FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 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 OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION 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)

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 [X] NO [ ]

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS DEFINED N RULE 12B-2 OF THE EXCHANGE ACT). YES [ ] NO [X]

AS OF FEBRUARY 7, 2005, 4,405,960 SHARES OF THE REGISTRANT'S COMMON STOCK 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)

	DECEMBER 31, 2004		MARCH 31, 2004
	US$	HK$	HK$
	(UNAUDITED)		
ASSETS			
Current assets:			
Cash and cash equivalents	25,917	202,151	104,907
Marketable securities	1,140	8,890	7,776
Accounts receivable, net of allowance for doubtful accounts of HK$23,108 as of December 31, 2004 and HK$14,728 as of March 31, 2004	6,931	54,060	62,993
Inventories:			
Raw materials	3,722	29,029	14,676
Work in progress	746	5,821	19,659
Finished goods	10,017	78,131	80,962
	14,485	112,981	115,297
Prepaid expenses	565	4,410	3,169
Deposits and other receivables, net of allowance for doubtful accounts of HK$3,617 as of December 31, 2004 and HK$2,769 as of March 31, 2004	323	2,519	7,840
Other current assets	452	3,518	8,937
Income tax receivable	70	549	461
Total current assets	49,883	389,078	311,380
Deferred tax assets	0	0	174
Property, plant and equipment	20,949	163,402	157,528
Accumulated depreciation and impairment loss	(5,999)	(46,792)	(41,737)
	14,950	116,610	115,791
Real estate investment	7,870	61,386	99,608
Accumulated depreciation	(1,465)	(11,429)	(10,935)
	6,405	49,957	88,673
Long-term investments	0	0	856
Total assets	71,238	555,645	516,874

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

	DECEMBER 31, 2004		MARCH 31, 2004
	US$ (UNAUDITED)	HK$	HK$
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debts:			
Secured bank loans	-	-	5,575
Accounts payable	1,361	10,617	13,234
Accrued payroll and employee benefits	1,454	11,343	8,523
Other accrued liabilities	1,353	10,555	9,979
Deposit on sale of real estate investment	-	-	7,160
Income taxes payable	1,390	10,841	4,264
Total current liabilities	5,558	43,356	48,735
Long-term debts:			
Secured bank loans	-	-	6,016
Deferred tax liabilities	61	475	821
Minority interests	32,300	251,938	224,437
Stockholders' equity:			
Series A preferred stock, par value US$0.001 - authorized, issued and outstanding: 100,000 shares; (entitled in liquidation to US$2,500 (HK$19,500))	-	1	1
Series B convertible preferred stock, par value US$0.001 - authorized: 100,000 shares; no shares outstanding	-	-	-
Common stock, par value US$0.001 - authorized: 25,000,000 shares; issued and outstanding: 4,405,960 shares as of December 31, 2004 and March 31, 2004	4	34	34
Additional paid-in capital	7,839	61,141	61,051
Retained earnings	25,025	195,191	172,836
Accumulated other comprehensive income	451	3,509	2,943
Total stockholders' equity	33,319	259,876	236,865
Total liabilities and stockholders' equity	71,238	555,645	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 NINE MONTHS ENDED DECEMBER 31
(Amounts expressed in thousands except share data)

	THREE MONTHS ENDED DECEMBER 31,			NINE MONTHS ENDED DECEMBER 31,		
	2004		2003	2004		2003
	US$	HK$	HK$	US$	HK$	HK$
Net sales	13,984	109,074	106,540	40,530	316,135	274,936
Cost of goods sold	(10,343)	(80,674)	(82,713)	(29,278)	(228,365)	(205,992)
Gross profit	3,641	28,400	23,827	11,252	87,770	68,944
Rental income, gross	107	831	1,690	476	3,710	4,565
	3,748	29,231	25,517	11,728	91,480	73,509
Selling, general and administrative expenses						
- Pearls	(2,647)	(20,649)	(17,288)	(8,070)	(62,948)	(51,720)
- Real estate investment	(447)	(3,489)	(1,986)	(1,131)	(8,828)	(8,834)
Operating income	654	5,093	6,243	2,527	19,704	12,955
Non-operating items						
- Interest expense	(3)	(22)	(63)	(13)	(100)	(337)
- Interest income	37	286	46	58	455	205
- Gain on sales of a real estate investment	0	0	0	4,391	34,248	0
- Other income	39	307	1,682	146	1,142	2,740
- Other than temporary decline in fair value of marketable securities	0	0	(2,474)	0	0	(2,474)
Income before income taxes and minority interests	727	5,664	5,434	7,109	55,449	13,089
Income taxes	(235)	(1,833)	(3,773)	(791)	(6,173)	(7,106)
Income before minority interests	492	3,831	1,661	6,318	49,276	5,983
Minority interests	(322)	(2,509)	(2,379)	(3,451)	(26,921)	(5,647)
Net income (loss)	170	1,322	(718)	2,867	22,355	336
Other comprehensive income, net of taxes and minority interests						
- Foreign currency translation adjustments	(2)	(13)	40	2	16	6
- Unrealized holding gain on marketable securities	63	493	527	71	550	1,678
- Reclassification adjustment for other than temporary decline in fair value of marketable securities included in net income (loss) for the period	-	-	1,222	-	-	1,222
Other comprehensive income, net of taxes and minority interests	61	480	1,789	73	566	2,906
Comprehensive income	231	1,802	1,071	2,940	22,921	3,242
Basic earnings (loss) per common share	0.04	0.29	(0.16)	0.64	4.96	0.07
Diluted earnings (loss) per common share	0.03	0.26	(0.16)	0.56	4.40	0.07
Weighted average number of shares of common stock						
- for basic earnings (loss) per share	4,405,960	4,405,960	4,405,960	4,405,960	4,405,960	4,467,087
- for diluted earnings (loss) per share	4,988,798	4,988,798	4,405,960	4,970,678	4,970,678	4,742,564

