

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 33-10639-NY

MAN SANG HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation or organization)

87-0539570  
(I.R.S. Employer Identification No.)

21/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong  
(Address of principal executive officers)

(852) 2317 5300  
(Registrant's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes   
No

As of February 14, 2008, 6,382,582 shares of the Registrant's common stock were outstanding.

**MAN SANG HOLDINGS, INC.  
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## PART 1 - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

MAN SANG HOLDINGS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Amounts expressed in thousands, except per share amounts)

	As at December 31, 2007		As at March 31, 2007
	US\$	HK\$	HK\$
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	73,421	572,682	296,969
Marketable securities	801	6,246	8,350
Accounts receivable, net of allowance for doubtful accounts of HK\$29,816 and HK\$22,436 as of December 31, 2007 and March 31, 2007, respectively	9,361	73,015	56,921
Inventories:			
Raw materials	1,790	13,965	17,914
Work in progress	1,288	10,048	-
Finished goods	2,388	18,624	28,281
	5,466	42,637	46,195
Prepaid expenses	1,014	7,912	3,516
Deposits and other receivables, net of allowance for doubtful accounts of HK\$2,919 and HK\$3,766 as of December 31, 2007 and March 31, 2007, respectively	2,493	19,444	12,906
Properties under development for sale	9,799	76,429	-
Deposit on acquisition of land for development	6,244	48,705	-
Receivable for sales proceeds of a property	2,828	22,058	-
Other current assets	283	2,207	141
Income taxes receivable	111	867	1,620
Total current assets	111,821	872,202	426,618
Deferred tax assets	7	53	254
Property, plant and equipment	79,982	623,862	159,647
Accumulated depreciation	(7,976)	(62,211)	(54,976)
	72,006	561,651	104,671
Real estate investment	7,261	56,633	75,290
Accumulated depreciation	(1,485)	(11,579)	(14,311)
	5,776	45,054	60,979
Investment in and advance to affiliates	14	107	86,587
Goodwill	8,222	64,133	-
Total assets	197,846	1,543,200	679,109

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**  
**(Unaudited)**

(Amounts expressed in thousands, except per share amount)

	<u>As at December 31, 2007</u>		<u>As at March 31, 2007</u>
	US\$	HK\$	HK\$
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Secured debts – current portion	4,115	32,100	-
Accounts payable	2,920	22,776	19,776
Accrued payroll and employee benefits	1,278	9,972	8,428
Receipt in advance	35,406	276,163	-
Loan from minority interests	10,154	79,200	-
Other accrued liabilities	3,902	30,430	12,000
Income taxes payable	451	3,517	2,396
Total current liabilities	58,226	454,158	42,600
Deferred tax liabilities	525	4,094	2,290
Secured debts	17,833	139,100	-
Minority interests	71,239	555,668	313,860
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 at December 31, 2007 and March 31, 2007, respectively			
Additional paid-in capital	15,024	117,184	69,350
Retained earnings	33,655	262,508	245,686
Accumulated other comprehensive income	1,338	10,438	5,273
Total stockholders' equity	50,023	390,180	320,359
Total liabilities and stockholders' equity	197,846	1,543,200	679,109

See accompanying notes to condensed consolidated financial statements.

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(Unaudited)**

(Amounts expressed in thousands except per share amounts)

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>		
	<u>December 31,</u>			<u>December 31,</u>		
	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>	
	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>
Net sales	13,925	108,616	106,780	40,856	318,675	300,112
Cost of goods sold	(9,566)	(74,614)	(83,061)	(27,109)	(211,450)	(216,736)
Gross profit	4,359	34,002	23,719	13,747	107,225	83,376
Rental income, gross	194	1,511	1,055	532	4,153	2,912
Expenses from real estate investment	(185)	(1,442)	(1,034)	(559)	(4,358)	(4,189)
	9	69	21	(27)	(205)	(1,277)
Selling, general and administrative expenses	(4,957)	(38,665)	(20,315)	(11,256)	(87,801)	(59,053)
Operating income	(589)	(4,594)	3,425	2,464	19,219	23,046
Non-operating items						
- Interest income	707	5,511	2,328	1,833	14,294	6,423
- Other income	88	689	585	136	1,060	1,449
- Gain on sale of a real estate investment	1,344	10,485	-	1,344	10,485	-
- Realized gain on sale of marketable securities	-	-	4,769	289	2,257	4,769
Income before income taxes and minority interest	1,550	12,091	11,107	6,066	47,315	35,687
Income taxes	1	11	(1,290)	(650)	(5,067)	(3,705)
Income before minority interests	1,551	12,102	9,817	5,416	42,248	31,982
Minority interests	(1,009)	(7,873)	(5,603)	(3,259)	(25,426)	(17,936)
Net income	542	4,229	4,214	2,157	16,822	14,046
Other comprehensive income, net of taxes and minority interests						
- Foreign currency translation adjustments	287	2,238	1,720	660	5,148	2,036
- Unrealized holding gain on marketable securities	9	72	(304)	50	390	(219)
- Reclassification adjustment for realized gain upon sale of marketable securities included in net income for the period	-	-	(1,034)	(48)	(374)	(1,034)
Other comprehensive income, net of taxes and minority interests	296	2,310	382	662	5,164	783
Comprehensive income	838	6,539	4,596	2,819	21,986	14,829
Basic earnings per common share	0.08	0.65	0.65	0.33	2.59	2.17
Diluted earnings per common share	0.08	0.62	0.65	0.32	2.47	2.14
Weighted average number of shares of common stock						
- for basic earnings per share	6,382,582	6,382,582	6,382,582	6,382,582	6,382,582	6,382,582
- for diluted earnings per share	6,382,582	6,382,582	6,382,582	6,382,582	6,382,582	6,382,582

