



MAN SANG HOLDINGS, INC.

FOR IMMEDIATE RELEASE

NEW YORK--(BUSINESS WIRE)—June 28, 2006 --Man Sang Holdings, Inc. (AMEX:[MHJ](#) - [News](#)), is one of the world's largest purchasers and processors of Chinese cultured and freshwater pearls. The Group is principally engaged in the purchasing, processing, assembling, merchandising and wholesale distribution of pearls, pearl jewelry and other jewelry products. In addition, the Group owns and operates the Man Sang Industrial City, a real estate complex, located in Gong Ming Zhen, Shenzhen Special Economic Zone, People's Republic of China ("PRC").

MHJ Announces 10K Release and Chairman Letter

Dear Shareholders:

I am pleased to present to you the Man Sang Holdings, Inc. 2006 annual report.

Our 2005/06 Performance

Our financial performance in fiscal year ended March 31, 2006 reflects decline in demand from some regional markets for certain products and the adverse impacts of a significant rise in bullion prices.

Sales Revenue Drop 8.2%

Sales revenue for the fiscal year totaled US\$48.5 million, representing a decrease of 8.2% compared to last year. The decrease in sales is primarily due to decline in demand for South Sea pearls from our US customers and, to a lesser extent, the strong upward swing of bullion price affecting the sales of our assembled jewelry products.

Gross profit was US\$13.6 million and gross profit margin was 28.0%, comparing to a gross profit of US\$15.0 million and a gross profit margin of 28.4% last year, representing a decrease of 9.7% in gross profit. Selling, General and Administrative Expenses ("SG&A expenses") were US\$9.9 million, representing a decrease of 16.9% when compared to US\$11.9 in fiscal 2005. The net income in fiscal 2006 decreased by US\$1.2 million to US\$2.3 million, when compared to US\$3.5 million for fiscal 2005.

In order to ensure high quality of our pearls and jewelry products and to achieve better sales performance results, we intend to continue our efforts to maximize our core strengths in well-established purchasing networks, effective sales channels, well-controlled operating costs, improved processing techniques and skilful craftsmanship.

Balance Sheet and Ratios are Strong

The Company's balance sheet remained within its historical range, with cash and cash equivalents totaling US\$39.1 million on March 31, 2006 compared to US\$31.2 million on March 31, 2005. The gearing ratio is zero and the current ratio is 12.3.

In the year ahead, we intend to make continuous efforts to optimize results and maximize shareholder value as well as uphold sound corporate governance practices.

Looking Ahead

In 2006, the Company has committed to a project investment located in Zhuji, Zhejiang, PRC (the "Zhuji Project"). Zhuji Municipal is one of the largest freshwater pearls nurturing and trading centres in the PRC supplying a comprehensive range of freshwater pearls and other pearls products to both PRC and many countries in the world. The Zhuji Project will involve building a new international marketplace together with related facilities in Zhuji. Capturing the existing market customer base in this existing marketplace, we expect the Zhuji Project will further enlarge our customer base and business and enhance our competitive advantages. More importantly, this will provide us with another source of income in future.

Finally, we would like to take this opportunity to thank all shareholders for your continued support. The sound foundation we have built over all these years will be the basis for our future growth. There are yet challenges ahead that we have to face and we believe our business future would look promising and promising opportunities will be underway.

Yours sincerely,

Ricky Cheng

Chairman, President and CEO

June 28, 2006

(SEC 10K Filing – <http://www.sec.gov>)

This letter 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 depend on a number of known and unknown risks, uncertainties and other factors, any of 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 objective 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 rate 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.