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED DECEMBER 31
(Amounts expressed in thousands)

	NINE MONTHS ENDED DECEMBER 31,		
	2004		2003
	US$	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	2,867	22,355	336
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful debts	1,183	9,228	2,194
Inventory write down	2,974	23,200	7,925
Impairment loss on property, plant and equipment	336	2,617	389
Impairment loss on real estate investment	0	0	1,762
Impairment loss on long term investment	110	856	0
Compensation expense	12	90	312
Depreciation and amortization	818	6,377	7,144
(Gain) loss on disposal of property, plant and equipment	(17)	(136)	685
(Gain) loss on disposal of real estate investment	(4,391)	(34,248)	1,992
Other than temporary decline in fair value of marketable securities	0	0	2,474
Realized gain on sales of marketable securities	0	0	(480)
Minority interests	3,451	26,921	5,647
Changes in operating assets and liabilities:			
Accounts receivable	67	527	13,094
Inventories	(2,676)	(20,874)	11,013
Prepaid expenses	(159)	(1,241)	1,278
Deposits and other receivables	573	4,474	(2,373)
Other current assets	694	5,419	3,661
Income taxes receivable	(11)	(88)	0
Deferred tax assets	22	174	(318)
Accounts payable	(336)	(2,620)	6,254
Accrued payroll and employee benefits	361	2,820	2,260
Other accrued liabilities	74	574	(2,060)
Deferred tax liabilities	(44)	(346)	367
Income taxes payable	843	6,577	6,351
Net cash provided by operating activities	6,751	52,656	69,907
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(1,102)	(8,597)	(16,692)
Purchase of real estate investment	0	0	(38,222)
Purchase of marketable securities	0	0	(27)
Proceeds from disposal of marketable securities	0	0	4,495
Proceeds from disposal of property, plant and equipment	41	320	1,062
Proceeds from disposal of real estate investment	8,263	64,450	5,196
Net cash provided by investing activities	7,202	56,173	(44,188)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in short-term borrowings	0	0	18,848
Proceeds from partial disposal of a subsidiary	0	0	8,940
Repayment of short-term borrowings	0	0	(18,845)
Repayment of long-term debts	(1,486)	(11,591)	(9,025)
Repurchase of common stock	0	0	(4,797)
Net cash used in financing activities	(1,486)	(11,591)	(4,879)
Net increase in cash and cash equivalents	12,467	97,238	20,840
Cash and cash equivalents at beginning of period	13,450	104,907	83,766
Exchange adjustments	0	6	(16)
Cash and cash equivalents at end of period	25,917	202,151	104,590
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest and financing charges	14	108	352
Net income taxes paid	21	163	786

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 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 December 31, 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, 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 ending March 31, 2005.

In March 2004, 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 consensus was reached 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.

In November 2004, the FASB issued SFAS No. 151 "Inventory Costs, an amendment of ARB No. 43, Chapter 4." This statement amends Accounting Research Bulletin No. 43, Chapter 4 to clarify that abnormal amounts of idle facility expense, freight, handling costs, and spoilage should be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal" and that fixed production overhead costs should be allocated to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, however, earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. The provisions of SFAS No. 151 should be applied prospectively. There was no significant impact on the Company's financial position and results of operations as a result of the adoption of SFAS No. 151.

