monitor changes in market demand, environment and conditions so that we can react in line with such changes. At the same time, we will continue to maintain effective cost control measures to bring the best results to our operations. Looking forward, with the worldwide economic condition continually improving, we anticipate that the performance in the coming quarters will continue to look promising and positive.

#### RESULTS OF OPERATIONS

For the Six-Month Period Ended September 30, 2004 compared to Six-Month Period Ended September 30, 2003.

##### Sales and Gross Profit

Net sales for the six months ended September 30, 2004 increased by HK\$38.7 million, or 23.0% to HK\$207.1 million, compared to net sales of HK\$168.4 million for the six months ended September 30, 2003. We believe that the overall increase in sales was mainly attributable to the improvement in the global economy and consumer confidence as compared with the negative impact of the war in Iraq and SARS on consumer spending during the six months ended September 30, 2003. The increase in sales was mainly from increases in sales of South Sea pearls and finished products.

Gross profit for the six months ended September 30, 2004 increased by HK\$14.3 million, or 31.6%, to HK\$59.4 million from HK\$45.1 million for the six months ended September 30, 2003. As a percentage of net sales, gross profit margin increased 1.9% to 28.7% for the six months ended September 30, 2004 from 26.8% for the six months ended September 30, 2003. The increase in gross profit margin was mainly attributable to the increase in pearl sales, which have a higher gross profit margin than jewelry products.



## Rental Income

Gross rental income for the six month periods ended September 30, 2003 and September 30, 2004 were each approximately HK\$2.9 million. During the six month period ended September 30, 2004, we experienced an increase in gross rental income from our real estate located at 8th Floor, Harcourt House, No. 39 Gloucester Road, Wanchai, Hong Kong. This increase, however, was offset by a nearly equal decrease in gross rental income during the same period from our real estate located at 19th Floor, Railway Plaza, No.39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, due to a change from rental activity to our own use of the property.

## Selling, General and Administrative Expense ("SG & A expense")

SG&A expense for the six months ended September 30, 2004 was HK\$47.6 million, consisting of HK\$42.3 million attributable to pearl operations and HK\$5.3 million attributable to real estate operations. SG&A expense for the six months ended September 30, 2004, increased approximately HK\$6.3 million, or 15.4%, from HK\$41.3 million for the six months ended September 30, 2003, which consisted of HK\$34.5 million attributable to pearl operations and HK\$6.8 million attributable to real estate. The higher SG&A expenses attributable to pearl operations is mainly due to higher exhibition expenses and an increase in our provision for doubtful accounts, but is offset by lower real estate expenses. The decrease in SG&A expenses attributable to real estate was mainly due to the loss arising from the demolition of one of our buildings for reconstruction in Man Sang Industrial City in Shenzhen, which was written off in the first quarter of fiscal 2004.

As a percentage of net sales, SG&A expenses attributable to pearl operations were 20.4% for both the six months ended September 30, 2004 and September 30, 2003.

## Interest Expense

As a result of our reduction in outstanding bank loans during the fiscal year 2005, interest expense decreased by HK\$196K\*, or 71.5%, to HK\$78K for the six months ended September 30, 2004 from HK\$274K for the six months ended September 30, 2003.

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\* As used in this report, the letter "K" appearing immediately after a Hong Kong dollar amount denotes rounding to the nearest HK\$1,000; as an example, HK\$250,499 may be rounded to "HK\$250K."

#### Interest Income

Interest income increased by HK\$10K, or 6.3%, to HK\$169K for the six months ended September 30, 2004 from HK\$159K for the six months ended September 30, 2003. The increase was due principally to higher cash balances during the six months ended September 30, 2004.

#### Gain on Disposal of Real Estate

During the six months ended September 30, 2004, we sold real estate located at 8th Floor, Harcourt House, No.39 Gloucester Road, Wanchai, Hong Kong to an independent third party for HK\$71.6 million, resulting in a disposal gain of HK\$34.2 million. The sales transaction was completed on September 15, 2004.

#### Income Tax Expense

Income tax expense for the six months ended September 30, 2004 was HK\$4.3 million, compared to the HK\$3.3 million during the six months ended September 30, 2003. The increase was due to increased taxable income generated during the six months ended September 30, 2004.

#### Net Income

Net income for the six months ended September 30, 2004 was HK\$21.0 million, compared to net income of HK\$1.1 million for the six months ended September 30, 2003. The increase was mainly attributable to the increase in sales, gross profit and the gain arising on the disposal of real estate in the second quarter of fiscal 2005.

#### RESULTS OF OPERATIONS

Three-Month Period Ended September 30, 2004 compared to Three-Month Period Ended September 30, 2003.