See accompanying notes to condensed consolidated financial statements

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

	<u>Nine Months Ended December 31,</u>		
	<u>2007</u>	<u>2006</u>	
	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>
<b>Cash flow from operating activities:</b>			
Net income	2,157	16,822	14,046
Adjustments to reconcile net income to net cash provided by operating activities:			
Bad debts provision	946	7,380	-
Inventory write-down	1,588	12,386	9,450
Stock-based compensation expense	165	1,290	5,224
Depreciation and amortization	1,024	7,987	6,147
Gain on sales of marketable securities	(289)	(2,257)	(4,769)
Gain on sale of real estate investment	(1,344)	(10,485)	-
Gain on sale of property, plant and equipment	(17)	(135)	(161)
Minority interests	3,260	25,426	17,936
Changes in operating assets and liabilities:			
Accounts receivable	(3,009)	(23,474)	(24,920)
Inventories	(1,052)	(8,208)	16,230
Prepaid expenses	(560)	(4,365)	(1,733)
Deposits and other receivables	(362)	(2,822)	(1,031)
Other current assets	13	105	122
Income taxes receivable	97	753	519
Deferred tax assets	26	201	447
Accounts payable	380	2,961	3,849
Accrued payroll and employee benefits	140	1,092	(533)
Receipt in advance	23,962	186,900	-
Other accrued liabilities	584	4,552	(2,681)
Deferred tax liabilities	549	4,283	(53)
Income taxes payable	144	1,121	2,479
Net cash provided by operating activities	<u>28,402</u>	<u>221,513</u>	<u>40,568</u>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	(39,248)	(306,132)	(4,814)
Purchase of marketable securities	(2)	(13)	-
Investment in and advance to affiliates	(14)	(107)	(84,746)
Deposit on acquisition of land held for development	(1,059)	(8,261)	-
Acquisition of 6% controlling interest in CP&J, net of cash acquired	9,666	75,396	-
Net proceeds from disposal of property, plant and equipment	17	135	772
Net proceeds from sale of real estate investment	377	2,942	-
Net proceeds from sales of marketable securities	545	4,250	9,405
Net cash used in investing activities	<u>(29,718)</u>	<u>(231,790)</u>	<u>(79,383)</u>

**MAN SANG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31**

(Unaudited)

(Amounts expressed in thousands)

	<u>Nine Months Ended December 31,</u>		
	<u>2007</u>		<u>2006</u>
	<u>US\$</u>	<u>HK\$</u>	<u>HK\$</u>
<b>Cash flow from financing activities:</b>			
Net proceeds from issuance of common stock of a listed subsidiary	37,227	290,370	-
Return of capital to stockholders	(4,630)	(36,112)	-
Repayment of secured debts	(2,744)	(21,400)	-
Increase in secured debts	5,267	41,084	-
Net cash provided by financing activities	<u>35,120</u>	<u>273,942</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	33,804	263,665	(38,815)
Cash and cash equivalents at beginning of period	38,073	296,969	304,753
Exchange adjustments	1,544	12,048	3,427
Cash and cash equivalents at end of period	<u>73,421</u>	<u>572,682</u>	<u>269,365</u>
<b>Supplementary disclosures of cash flow information</b>			
Cash paid (refunded) during the period for:			
Interest paid	1,194	9,313	-
Net income taxes refunded	<u>(79)</u>	<u>(619)</u>	<u>(172)</u>

See accompanying notes to condensed consolidated financial statements.

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**Man Sang Holdings, Inc. and Subsidiaries**

**Notes to Condensed Consolidated Financial Statements**

**December 31, 2007**  
**(Unaudited)**

**1. Interim Financial Presentation**

The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The March 31, 2007 balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. The interim financial statements and notes thereto should be read in conjunction with the financial statements and notes included in the annual report of Man Sang Holdings, Inc. (the "Company") on Form 10-K for the fiscal year ended March 31, 2007. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair presentation of the results for the interim periods presented. Operating results and cash flows for interim periods are not necessarily indicative of results of the entire year.

**2. Currency Presentations and Foreign Currency Translation**

Assets and liabilities of foreign subsidiaries are translated from their functional currencies to the reporting currencies, at period-end exchange rates, while revenues and expenses are translated at average exchange rates during the period. Adjustments arising from such translation are reported as a separate component of stockholders' equity. Gains or losses from foreign currency transactions are included in the Statement of Operations. Aggregate net foreign currency gains or losses were immaterial for all periods presented in this report.

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 amounts 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 at December 31, 2007. 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.

**3. Recent Accounting Pronouncements**

In September 2006, the FASB issued FAS No. 157, Fair value Measurements ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. The adoption of this Statement is not expected to have a material effect on the Company's consolidated financial statements.

