



MAN SANG HOLDINGS, INC.

FOR IMMEDIATE RELEASE

MAN SANG HOLDINGS, INC. ANNOUNCES FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2005

NEW YORK--(BUSINESS WIRE) — February 14, 2006 -- Man Sang Holdings, Inc. (the "Company") (AMEX: MHJ) announced today its financial results for the nine months ended December 31, 2005.

Net sales in the nine months ended December 31, 2005 decreased to US\$38.7 million, representing a drop of 4.5% when compared to the same period last year.

The decrease is mainly due to the decline in demand for South Sea pearls of our U.S. customers and partly due to strong upward swing of bullion prices in 2005 which has negatively affected our assembled jewelry products sales. Customers in Europe still show a healthy growth and the Man Sang Group's sales of South Sea pearls (including white and gold South Sea pearls and Tahitian black pearls) and assembled jewelry pearl products continue to contribute the largest share of the Man Sang Group's total turnover, representing approximately of 86.2%.

Gross profit was approximately US\$10.6 million, representing a decrease of 6.2% and gross profit margin decreased to 27.3% from 27.8% when compared to the same period last year.

Net income was US\$1.4 million, representing a decrease of 49.7% when compared to the same period last year. The decrease in net profit was primarily caused by the effect of the US\$4.4 million gain on disposing a real estate property that was booked in the same period last year.

"We believe that the economy will still inevitably face uncertainties generated by higher oil prices, higher interest rates, higher commodity prices and the growing possibility of an avian flu outbreak and we are closely monitoring the market in order to react closely to the adverse conditions. The Man Sang Group has been strengthening its marketing and sales efforts on South Sea pearls and freshwater pearls and through our well-established purchasing networks, we can purchase top quality South Sea pearls and freshwater pearls in large amounts at more competitive prices. On the same line, we continue to emphasize active promotional and marketing efforts on South Sea pearls and assembled jewelry pearl products in order to capture market demand and to further strengthen our market share. We will simultaneously apply aggressive marketing and flexible pricing strategies together with effective cost control measures to achieve better results." Mr. Cheng Chung Hing, Chairman of Man Sang, stated.

About Man Sang Holdings, Inc.

Man Sang Holdings, Inc. and its subsidiaries (together the "Man Sang Group") are one of the world's largest purchasers and processors of Chinese cultured and freshwater pearls. The Man Sang Group is principally engaged in the purchasing, processing, assembling, merchandising and wholesale distribution of pearls, pearl jewelry and other jewelry products. In addition, the Man Sang Group owns and operates the Man Sang Industrial City, an industrial complex, located in Gong Ming Zhen, Shenzhen Special Economic Zone, PRC.

- * The consolidated financial statements of the Company are maintained, and its consolidated financial statements are expressed, in Hong Kong dollars. The conversion of Hong Kong dollar into United States dollars is for convenience only and has been made at the rate of HK\$7.8 to US\$1, the approximate free rate of exchange as at December 31, 2005. Such conversion should not be construed as representations that the 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, 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 market. 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 depend on a number of known and unknown risks and uncertainties and other factors, any or all of which could cause actual results, performance or achievements to differ materially from 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 included hereto and in the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2005, and with the Company's annual report on Form 10-K for the year ended March 31, 2005. 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.

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MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31
(Amounts expressed in thousands except share data)

	<u>Three Months Ended December 31,</u>			<u>Nine Months Ended December 31,</u>		
	2005 US\$	HK\$	2004 HK\$	2005 US\$	HK\$	2004 HK\$
Net sales	11,560	90,174	109,074	38,723	302,041	316,135
Cost of goods sold	-8,515	-66,423	-80,674	-28,164	-219,683	-228,365
Gross profit	3,045	23,751	28,400	10,559	82,358	87,770
Rental income, gross	75	585	831	311	2,428	3,710
	3,120	24,336	29,231	10,870	84,786	91,480
Selling, general and administrative expenses						
- Pearls	-2,356	-18,377	-20,649	-6,847	-53,405	-62,948
- Real estate investment	-147	-1,158	-3,489	-633	-4,947	-8,828
Operating income	617	4,801	5,093	3,390	26,434	19,704
Non-operating items						
- Interest expense	-	-	-22	-	-	-100
- Interest income	291	2,272	286	616	4,802	455
- Gain on sales of a real estate investment	-	-	-	-	-	34,248
- Other income	50	392	307	155	1,213	1,142
Income before income taxes and minority interests	958	7,465	5,664	4,161	32,449	55,449
Income taxes	-150	-1,174	-1,833	-775	-6,048	-6,173
Income before minority interests	808	6,291	3,831	3,386	26,401	49,276
Minority interests	-486	-3,786	-2,509	-1,944	-15,160	-26,921
Net income	322	2,505	1,322	1,442	11,241	22,355
Other comprehensive income (loss), net of taxes and minority interests						
- Foreign currency translation adjustments	38	287	-13	91	710	16
- Unrealized holding gain on marketable securities	10	81	493	104	815	550
Other comprehensive income (loss), net of taxes and minority interests	48	368	480	195	1,525	566
Comprehensive income	370	2,873	1,802	1,637	12,766	22,921
Basic earnings per common share	0.05	0.41	0.24	0.24	1.89	3.99
Diluted earnings per common share	0.05	0.39	0.21	0.23	1.76	3.53
Weighted average number of shares of common stock						
- for basic earnings per share	6,058,533	6,058,533	5,507,450	5,849,400	5,849,400	5,507,450
- for diluted earnings per share	6,325,762	6,325,762	6,235,998	6,292,956	6,292,956	6,213,348

