

Press Release

Man Sang Holdings, Inc. Announces Financial Results for the Six Months Ended September 30, 2004

NEW YORK – Man Sang Holdings, Inc. (OTC Bulletin Board: MSHI – news) today announced its financial results for the six months ended September 30, 2004.

Net sales for the six months ended September 30, 2004 increased 23.0% to HK\$207.1 million (US\$26.6 million), compared to net sales of HK\$168.4 million (US\$21.6 million) for the same period in last year. Gross profit increased by 31.6% to HK\$59.4 million (US\$7.6 million). Net income for the six months ended HK\$21.0 million (US\$2.7 million), compared to the net income of HK\$1.1 million (US\$0.1 million) for the same period last year.

In the first six months of fiscal 2005, the improvement in performance is mainly due to the recovery in the Company's sales performance in the first quarter of fiscal 2005 compared to the same period in fiscal 2004, which was adversely affected by the negative economic effects of Severe Acute Respiratory Syndrome ("SARS") and the Iraq war on the Company's business.

On the pearl business side, South Sea pearls (including white and gold South Sea pearls and Tahitian black pearls) continue to be our key contributor. Sales of South Sea pearls constituted 47.1% of the Company's total sales. Buyers have been more active in recent auctions and tradeshows due to better economic conditions worldwide and are more confident about their future sales and sales of assembled jewelry products continue to grow at a healthy pace.

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

"By attending international tradeshows and exhibitions and adopting aggressive marketing strategies, we believe that we can further enlarge our market share and customer base." commented by Mr. Ricky Cheng. The Company also monitor closely on the changes in market demand, environment and conditions and react in line with such changes. Mr. Ricky Cheng also commented that "We continue to expand our core pearl business and also place emphasis in further enlarging our assembled jewelry products business by offering the products and services that suit our

customer's needs as well as using flexible pricing strategies. At the same time, we will continue to maintain effective cost control measures to bring the best results to our operations." Furthermore, "Looking forward, with the worldwide economic condition continually improving, we anticipate that the performance in the coming quarters will continue to look promising and positive" Mr. Ricky Cheng concluded.

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 as of September 30, 2004. Such translations should not be construed as representations that Hong Kong dollar amounts could be converted into United States dollars at that rate or any other rate.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are, by their nature, subject to risks and uncertainties. This Act provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements, other than statements of historical fact, including statements regarding industry prospects and future results of operations or financial position, made in this press release are forward looking. Words such as "anticipates," "believes," "expects," "future" and "intends" and similar expressions may identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to: the Company's future performance, the Company's expansion efforts, the state of economic conditions and the Company's markets; currency and exchange rate fluctuations; and the Company's ability to meet its liquidity requirements. 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 pearl 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 its customers, particularly in the United States and in Europe, will not occur and reduce discretionary spending on goods that might be perceived as "luxuries"; (ii) that the Hong Kong dollar will remain pegged to the US dollar at US\$1 to HK\$7.8; (iii) that customer's choice of pearls vis-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 the renminbi ("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. This press release should be read in conjunction with the financial statements and the notes thereto included elsewhere in this Form 10-Q and with the Company's annual report on Form 10-K for the year ended March 31, 2004, which contains a further description of risks and uncertainties related to forward-looking statements, as well as other aspects of the Company's business. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company 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 the Company files from time to time with the Securities and Exchange Commission.

Sources:

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Citigate Financial Intelligence

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30
(Amounts expressed in thousands except share data)