In December 2004, the FASB issued SFAS No.123R (revised 2004), "Share-Based Payment." SFAS No. 123(R) will provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces FASB Statement No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Public entities (other than those filing as small business issuers) will be required to apply SFAS No. 123(R) as of the first interim or annual reporting period that begins after June 15, 2005. There is no significant impact on the Company due to the adoption of this standard because the Company has already adopted SFAS No. 123.

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.

	For the Quarter Ended December 31, 2003 HK$'000	For the Nine Months Ended December 31, 2003 HK$'000
Net (loss) income	(718)	336
Allocation of undistributed earnings to participating securities (Series A preferred stock)	-	(7)
Undistributed (loss) earnings to common stock, adjusted	(718)	329
	No. of shares	No. of shares
Weighted average-shares outstanding	4,405,960	4,467,087
Effect of dilutive securities stock options granted by the Company	-	275,477
Adjusted weighted average-shares outstanding	4,405,960	4,742,564
	HK$	HK$
Net (loss) earnings per share		
Basic	(0.16)	0.07
Diluted	(0.16)	0.07

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 December 31, 2004 HK$'000	For the Nine Months Ended December 31, 2004 HK$'000
Net income	1,322	22,355
Allocation of undistributed earnings to participating securities (Series A preferred stock)	(29)	(496)
Undistributed earnings to common stock, adjusted	1,293	21,859
	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	582,838	564,718
Adjusted weighted average-shares outstanding	4,988,798	4,970,678
	HK$	HK$
Net earnings per share		
Basic	0.29	4.96
Diluted	0.26	4.40

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 December 31		For the Nine Months Ended December 31	
	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000
Net Sales:				
Hong Kong *	10,118	12,542	35,543	36,705
Export:				
North America	40,674	35,366	111,622	85,727
Europe (excluding Germany)	3,418	11,710	36,100	31,750
Germany	33,148	16,955	56,645	46,686
Japan	15,110	17,162	39,553	27,476
Other Asian countries	3,423	9,464	25,257	35,198
Others	3,183	3,341	11,415	11,394
	109,074	106,540	316,135	274,936

* 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:

	December 31, 2004 HK$'000	March 31, 2004 HK$'000
Hong Kong	460,643	427,092
PRC	95,002	89,782
	555,645	516,874

6. DISCLOSURE OF MAJOR CUSTOMERS

During the three months ended December 31, 2004, two customers accounted for 23.3% of total sales. During the nine months ended December 31, 2004, one customer accounted for 11.6% of total sales. During the three and nine months ended December 31, 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, December 31		For the nine months ended, December 31	
	2004	2003	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000
Revenues from external customers:				
Pearls	109,074	106,540	316,135	274,936
Real estate investment	831	1,690	3,710	4,565
	109,905	108,230	319,845	279,501
Operating income (loss):				
Pearls	7,751	6,539	24,822	17,224
Real estate investment	(2,658)	(296)	(5,118)	(4,269)
	5,093	6,243	19,704	12,955
Interest expense:				
Pearls	9	20	33	102
Real estate investment	3	14	18	118
Corporate assets	10	29	49	117
	22	63	100	337
Depreciation and amortization:				
Pearls	1,473	1,679	4,365	5,148
Real estate investment	314	442	1,324	1,307
Corporate assets	230	231	689	689
	2,017	2,352	6,378	7,144
Capital expenditure for segment assets:				
Pearls	2,011	632	8,597	4,185
Real estate investment	-	8,577	-	50,729
	2,011	9,209	8,597	54,914

	As of December 31, 2004	As of March 31, 2004
	HK$'000	HK$'000
Segment assets:		
Pearls	457,248	372,671
Real estate investment	49,957	95,833
Corporate assets	48,440	48,370
	555,645	516,874

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 owed 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 our 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 depend 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 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 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 a substantial increase in the tax burdens of our subsidiaries 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 adverse 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 our 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

Sales performance for the Company and its subsidiaries (the "Group") increased 2.4% in the third quarter of fiscal 2005 compared to the same quarter last fiscal year. For the nine months ended December 31, 2004, the Group recorded net sales of approximately HK$316.1 million, representing an increase of 15.0% as compared to the same period in fiscal 2004. Overall sales performance has been benefited from the improvement in global economic conditions. The improvement in performance for the nine months is mainly due to the increase in sales in the first quarter of this fiscal year compared to the same quarter last year, which was adversely affected by the negative economic effects of Severe Acute Respiratory Syndrome ("SARS") and the Iraq war.

