



MAN SANG HOLDINGS, INC.

FOR IMMEDIATE RELEASE

**MAN SANG HOLDINGS, INC. ANNOUNCES
FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2006**

NEW YORK--(BUSINESS WIRE) — August 14, 2006 -- Man Sang Holdings, Inc. (the "Company" or "Man Sang") (AMEX: MHJ) announced today its financial results for the three months ended June 30, 2006.

Net sales in the three months ended June 30, 2006 decreased to approximately US\$12.6 million, representing a drop of 6.0% when compared to the same period last year. The high oil price together with fluctuating gold price affected market demand and customers reacted conservatively in placing their orders. The decrease in net sales resulted from the decreased sales of South Sea pearls but were offset, in part, by increased sales of assembled finished pearls and jewelry products. Sales to European customers still showed a positive growth in this quarter while sales to US customers dropped when compared to the same quarter last year.

Sales of assembled pearls & jewelry products and South Sea pearls continue to contribute the largest share of the Man Sang Group's total net sales, representing approximately of 45.6% and 43.0%, respectively, of total net sales.

Gross profit was approximately US\$3.9 million, representing an increase of 1.1% and gross profit margin increased to 30.7% from 28.5% when compared to the same period last year. Net income was approximately US\$0.6 million, representing a decrease of 1.8% when compared to the same period last year.

On the property investment side, the Company has committed in an investment project located in Zhuji, Zhejiang in PRC (the "Zhuji Project") in March 2006. The Company is now preparing for the acquisition of the land use rights for the development of Phase I of the Zhuji Project. Construction work will start soon after the completion of acquisition procedures and receipt of the approval for commencement of construction work. Phase I of the Zhuji Project is expected to be completed by the end of 2007.

"We believe that the economy will still inevitably face uncertainties generated by higher oil prices and higher interest rates. The Company will continue to adopt prudent measures on controlling its costs and, at the same time, will continue to emphasize active promotional and marketing efforts in order to further strengthen our market share and customer base. Through attaining high quality and innovative design of our products, we believe that this will help us achieve our targeted performance results. Looking forward, we believe that our business future will be promising through our group efforts." 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 June 30, 2006. 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 June 30, 2006, and with the Company's annual report on Form 10-K for the year ended March 31, 2006. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press 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 MONTHS ENDED JUNE 30

(Amounts expressed in thousands except share data)

	Three Months Ended June 30,		
	2006	2005	
	US\$	HK\$	HK\$
Net sales	12,556	97,937	104,158
Cost of sales	(8,706)	(67,907)	(74,441)
Gross profit	3,850	30,030	29,717
Rental income, gross	118	919	905
	3,968	30,949	30,622
Selling, general and administrative expenses :			
- Pearls	(2,700)	(21,062)	(18,221)
- Real estate investment	(200)	(1,563)	(1,721)
Operating income	1,068	8,324	10,680
Non-operating items :			
- Interest income	267	2,085	1,045
- Other income	64	502	452
Income before income taxes and minority interests	1,399	10,911	12,177
Income tax expenses	(142)	(1,113)	(2,087)
Income before minority interests	1,257	9,798	10,090
Minority interests	(698)	(5,442)	(5,655)
Net income	559	4,356	4,435
Other comprehensive income (loss), net of taxes and minority interests :			
- Foreign currency translation adjustments	7	52	(6)
- Unrealized holding gain on marketable securities	7	52	245
Other comprehensive income, net of taxes and minority interests	14	104	239
Comprehensive income	573	4,460	4,674
Basic earnings per common share	0.09	0.67	0.78
Diluted earnings per common share	0.08	0.66	0.70
Weighted average number of shares of common stock outstanding :			
- basic	6,382,582	6,382,582	5,590,555
- diluted	6,382,582	6,382,582	6,188,394

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)

