

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2008.

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.)

Suite 2208-14, 22/F., Sun Life Tower, The Gateway,

15 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

(Address of principal executive offices)

(Registrant's telephone number, including area code) : (852) 2317 5300

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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

As of August 14, 2008, 6,382,582 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  
(Unaudited)

(Amounts expressed in thousands, except per share amounts)

	As of June 30, 2008		As of March
	US\$	HK\$	31, 2008 HK\$
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	73,974	576,995	603,657
Marketable securities	2,371	18,492	5,411
Accounts receivable, net of allowance for doubtful accounts of HK\$16,662 and HK\$17,124 as of June 30, 2008 and March 31, 2008, respectively	22,425	174,916	165,436
Completed properties held for sale	20,580	160,525	158,101
Inventories:			
Raw materials	2,164	16,880	14,418
Work in progress	669	5,215	8,650
Finished goods	3,272	25,525	26,327
	6,105	47,620	49,395
Prepaid expenses	1,131	8,822	8,114
Deposits and other receivables, net of allowance for doubtful accounts of HK\$2,918 as of June 30, 2008 and March 31, 2008	3,908	30,479	29,975
Deposit on acquisition of land held for development	6,653	51,891	50,526
Other current assets	-	-	25
Income taxes receivable	547	4,270	5,630
Total current assets	137,694	1,074,010	1,076,270
Property, plant and equipment	22,116	172,501	172,634
Accumulated depreciation	(8,604)	(67,109)	(65,137)
	13,512	105,392	107,497
Real estate investment	55,801	435,251	422,440
Accumulated depreciation	(2,147)	(16,743)	(12,745)
	53,654	418,508	409,695
Property under development	18,824	146,828	123,767
Investment in and advance to an affiliate	10	78	104
Deferred tax assets	32	251	505
Goodwill	8,179	63,799	63,799
Total assets	231,905	1,808,866	1,781,637

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED**  
(Amounts expressed in thousands, except per share amount)

	<u>As of June 30, 2008</u>		<u>As of March 31,</u>
	US\$	HK\$	2008 HK\$
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Secured debts – current portion	4,385	34,200	33,300
Accounts payable	16,211	126,446	123,928
Accrued payroll and employee benefits	989	7,714	9,838
Receipt in advance	23,040	179,710	181,859
Loan from minority interests	14,654	114,300	114,300
China tax payable	2,033	15,854	14,409
Other accrued liabilities	2,170	16,929	18,502
Income taxes payable	9,237	72,053	71,266
Total current liabilities	72,719	567,206	567,402
Deferred tax liabilities	1,157	9,027	8,283
Secured debts	21,923	171,000	166,500
Minority interests	82,132	640,630	623,475
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	6	49	49
- authorized: 31,250,000 shares; issued and outstanding: 6,382,582 shares as of June 30, 2008 and March 31, 2008, respectively			
Additional paid-in capital	15,023	117,184	117,184
Retained earnings	37,157	289,820	285,621
Accumulated other comprehensive income	1,788	13,949	13,122
Total stockholders' equity	53,974	421,003	415,977
Total liabilities and stockholders' equity	231,905	1,808,866	1,781,637

See accompanying notes to condensed consolidated financial statements.

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(Unaudited)**

(Amounts expressed in thousands, except per share amounts )

	<b>Three Months Ended June 30,</b>		
	<b>2008</b>		<b>2007</b>
	<b>US\$</b>	<b>HK\$</b>	<b>HK\$</b>
Net sales – Pearl operations	10,491	81,831	100,652
– Real estate operations	964	7,522	-
	<u>11,455</u>	<u>89,353</u>	<u>100,652</u>
Cost of sales	<u>(6,768)</u>	<u>(52,793)</u>	<u>(65,590)</u>
Gross profit	4,687	36,560	35,062
Rental income, gross	763	5,952	1,221
Expenses from rentals	<u>(592)</u>	<u>(4,618)</u>	<u>(1,444)</u>
	171	1,334	(223)
Selling, general and administrative expenses	<u>(3,393)</u>	<u>(26,472)</u>	<u>(17,039)</u>
Operating income	1,465	11,422	17,800
Equity in loss of an affiliate	(4)	(28)	-
Interest income	327	2,549	3,224
Other income	<u>140</u>	<u>1,091</u>	<u>284</u>
Income before income taxes and minority interests	1,928	15,034	21,308
Income tax expenses	<u>(407)</u>	<u>(3,172)</u>	<u>(2,228)</u>
Income before minority interests	1,521	11,862	19,080
Minority interests	<u>(982)</u>	<u>(7,663)</u>	<u>(10,182)</u>
Net income	539	4,199	8,898
Other comprehensive income, net of taxes and minority interests :			
- Foreign currency translation adjustments	140	1,092	2,292
- Unrealized holding gain on marketable securities	<u>(34)</u>	<u>(265)</u>	<u>597</u>
Other comprehensive income, net of taxes and minority interests	<u>106</u>	<u>827</u>	<u>2,889</u>
Comprehensive income	<u>645</u>	<u>5,026</u>	<u>11,787</u>
Basic earnings per common share	<u>0.08</u>	<u>0.65</u>	<u>1.37</u>
Diluted earnings per common share	<u>0.08</u>	<u>0.63</u>	<u>1.30</u>
Weighted average number of shares of common stock outstanding :			
- basic	<u>6,382,582</u>	<u>6,382,582</u>	<u>6,382,582</u>
- diluted	<u>6,382,582</u>	<u>6,382,582</u>	<u>6,382,582</u>
Dividends declared per common share	<u>-</u>	<u>-</u>	<u>1.95</u>

See accompanying notes to condensed consolidated financial statements.