In February 2007, the Financial Accounting Standards Board ("FASB") issued FAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ("FAS 159"), which gives entities the option to measure eligible financial assets, and financial liabilities at fair value under other instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability. Subsequent changes in fair value must be recorded in earnings. This statement is effective as of the beginning of a company's first fiscal year after November 15, 2007. The Company is currently evaluating the impact of adopting this Statement.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 (revised 2007), Business Combinations, which replaces SFAS No 141. The statement retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141R is effective for us beginning April 1, 2009 and will apply prospectively to business combinations completed on or after that date. While the Company has not yet evaluated this statement for the impact, if any, that SFAS 141(R) will have on its consolidated financial statements, the Company will be required to expense costs related to any acquisitions after March 31, 2009.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB 51, which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS No. 160 is effective for us beginning April 1, 2009 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retrospectively. The Company is currently assessing the potential impact that adoption of SFAS No. 160 would have on our financial statements.

On April 1, 2007, we adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition, whereby a determination is made whether it is more-likely-than-not that a tax position will be sustained upon examination based on the technical merits of the position. The second step is to measure a tax position that meets the recognition threshold to determine the amount of benefit to recognize. The Company does not believe there are significant unrecognized tax benefits, and the adoption of FIN 48 does not result in material impact on the Company's position.

#### **4. Earnings Per Share ("EPS")**

EPS is calculated in accordance with SFAS No. 128 by application of the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. Per share data is calculated using the weighted average number of shares of common stock outstanding during the period.

	Three Months Ended December 31, 2006	Nine Months Ended December 31, 2006
	(HK\$ in thousands)	
Net income	4,214	14,046
Allocation of Series A preferred stock	(65)	(217)
Net income available to common stockholders, adjusted	4,149	13,829
Stock options granted by a listed subsidiary	(22)	(173)
Net income available to common stockholders including conversion	<u>4,127</u>	<u>13,656</u>
	No. of shares	No. of shares
Weighted average-shares outstanding	<u>6,382,582</u>	<u>6,382,582</u>
	HK\$	HK\$
Net earnings per share		
Basic	<u>0.65</u>	<u>2.17</u>
Diluted	<u>0.65</u>	<u>2.14</u>

	Three Months Ended December 31, 2007	Nine Months Ended December 31, 2007
	(HK\$ in thousands)	
Net income	4,229	16,822
Allocation of Series A preferred stock	(65)	(259)
Net income available to common stockholders, adjusted	4,164	16,563
Stock options granted by a listed subsidiary	(175)	(782)
Net income available to common stockholders including conversion	<u>3,989</u>	<u>15,781</u>
	No. of shares	No. of shares
Weighted average-shares outstanding	<u>6,382,582</u>	<u>6,382,582</u>
	HK\$	HK\$
Net earnings per share		
Basic	<u>0.65</u>	<u>2.59</u>
Diluted	<u>0.62</u>	<u>2.47</u>

### 5. Disclosure of Geographic Information

All of the Company's sales of pearls are coordinated through its Hong Kong subsidiaries. The following is an analysis by destination:

	Three Months Ended December 31		Nine Months Ended December 31	
	2007	2006	2007	2006
	(HK\$ in thousands)			
Net Sales:				
Hong Kong	9,109	5,665	27,888	19,995
Export:				
North America	26,891	38,735	87,743	86,397
Europe	42,207	45,375	119,822	118,280
Other Asian countries	21,624	13,682	63,066	60,351
Others	8,785	3,323	20,156	15,089
	<u>108,616</u>	<u>106,780</u>	<u>318,675</u>	<u>300,112</u>

The Company operates primarily in one geographic area: Hong Kong and other regions of the People's Republic of China ("PRC"). The locations of the Company's identifiable assets are as follows:

	As at December 31, 2007	As at March 31, 2007
	(HK\$ in thousands)	
Hong Kong	823,110	484,882
People's Republic of China	720,090	194,227
	<u>1,543,200</u>	<u>679,109</u>

#### 6. Disclosure of Major Customers

During the three months ended December 31, 2007, two customers accounted for 19.1% and 10.4% of total sales, respectively. During the nine months ended December 31, 2007, one customer accounted for 15.7% of total sales. During the three months ended December 31, 2006, two customers accounted for 20.4% and 11.5% of total sales, respectively. During the nine months ended December 31, 2006, one customer accounted for 17.3% of total sales. Generally, a substantial percentage of the Company's sales has been made to a small number of customers and is typically on an open account basis.

## 7. Segment Information

Reportable segment profit or loss and segment assets are disclosed as follows:

	Reportable Segment Profit or Loss, and Segment Assets			
	Three Months Ended, December 31		Nine Months Ended, December 31	
	2007	2006	2007	2006
	(HK\$ in thousands)			
<b>Revenues from external customers:</b>				
Pearls	108,616	106,780	318,675	300,112
Real estate investment	1,511	1,055	4,153	2,912
	<u>110,127</u>	<u>107,835</u>	<u>322,828</u>	<u>303,024</u>
<b>Operating income (loss):</b>				
Pearls	1,658	3,404	37,040	24,323
Real estate investment	69	21	(205)	(1,277)
Property development	(6,321)	-	(17,616)	-
	<u>(4,594)</u>	<u>3,425</u>	<u>19,219</u>	<u>23,046</u>
<b>Depreciation and amortization:</b>				
Pearls	1,767	1,622	5,183	4,291
Real estate investment	391	392	1,184	1,167
Property development	396	-	931	-
Corporate assets	230	230	689	689
	<u>2,784</u>	<u>2,244</u>	<u>7,987</u>	<u>6,147</u>
<b>Capital expenditure for segment assets:</b>				
Pearls	939	3,454	5,300	4,814
Real estate investment	-	-	-	-
Property development	145,083	-	300,832	-
	<u>146,022</u>	<u>3,454</u>	<u>306,132</u>	<u>4,814</u>
			As at December 31, 2007	As at March 31, 2007
			(HK\$ in thousands)	
<b>Segment assets:</b>				
Pearls			712,451	572,466
Real estate investment			45,054	60,979
Property development			741,603	-
Corporate assets			44,092	45,664
			<u>1,543,200</u>	<u>679,109</u>