	June 30, 2006		March 31, 2006
	US\$	HK\$	HK\$
	(Unaudited)		
ASSETS			
Current assets:			
Cash and cash equivalents	29,398	229,306	304,753
Marketable securities	2,008	15,666	15,560
Accounts receivable, net of allowance for doubtful accounts of HK\$22,265 as of June 30, 2006 and March 31, 2006	9,161	71,456	47,330
Inventories :			
Raw materials	1,652	12,878	11,838
Work in progress	773	6,030	6,154
Finished goods	3,701	28,870	37,878
	6,126	47,778	55,870
Prepaid expenses	869	6,780	5,775
Deposits and other receivables, net of allowance for doubtful accounts of HK\$3,766 as of June 30, 2006 and March 31, 2006	1,148	8,951	10,124
Other current assets	15	115	259
Income taxes receivable	162	1,265	1,257
Total current assets	48,887	381,317	440,928
Deferred tax assets	139	1,083	1,022
Property, plant and equipment	19,694	153,621	152,598
Accumulated depreciation	(6,669)	(52,018)	(50,303)
	13,025	101,603	102,295
Real estate investment	9,653	75,290	75,290
Accumulated depreciation	(1,649)	(12,862)	(12,452)
	8,004	62,428	62,838
Investment in and advance to an affiliate	9,878	77,050	1,692
Long-term investments	-	-	-
Total assets	79,933	623,481	608,775

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

(Amounts expressed in thousands except share data)

	June 30, 2006		March 31, 2006
	US\$	HK\$	HK\$
	(Unaudited)		
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	2,067	16,134	11,477
Accrued payroll and employee benefits	1,002	7,816	9,405
Other accrued liabilities	1,274	9,936	12,928
Income taxes payable	411	3,206	2,049
Total current liabilities	<u>4,754</u>	<u>37,092</u>	<u>35,859</u>
Deferred tax liabilities	260	2,031	2,031
Minority interests	36,832	287,290	279,989
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	49
- authorized: 31,250,000 shares; issued and outstanding: 6,382,582 shares as of June 30, 2006 and March 31, 2006, respectively			
Additional paid-in capital	8,886	69,310	67,598
Retained earnings	28,426	221,720	217,364
Accumulated other comprehensive income	769	5,988	5,884
Total stockholders' equity	<u>38,087</u>	<u>297,068</u>	<u>290,896</u>
Total liabilities and stockholders' equity	<u>79,933</u>	<u>623,481</u>	<u>608,775</u>

See accompanying notes to condensed consolidated financial statements

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30
(Amounts expressed in thousands)

	<u>Three Months Ended June 30,</u>		<u>2005</u>
	<u>2006</u>	<u>2006</u>	
	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>
Cash flow from operating activities:			
Net income	559	4,356	4,435
Adjustments to reconcile net income to net cash provided by operating activities:			
Bad debts provision	-	-	1,500
Inventory write-down	705	5,500	3,300
Compensation expense	444	3,465	-
Depreciation and amortization	258	2,014	1,835
Gain on disposal of property, plant and equipment	-	-	-
Minority interests	698	5,442	5,655
Changes in operating assets and liabilities:			
Accounts receivable	(3,093)	(24,126)	(12,936)
Inventories	338	2,635	(20,226)
Prepaid expenses	(129)	(1,004)	(11)
Deposits and other receivables	152	1,183	(2,900)
Other current assets	18	144	147
Income taxes receivable	(1)	(8)	-
Deferred tax assets	(8)	(61)	(1,290)
Accounts payable	596	4,651	570
Accrued payroll and employee benefits	(204)	(1,591)	(1,820)
Other accrued liabilities	(385)	(3,002)	(78)
Deferred tax liabilities	-	-	634
Income taxes payable	148	1,157	4,031
Net cash provided by (used in) operating activities	<u>96</u>	<u>755</u>	<u>(17,154)</u>
Cash flow from investing activities:			
Purchase of property, plant and equipment	(118)	(917)	(579)
Proceeds from disposal of property, plant and equipment	3	24	-
Advance to an affiliate	(9,661)	(75,358)	-
Net cash used in investing activities	<u>(9,776)</u>	<u>(76,251)</u>	<u>(579)</u>
Cash flow from financing activities:			
Net proceeds from issuance of common stock	-	-	952
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>952</u>
Net decrease in cash and cash equivalents	(9,680)	(75,496)	(16,781)
Cash and cash equivalents at beginning of period	39,071	304,753	243,297
Exchange adjustments	7	49	(11)
Cash and cash equivalents at end of period	<u>29,398</u>	<u>229,306</u>	<u>226,505</u>
Supplementary disclosures of cash flow information			
Cash paid during the period for:			
Interest and finance charges	-	-	-
Net income taxes paid	<u>11</u>	<u>88</u>	<u>-</u>

See accompanying notes to condensed consolidated financial statements