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

(Amounts expressed in thousands)

	<b>Three Months Ended June 30,</b>		
	<b>2008</b>		<b>2007</b>
	<b>US\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flow from operating activities:</b>			
Net income	539	4,199	8,898
Adjustments to reconcile net income to net cash provided by operating activities:			
Bad debts provision	(59)	(463)	(5,000)
Inventory write-down	-	-	12,386
Stock based compensation expense	-	-	430
Depreciation and amortization	679	5,294	2,564
Equity in loss of an affiliate	4	28	-
Minority interests	982	7,663	10,182
Changes in operating assets and liabilities:			
Accounts receivable	(879)	(6,856)	(12,668)
Completed properties held for sale	268	2,093	-
Inventories	289	2,254	1,285
Prepaid expenses	(77)	(604)	669
Deposits and other receivables	(21)	(163)	5,467
Other current assets	3	25	99
Income taxes receivable	174	1,360	1,209
Deferred tax assets	33	254	(9)
Accounts payable	(133)	(1,035)	(5,437)
Accrued payroll and employee benefits	(276)	(2,149)	(1,333)
Receipt in advance	(911)	(7,109)	7,309
Other accrued liabilities	(211)	(1,642)	(102)
Deferred tax liabilities	68	532	(249)
China tax payable	185	1,445	-
Income taxes payable	101	787	943
Net cash provided by operating activities	<u>758</u>	<u>5,913</u>	<u>26,643</u>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	(216)	(1,688)	(58,884)
Purchase for property under development	(2,550)	(19,889)	-
Acquisition of 6% controlling interest in CP&J, net of cash acquired (see Note 9)	-	-	75,396
Deposit on acquisition of land held for development	-	-	(18,343)
Purchase of marketable securities	(1,761)	(13,736)	(13)
Net cash used in investing activities	<u>(4,527)</u>	<u>(35,313)</u>	<u>(1,844)</u>
<b>Cash flow from financing activities:</b>			
Increase in secured debts	-	-	41,084
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>41,084</u>
Net (decrease) increase in cash and cash equivalents	(3,769)	(29,400)	65,883
Cash and cash equivalents at beginning of period	77,392	603,657	296,969
Exchange adjustments	351	2,738	5,310
Cash and cash equivalents at end of period	<u>73,974</u>	<u>576,995</u>	<u>368,162</u>
<b>Supplementary disclosures of cash flow information</b>			
Cash (refunded) paid during the period for:			
Interest paid	530	4,131	2,765
Net income taxes paid (refunded)	181	1,409	(658)

See accompanying notes to condensed consolidated financial statements.

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2008**  
**(Unaudited)**

**1. Interim Financial Presentation**

The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The March 31, 2008 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, 2008. 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 currencies to the reporting currencies, 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\$1.0, the approximate free rate of exchange as of June 29, 2008. 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 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS 161"), which requires enhanced disclosures for derivative and hedging activities. SFAS 161 will become effective beginning with our first quarter of 2009. Early adoption is permitted. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

#### 4. Earnings Per Share (the "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.

	<b>Three Months Ended June 30, 2008</b>
	<b>HK\$ (in thousands)</b>
Net income	4,199
Allocated to Series A preferred stock	(65)
Net income available to common stockholders, adjusted	4,134
The dilutive effect on stock options of a listed subsidiary	(101)
Net income available to common stockholders, including conversion	<u>4,033</u>
	No. of shares
Weighted average-shares outstanding	<u>6,382,582</u>
	HK\$
Net earnings per share	
Basic	<u>0.65</u>
Diluted	<u>0.63</u>
	<b>Three Months Ended June 30, 2007</b>
	<b>HK\$ (in thousands)</b>
Net income	8,898
Allocated to Series A preferred stock	(137)
Net income available to common stockholders, adjusted	8,761
The dilutive effect on stock options of a listed subsidiary	(452)
Net income available to common stockholders, including conversion	<u>8,309</u>
	No. of shares
Weighted average-shares outstanding	<u>6,382,582</u>
	HK\$
Net earnings per share	
Basic	<u>1.37</u>
Diluted	<u>1.30</u>



## 5. Disclosure of Geographic Information

All of the Company's sales to unaffiliated customers are coordinated through its subsidiaries in Hong Kong and the People's Republic of China (the "PRC"). The following is an analysis by destination:

	<b>Three Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>HK\$ (in thousands)</b>		
<b>Net sales to unaffiliated customers:</b>		
Real estate operations		
PRC	7,522	-
Pearl operations		
Hong Kong	5,678	8,346
North America	18,296	34,115
Europe	36,104	30,450
Asian countries other than Hong Kong	13,835	21,382
Others	7,918	6,359
	<u>89,353</u>	<u>100,652</u>

The Company primarily operates in Hong Kong and the PRC. The locations of the Company's identifiable assets are as follows:

	<b>As of June 30,</b>	<b>As of March 31,</b>
	<b>2008</b>	<b>2008</b>
<b>HK\$ (in thousands)</b>		
Hong Kong	705,234	555,298
PRC	1,103,632	1,226,339
	<u>1,808,866</u>	<u>1,781,637</u>

## 6. Disclosure of Major Customers

During the three months ended June 30, 2008, one customer accounted for 10.2% of total sales. During the three months ended June 30, 2007, one customer accounted for 12.3% 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