## 8. Common Stock and Stock Compensation Plans

A summary of the number of outstanding and exercisable options under the share option scheme adopted on August 2, 2002 by Man Sang International Limited, or MSIL, a subsidiary of the Company (the "Plan"), as at December 31, 2007, and changes during the period then ended is presented as follows:

	Number of MSIL Options	Exercise price with the weighted average exercise price in parenthesis
Outstanding as at April 1, 2007	-	
Granted	60,000,000	HK\$0.253, HK\$0.233 and HK\$0.500 (HK\$0.267)
Exercised	<u>(21,000,000)</u>	HK\$0.253 and HK\$0.233 (HK\$0.241)
Outstanding as at December 31, 2007	<u>39,000,000</u>	HK\$0.253, HK\$0.233 and HK\$0.500 (HK\$0.281)
Exercisable as at December 31, 2007	<u>34,000,000</u>	HK\$0.253 and HK\$0.233 (HK\$0.249)

The Company accounts for stock-based compensation in accordance with SFAS No. 123(R), Share-Based Payment (revised 2004). Under the fair value recognition of this statement, stock-based compensation cost is measured at the grant date based on the value of the award granted, and recognized over the vesting period. The fair value of each option granted was calculated using the Black-Scholes option pricing model.

During the period ended December 31, 2007, 8,000,000 and 13,000,000 stock options were exercised at prices of HK\$0.253 and HK\$0.233, respectively. As of December 31, 2007, 34,000,000 exercisable options and 5,000,000 non-vested stock options were outstanding under the Plan. The weighted average fair value of the options granted during the period was HK\$0.10. As of December 31, 2007, the weighted average remaining contractual term of the option was 4.21 years. Stock-based compensation for the nine months ended December 31, 2007 and December 31, 2006 were HK\$1.3 million and HK\$5.2 million, respectively.

## 9. Acquisition and Investment in affiliates

On April 12, 2007, MSIL acquired an additional 6% interest in a project located in Zhuji, China (the "CP&J Project") and an assignment of a loan under which we are obligated to pay an amount equivalent to approximately HK\$10,560,000 for a total consideration of HK\$60,000,000. As a result of this acquisition, the Company, through Smartest Man Holdings Limited, an indirect wholly-owned subsidiary of MSIL, indirectly owns 55% of the issued share capital of China Pearls and Jewellery City Holdings Limited, or CP&J, and a 55% interest in the CP&J Project. The results of operations of CP&J have been included in the consolidated financial statements since that date, under the purchase method of accounting according to Statement of Financial Accounting Standard No.141, Business Combinations.

Reconciliation of cash received for the acquisition of 6% controlling interest in CP&J

	(HK\$ in thousands)
Purchase price	(49,440)
Loan assignment	(10,560)
Cash received at time of acquisition	135,396
	<u>75,396</u>

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	As at April 12, 2007 (HK\$ in thousands)
Acquisition costs – direct	49,440
Direct costs	1,000
	<u>50,440</u>
Current assets	190,402
Property, plant and equipment	207,044
Total assets acquired	397,446
Current liabilities	(269,236)
Deferred tax liabilities	(1,903)
Long term debt	(140,000)
Total liabilities assumed	(411,139)
Net liability assumed	<u>(13,693)</u>
Excess of cost over fair value of net assets acquired, Goodwill	<u>64,133</u>

The minority interest has been reduced to zero and the minority shareholder has not guaranteed the losses and will not provide for additional losses. As such, the Company will absorb 100% of the losses until future earnings materialize, at which time the majority interest shall be credited to the extent of such losses previously absorbed.

No revenue was contributed by CP&J acquired during the nine months ended December 31, 2007. A loss of approximately HK\$7.2 million was included in the consolidated statement of operations of the Company for the period.

Unaudited pro forma results of operation for the nine months ended December 31, 2007 and 2006, are as follows. The amounts are shown as if the acquisition had occurred at the beginning of the period presented:-

	Nine Months Ended December 31,	
	2007	2006
	(HK\$ in thousands)	
Pro forma revenues, including rental income	322,828	303,024
Pro forma net income	16,228	7,057
Earnings per share – Basic pro forma	2.54	1.11
Diluted pro forma	<u>2.38</u>	<u>1.04</u>

The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisition taken place as at the beginning of the periods presented, or the results that may occur in the future. Furthermore, the pro forma results do not give effect to all cost savings or incremental cost that may occur as a result of the integration and consolidation of the acquisition.