	<u>Three Months Ended September 30,</u>			<u>Six Months Ended September 30,</u>		
	<u>2004</u>		<u>2003</u>	<u>2004</u>		<u>2003</u>
	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>
Net sales	13,844	107,983	101,508	26,546	207,061	168,396
Cost of goods sold	(9,756)	(76,098)	(73,433)	(18,935)	(147,691)	(123,279)
Gross profit	<u>4,088</u>	<u>31,885</u>	<u>28,075</u>	<u>7,611</u>	<u>59,370</u>	<u>45,117</u>
Rental income, gross	<u>167</u>	<u>1,301</u>	<u>1,487</u>	<u>369</u>	<u>2,879</u>	<u>2,875</u>
	4,255	33,186	29,562	7,980	62,249	47,992
Selling, general and administrative expenses						
- Pearls	(3,210)	(25,037)	(17,625)	(5,424)	(42,299)	(34,432)
- Real estate investment	(492)	(3,836)	(3,270)	(684)	(5,339)	(6,848)
Operating income	<u>553</u>	<u>4,313</u>	<u>8,667</u>	<u>1,872</u>	<u>14,611</u>	<u>6,712</u>
Non-operating items						
- Interest expense	(5)	(40)	(141)	(10)	(78)	(274)
- Interest income	14	110	65	22	169	159
- Gain on sales of a real estate investment	4,391	34,248	-	4,391	34,248	-
- Other income	24	188	397	107	835	1,058
Income before income taxes and minority interests	<u>4,977</u>	<u>38,819</u>	<u>8,988</u>	<u>6,382</u>	<u>49,785</u>	<u>7,655</u>
Income taxes	(240)	(1,873)	(2,058)	(556)	(4,340)	(3,333)
Income before minority interests	<u>4,737</u>	<u>36,946</u>	<u>6,930</u>	<u>5,826</u>	<u>45,445</u>	<u>4,322</u>
Minority interests	(2,521)	(19,666)	(3,981)	(3,130)	(24,412)	(3,268)
Net income	<u>2,216</u>	<u>17,280</u>	<u>2,949</u>	<u>2,696</u>	<u>21,033</u>	<u>1,054</u>
Other comprehensive income, net of taxes and minority interests						
- Foreign currency translation adjustments	(1)	(6)	(29)	3	29	(34)
- Unrealized holding gain on marketable securities	34	265	760	7	57	1,151
Other comprehensive income, net of taxes and minority interests	<u>33</u>	<u>259</u>	<u>731</u>	<u>10</u>	<u>86</u>	<u>1,117</u>
Comprehensive income	<u>2,249</u>	<u>17,539</u>	<u>3,680</u>	<u>2,706</u>	<u>21,119</u>	<u>2,171</u>
Basic earnings per common share	<u>0.49</u>	<u>3.83</u>	<u>0.65</u>	<u>0.60</u>	<u>4.67</u>	<u>0.23</u>
Diluted earnings per common share	<u>0.45</u>	<u>3.49</u>	<u>0.61</u>	<u>0.54</u>	<u>4.24</u>	<u>0.22</u>
Weighted average number of shares of common stock						
- for basic earnings per share	<u>4,405,960</u>	<u>4,405,960</u>	<u>4,405,960</u>	<u>4,405,960</u>	<u>4,405,960</u>	<u>4,500,058</u>
- for diluted earnings per share	<u>4,846,295</u>	<u>4,846,295</u>	<u>4,717,098</u>	<u>4,846,922</u>	<u>4,846,922</u>	<u>4,787,439</u>

See accompanying notes to condensed consolidated financial statements

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts expressed in thousands except share data)

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

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current portion of long-term debts :

Secured bank loans	715	5,575	5,575
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Accounts payable	1,237	9,649	13,234
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Accrued payroll and employee benefits	1,336	10,420	8,523
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Other accrued liabilities	1,284	10,016	9,979
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Deposit on sale of real estate investment	-	-	7,160
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Income taxes payable	1,227	9,573	4,264
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Total current liabilities	<u>5,799</u>	<u>45,233</u>	<u>48,735</u>
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Long-term debts :

Secured bank loans	414	3,229	6,016
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Deferred tax liabilities	43	338	821
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Minority interests	31,915	248,937	224,437
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Stockholders' equity:

Series A preferred stock, par value US\$0.001	-	1	1
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- 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	-	-	-
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- authorized: 100,000 shares; no shares outstanding

Common stock, par value US\$0.001	5	34	34
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- authorized: 25,000,000 shares;
issued and outstanding: 4,405,960 shares as of
September 30, 2004 and March 31, 2004

Additional paid-in capital	7,835	61,117	61,051
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Retained earnings	24,855	193,869	172,836
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Accumulated other comprehensive income	388	3,029	2,943
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Total stockholders' equity	<u>33,083</u>	<u>258,050</u>	<u>236,865</u>
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Total liabilities and stockholders' equity	<u><u>71,254</u></u>	<u><u>555,787</u></u>	<u><u>516,874</u></u>
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See accompanying notes to condensed consolidated financial statements