Our key performer on the pearl side of the business continues to be South Sea pearls, including white and gold South Sea pearls and Tahitian Black pearls, which represented 42.5% of the Group's total turnover for the nine months ended December 31, 2004. In addition to South Sea pearls, sales of assembled pearl jewelry and jewelry products in North America and Europe are growing at a healthy pace due to the increased popularity of pearl jewelry products.

FUTURE TRENDS

We will continue to emphasize expansion of our assembled jewelry products business, while maintaining steady growth in our core pearl business. We continue to look for opportunities to venture into new market segments, to enlarge our customer base and to solidify our market position. By attending international tradeshows and exhibitions and adopting aggressive marketing and flexible pricing strategies, we believe that we can further expand our market share and customer base. We closely monitor changes in market demand, environment and conditions so that we can react to such changes. By diversifying our product range, we expect to further increase our sales. To support increasing sales and to improve product quality, we intend to expand our production facilities. Furthermore, we maintain effective cost control measures to increase our competitiveness.

Based on the improvement in global economic conditions, we believe that our sales performance will continue to increase in the fourth quarter of fiscal 2005.

RESULTS OF OPERATIONS

For the Nine-Month Period Ended December 31, 2004 compared to Nine-Month Period Ended December 31, 2003.

Sales and Gross Profit

Net sales for the nine months ended December 31, 2004 increased by HK$41.2 million, or 15.0% to HK$316.1 million, compared to net sales of HK$274.9 million for the nine months ended December 31, 2003. The overall increase in sales was mainly attributable to the increase in sales in the first quarter of fiscal 2005 as a result of the improvement in global economic conditions and consumer confidence as compared with the negative impact of the war in Iraq and SARS on consumer spending during the same period last year. The increase in sales was mainly from increases in sales of South Sea pearls and finished products.

Gross profit for the nine months ended December 31, 2004 increased by HK$18.9 million, or 27.3%, to HK$87.8 million from HK$68.9 million for the nine months ended December 31, 2003. As a percentage of net sales, gross profit margin increased 2.7% to 27.8% for the nine months ended December 31, 2004 from 25.1% for the nine months ended December 31, 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 nine month period ended December 31, 2004 was HK$3.7 million compared to HK$4.6 million for the nine months ended December 31, 2003, representing a decrease of HK$0.9 million, or 18.7%. The decrease in gross rental income was mainly attributable to the disposal of a real estate investment in September 2004.

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

SG&A expense for the nine months ended December 31, 2004 was HK$71.8 million, consisting of HK$63.0 million attributable to pearl operations and HK$8.8 million attributable to real estate operations. SG&A expense for the nine months ended December 31, 2004, increased approximately HK$11.2 million, or 18.5%, from HK$60.6 million for the nine months ended December 31, 2003, which consisted of HK$51.8 million attributable to pearl operations and HK$8.8 million attributable to real estate. The higher SG&A expenses attributable to pearl operations is mainly due to higher exhibition expenses, higher commission expense and provision for doubtful accounts as a result of higher sales performance and the impairment of property, plant and equipment.

As a percentage of net sales, SG&A expense attributable to pearl operations was 19.9% for the nine months ended December 31, 2004, 1.1% higher than SG&A expense for the nine months ended December 31, 2003 of 18.8%.

Interest Expense

As a result of our reduction in outstanding bank loans during fiscal 2005, interest expense decreased by HK$237K*, or 70.3%, to HK$100K for the nine months ended December 31, 2004 from HK$337K for the nine months ended December 31, 2003.

Interest Income

Interest income increased by HK$250K, or 122.0%, to HK$455K for the nine months ended December 31, 2004 from HK$205K for the nine months ended December 31, 2003. The increase was principally due to higher interest rates and higher cash balances during the nine months ended December 31, 2004.

Gain on Disposal of Real Estate

During the nine months ended December 31, 2004, we sold real estate 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.

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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."

Income Tax Expense

Income tax expense for the nine months ended December 31, 2004 was HK$6.2 million, compared to the HK$7.1 million during the nine months ended December 31, 2003. The decrease was due to the income tax provision made in the third quarter of fiscal 2004 relating to the gain arising from the disposal of MSIL shares by its wholly owned subsidiary, Man Sang International (B.V.I.) Limited ("MSBVI").

Net Income

Net income for the nine months ended December 31, 2004 was HK$22.4 million, compared to net income of HK$0.3 million for the nine months ended December 31, 2003. The increase was mainly attributable to the increase in sales, gross profit and the gain arising on the disposal of real estate during the first nine months of fiscal 2005.

RESULTS OF OPERATIONS

For the Three-Month Period Ended December 31, 2004 compared to Three-Month Period Ended December 31, 2003.