	<b>Three Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$ (in thousands)</b>	
<b>Revenues from external customers:</b>		
Pearls	81,831	100,652
Real estate, including rental income	13,474	1,221
	<u>95,305</u>	<u>101,873</u>
<b>Operating income (loss):</b>		
Pearls	12,918	21,616
Real estate	(1,496)	(3,816)
	<u>11,422</u>	<u>17,800</u>
<b>Depreciation and amortization:</b>		
Pearls	1,737	1,693
Real estate	3,328	642
Corporate assets	229	229
	<u>5,294</u>	<u>2,564</u>
<b>Capital expenditure for segment assets:</b>		
Pearls	1,658	3,850
Real estate	19,919	55,034
Corporate assets	-	-
	<u>21,577</u>	<u>58,884</u>
	<b>As of June 30,</b>	<b>As of March 31,</b>
	<b>2008</b>	<b>2008</b>
	<b>HK\$ (in thousands)</b>	
<b>Segment assets:</b>		
Pearls	575,550	648,480
Real estate	1,177,684	1,090,346
Corporate assets	55,632	42,811
	<u>1,808,866</u>	<u>1,781,637</u>

## 8. Stock Compensation Plans

A summary of the number of outstanding and exercisable options under the share option scheme adopted on August 2, 2002 by Man Sang International Limited, or MSIL, a subsidiary of the Company (the "Plan"), as of June 30, 2008, and changes during the period then ended is presented as follows:

	<u>Number of Options</u>	<u>Exercise Price (Weighted Average Exercise Price in Parentheses)</u>
Outstanding as of April 1, 2008 and June 30, 2008	39,000,000	HK\$0.253, HK\$0.233 and HK\$0.500 (HK\$0.281)
Exercisable as of June 30, 2008	39,000,000	HK\$0.253 and HK\$0.233 and HK\$0.500 (HK\$0.281)

The Company accounts for stock-based compensation in accordance with SFAS No.123 (R), Share-Based Payment (revised 2004). Under the fair value recognition of this statement, stock-based compensation cost is measured at the grant date based on the value of the award granted, and recognized over the vesting period. The fair value of each option granted was calculated using the Black-Scholes option pricing model.

As of June 30, 2008, 39,000,000 options were outstanding under the Plan. The weighted average fair value of the options granted during the period was HK\$0.10. As of June 30, 2008, the weighted average remaining contractual term of the options was 3.71 years. Stock-based compensation expense was HK\$0.4 million for the three months ended June 30, 2007.

## 9. Acquisition

On April 12, 2007, MSIL acquired an additional 6% interest in a project located in Zhuji, China ("CP&J City") and an assignment of a loan under which we are obligated to pay an amount equivalent to approximately HK\$10,560,000 for a total consideration of HK\$60,000,000. As a result of this acquisition, the Company, through Smartest Man Holdings Limited, an indirect wholly-owned subsidiary of MSIL, indirectly owns 55% of the issued share capital of China Pearls and Jewellery City Holdings Limited ("CPJC"), and a 55% interest in CP&J City. The results of operations of CPJC have been included in the consolidated financial statements since that date, under the purchase method according to SFAS No.141, "Business Combinations."

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition of an additional 6% interest in CP&J City:

	<b>As of April 12, 2007 HK\$ (in thousands)</b>
Acquisition costs - direct	49,440
Direct costs	666
	<u>50,106</u>
Current assets	190,402
Property, plant and equipment	207,044
Total assets acquired	397,446
Current liabilities	(269,236)
Deferred tax liabilities	(1,903)
Long term debt	(140,000)
Total liabilities assumed	(411,139)
Net liability assumed	(13,693)
Excess of cost over fair value of net assets acquired, Goodwill	<u>63,799</u>

The minority interest has been reduced to zero and the minority has not guaranteed the losses and will not provide for additional losses. As such, the Company will absorb 100% of the losses until future earnings materialize, at which time the majority interest will be credited to the extent of such losses previously absorbed.

Unaudited pro forma results of operation for CP&J City for the three months ended June 30, 2008 is as follows. The amounts are shown as if the acquisition had occurred at the beginning of the period presented:-

	<b>Three Months Ended June 30, 2007 HK\$ (in thousands)</b>
Pro forma revenues, including rental income	101,283
Pro forma net income	8,304
Earnings per share – Basic pro forma	1.28
Diluted pro forma	1.21

The pro forma results have been prepared for comparative purpose only and are not necessarily indicative of the actual results of operations had the acquisition taken place as of the beginning of the periods presented, or the results that may occur in the future. Furthermore, the pro forma results do not give effect to all cost savings or incremental cost that may occur as a result of the integration and consolidation of the acquisition.

## 10. Secured Debt

As of June 30, 2008, the Company's secured debt had interest rates per annum varying from 7.5% to 8.2%. Secured debt due in the periods ended June 30, 2009, 2010 and 2011, respectively, are as follows:

Period ending June 30,	HK\$ (in thousands)
2009	34,200
2010	114,000
2011	57,000
	<u>205,200</u>

Secured debt generally requires monthly interest payments and repayment of principal when due. Secured debt is secured by guarantees or land under development in the PRC. As of June 30, 2008, the total gross book value of land securing the debt was HK\$256.5 million. As of June 30, 2008, the secured debt bore interest at variable rates, and the weighted average interest rate was 6.83% per annum.

## 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 facts, 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 "may," "believe," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" 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 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 investments, 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-à-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 (the "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 operations 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, 2008, 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

The Group had two primary business segments during the three months ended June 30, 2008.

Our first business segment is engaged in the purchase, processing, assembling, merchandising and wholesale distribution of pearls and jewelry products ("Pearl Operations"). We are one of the world's largest purchasers and processors of saltwater cultured and freshwater cultured pearls.

Our second business segment is engaged in real estate development and real estate leasing ("Real Estate Operations"). We operate real estate for lease and sale in Hong Kong and the PRC, including (a) an industrial complex ("Man Sang Industrial City") located in the Shenzhen Special Economic Zone, PRC, (b) China Pearl and Jewellery City ("CP&J City"), a market center with various supporting facilities, including manufacturing, processing, exhibition, hotel and residential facilities, among others, located in Shanxiahui, Zhuji, Zhejiang Province, PRC and (c) commercial and residential properties in Hong Kong. As of June 30, 2008, the occupancy rate, representing the percentage of leaseable gross floor area leased, of Man Sang Industrial City and CP&J City, was approximately 71.1% and 20.0%, respectively.

