



MAN SANG HOLDINGS, INC.

FOR IMMEDIATE RELEASE

**MAN SANG HOLDINGS, INC. ANNOUNCES
FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2006**

NEW YORK--(BUSINESS WIRE) — February 13, 2007 -- Man Sang Holdings, Inc. (the "Company") (AMEX: MHJ) announced today its financial results for the nine months ended December 31, 2006.

Net sales for the nine months ended December 31, 2006 decreased to HK\$300.1 million (US\$38.5 million), representing a drop of 0.6% when compared to the same period during the last fiscal year ended March 31, 2006. The decrease was mainly due to the decrease in sales of South Sea pearls which was partly offset by the increase in sales of assembled pearl and jewelry finished products.

Among the Company's product portfolio, net sales of the assembled finished pearl and jewelry products increased by 5.6%, which accounted for 54.1% of total sales for the nine months ended December 31, 2006, when compared to that of 48.5% for the nine months ended December 31, 2005. As to South Sea pearls, its net sales decreased by 4.7% to 34.1% of total sales amid the decrease in the demand when compared to the same period during the last fiscal year.

Gross profit for the nine months ended December 31, 2006 was approximately HK\$83.4 million (US\$10.7 million), representing an increase of 1.2% and gross profit margin increased 0.5% to 27.8% from 27.3% when compared to the same period during the last fiscal year.

Net income for the nine months ended December 31, 2006 increased to HK\$14.0 million (US\$1.8 million), including the one-time realized gain of HK\$4.8 million (US\$0.6 million) from sale of marketable securities and the one-time stock-based compensation expense of HK\$5.2 million (US\$0.7 million) from the grant of the options by Man Sang International Limited, as compared to net income of HK\$11.2 million (US\$1.4 million) for the nine months ended December 31, 2005.

"The Company invested in China Pearls and Jewellery City project located in Zhuji, Zhejiang in the People's Republic of China and has commenced construction work for the development of Phase I of this project, which is expected to be completed by the end of calendar year 2007," Mr. Cheng Chung Hing, Chairman of Man Sang, stated.

"We will continue to adopt prudent measures on controlling our costs and in the meantime, continue to emphasize active promotional and marketing efforts in order to further strengthen our market share. The management and staff are dedicated and committed in achieving the Company's goals and we are confident that our business future shall be promising in years to come," Mr. Cheng concluded.

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, 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 December 31, 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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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, 2006		March 31, 2006
	US\$	HK\$	HK\$
	(Unaudited)		
ASSETS			
Current assets:			
Cash and cash equivalents	34,534	269,365	304,753
Marketable securities	1,075	8,388	15,560
Accounts receivable, net of allowance for doubtful accounts of HK\$22,230 (US\$2,850) as of December 31, 2006 and HK\$22,265 (US\$2,854) as of March 31, 2006	9,263	72,250	47,330
Inventories :			
Raw materials	1,377	10,742	11,838
Work in progress	1,311	10,225	6,154
Finished goods	1,225	9,555	37,878
	3,913	30,522	55,870
Prepaid expenses	963	7,513	5,775
Deposits and other receivables, net of allowance for doubtful accounts of HK\$2,901(US\$372) and HK\$3,766 (US\$483) as of December 31, 2006 and March 31, 2006, respectively	1,440	11,233	10,124
Other current assets	17	137	259
Income tax receivable	95	738	1,257
Total current assets	51,300	400,146	440,928
Deferred tax assets	74	575	1,022
Property, plant and equipment	19,905	155,256	152,598
Accumulated depreciation	(6,818)	(53,184)	(50,303)
	13,087	102,072	102,295
Real estate investment	9,653	75,290	75,290
Accumulated depreciation	(1,762)	(13,744)	(12,452)
	7,891	61,546	62,838
Investment in and advance to an affiliate	11,082	86,438	1,692
	83,434	650,777	608,775
Total assets	83,434	650,777	608,775

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

	<u>December 31, 2006</u>		<u>March 31, 2006</u>
	US\$	HK\$	HK\$
(Unaudited)			
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	1,971	15,373	11,477
Accrued payroll and employee benefits	1,139	8,887	9,405
Other accrued liabilities	1,326	10,334	12,928
Income taxes payable	581	4,528	2,049
Total current liabilities	5,017	39,122	35,859
Deferred tax liabilities	254	1,978	2,031
Minority interests	38,637	301,371	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))			
Common stock, par value US\$0.001	6	49	49
- authorized: 31,250,000 shares; issued and outstanding: 6,382,582 shares as of December 31, 2006 and March 31, 2006, respectively			
Additional paid-in capital	8,951	69,821	67,598
Retained earnings	29,714	231,768	217,364
Accumulated other comprehensive income	855	6,667	5,884
Total stockholders' equity	39,526	308,306	290,896
Total liabilities and stockholders' equity	83,434	650,777	608,775