#### Sales and Gross Profit

Net sales for the three months ended September 30, 2004 increased by HK\$6.5 million, or 6.4% to HK\$108.0 million, compared to net sales of HK\$101.5 million during the three months ended September 30, 2003. The overall increase in sales was mainly attributable to improvement in the global economy and consumer confidence.

Gross profit for the three months ended September 30, 2004 increased by HK\$3.8 million, or 13.6%, to HK\$31.9 million from HK\$28.1 million in the three months ended September 30, 2003. As a percentage of net sales, gross profit margin increased 1.8% to 29.5% for the three months ended September 30, 2004 from 27.7% for the three months ended September 30, 2003. The increase in gross profit margin was mainly attributable to the increase in pearl sales, which have a higher gross profit margin than jewelry products.

#### Rental Income

Gross rental income for the three months ended September 30, 2004 was approximately HK\$1.3 million representing a decrease of approximately HK\$186K, or 12.5%, as compared to HK\$1.5 million for the three months ended September 30, 2003. The decrease in gross rental income was mainly attributable to lower rental income on our properties in Man Sang Industrial City in Shenzhen due to a recent vacancy.

#### Selling, General and Administrative Expense ("SG & A expense")

SG&A expense was HK\$28.8 million for the three months ended September 30, 2004, consisting of HK\$25.0 million attributable to pearl operations and HK\$3.8 million attributable to real estate operations. SG&A expense for the three months ended September 30, 2004, increased approximately HK\$7.9 million, or 38.2%, from HK\$20.9 million for the three months ended September 30, 2003, which consisted of HK\$17.6 million attributable to pearl operations and HK\$3.3 million attributable to real estate. The increase in SG&A expense attributable to pearl operations is mainly due to higher exhibition expenses and an increase in our provision for doubtful accounts and the impairment of long-term investments. The increase in SG&A expense attributable to the real estate side was mainly due to the write-off of a receivable related to a recent vacancy in one of our properties in Man Sang Industrial City in Shenzhen.

As a percentage of net sales, SG&A expense attributable to pearl operations increased 5.8 % to 23.2% for the three months ended September 30, 2004 from 17.4% for the three months ended September 30, 2003.

#### Interest Expense

As a result of our reduction in outstanding bank loans during the fiscal year 2005, interest expense decreased by HK\$101K, or 71.6%, to HK\$40K for the three months ended September 30, 2004 from HK\$141K for the three months ended September 30, 2003 .

#### Interest Income

Interest income increased by HK\$45K, or 69.2%, to HK\$110K for the three months ended September 30, 2004 from HK\$65K for the three months ended September 30, 2003. The increase was due principally to higher cash balances during the three months ended September 30, 2004.

#### Gain on Disposal of Real Estate

During the three months ended September 30, 2004, we sold real estate located at 8th Floor, Harcourt House, No.39 Gloucester Road, Wanchai, Hong Kong to an independent third party for HK\$71.6 million, resulting in a disposal gain of HK\$34.2 million. The sales transaction was completed on September 15, 2004.

#### Income Tax Expense

Income tax expense for the three months ended September 30, 2004 was HK\$1.9 million, compared to HK\$2.1 million for the three months ended September 30, 2003. The decrease was due to lower taxable income generated during the three months ended September 30, 2004.

#### Net Income

Net income for the three months ended September 30, 2004 was HK\$17.3 million, compared to net income of HK\$2.9 million during the three months ended September 30, 2003. The increase was mainly attributable to an increase in sales, gross profit and the gain arising on the disposal of real estate in the second quarter of fiscal 2005.

#### LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are funded by collection of accounts receivable and sales of inventory. As of September 30, 2004, we had working capital of HK\$341.4 million, which included a cash balance of HK\$207.3 million. The current ratio was 8.5 to 1 as of September 30, 2004. Net cash provided by operating activities was approximately HK\$47.1 million for the six months ended September 30, 2004. Net cash provided by investing activities for the six months ended September 30, 2004 was HK\$58.1 million and net cash used in financing activities was HK\$2.8 million.

Inventories were HK\$95.9 million as of September 30, 2004. The inventory turnover period was 4.6 months as of September 30, 2004.

Accounts receivable were HK\$63.6 million as of September 30, 2004. Debtors' turnover period was 56.1 days as of September 30, 2004.

Long-term debt (including the current portion of long-term debt) was HK\$8.8 million as of September 30, 2004. The gearing ratio was 0.03 as of September 30, 2004, calculated based on debt of HK\$8.8 million and stockholder equity of HK\$258.1 million.

We had available working capital facilities of HK\$47.0 million with various banks at September 30, 2004. 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 are subject to periodic review. As of September 30, 2004, we had a zero balance on each of these credit facilities.

We believe that our 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, 2004, we had no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations.

