

## Press Release

### **Man Sang Holdings, Inc. Announces Financial Results for the Year Ended March 31, 2004**

NEW YORK - Man Sang Holdings, Inc. (OTC Bulletin Board: MSHI - news) today announced its financial results for the year ended March 31, 2004.

Fiscal 2004 was a volatile year for the Hong Kong economy. Further to the negative impact on consumer spending after SARS (Severe Acute Respiratory Syndrome) in the first quarter of the year, the economy has recovered quickly in the latter part of the year. Man Sang has closely monitored on the changing market environment and responded to changes in customer's taste and demand. The Group used various flexible pricing strategies to re-engage customers during and after these major events to ensure that it responded efficiently to the market situation, which in turn exerted pressure on the profit margin.

With global demand on South Sea pearls sustaining to grow, South Sea pearls (including white and gold South Sea pearls and Tahitian black pearls) continue to perform to be the largest share of the Group's total turnover, representing approximately of 46.4% (2003: approximately 50%). South Sea pearls at present are very popular among international fashion designers in their jewelry designs and this trend will be expected to continue. In order to capitalize on this growth, the Group has been strengthening on its marketing and sales efforts on South Sea pearls and through its well established purchasing networks, Man Sang can purchase top quality South Sea pearls in large amount and at competitive prices. In addition, the Group also places emphasis on continual promotional and marketing efforts on South Sea pearls in order to capture the market demand and to further strengthen its market share. On top of it, the Group also provides value-added services including jewelry designs to customers to increase sales.

On the jewelry products side, the Group has been exploring on new potential customers during the year, it has also further expanded on its marketing and distribution network through marketing efforts such as attending international trade shows and exhibitions, marketing campaigns and advertisements. The Group has successfully increased its jewelry business' market share in Europe covering various new segments of clients like retail chains and department stores. At the same time, it has also strengthened its own production capabilities and product quality so as to

support on the increased sales generated. The Group has built up its own design team offering unique and wider range of choices to jewelry customers.

Net sales in fiscal 2004 increased by HK\$59.0 million (US\$7.6 million) to HK\$382.1 million (US\$49.0 million), representing a 18.3% increase when compared to net sales of HK\$323.1 million (US\$41.4 million) in fiscal 2003. Gross profit for fiscal 2004 increased by HK\$14.1 million (US\$1.8 million) from HK\$89.9 million (US\$11.5 million) for fiscal 2003 to HK\$104.1 million (US\$13.4 million), representing an increase of 15.9% while gross profit margin decreased to 27.3% from 27.8% in fiscal 2003. Net income for fiscal 2004 decreased by HK\$5.9 million (US\$0.7 million) to HK\$3.0 million (US\$0.4 million), when compared to a net income of HK\$8.9 million (US\$1.1 million) for fiscal 2003. Such decrease is mainly due to an increase in selling, general and administrative expenses, higher income taxes and minority interests, plus a decrease in other income and a decrease in other than temporary decline in fair value of marketable securities. The higher minority interests is due to the decrease in effective shareholdings on Man Sang International Limited from 56.7% throughout fiscal 2003 to 49.4% during October 2003.

“Looking forward, we believe that the economy will continue to grow in a healthy and steady pace despite policies taken by the China government recently to avoid overheating China's economy. We are closely monitoring the market. While it may be necessary on occasion to deploy various flexible marketing/pricing strategies to re-engage our customers, which may in turn exert some downward pressure on our profit margin, we continue to efficiently respond to, if not anticipate, our customers' tastes and demands. We also believe that offering the right product/service mix to our customers will bring about the best results to our operations. In addition, as our Group further strengthens our core pearl business and expands on assembled jewelry in our product mix, simultaneously through our aggressive marketing and flexible pricing strategies together with effective cost controls measures, we are optimistic about achieving better results. With the entry of China into the World Trade Organization and the overall improvement in the worldwide economy, we look forward to having a prosperous year ahead,” Mr. Cheng Chung Hing, Chairman of Man Sang, anticipated.

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 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, 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.

*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 pearl jewelry in the international pearl and jewelry markets, and real estate in Hong Kong and the PRC; (b) sales and profitability of the Company's product and its future product mix; (c) the amount and nature of, and potential for, future developments and competitions; (d) expansion, consolidation and other trends in the pearl and jewelry industry; (e) the Company's business strategy; (f) the Company's estimated financial information regarding its business; (g) tax exemptions and tax rates; and (h) exchange rates. These forward looking statements are based on assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes to be appropriate in particular circumstances. However, whether actual results and developments will meet the Company's expectations and predictions depends on a number of known and unknown risks 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 pearls jewelry products, and in real estate investment, the Company's ability to achieve its objectives and expectations are derived at least in part from assumptions regarding economic conditions, consumer tastes, and developments in its competitive environment. The following assumptions, among others, could materially affect the likelihood that the Company will achieve its objectives and expectations communicated through these forward-looking statements: (i) that low or negative growth in the economies or the financial markets of our customers, particularly in the United States and in Europe, will not occur and reduce discretionary spending on goods that might be perceived as "luxuries"; (ii) that the Hong Kong dollar will remain pegged to the US dollar at US\$1 to HK\$7.8; (iii) that customer's choice of pearls vis-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; (vii) that there will not be substantial change in*

*climate and environmental conditions at the source regions of pearls that could have material effect on the supply and pricing of pearls; and (viii) that there will not be substantial adverse change in the real estate market conditions in the PRC and in Hong Kong.*

*We cannot guarantee any of the forward-looking statements, which are subject to risks, uncertainties and assumptions that are difficult to predict. Actual results may differ materially from those we forecast in forward-looking statements due to a variety of factors, including those set forth above. We do not intend to update any forward-looking statements due to new information, future events or otherwise. If we do update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections with respect to other forward-looking statements.*

Sources:

Man Sang Holding Inc.

Mr. Sonny Hung

(852) 2827 6288

E-mail: [sonnyh@man-sang.com](mailto:sonnyh@man-sang.com)

Citigate Financial Intelligence