See accompanying notes to condensed consolidated financial statements

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>		
	<u>2006</u>		<u>2005</u>	<u>2006</u>		<u>2005</u>
	<u>US\$</u>	<u>HKS</u>	<u>HKS</u>	<u>US\$</u>	<u>HKS</u>	<u>HKS</u>
Net sales	13,690	106,780	90,174	38,476	300,112	302,041
Cost of goods sold	(10,649)	(83,061)	(66,423)	(27,787)	(216,736)	(219,683)
Gross profit	3,041	23,719	23,751	10,689	83,376	82,358
Rental income, gross	135	1,055	585	373	2,912	2,428
	3,176	24,774	24,336	11,062	86,288	84,786
Selling, general and administrative expenses						
- Pearls	(2,604)	(20,315)	(18,377)	(7,570)	(59,053)	(53,405)
- Real estate investment	(133)	(1,034)	(1,158)	(537)	(4,189)	(4,947)
Operating income	439	3,425	4,801	2,955	23,046	26,434
Non-operating items						
- Interest income	299	2,328	2,272	824	6,423	4,802
- Other income	75	585	392	186	1,449	1,213
- Realized gain on sales of marketable securities	611	4,769	-	611	4,769	-
Income before income taxes and minority interests	1,424	11,107	7,465	4,576	35,687	32,449
Income taxes	(166)	(1,290)	(1,174)	(476)	(3,705)	(6,048)
Income before minority interests	1,258	9,817	6,291	4,100	31,982	26,401
Minority interests	(718)	(5,603)	(3,786)	(2,299)	(17,936)	(15,160)
Net income	540	4,214	2,505	1,801	14,046	11,241
Other comprehensive income, net of taxes and minority interests						
- Foreign currency translation adjustments	221	1,720	287	261	2,036	710
- Unrealized holding gain on marketable securities	57	442	81	49	379	815
- Realization of holding gain upon sale of marketable securit:	(229)	(1,780)	0	(210)	(1,632)	-
Other comprehensive income, net of taxes and minority interests	49	382	368	100	783	1,525
Comprehensive income	589	4,596	2,873	1,901	14,829	12,766
Basic earnings per common share	0.08	0.65	0.41	0.28	2.17	1.89
Diluted earnings per common share	0.08	0.65	0.39	0.27	2.14	1.76
Weighted average number of shares of common stock						
- for basic earnings per share	6,382,582	6,382,582	6,058,533	6,382,582	6,382,582	5,849,400
- for diluted earnings per share	6,382,582	6,382,582	6,325,762	6,382,582	6,382,582	6,292,956

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>		
	<u>2006</u>	<u>2005</u>	
	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>
Cash flow from operating activities:			
Net income	1,801	14,046	11,241
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful debts	-	-	1,500
Inventory write down	1,212	9,450	19,000
Stock-based compensation expense	670	5,224	-
Depreciation and amortization	788	6,147	5,613
Gain on sales of marketable securities	(611)	(4,769)	-
Gain on sales of property, plant and equipment	(21)	(161)	-
Minority interests	2,299	17,936	15,160
Changes in operating assets and liabilities:			
Accounts receivable	(3,195)	(24,920)	(12,688)
Inventories	2,081	16,230	(19,945)
Prepaid expenses	(222)	(1,733)	(1,531)
Deposits and other receivables	(132)	(1,031)	(3,130)
Other current assets	16	122	236
Income taxes receivable	67	519	95
Deferred tax assets	57	447	(1,367)
Accounts payable	493	3,849	2,981
Accrued payroll and employee benefits	(68)	(533)	(838)
Other accrued liabilities	(344)	(2,681)	(2,049)
Deferred tax liabilities	(7)	(53)	547
Income taxes payable	318	2,479	8,145
Net cash provided by operating activities	<u>5,202</u>	<u>40,568</u>	<u>22,970</u>
Cash flow from investing activities:			
Purchase of property, plant and equipment	(617)	(4,814)	(5,811)
Purchase of marketable securities	-	-	(5,051)
Proceeds from sales of property, plant and equipment	99	772	914
Proceeds from sales of marketable securities	1,206	9,405	-
Advance to an affiliate	(10,865)	(84,746)	-
Net cash used in investing activities	<u>(10,177)</u>	<u>(79,383)</u>	<u>(9,948)</u>
Cash flow from financing activities:			
Net proceeds from issuance of common stock	-	-	5,952
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>5,952</u>
Net (decrease) increase in cash and cash equivalents	(4,975)	(38,815)	18,974
Cash and cash equivalents at beginning of period	39,071	304,753	243,297
Exchange adjustments	438	3,427	196
Cash and cash equivalents at end of period	<u>34,534</u>	<u>269,365</u>	<u>262,467</u>
Supplementary disclosures of cash flow information			
Cash paid during the period for:			
Net income taxes paid(refunded)	<u>15</u>	<u>115</u>	<u>(7)</u>

See accompanying notes to condensed consolidated financial statements