Net sales for the three months ended June 30, 2008 decreased by HK\$11.3 million, or 11.2%, from HK\$100.7 million for the three months ended June 30, 2007, which was wholly attributable to our Pearl Operations, to HK\$89.4 million for the three months ended June 30, 2008, consisting of HK\$81.9 million attributable to our Pearl Operations and HK\$7.5 million attributable to our Real Estate Operations. Gross profit increased by HK\$1.5 million, or 4.3%, from HK\$35.1 million for the three months ended June 30, 2007 to HK\$36.6 million for the three months ended June 30, 2008, consisting of HK\$32.0 million attributable to our Pearl Operations and HK\$4.6 million attributable to our Real Estate Operations. Net income decreased by HK\$4.7 million, or 52.8%, from HK\$8.9 million for the three months ended June 30, 2007 to HK\$4.2 million for the three months ended June 30, 2008.

## **Future Trends**

The PRC economy has continued its rapid growth in 2008, continuing the pattern of double-digit growth in gross domestic product (“GDP”) of the past five years. The GDP of the PRC increased by approximately RMB2.4 trillion, or 11%, from approximately RMB21.1 trillion in 2006 to approximately RMB23.5 trillion in 2007.

Recently, there have been indications that rates of inflation have increased. According to the National Bureau of Statistics of China, China’s overall national inflation rate, as represented by the general consumer price index, was approximately 1.5% and 4.8% in 2006 and 2007, respectively. From January to June 2008, the inflation rate in China was approximately 7.9%. Increases in inflation affect our financial performance by increasing certain of our operating expenses including labor costs, leases, selling and general administrative expenses. Although inflation has not had a material impact on our operations in the past, if such increases continue, it may have a material impact on our operations in the future.

## ***Pearl Operations***

Emerging weaknesses relating to recent developments in the subprime lending market in the United States and the impact of such developments on the United States economy may threaten market conditions in the United States and globally. Despite negative developments in the subprime lending market, we expect to be able to meet our growth estimates for the three months ended September 30, 2008.

Nevertheless, we have adjusted our sales strategy and continue to increase our focus on the European market. Stronger market conditions in Europe have mitigated the effects of weak market conditions in the United States. We expect sales attributable to our Pearl Operations in Europe to continue to grow in the three months ended September 30, 2008.



Our Pearl Operations are geographically diverse and we believe we are well-positioned to react to fluctuating global market conditions. We therefore expect to maintain steady growth in our Pearl Operations.

### *Real Estate Operations*

In response to concerns about China's high growth rate in certain economic sectors, the PRC government has introduced a number of macroeconomic measures to tighten monetary control and slow economic growth to a more manageable level. These measures are designed to slow the rapid economic growth of the PRC's economy in certain sectors to a more sustainable level by, among other things, curbing such sectors, including the property market.

Despite the introduction of these measures, we expect our Real Estate Operations to remain one of our core business segments and to continue to contribute to our sustainable growth. Further, we do not believe the introduction of these measures will adversely impact the operations of CP&J City as this project involves the integration of numerous business sectors outside of real estate developments, including trading, exhibition, manufacturing and processing, business services and supporting facilities. Construction of the phase one market center of CP&J City was completed in March 2008. Despite the measures and restrictions implemented by the PRC government to control direct foreign investment in the real estate sector, the property sector remained active due to generally strong economic growth, an increase in the rate of urbanization, the introduction of housing reforms by the PRC government, the emergence of a mortgage lending market, appreciation of the Renminbi and improving results of foreign investment enterprises in the PRC.

We believe these factors will have a favorable impact on the development of CP&J City. During 2008, we have commenced construction of the second phase of CP&J City, which has a planned gross floor area of approximately 100,000 square meters, including manufacturing and processing areas, residential areas and multi-complex buildings. We believe we have benefited from our research into local market conditions and the implementation of our project management expertise and extensive cost control measures to provide our target customers at CP&J City with high quality properties that offer a comprehensive range of services.

## Results of Operations

### *The Three-Month Period Ended June 30, 2008 Compared to the Three-Month Period Ended June 30, 2007*

#### *Sales and Gross Profit*

Net sales attributable to our Pearl Operations decreased by HK\$18.8 million, or 18.7%, from HK\$100.7 million for the three months ended June 30, 2007 to HK\$81.9 million for the three months ended June 30, 2008. Net sales of assembled jewelry remained at approximately HK\$50.3 million, or 61.4% of total sales, for the three months ended June 30, 2008, as compared to 49.9% of total sales for the three months ended June 30, 2007. Net sales of South Sea pearls decreased by approximately HK\$12.4 million, or 30.6%, from HK\$40.4 million for the three months ended June 30, 2007 to HK\$28.0 million for the three months ended June 30, 2008. Decreases in net sales attributable to our Pearl Operations were primarily due to a decrease in market demand in the United States due to the relative weakness of the United States economy. Net sales to the United States market decreased by HK\$15.8 million, or 46.4%, from HK\$34.1 million for the three months ended June 30, 2007 to HK\$18.3 million for the three months ended June 30, 2008. Net sales to the Europe market increased by HK\$5.6 million, or 18.4%, from HK\$30.5 million for the three months ended June 30, 2007 to HK\$36.1 million for the three months ended June 30, 2008.