Sales and Gross Profit

Net sales for the three months ended December 31, 2004 increased by HK$2.6 million, or 2.4% to HK$109.1 million, compared to net sales of HK$106.5 million during the three months ended December 31, 2003. The overall increase in sales was mainly attributable to the improvement in the global economy and consumer confidence.

Gross profit for the three months ended December 31, 2004 increased by HK$4.6 million, or 19.2%, to HK$28.4 million from HK$23.8 million in the three months ended December 31, 2003. As a percentage of net sales, gross profit margin increased 3.6% to 26.0% for the three months ended December 31, 2004 from 22.4% for the three months ended December 31, 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 December 31, 2004 was approximately HK$0.8 million representing a decrease of approximately HK$0.9 million, or 50.8%, as compared to HK$1.7 million for the three months ended December 31, 2003. The decrease in gross rental income was mainly attributable to the disposal of a real estate investment in September 2004.

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

SG&A expense was HK$24.1 million for the three months ended December 31, 2004, consisting of HK$20.6 million attributable to pearl operations and HK$3.5 million attributable to real estate operations. SG&A expense for the three months ended December 31, 2004, increased approximately HK$4.8 million, or 25.2%, from HK$19.3 million for the three months ended December 31, 2003, which consisted of HK$17.3 million attributable to pearl operations and HK$2.0 million attributable to real estate. The increase in SG&A expense attributable to pearl operations is mainly due to higher commission expenses and an impairment loss on property, plant and equipment. The increase in SG&A expense attributable to the real estate side was mainly due to the increased repair and maintenance expense for refurbishing some of the buildings located in Man Sang Industrial City in Shenzhen.

As a percentage of net sales, SG&A expense attributable to pearl operations increased 2.7% to 18.9% for the three months ended December 31, 2004 from 16.2% for the three months ended December 31, 2003.

Interest Expense

As a result of our reduction in outstanding bank loans during fiscal 2005, interest expense decreased by HK$41K, or 65.1%, to HK$22K for the three months ended December 31, 2004 from HK$63K for the three months ended December 31, 2003.

Interest Income

Interest income increased by HK$240K, or 521.7%, to HK$286K for the three months ended December 31, 2004 from HK$46K for the three months ended December 31, 2003. The increase was principally due to higher interest rates and higher cash balances during the three months ended December 31, 2004.

Income Tax Expense

Income tax expense for the three months ended December 31, 2004 was HK$1.8 million, compared to HK$3.8 million for the three months ended December 31, 2003. The decrease was due to the income tax provision made in the third quarter of fiscal 2004 relating to the gain arising from the disposal of MSIL shares by MSBVI.

Net Income (Loss)

Net income for the three months ended December 31, 2004 was HK$1.3 million, compared to net loss of HK$0.7 million during the three months ended December 31, 2003. The increase was mainly attributable to a lower tax provision in the third quarter of fiscal 2005.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are funded by the collection of accounts receivable and sales of inventory. As of December 31, 2004, we had working capital of HK$345.7 million, which included a cash balance of HK$202.2 million. The current ratio was 9 to 1 as of December 31, 2004. Net cash provided by operating activities was approximately HK$52.7 million for the nine months ended December 31, 2004. Net cash provided by investing activities for the nine months ended December 31, 2004 was HK$56.2 million and net cash used in financing activities was HK$11.6 million.

Inventories were HK$113.0 million as of December 31, 2004. The inventory turnover period was 4.5 months as of December 31, 2004.

Accounts receivable were HK$54.1 million as of December 31, 2004. Debtors' turnover period was 46.8 days as of December 31, 2004.

All of our long-term debt (including the current portion of long-term debt) was fully repaid before December 31, 2004 and the gearing ratio was zero as of December 31, 2004.

We had available working capital facilities of HK$47.0 million with various banks at December 31, 2004. Such 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 December 31, 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 December 31, 2004, we had no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations.

During the nine months ended December 31, 2004, we made approximately 53.2% of our purchases in US dollars and 46.6% 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 December 31, 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.

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 December 31, 2004. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 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 December 31, 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 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: February 7, 2005

By: /s/ CHENG Chung Hing, Ricky

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 December 31, 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.

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: February 7, 2005

/s/ CHENG Chung Hing, Ricky

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 December 31, 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.

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: February 7, 2005

/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 Report of Man Sang Holdings, Inc. (the 'Company') on Form 10-Q for the quarter ended December 31, 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: February 7, 2005

/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 Report of Man Sang Holdings, Inc. (the 'Company') on Form 10-Q for the quarter ended December 31, 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: February 7, 2005

/s/ AU Moon Ying, Henry

AU Moon Ying, Henry
Chief Financial Officer