In addition, during the three months ended December 31, 2007, CP&J, a subsidiary of the Company, invested HK\$107,000 to establish a property management service company. We are currently negotiating the service arrangements for this affiliate, and the affiliate has not yet begun operations.

#### 10. Goodwill

The changes in carrying amount of goodwill for the period ended December 31, 2007 are as follows:

	(HK\$ in thousands)
Balance as at April 1, 2007	-
Goodwill acquired during the period	64,133
Balance as at December 31, 2007	<u>64,133</u>

#### 11. Secured debt

As at December 31, 2007, secured debt consisted of the following:

	(HK\$ in thousands)
Secured debt, varying interest rates per annum from 6.8% to 7.7%, due December 2008 to September 2010	171,200
Less : current portion	<u>(32,100)</u>
Long term debt	<u>139,100</u>

Secured debt generally requires monthly interest payments and repayment of principal when due. Secured debt is secured by guarantees or land under development in the PRC. As at December 31, 2007, the total gross book value of land securing the debt was HK\$142.2 million. As at December 31, 2007, the secured debt bore interest at variable rates, and the weighted average interest rate was 7.02% per annum.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section and other parts of this Form 10-Q contain 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 Form 10-Q are forward looking. Words such as "may," "believes," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" and similar expressions may identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to: our future performance, our expansion efforts, demand for our products; the state of economic conditions and our markets; currency and exchange rate fluctuations; and our ability to meet our liquidity requirements. These forward-looking statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be appropriate in particular circumstances. However, whether actual results and developments will meet our 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 our 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, our ability to achieve our objectives and expectations are derived at least in part from assumptions regarding economic conditions, consumer tastes, and developments in our competitive environment. The following assumptions, among others, could materially affect the likelihood that we will achieve our 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 U.S. 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 we will continue to obtain a stable supply of pearls in the quantities, of the quality and on terms we require; (v) that there will not be a substantial adverse change in the exchange relationship between the renminbi ("RMB") and the Hong Kong or U.S. dollar; (vi) that there will not be a substantial increase in the tax burdens of our subsidiaries operating in the People's Republic of China; (vii) that there will not be a substantial change in climate and environmental conditions at the source regions of pearls that could have a material adverse effect on the supply and pricing of pearls; and (viii) that there will not be a substantial adverse change in the real estate market conditions in the People's Republic of China and in Hong Kong. The following discussion of our results of operation, and liquidity and capital resources should be read in conjunction with the financial statements and the notes thereto included elsewhere in this Form 10-Q and with our annual report on Form 10-K for the year ended March 31, 2007, which contains a further description of risks and uncertainties related to forward-looking statements, as well as other aspects of our business. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this report. We 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 we file from time to time with the Securities and Exchange Commission.

## Overview

We are one of the world's largest purchasers and processors of saltwater cultured and freshwater cultured pearls. We are principally engaged in the purchasing, assembling, merchandising and wholesale distribution of pearls, pearl jewelry and other jewelry products. For the nine months ended December 31, 2007, net sales of the Company was HK\$318.7 million, representing an increase of 6.2%, or HK\$18.6 million, compared to HK\$300.1 million for the same period in fiscal 2007. The increase in net sales was mainly due to the increase in net sales of South Sea pearls by 13.9% and increase in net sales of assembled pearl and jewelry products by 11.3%, when compared with the same period in 2006. Net sales in Europe and the United States were HK\$119.8 million and HK\$87.7 million, representing growth of 1.3% and 1.6%, respectively, when compared with the same period in fiscal 2007.

Gross profit margin improved by 5.8%, from 27.8% for the nine months ended December 31, 2006 to 33.6% for the nine months ended December 31, 2007. We have continued to make efforts to implement effective cost controls and enhance our production efficiency.

The Company is also organizing a grand opening event for the CP&J project, expected to launch in April 2008 as part of two major pearl trade events, the "China (International) Pearl Festival (中國(國際)珍珠節)" and "Xishi Cultured Festival (西施文化節)", and aiming to both promote the culture and business of the pearl trade worldwide and to demonstrate the large scale and wide scope of the CP&J project.

## Future Trends

Emerging weaknesses relating to recent developments in the subprime lending market in the United States and the impact of such developments on the United States economy may threaten market conditions in the United States and globally. Despite negative developments in the subprime lending market, we expect to meet expected growth estimates for the year. We are diversified geographically and are well-positioned to react to fluctuating market conditions. We therefore expect to maintain steady growth in our Pearls and Jewelry segment.

Reviewing the performance of the Phase One of the CP&J Project, many of the potential purchasers have signed up contracts for their preferred units. The market feedback has met our expectations. In this regard, the Company is taking a positive view on the contributions of the CP&J Project.

In response to concerns about China's high growth rate in certain economic sectors, the PRC government has recently introduced a number of macroeconomic measures to tighten monetary control and slow economic growth to a more manageable level. These measures are designed to slow the rapid economic growth of the PRC's economy in certain sectors to a more sustainable level by, among other things, curbing such sectors, including the property market. Despite the introduction of these measures, we expect our property development segment to remain one of our core businesses and to continue to contribute to our sustainable growth. Further, we do not believe the introduction of these measures will adversely impact the CP&J Project as this project involves the integration of numerous business sectors outside of real estate developments, including trading, exhibition, manufacturing and processing, business services and supporting facilities. Construction of the CP&J Project is progressing as scheduled and the management and staff expect to complete construction of the first phase of the CP&J Project by March 2008.