During the six months ended September 30, 2004, we made approximately 39.8% of our purchases in US dollars and 59.6% in Hong Kong dollars and RMB combined.

We denominate our sales in either US Dollars or Hong Kong Dollars. Since the Hong Kong Dollar remained "pegged" to the US Dollar at a consistent rate, we feel that the exposure of our sales proceeds to foreign exchange fluctuations is minimal. On the other hand, the RMB is not a fully convertible currency and the PRC government determines its exchange rate against other currencies. We do not believe that the PRC intends to devalue or revalue the RMB; however, there is no assurance that the PRC will not decide to allow the currency to fluctuate in the future. We believe that the imminent risk of a substantial fluctuation of the RMB exchange rate remains low. As of September 30, 2004, we have no short-term RMB bank loans.

Because most of our purchases are made in currencies that we believe have low risk of appreciation or devaluation and sales are made in US dollars, we have determined that our currency risk in the foreseeable future should not be material, and that no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations, were necessary during this quarter.

As of September 30, 2004, we had Hong Kong dollar bank borrowings of HK\$8.8 million, the weighted average interest rate of which was 2.0% per annum. Our 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 5.4% from 6.5% as of June 30, 2000 to 1.1% as of September 30, 2004. Therefore, we do 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. Due to the recovery of the economy in the US and the PRC, there is an expectation in the market that interest rates will increase in the coming calendar year; however, we do not anticipate any material financial effect related to its upcoming long-term and short-term financing requirements.

#### ITEM 4. CONTROLS AND PROCEDURES

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in our reports under the Securities and Exchange Act of 1934. In accordance with Rule 14a-15(b) of the Securities and Exchange Act of 1934, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the our disclosure controls and procedures as of September 30, 2004. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2004 to ensure that material information relating to the company was made known to them by others within the company, particularly during the period in which this Quarterly Report on Form 10-Q was being prepared. No significant change was made in our internal control over financial reporting during the fiscal quarter ended September 30, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Our Chief Executive Officer and Chief Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that 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 any 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 Annual Meeting of Shareholders was held on August 4, 2004 in Tsimshatsui, Kowloon, Hong Kong

1) Election of Directors

All six incumbent directors were re-elected without opposition to serve one-year terms in office. The results of this election were as follows:

Name of Director -----	For ---	Withheld -----
Cheng Chung Hing, Ricky	3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000
Cheng Tai Po;	3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000
Yan Sau Man, Amy	3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000
Lai Chau Ming, Matthew	3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000
Yuen Ka Lok, Ernest	3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000
Lee Kang Bor, Thomas	3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000

2) Ratification of Independent Auditors

The appointment of Moores Rowland Mazars as the independent auditors for fiscal year 2005 was ratified. The results of the shareholder vote were as follows:

For	Against	Abstain ---	-----	-----
Appointment of Moores Rowland Mazars as independent auditors		3,999,394 (including 3,899,394 votes of common stockholders and 100,000 votes from preferred stockholders)	1,000	Nil



ITEM 6 EXHIBITS

EXHIBITS

- 3.1 Restated Articles of Incorporation including the Certificate of Designation, of the Series A Preferred Stock. (1)
- 3.2 Certificate of Designation of the Series B Preferred Stock. (2)
- 3.3 Amended Bylaws. (1)
- 31.1 Rule 13a-14(a) Certification of Chief Executive Officer.
- 31.2 Rule 13a-14(a) Certification of Chief Financial Officer.
- 32.1 Section 1350 Certification of Chief Executive Officer.
- 32.2 Section 1350 Certification of Chief Financial Officer.

(1) Incorporated by reference to the Company's current report on Form 8-K dated January 8, 1996.

(2) Incorporated by reference to the Company's registration statement on Form 8-A dated June 17, 1996.

SIGNATURES

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

MAN SANG HOLDINGS, INC.

Date: November 12, 2004

By: /s/ CHENG Chung Hing, Ricky

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

Exhibit 31.1

I, CHENG Chung Hing, Ricky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings for the quarter ended September 30, 2004;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 12, 2004

/s/ CHENG Chung Hing, Ricky

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

Exhibit 31.2

I, AU Moon Ying, Henry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings for the quarter ended September 30, 2004;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 12, 2004

/s/ AU Moon Ying, Henry

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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 Report of Man Sang Holdings, Inc. (the 'Company') on Form 10-Q for the quarter ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the 'Report'), 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 Report 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 Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: November 12, 2004

/s/ CHENG Chung Hing, Ricky

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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 Report of Man Sang Holdings, Inc. (the 'Company') on Form 10-Q for the quarter ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the 'Report'), 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 Report 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 Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: November 12, 2004

/s/ AU Moon Ying, Henry

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AU Moon Ying, Henry  
Chief Financial Officer