Gross profit attributable to our Pearl Operations decreased by HK\$3.1 million, or 8.8%, from HK\$35.1 million for the three months ended June 30, 2007 to HK\$32.0 million for the three months ended June 30, 2008. The decrease in gross profit was primarily attributable to the decrease in net sales to the United States market, which was partially offset by the increase in net sales to the Europe market.

Gross profit margin increased from 34.8% for the three months ended June 30, 2007 to 39.1% for the three months ended June 30, 2008. The increase in gross profit margin was primarily due to the implementation of effective cost controls and the enhancement of production efficiency.

Net sales attributable to our Real Estate Operations was HK\$7.5 million for the three months ended June 30, 2008. Gross profit attributable to our real estate sales was HK\$4.6 million for the three months ended June 30, 2008. Gross profit margin attributable to our real estate sales was 61.1% for the three months ended June 30, 2008. We had not yet commenced real estate sales during the corresponding three months ended June 30, 2007.

#### *Rental Income*

Gross rental income increased by HK\$4.7 million, or 387.5% from HK\$1.2 million for the three months ended June 30, 2007 to HK\$5.9 million for the three months ended June 30, 2008. The increase was primarily attributable to an increase of HK\$4.2 million in rental income attributable to CP&J City and an increase in rental income of HK\$0.5 million from Man Sang Industrial City as additional units which had been held for self-use were leased to customers.

*Selling, General and Administrative Expenses*

SG&A expenses increased by HK\$9.4 million, or 55.4%, from HK\$17.0 million for the three months ended June 30, 2007 to HK\$26.5 million for the three months ended June 30, 2008. The increase was mainly due to the write-back of allowance for doubtful debts of HK\$5.0 million for the three months ended June 30, 2007 and an increase of HK\$2.0 million in advertising and promotion costs associated with CP&J City, as well as increases in the inflation rate in Hong Kong and the PRC, which resulted in increases in advertising, labor and lease expenses, as well as other selling, general and administrative expenses.

As a percentage of net sales, our SG&A expenses increased by 10.4% from 16.9% for the three months ended June 30, 2007 to 27.3% for the three months ended June 30, 2008.

*Interest Income*

Interest income decreased by HK\$0.7 million, or 20.9%, from HK\$3.2 million for the three months ended June 30, 2007 to HK\$2.5 million for the three months ended June 30, 2008. The decrease was primarily due to a decrease in interest rates during the three months ended June 30, 2008 when compared to the same period in 2007.

*Income Tax Expense*

Income tax expense increased by HK\$1.0 million, or 42.4%, from HK\$2.2 million for the three months ended June 30, 2007 to HK\$3.2 million for the three months ended June 30, 2008. The increase was mainly due to an increase in land appreciation tax of HK\$1.1 million which was levied for sale of real estate in the PRC for the three months ended June 30, 2008.

*Net Income*

Net income decreased by HK\$4.7 million, or 52.8%, from HK\$8.9 million for the three months ended June 30, 2007 to HK\$4.2 million for the three months ended June 30, 2008. The decrease was mainly due to an increase in SG&A expenses of HK\$9.4 million, a decrease in interest income of HK\$0.7 million and an increase in income tax expenses of HK\$1.0 million for the three months ended June 30, 2008.

## **Liquidity and Capital Resources**

We operate in a capital intensive industry. Our liquidity requirements relate primarily to investing in real estate development, capital expenditures, payments on bank borrowings and servicing our working capital. Our liquidity resources include cash-on-hand, banking facilities, funds generated from internal operations, disposition of properties and proceeds from the issuance of common stock.

Our liquidity position is primarily affected by our inventory levels of raw materials such as pearls and diamonds, the amount of completed properties held for sale, the level of our accounts payable and receivable and our ability to obtain external financing to meet our debt obligations and to finance our capital expenditures. We have significant capital commitments during the next four years related to the continued development of CP&J City. We expect to meet these capital commitments primarily through the use of our internal resources.

### ***Working Capital***

Working capital decreased by HK\$2.1 million, or 0.4% from HK\$508.9 million as of June 30, 2007 to HK\$506.8 million as of June 30, 2008. This decrease was primarily due to a decrease of HK\$26.7 million in cash and cash equivalents, which was partially offset by an increase of HK\$9.5 million in accounts receivable and an increase of HK\$13.1 million in marketable securities.

### ***Cash Balances***

Cash balances decreased by HK\$26.7 million, or 4.4%, from HK\$603.7 million as of June 30, 2007 to HK\$577.0 million as of June 30, 2008. This decrease was primarily due to an increase of HK\$35.3 million in net cash used in investing activities, which consist primarily of capital expenditures and investment in marketable securities. This decrease was partially offset by HK\$5.9 million in net cash provided by operating activities.

### ***Current Ratio***

Our current ratio remained at 1.9 as of June 30, 2008 and June 30, 2007. Our current assets less current liabilities decreased by HK\$2.1 million during the three months ended June 30, 2008.

### *Cash Flows*

#### *Net cash provided by operating activities*

Net cash provided by operating activities decreased by HK\$20.7 million, or 77.8%, from HK\$26.6 million for the three months ended June 30, 2007 to HK\$5.9 million for the three months ended June 30, 2008. This decrease was primarily due to a decrease of HK\$7.6 million in cash receipts from customers due to an increase in net sales made to the customers on credit as opposed to cash and an increase of HK\$7.3 million in cash payment for construction of public facilities and installations surrounding CP&J City.

