

Press Release

Man Sang Holdings, Inc. Announces Financial Results for the Year Ended March 31, 2003

NEW YORK - Man Sang Holdings, Inc. (OTC Bulletin Board: MSHI - news) today announced its year end financial results.

Net sales in fiscal 2003 increased by HK\$40.4 million (US\$5.2 million) to HK\$323.1 million (US\$41.4 million), representing a 14.3% increase when compared to net sales of HK\$282.7 million (US\$36.2 million) in fiscal 2002. Net income for fiscal 2003 was HK\$8.9 million (US\$1.1 million), compared to net income of HK\$16.3 million (HK\$2.1 million) for fiscal 2002. The decrease was attributable to, among other factors, (i) a lower gross profit margin when we cut the price of Chinese cultured pearls on several occasions, (ii) a lower profit margin brought about by the jewelry business the Company acquired in December 2002, and (iii) a decline in the fair value of marketable securities the Company holds.

Mr. Ricky Cheng, Chairman of Man Sang, has written to brief investors on the Group's development as follows:

“Dear Shareholders,

The negative impact of the Iraq War and SARS on consumer spending, as well as the ban of Hong Kong jewelry manufacturers and merchants from the Basel trade show, one of the world's largest annual jewelry trade shows held in Switzerland in March 2003, are well publicized in the press. Now with the Iraqi War concluded and SARS on the wane, there appears to be a general improvement of consumer spending sentiment. Hong Kong jewelry manufacturers and merchants have had encouraging results at the “JCK” tradeshow in Las Vegas in June 2003. We are closely monitoring the market. While it may be necessary on occasions to deploy various flexible marketing/pricing strategies to re-engage our customers after these major world events, which may in turn exert some pressure on profit margin, we continue to efficiently respond to, if not anticipate, our customers' tastes and demands. We believe offering the right product/services mix to our customers will deliver the best results of operations. In addition, while the newly acquired jewelry business may have a profit margin that is slightly lower than our existing pearl and pearl jewelry businesses, we expect it to contribute positively to our overall profits. Therefore, by

strengthening our core pearl business, expanding further into the jewelry business, and simultaneously controlling overall expenditures and enhancing effectiveness of its operations, we remain optimistic for fiscal 2004.”

Ricky Cheng
Chairman & CEO”

Man Sang, founded in the early 1980's, is one of the world's largest purchasers and processors of Chinese cultured and freshwater pearls. The Company owns and operates an industrial city in Shenzhen, the PRC, which houses its pearls and jewelry processing facilities. It distributes both its pearls and jewelry products to customers worldwide.

* The consolidated financial statements of the Company are maintained, and its consolidated financial statements are expressed, in Hong Kong dollars. The translations of Hong Kong dollar amounts into United States dollars are for convenience only and have been made at the rate of HK\$7.8 to US\$1, the approximate free rate of exchange at March 31, 2003. Such translations should not be construed as representations that Hong Kong dollar amounts could be converted into United States dollars at that rate or any other rate.

This press release contains forward-looking statements that are, by their nature, subject to risks and uncertainties. These forward-looking statements include, without limitation, statements relating to: (a) future supplies, demands, and purchase and sale prices of pearl and jewelry in the international pearl and jewelry market in Hong Kong and the PRC; (b) sales and profitability of the Company's products and its future product mix; (c) the amount and nature of, and potential for, future developments and competitions; (d) expansion, consolidation and other trends in the pearl and jewelry industry; (e) the Company's business strategy; and (f) the Company's estimated financial information regarding its business. These forward-looking statements are based on assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes to be appropriate in particular circumstances. However, whether actual results and developments will meet the Company's expectations and predictions depends on a number of known and unknown risks and uncertainties and other factors, any or all of which could cause actual results, performance or achievements to differ materially from the Company's expectations, whether expressed or implied by such forward-looking statements (which may relate to, among other things, the Company's sales, costs and expenses, income, inventory performance, and receivables). Primarily engaged in the processing and trading of pearls and jewelry products, the Company's ability to achieve its objectives and expectations are derived at least in part from assumptions regarding economic conditions, consumer tastes, and developments in

its competitive environment. The following assumptions, among others, could materially affect the likelihood that the Company will achieve its objectives and expectations communicated through these forward-looking statements: (i) that low or negative growth in the economies or the financial markets of our customers, particularly in the United States and in Europe, will not occur and reduce discretionary spending on good 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 the Company will continue to obtain a stable supply of pearls in the quantities, of the quality and on terms required by the Company; (v) that there will not be a substantial adverse change in the exchange relationship between RMB and the Hong Kong or US dollar; (vi) that there will not be substantial increase in tax burden of subsidiaries of the Company operating in the PRC; and (vii) that there will not be substantial change in climate and environmental conditions at the source regions of pearls that could have material effect on the supply and pricing of pearls. This press release should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Form 10-Q and annual report on Form 10-K for the year ended March 31, 2003.

Sources:

Man Sang Holding Inc.