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## Results of Operations

### *The Nine-Month Period Ended December 31, 2007 compared to the Nine-Month Period Ended December 31, 2006.*

#### *Sales and Gross Profit*

Net sales for the nine months ended December 31, 2007 increased by HK\$18.6 million, or 6.2%, to HK\$318.7 million, from net sales of HK\$300.1 million for the nine months ended December 31, 2006. The increase in net sales was mainly due to the increase in net sales of South Sea pearls by 13.9% and increase in net sales of assembled pearl and jewelry products by 11.3%, compared with the same period in 2006.

Gross profit for the nine months ended December 31, 2007 increased by HK\$23.8 million, or 28.6%, to HK\$107.2 million from HK\$83.4 million for the nine months ended December 31, 2006. As a percentage of net sales, gross profit margin increased by 5.8% to 33.6% for the nine months ended December 31, 2007, compared to 27.8% for the nine months ended December 31, 2006. The increase in gross profit margin was mainly attributable to a reduction in cost of sales.

#### *Rental Income*

Gross rental income for the nine months ended December 31, 2007 increased by HK\$1.3 million, or 42.6%, to HK\$4.2 million from HK\$2.9 million for the nine months ended December 31, 2006. The increase in gross rental income was mainly attributable to the increase in the occupancy rate of Man Sang Industrial City located in the PRC and the increase in the rental rates of properties in Hong Kong.

#### *Selling, General and Administrative Expense ("SG&A expense")*

SG&A expense for the nine months ended December 31, 2007 was HK\$87.8 million, consisting of HK\$70.2 million attributable to pearl operations and HK\$17.6 million attributable to property development operations. SG&A expense for the nine months ended December 31, 2007 increased by approximately HK\$28.7 million, or 48.7%, from HK\$59.1 million for the nine months ended December 31, 2006. SG&A expense for the nine months ended December 31, 2006 was wholly attributable to pearl operations. The increase in SG&A expense attributable to pearl operations was mainly due to an increase in allowance for doubtful debt of HK\$7.4 million and an increase in staff cost and selling expense during the nine months ended December 31, 2007. This increase was partially offset by a HK\$3.9 million reduction in stock compensation expense recognized.

As a percentage of net sales, SG&A expense attributable to pearl operations increased by 2.3%, to 22.0% for the nine months ended December 31, 2007, from 19.7% for the nine months ended December 31, 2006.

#### *Interest Income*

Interest income increased by HK\$7.9 million, or 122.5%, to HK\$14.3 million for the nine months ended December 31, 2007 from HK\$6.4 million for the nine months ended December 31, 2006. The increase was principally due to higher cash balances at banks during the nine months ended December 31, 2007.

#### *Income Tax Expense*

Income tax expense for the nine months ended December 31, 2007 was HK\$5.1 million, compared to the HK\$3.7 million during the nine months ended December 31, 2006. The increase was due to the increase in deferred tax expenses for the nine months ended December 31, 2007.

#### *Net Income*

Net income for the nine months ended December 31, 2007 was HK\$16.8 million, compared to net income of HK\$14.0 million for the nine months ended December 31, 2006. The increase was mainly attributable to the increase in gross profit and higher interest income and gain on sale of a real estate investment, but partially offset by an increase in allowance for doubtful debt.

#### ***The Three-Month Period Ended December 31, 2007 compared to the Three-Month Period Ended December 31, 2006.***

#### *Sales and Gross Profit*

Net sales for the three months ended December 31, 2007 increased by HK\$1.8 million, or 1.7%, to HK\$108.6 million from HK\$106.8 million for the three months ended December 31, 2006. The increase in net sales was mainly due to the increase in net sales of South Sea pearls by 54.6%.

Gross profit for the three months ended December 31, 2007 increased by HK\$10.3 million, or 43.4%, to HK\$34.0 million from HK\$23.7 million for the three months ended December 31, 2006. As a percentage of net sales, gross profit margin increased by 9.1% to 31.3% for the three months ended December 31, 2007 from 22.2% for the three months ended December 31, 2006. The increase in gross profit margin was mainly attributable to a reduction in cost of sales.

#### *Rental Income*

Gross rental income for the three months ended December 31, 2007 was approximately HK\$1.5 million representing an increase of approximately HK\$0.4 million, or 43.2%, compared to HK\$1.1 million for the three months ended December 31, 2006. The increase in gross rental income was mainly attributable to the increase in the occupancy rate of Man Sang Industrial City located in the PRC and the increase in the rental of properties in Hong Kong.

### *SG&A expense*

For the three months ended December 31, 2007, SG&A expense was HK\$38.7 million, consisting of HK\$32.4 million attributable to pearl operations and HK\$6.3 million attributable to property development operations. SG&A expense increased by approximately HK\$18.4 million, or 90.3%, from HK\$20.3 million for the three months ended December 31, 2006, which was mainly attributable to pearl operations. The increase was mainly due to an increase in allowance for doubtful debt.

As a percentage of net sales, SG&A expense attributable to pearl operations increased by 10.8% to 29.8% for the three months ended December 31, 2007 from 19.0% for the three months ended December 31, 2006.