#### *Net cash used in investing activities*

Net cash used in investing activities increased by HK\$33.5 million, or 1,815%, from HK\$1.8 million for the three months ended June 30, 2007 to HK\$35.3 million for the three months ended June 30, 2008. This increase was primarily due to a non-recurring acquisition of a controlling interest in CP&J City on April 12, 2007, which included the acquisition of cash of HK\$75.4 million in the three months ended June 30, 2007. This increase was also due to an increase in purchases for property under development associated with CP&J City of HK\$19.9 million, and an increase in the purchase of marketable securities of HK\$13.7 million. This increase in cash used in investing activities was partially offset by a decrease in purchases of property, plant and equipment of HK\$57.2 million, which includes capitalized construction costs associated with CP&J City of HK\$55.0 million, and a decrease in deposits on the acquisition of land held for development of HK\$18.3 million.

#### *Net cash provided by financing activities*

There were no financing activities for the three months ended June 30, 2008. Net cash provided by financing activities was HK\$41.1 million, due to an increase in secured debt for the three months ended June 30, 2007.

### *Inventories for our Pearl Operations*

Inventories for our Pearl Operations decreased by HK\$1.8 million, or 3.6%, from HK\$49.4 million as of June 30, 2007 to HK\$47.6 million as of June 30, 2008. This decrease in inventories was due to the implementation of more stringent controls on stock levels, which included reduced stock levels for spare parts, shortened delivery times and improvements in the scheduling and management of production. The inventory turnover period increased by 1.1 months from 1.8 months as of June 30, 2007 to 2.9 months as of June 30, 2008. The increase was primarily due to a decrease in both sales turnover and production for the three months ended June 30, 2008.

### *Accounts Receivable for Pearl Operations*

Accounts receivable for our Pearl Operations increased by HK\$16.7 million, or 22.3%, from HK\$74.6 million as of June 30, 2007 to HK\$91.3 million as of June 30, 2008. The average debtor turnover period increased by 1.2 months from 2.2 months for the three months ended June 30, 2007 to 3.4 months for the three months ended June 30, 2008. These increases were primarily due to an increase in net sales made to the customers on credit as opposed to cash.

### *Secured Debt*

Secured debt (including current portion) increased by HK\$20.3 million, or 11.0%, from HK\$184.9 million as of June 30, 2007 to HK\$205.2 million as of June 30, 2008. Secured debt consists primarily of long-term and short-term bank borrowings in Renminbi for the development of CP&J City and is secured primarily by the land of CP&J City.

### *Working Capital Facilities*

Available working capital facilities increased by HK\$130.3 million, or 44.9%, from HK\$289.9 million as of June 30, 2007 to HK\$420.2 million as of June 30, 2008. This increase was primarily due to increased bank facilities which we have taken out to meet our anticipated future liquidity requirements. Available working capital facilities include letter of credit arrangements, import loans, overdraft and other facilities. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and the PRC, and are subject to periodic review. As of June 30, 2008, we had secured loans of HK\$205.2 million and unutilized working capital facilities of HK\$215.0 million.

We expect to require additional cash in order to fund our ongoing business needs and expansion of our future operations. We have not encountered any difficulties in meeting our current cash obligations and expect to continue meeting our liquidity and cash needs through cash-on-hand, funds generated from internal operations and banking facilities, disposition of properties and proceeds from the issuance of common stock. In this regard, we believe that our existing cash, cash equivalents, banking facilities and funds to be generated from internal operations will be sufficient to meet our anticipated future liquidity requirements for the next 12 months. We believe that our sources of working capital, specifically our cash flow from operations, available banking facilities and accessible private and public offerings of debt and equity securities, are adequate for us to meet our anticipated future liquidity requirements.

**Inflation**

Although neither inflation nor deflation in the past have had any material adverse impact on our results of operations, increases in the inflation rate in the future may materially and adversely affect our financial condition and results of operations. For further discussion on inflationary trends in China and the possible impact of such trends on our operations, see "Part I. Financial Information – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation – Future Trends" of this Form 10-Q.

**Seasonality**

Our business is subject to seasonal fluctuations. The bulk of our sales from our Pearl Operations occur during the months of March, June and September when major international jewelry trade shows are held in Hong Kong. Accordingly, the results of any interim period are not necessarily indicative of the results that might be expected during a full year.

**Contractual Obligations**

The following table sets forth information regarding our outstanding contractual and commercial commitments as of June 30, 2008:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	HK\$ (in thousand)				
Long term debt <sup>(1)</sup>	205,200	34,200	171,000	-	-
Capital commitment obligation	178,565	113,750	64,815	-	-
Operating lease obligations	35,083	13,355	21,728	-	-
Total contractual obligations	418,848	161,305	257,543	-	-

(1) Excluding interest on long term bank loans.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2008, we had no derivative contracts, such as forward contracts and options to hedge against exchange fluctuations.

We denominate a substantial majority of our sales in either US dollars or Hong Kong dollars. In the three months ended June 30, 2008, we made 50.5% of our purchases in US dollars, 44.0% of our purchases in Hong Kong dollars and 1.7% of our purchases in Renminbi. 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. Furthermore, the potential revaluation of the Renminbi is not considered significant to our operations as we believe that the risk of a substantial fluctuation of the Renminbi exchange rate remains low. As of June 30, 2008, we had bank borrowings of HK\$205.2 million in Renminbi.

Because most of our purchases are made in currencies in which we believe there is a low risk of appreciation or devaluation and our 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.

We are exposed to interest rate risk resulting from fluctuations in interest rates. As of June 30, 2008, we had borrowed approximately HK\$205.2 million under floating rate credit facilities. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and the PRC and are subject to periodic review. Fluctuations in interest rates can lead to significant fluctuations in the fair value of our debt obligations. We closely monitor interest rate risk and consider using appropriate financial instruments to hedge any exposure. However, we do not currently use any derivative instruments to manage our interest rate risk. Given the relative price stability associated with the raw materials used in our products, we believe our commodity price risk should not be material.