Mr. Sonny Hung

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Citigate Financial Intelligence

**CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME**

(Dollars in thousands except share data)

| | <u>Year ended March 31,</u> | | |
|---|-----------------------------|---------------------|---------------------|
| | <u>2003</u> US\$ | <u>2003</u> HK\$ | <u>2002</u> HK\$ |
| Net sales..... | 41,421 | 323,082 | 282,715 |
| Cost of sales..... | (29,892) | (233,160) | (186,276) |
| | <u>11,529</u> | <u>89,922</u> | <u>96,439</u> |
| Gross profit..... | 11,529 | 89,922 | 96,439 |
| Rental income, gross..... | 956 | 7,455 | 7,526 |
| | <u>12,485</u> | <u>97,377</u> | <u>103,965</u> |
| Selling, general and administrative expenses: | | | |
| Pears..... | (8,344) | (65,079) | (65,901) |
| Real estate investment | (933) | (7,280) | (6,129) |
| | <u>3,208</u> | <u>25,018</u> | <u>31,935</u> |
| Operating income..... | 3,208 | 25,018 | 31,935 |
| Interest expenses..... | (209) | (1,629) | (4,886) |
| Interest income..... | 88 | 690 | 2,785 |
| Share of result of associate | (8) | (60) | - |
| Other income | 575 | 4,485 | 1,870 |
| Other than temporary decline in fair value of marketable securities | (759) | (5,921) | - |
| | <u>2,895</u> | <u>22,583</u> | <u>31,704</u> |
| Income before income taxes and minority interests | 2,895 | 22,583 | 31,704 |
| Income tax expenses..... | (477) | (3,719) | (1,206) |
| Minority interests..... | (1,275) | (9,943) | (14,189) |
| | <u>1,143</u> | <u>8,921</u> | <u>16,309</u> |
| Net income..... | 1,143 | 8,921 | 16,309 |
| Other comprehensive income (loss), net of taxes: | | | |
| Foreign currency translation adjustments..... | 69 | 536 | 719 |
| Unrealized holding loss on marketable securities arising during the year | (262) | (2,043) | (1,363) |
| Reclassification adjustment for other than temporary decline in fair value of marketable securities included in net income for the year | 430 | 3,355 | - |
| | <u>237</u> | <u>1,848</u> | <u>(644)</u> |
| Other comprehensive income (loss), net of taxes | 237 | 1,848 | (644) |
| | <u>1,380</u> | <u>10,769</u> | <u>15,665</u> |
| Comprehensive income | 1,380 | 10,769 | 15,665 |
| | <u>0.24</u> | <u>\$1.88</u> | <u>\$3.70</u> |
| Basic and diluted earnings per common share..... | \$0.24 | \$1.88 | \$3.70 |
| | <u>4,740,700</u> | <u>4,740,700</u> | <u>4,405,960</u> |
| Weighted average number of shares of common stock outstanding: | | | |
| - basic and diluted..... | 4,740,700 | 4,740,700 | 4,405,960 |

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

ASSETS

| | March 31, | | |
|--|--------------|--------------|--------------|
| | 2003 US\$ | 2003 HK\$ | 2002 HK\$ |
| Current assets: | | | |
| Cash and cash equivalents | 10,739 | 83,766 | 82,152 |
| Restricted cash | - | - | 16,169 |
| Marketable securities | 1,279 | 9,978 | 13,584 |
| Accounts receivable, net of allowance for doubtful accounts of HK\$9,216 and HK\$10,054 in 2003 and 2002, respectively | 8,954 | 69,840 | 60,814 |
| Inventories | 17,206 | 134,210 | 118,511 |
| Prepaid expenses | 813 | 6,340 | 2,702 |
| Deposits and other receivables | 655 | 5,109 | 11,317 |
| Other current assets | 1,119 | 8,732 | 15,983 |
| Income taxes receivable | 59 | 458 | - |
| Total current assets | 40,824 | 318,433 | 321,232 |
| Property, plant and equipment, net | 8,497 | 66,278 | 80,333 |
| Real estate investment, net | 12,365 | 96,447 | 81,986 |
| Long-term investments, net of impairment loss of HK\$3,000 in 2003 and 2002, respectively | 332 | 2,586 | 3,330 |
| Deferred tax assets | - | - | 2,188 |
| Total assets | 62,018 | 483,744 | 489,069 |

CONSOLIDATED BALANCE SHEETS - continued
(Dollars in thousands except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY

| | March 31, | | |
|--|--------------|--------------|--------------|
| | 2003 US\$ | 2003 HK\$ | 2002 HK\$ |
| Current liabilities: | | | |
| Short-term borrowings..... | - | - | 29,445 |
| Current portion of long-term debts | 715 | 5,575 | 5,575 |
| Accounts payable..... | 712 | 5,554 | 3,726 |
| Accrued payroll and employee benefits | 922 | 7,188 | 4,658 |
| Other accrued liabilities..... | 1,228 | 9,577 | 8,674 |
| Income taxes payable..... | 285 | 2,224 | 373 |
| | 3,862 | 30,118 | 52,451 |
| Long-term debts..... | 2,107 | 16,435 | 22,010 |
| Minority interests..... | 23,057 | 179,844 | 170,208 |
| Commitments and contingencies | | | |
| Stockholders' equity: | | | |
| Series A preferred stock US\$0.001 par value | | | |
| - authorized, issued and outstanding 100,000 | | | |
| shares in 2003 and 2002 (entitled in liquidation | | | |
| to US\$2,500 (HK\$19,500)) | - | 1 | 1 |
| Series B preferred stock US\$0.001 par value | | | |
| - authorized 100,000 shares; no shares outstanding | - | - | - |
| Common stock of par value US\$0.001 | | | |
| - authorized 25,000,000 shares; issued and outstanding, | | | |
| 4,815,960 shares and 4,405,960 shares in 2003 | | | |
| and 2002, respectively | 5 | 37 | 34 |
| Additional paid-in capital | 7,773 | 60,633 | 58,458 |
| Retained earnings..... | 25,190 | 196,491 | 187,570 |
| Accumulated other comprehensive income (loss)..... | 24 | 185 | (1,663) |
| | 32,992 | 257,347 | 244,400 |
| Total stockholders' equity | 32,992 | 257,347 | 244,400 |
| Total liabilities and stockholders' equity..... | 62,018 | 483,744 | 489,069 |