### *Interest Income*

Interest income increased by HK\$3.2 million, or 136.7%, to HK\$5.5 million for the three months ended December 31, 2007 from HK\$2.3 million for the three months ended December 31, 2006. The increase was principally due to higher cash balances at banks compared to the three months ended December 31, 2006.

### *Income Tax Expense*

Income tax credit for the three months ended December 31, 2007 was HK\$11,000, compared to income tax expense of HK\$1.3 million for the three months ended December 31, 2006. The change from income tax expense to income tax credit was due to an decrease in taxable income during the three months ended December 31, 2007. This decrease was partially offset by an increase in deferred tax expense.

### *Net Income*

Net income for the three months ended December 31, 2007 and 2006 were HK\$4.2 million. Gross profit increased, and there was higher interest income and a gain on sale of a real estate investment in the three months ended December 31, 2007 compared to the three months ended December 31, 2006, but these increases were offset by an increase in allowance for doubtful debt and an increase in staff costs and selling expenses in the three months ended December 31, 2007.

### **Liquidity and Capital Resources**

Our primary liquidity needs are funded by the collection of accounts receivable and sales of inventory. As of December 31, 2007, we had working capital of HK\$418.0 million, which included cash balances of HK\$572.7 million. Our current ratio was 1.9 to 1 as at December 31, 2007. Net cash provided by operating activities was approximately HK\$221.5 million for the nine months ended December 31, 2007. Net cash used in investing activities for the nine months ended December 31, 2007 was HK\$231.8 million and net cash provided by financing activities for the nine months ended December 31, 2007 was HK\$273.9 million.

In July 2007, MSIL entered into a placing agreement to place 200 million existing shares of MSIL with institutional or professional investors at a price of HK\$1.48 per placing share to raise approximately HK\$296.0 million. In August 2007, we received HK\$285.3 million in cash after deducting fees and expenses incurred in connection with the placing.

Inventories were HK\$42.6 million as at December 31, 2007. The inventory turnover period was 1.9 months as at December 31, 2007, compared to 1.8 months as at December 31, 2006.

Accounts receivable were HK\$73.0 million as at December 31, 2007. Debtors' turnover period was 62.7 days as at December 31, 2007, compared to 65.9 days as at December 31, 2006.

Secured debt (including current portion) was HK\$171.2 million as at December 31, 2007. The gearing ratio was 0.44. Secured debt consists of financing for the CP&J Project for property development. See "Part I – Item 1 – Notes to Condensed Consolidated Financial statements – Note 11" for detailed debt information, including the weighted average interest rate and scheduled maturities.

We had available credit facilities of HK\$386.2 million with various banks at December 31, 2007. Such banking facilities include letter of credit arrangements, import loans, overdraft and other facilities commonly used in the jewelry business. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and are subject to periodic review.

As at December 31, 2007, we had utilized HK\$171.2 million of these bank loans.

We believe that our existing cash, cash equivalents, banking facilities and funds to be generated from internal operations will be sufficient to meet our anticipated future liquidity requirements.

### **Inflation**

We believe that our results of operations have not been materially affected by inflation or deflation during the quarter. There can be no assurance, however, that our financial condition and results of operations will not be adversely affected by inflation or deflation in the future.

### **Seasonality**

Our business is subject to seasonal fluctuations. The bulk of our sales occur during the months of March, June and September when major international jewelry trade shows are held in Hong Kong. Accordingly, the results of any interim period are not necessarily indicative of the results that might be expected during a full year.

**Contractual Obligations**

The following table sets forth information regarding our outstanding contractual and commercial commitments as at December 31, 2007:

Contractual obligations	Payments due by period				
	Total HK\$'000	Less than 1 year HK\$'000	1-3 years HK\$'000	3-5 years HK\$'000	More than 5 years HK\$'000
Long-Term Debts	171,200	32,100	139,100	-	-
Capital Commitments	162,362	144,461	17,901	-	-
Operating Lease Obligations	1,900	1,796	104	-	-
Purchase Obligations	-	-	-	-	-
Other Long-Term Liabilities	-	-	-	-	-
<b>Total</b>	<b>335,462</b>	<b>178,357</b>	<b>157,105</b>	<b>-</b>	<b>-</b>

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As at December 31, 2007, we had no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations.

We denominate our sales in either U.S. dollars or Hong Kong dollars. During the nine months ended December 31, 2007, we made approximately 39.3% of our purchases in U.S. dollars and 39.6% of our purchases in Hong Kong dollars and RMB combined. Since the Hong Kong Dollar remained "pegged" to the U.S. dollar at a consistent rate, we feel that the exposure of our sales proceeds to foreign exchange fluctuations is minimal. Furthermore, the potential revaluation of the RMB will not be considered significant to our operations as we believe that the risk of a substantial fluctuation of the RMB exchange rate remains low. As at December 31, 2007, we have no short-term RMB bank borrowings.

Because most of our purchases are made in currencies that we believe we have a low risk of appreciation or devaluation and our sales are made in U.S. dollars, we have determined that our currency risk in the foreseeable future should not be material, and that no derivative contracts, such as forward contracts and options to hedge against foreign exchange fluctuations, were necessary during this quarter.