#### **ITEM 4. DISCLOSURE CONTROLS AND PROCEDURES**

We maintain a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) 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, as amended. In accordance with Rule 13a-15(b) of the Securities and Exchange Act of 1934, as amended, 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 our disclosure controls and procedures as of June 30, 2008, the end of the period covered by this Form 10-Q. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2008 to provide reasonable assurance level that information we are required to disclose under applicable laws and regulations is (1) recorded, processed, summarized and reported in a timely manner; and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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 resources constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our 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.

#### **Changes in Internal Control over Financial Reporting**

No change was made in our internal control over financial reporting during the three months ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, other than as described immediately below under the heading "Remediation of Past Material Control Weaknesses".

### Remediation of Past Material Control Weaknesses

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by our Form 10-K filed on June 27, 2008. This evaluation was based on (a) the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in *Internal Control-Integrated Framework*. In order to assist our management to evaluate the effectiveness of our internal control over financial reporting, we also engaged BDO McCabe Lo Limited, an independent registered public accounting firm, to perform a high level risk assessment. Based on this evaluation, we identified a material weakness in our internal control over financial prior to the filing of our Form 10-K on June 27, 2008.

During fiscal year 2008, we significantly expanded our property development operations, which involve property development and sales of new properties. Accounting for these transactions involves complex accounting principles and requires specialized personnel with specific U.S. GAAP knowledge and experience. During fiscal year 2008 we accounted for portions of our new property sales as liabilities, which is not in accordance with U.S. GAAP principles. In addition, we accounted for portions of our new property sales as revenues without reference to U.S. GAAP principles, which set specific initial investment thresholds to account for such transactions as sales. As a result of this practice, we were required to make adjustments in our financial statements to properly reflect U.S. GAAP principles. These adjustments were made prior to the issuance of our Form 10-K filed on June 27, 2008.

In order to rectify this material weakness, we have implemented additional procedures to ensure that our accounting for property development and sales of new properties is presented fairly in all material respects in accordance with U.S. GAAP principles. These procedures include monthly business reviews led by our Chief Executive Officer and monthly operating and financial statement reviews by various levels of our management team, including our executive officers. Accordingly, management believes that the accounting for property development and sales of new properties included in this Form 10-Q fairly presents in all material respects our financial position, results of operations and cash flows for the periods presented.

PART II OTHER INFORMATION

**ITEM 1. LEGAL PROCEEDINGS**

We are not currently involved in any material litigation, and we are not aware of any pending or threatened litigation or similar proceedings that could reasonably be expected to have a material adverse effect on our financial condition or results of operations. From time to time, we may be subject to various claims and legal actions arising in the ordinary course of business.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On July 10, 2007, Man Sang International (B.V.I.) Limited (the "Vendor"), our wholly-owned subsidiary, entered into a Placing Agreement (the "Placing Agreement") with ICEA Securities Limited as the placing agent (the "Placing Agent"), whereby the Placing Agent agreed to place 200,000,000 existing shares of Man Sang International Limited, or MSIL, (the "Placing Shares") with institutional or professional investors at a price of HK\$1.48 per Placing Share (or approximately US\$0.19) per share (the "Placing Price") to raise approximately HK\$296.0 million (or approximately US\$38.0 million), before expenses (the "Placing"). Pursuant to the Placing Agreement, the Placing Agent is entitled to receive two percent (2.0%) of the aggregate value of the Placing Shares at the Placing Price. The Placing Shares represent approximately 19.9% of the existing issued share capital of MSIL. The placement proceeds are intended to be used for our general working capital.

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

The Company's annual meeting of stockholders was held on August 1, 2008. The stockholders elected five directors to serve until the next annual meeting of stockholders or until the election of qualified successors or until the earlier of such directors' resignation, removal or death. Directors whose terms of office continued after the annual meeting are Mr. Cheng Chung Hing, Ricky, Mr. Cheng Tai Po, Mr. Lai Chau Ming, Matthew, Mr. Wong Gee Hang, Henry and Mr. Tsui King Chung, Francis. In addition, the stockholders ratified the appointment of Grant Thornton as the Company's independent registered public accounting firm. The votes on these proposals were as follows:

**Election of Directors**

Name	Votes			
	For		Withheld	
	Common	Preferred <sup>(1)</sup>	Common	Preferred <sup>(1)</sup>
Mr. Cheng Chung Hing, Ricky	3,810,213	3,191,225	50,717	-
Mr. Cheng Tai Po	3,810,213	3,191,225	50,717	-
Mr. Lai Chau Ming, Matthew	3,837,633	3,191,225	23,297	-
Mr. Tsui King Chung, Francis	3,837,633	3,191,225	23,297	-
Mr. Wong Gee Hang, Henry	3,837,033	3,191,225	23,897	-

(1) Refers to Series A Preferred Stock. Holders of Series A Preferred Stock, as a class, are entitled to an aggregate of 3,191,225 votes in all matters voted on by the stockholders of the Company.

**Ratification of the Appointment of Grant Thornton as the Company’s Independent Registered Public Accounting Firm**

Votes							
For		Against		Abstentions		Broker Non-vote	
Common	Preferred <sup>(1)</sup>	Common	Preferred <sup>(1)</sup>	Common	Preferred <sup>(1)</sup>	Common	Preferred <sup>(1)</sup>
3,855,200	3,191,225	4,880	—	850	—	—	—

(1) Refers to Series A Preferred Stock. Holders of Series A Preferred Stock, as a class, are entitled to an aggregate of 3,191,225 votes in all matters voted on by the stockholders of the Company.