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)

	December 31, 2005	March 31, 2005
	US\$	HK\$
	(Unaudited)	HK\$
ASSETS		
Current assets:		
Cash and cash equivalents	33,650	262,467
Marketable securities	1,939	15,123
Accounts receivable, net of allowance for doubtful accounts of HK\$23,903 as of December 31, 2005 and HK\$22,807 as of March 31, 2005	7,557	58,943
Inventories :		
Raw materials	1,654	12,900
Work in progress	1,619	12,632
Finished goods	7,510	58,579
	<hr/> 10,783	<hr/> 84,111
Prepaid expenses	772	6,022
Deposits and other receivables, net of allowance for doubtful accounts of HK\$3,721 as of December 31, 2005 and March 31, 2005	1,092	8,515
Other current assets	19	146
Income tax receivable	76	589
Total current assets	<hr/> 55,888	<hr/> 435,916
Deferred tax assets	208	1,625
Property, plant and equipment	19,419	151,465
Accumulated depreciation	<hr/> -6,239	<hr/> -48,661
	<hr/> 13,180	<hr/> 102,804
Real estate investment	9,653	75,290
Accumulated depreciation	<hr/> -1,541	<hr/> -12,016
	<hr/> 8,112	<hr/> 63,274
Total assets	<hr/> 77,388	<hr/> 603,619
	<hr/> 77,388	<hr/> 559,241

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

	December 31, 2005		March 31, 2005	
	US\$	HK\$	HK\$	
	(Unaudited)			
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	1,493	11,644	8,588	
Accrued payroll and employee benefits	1,427	11,133	11,958	
Other accrued liabilities	1,107	8,631	10,617	
Income taxes payable	1,632	12,732	4,587	
Total current liabilities	<u>5,659</u>	<u>44,140</u>	<u>35,750</u>	
Deferred tax liabilities	226	1,760	1,213	
Minority interests	35,165	274,285	257,562	
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	35	
- authorized: 31,250,000 shares; issued and outstanding: 6,382,582 shares and 5,569,950 shares as of December 31, 2005 and March 31, 2005				
Additional paid-in capital	8,666	67,598	61,660	
Retained earnings	27,051	210,993	199,752	
Accumulated other comprehensive income	615	4,793	3,268	
Total stockholders' equity	<u>36,338</u>	<u>283,434</u>	<u>264,716</u>	
Total liabilities and stockholders' equity	<u>77,388</u>	<u>603,619</u>	<u>559,241</u>	

See accompanying notes to condensed consolidated financial statements

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

	<u>Nine Months Ended December 31,</u>		
	2005	HK\$	2004
	US\$	HK\$	HK\$
Cash flows from operating activities:			
Net income	1,442	11,241	22,355
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful debts	192	1,500	9,228
Inventory write down	2,436	19,000	23,200
Impairment loss on property, plant and equipment	-	-	2,617
Impairment loss on long term investment	-	-	856
Compensation expense	-	-	90
Depreciation and amortization	720	5,613	6,377
Gain on disposal of property, plant and equipment	-	-	-136
Gain on disposal of real estate investment	-	-	-34,248
Minority interests	1,944	15,160	26,921
Changes in operating assets and liabilities:			
Accounts receivable	-1,627	-12,688	527
Inventories	-2,557	-19,945	-20,874
Prepaid expenses	-196	-1,531	-1,241
Deposits and other receivables	-401	-3,130	4,474
Other current assets	30	236	5,419
Income taxes receivable	12	95	-88
Deferred tax assets	-175	-1,367	174
Accounts payable	382	2,981	-2,620
Accrued payroll and employee benefits	-107	-838	2,820
Other accrued liabilities	-263	-2,049	574
Deferred tax liabilities	70	547	-346
Income taxes payable	1,044	8,145	6,577
Net cash provided by operating activities	<u>2,946</u>	<u>22,970</u>	<u>52,656</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment	-745	-5,811	-8,597
Purchase of marketable securities	-648	-5,051	-
Proceeds from disposal of property, plant and equipment	117	914	320
Proceeds from disposal of real estate investment	-	-	64,450
Net cash (used in) provided by investing activities	<u>-1,276</u>	<u>-9,948</u>	<u>56,173</u>
Cash flows from financing activities:			
Repayment of long-term debts	-	-	-11,591
Net proceeds from issuance of common stock	763	5,952	-
Net cash provided by (used in) financing activities	<u>763</u>	<u>5,952</u>	<u>-11,591</u>
Net increase in cash and cash equivalents	2,433	18,974	97,238
Cash and cash equivalents at beginning of period	31,192	243,297	104,907
Exchange adjustments	25	196	6
Cash and cash equivalents at end of period	<u>33,650</u>	<u>262,467</u>	<u>202,151</u>
Supplementary disclosures of cash flow information			
Cash (refunded) paid during the period for:			
Interest and financing charges	-	-	108
Net income taxes (refunded) paid	<u>-1</u>	<u>-7</u>	<u>163</u>

See accompanying notes to condensed consolidated financial statements