**ITEM 6. EXHIBITS**

- 3.1 Restated Articles of Incorporation of Man Sang Holdings, Inc., including the Certificate of Designation, Preferences and Rights of a Series of 100,000 Shares of Preferred Stock, \$.001 Par Value, Designated “Series A Preferred Stock,” filed on January 12, 1996. <sup>(1)</sup>
- 3.2 Certificate of Designation, Preferences and Rights of a Series of 100,000 Shares of Preferred Stock, \$.001 Par Value, Designated “Series B Preferred Stock,” dated April 1, 1996. <sup>(2)</sup>
- 3.3 Certificate of Amendment to Certificate of Designation, Preferences and Rights of the Series A Preferred Stock. <sup>(3)</sup>
- 3.4 Amended and Restated Bylaws of Man Sang Holdings, Inc., amended and effective as of December 14, 2007. <sup>(4)</sup>

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- 10.1 Service Agreement, dated August 31, 2006, between Man Sang International Limited and Cheng Chung Hing. <sup>(5)</sup>
- 10.2 Service Agreement, dated August 31, 2006, between Man Sang International Limited and Cheng Tai Po. <sup>(5)</sup>
- 10.3 Agreement for the Sale and Purchase of Shares in China Pearls and Jewelry City Holdings Limited dated March 8, 2007 by and between Tiptop Sky Holdings Limited and Smartest Man Holdings Limited. <sup>(6)</sup>
- 10.4 Placing Agreement, dated July 10, 2007, by and between Man Sang International (B.V.I.) Limited and ICEA Securities Limited, relating to the placement of 200,000,000 existing shares of Man Sang International Limited. <sup>(7)</sup>
- 10.5 Man Sang Holdings, Inc. 2007 Stock Option Plan. <sup>(8)</sup>
- 16.1 Letter dated May 31, 2007 from Moores Rowland Mazars to the Securities and Exchange Commission. <sup>(9)</sup>
- 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.
- (3) Incorporated by reference to the Company's current report on Form 8-K dated November 23, 2005.
- (4) Incorporated by reference to the Company's quarterly report on Form 10-Q dated December 31, 2007.
- (5) Incorporated by reference to the Company's annual report on Form 10-K dated March 31, 2008.
- (6) Incorporated by reference to the Company's current report on Form 8-K dated March 12, 2007.
- (7) Incorporated by reference to the Company's current report on Form 8-K dated July 12, 2007.
- (8) Incorporated by reference to the appendix filed with the Company's Proxy Statement for the 2007 Annual Meeting of Stockholders.
- (9) Incorporated by reference to the Company's current report on Form 8-K dated June 4, 2007.

**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: August 14, 2008

By: /s/ CHENG Chung Hing, Ricky  
CHENG Chung Hing, Ricky  
Chairman of the Board, President,  
Chief Executive Officer

## INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Restated Articles of Incorporation of Man Sang Holdings, Inc., including the Certificate of Designation, Preferences and Rights of a Series of 100,000 Shares of Preferred Stock, \$.001 Par Value, Designated "Series A Preferred Stock," filed on January 12, 1996. <sup>(1)</sup>
3.2	Certificate of Designation, Preferences and Rights of a Series of 100,000 Shares of Preferred Stock, \$.001 Par Value, Designated "Series B Preferred Stock," dated April 1, 1996. <sup>(2)</sup>
3.3	Certificate of Amendment to Certificate of Designation, Preferences and Rights of the Series A Preferred Stock. <sup>(3)</sup>
3.4	Amended and Restated Bylaws of Man Sang Holdings, Inc., amended and effective as of December 14, 2007. <sup>(4)</sup>
10.1	Service Agreement, dated August 31, 2006, between Man Sang International Limited and Cheng Chung Hing. <sup>(5)</sup>
10.2	Service Agreement, dated August 31, 2006, between Man Sang International Limited and Cheng Tai Po. <sup>(5)</sup>
10.3	Agreement for the Sale and Purchase of Shares in China Pearls and Jewelry City Holdings Limited dated March 8, 2007 by and between Tiptop Sky Holdings Limited and Smartest Man Holdings Limited. <sup>(6)</sup>
10.4	Placing Agreement, dated July 10, 2007, by and between Man Sang International (B.V.I.) Limited and ICEA Securities Limited, relating to the placement of 200,000,000 existing shares of Man Sang International Limited. <sup>(7)</sup>
10.5	Man Sang Holdings, Inc. 2007 Stock Option Plan. <sup>(8)</sup>
16.1	Letter dated May 31, 2007 from Moores Rowland Mazars to the Securities and Exchange Commission. <sup>(9)</sup>
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.
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- (8) Incorporated by reference to the appendix filed with the Company's Proxy Statement for the 2007 Annual Meeting of Stockholders.
- (9) Incorporated by reference to the Company's current report on Form 8-K dated June 4, 2007.



**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, Inc. (the "Company") for the quarter ended June 30, 2008;
  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 Company as of, and for, the periods presented in this report;
  4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company 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 Company, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the Company'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
    - (d) Disclosed in this report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.
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5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: August 14, 2008

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

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**Exhibit 31.2**

I, PAK Wai Keung Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings, Inc. (the "Company") for the quarter ended June 30, 2008;
  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 Company as of, and for, the periods presented in this report;
  4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company 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 Company, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the Company'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
    - (d) Disclosed in this report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.
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5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: August 14, 2008

/s/ PAK Wai Keung, Martin

PAK Wai Keung, Martin  
Chief Financial Officer

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Exhibit 32.1

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

In connection with the quarterly report of Man Sang Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2008 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. § 1350, as adopted pursuant to § 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: August 14, 2008

/s/ CHENG Chung Hing, Ricky  
CHENG Chung Hing, Ricky  
Chief Executive Officer

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Exhibit 32.2

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

In connection with the quarterly report of Man Sang Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, PAK Wai Keung, Martin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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: August 14, 2008

/s/ PAK Wai Keung, Martin  
PAK Wai Keung, Martin  
Chief Financial Officer