We are exposed to interest rate risk resulting from fluctuations in interest rates. As at December 31, 2007, we had borrowed approximately HK\$171.2 million under floating rate credit facilities. All such banking facilities bear interest at floating rates generally offered by banks in Hong Kong and the PRC and are subject to periodic review. Fluctuations in interest rates can lead to significant fluctuations in the fair value of our debt obligations. We closely monitor interest rate risk and consider using appropriate financial instruments to hedge any exposure. However, we do not currently use any derivative instruments to manage our interest rate risk. Given the relative price stability associated with the raw materials used in our products, we believe our commodity price risk should not be material.

#### ITEM 4. CONTROLS AND PROCEDURES

In accordance with Rule 13a-15(b) of the Securities and Exchange Act of 1934, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) under the Securities Exchange Act of 1934) as at December 31, 2007.

Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is: (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our disclosure controls and procedures do not provide absolute assurance that all deficiencies in design or operation of these control systems, or all instances of errors or fraud, will be prevented or detected. We designed these control systems to provide reasonable assurance of achieving the goals of these systems in light of our business operations. These control systems remain subject to risks of human error and the risk that controls can be circumvented for wrongful purposes by one or more individuals in management or non-management positions.

In connection with the evaluation described above, no new significant changes were identified in our internal controls over financial reporting during the quarter ended December 31, 2007, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

There have been no new legal proceedings initiated or material changes in legal proceedings previously disclosed in Item 3, "Legal Proceedings" of Man Sang Holdings, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2007.

### ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors previously disclosed in Item 1A, "Risk Factors" of Man Sang Holdings, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2007.

### ITEM 6. EXHIBITS

#### (A) Exhibits

- 3.1 Amended and Restated Bylaws of Man Sang Holdings, Inc., amended and effective as of December 14, 2007.
- 3.2 Restated Articles of Incorporation including the Certificate of Designation of Series A Preferred Stock. (1)
- 3.3 Certificate of Designation of the Series B Preferred Stock. (2)
- 3.4 Amended and Restated Bylaws. (3)
- 3.5 Certificate of Amendment to Certificate of Designation of the Series A Preferred Stock. (4)
- 31.1 Rule 13a-14(a) Certification of Chief Executive Officer.
- 31.2 Rule 13a-14(a) Certification of Chief Financial Officer.
- 32.1 Section 1350 Certification of Chief Executive Officer.
- 32.2 Section 1350 Certification of Chief Financial Officer.

- (1) Incorporated by reference to the Company's current report on Form 8-K dated January 8, 1996.
- (2) Incorporated by reference to the Company's registration statement on Form 8-A dated June 17, 1996.
- (3) Incorporated by reference to the Company's quarterly report on Form 10-Q dated August 11, 2005.
- (4) Incorporated by reference to the Company's current report on Form 8-K dated November 23, 2005.

#### (B) Reports on Form 8-K

- (1) A report on Form 8-K was filed on December 14, 2007 to announce approval by the Board of Directors of the Company of amendments to Article V, Sections 5.01 and 5.02 in the Company's bylaws to comply with a new American Stock Exchange listing requirement that all listed companies become "Direct Registration System Eligible" by January 1, 2008.
- (2) A report on Form 8-K was filed on December January 8, 2008 to announce the resignation of Hung Kwok Wing, Sonny as Executive Director from the Board of Directors of the Company.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAN SANG HOLDINGS, INC.

Date: February 14, 2008

By: /s/ CHENG Chung Hing, Ricky  
CHENG Chung Hing, Ricky  
Chairman of the Board, President,  
Chief Executive Officer

**AMENDED AND RESTATED BYLAWS  
OF  
MAN SANG HOLDINGS, INC.  
(amended and effective as of December 14, 2007)**

**ARTICLE I  
OFFICES**

**1.01 REGISTERED OFFICE AND AGENT**

The registered office of the Corporation shall be maintained at CSC Network, c/o Prentice Hall Corporate Services, 502 East John Street, Room E, Carson City, in the State of Nevada. The registered office or the registered agent, or both, may be changed by resolution of the Board of Directors, upon filing the statement required by law.

**1.02 PRINCIPAL OFFICE**

The principal office of the Corporation shall be at 21st Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong SAR provided that the Board of Directors shall have power to change the location of the principal office in its discretion.

**1.03 OTHER OFFICES**

The Corporation may also maintain other offices at such places within or without the State of Nevada as the Board of Directors may from time to time appoint or as the business of the Corporation may require.

**ARTICLE II  
SHAREHOLDERS**

**2.01 PLACE OF MEETING**

All meetings of shareholders, both regular and special, shall be held either at the principal office of the Corporation, or at such other place as shall be designated in the notice of the meeting.

**2.02 ANNUAL MEETING**

The annual meeting of shareholders for the election of directors and for the transaction of all other business which may come before the meeting shall be held on the last Friday of July in each year (if not a legal holiday and, if a legal holiday, then on the next business day following), or on such other date, and at such hour, as may be specified in the notice of meeting.

If the election of directors shall not be held on the day above designated for the annual meeting, the Board of Directors shall cause the election to be held as soon thereafter as conveniently may be at a special meeting of the shareholders called for the purpose of holding such election.

The annual meeting of shareholders may be held for any other purpose in addition to the election of directors which may be specified in a notice of such meeting. The meeting may be called by resolution of the Board of Directors or by a writing filed with the secretary signed either by a majority of the directors or by shareholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote at any such meeting.

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## **2.03 NOTICE OF SHAREHOLDERS' MEETING**

A written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, secretary or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the share transfer books of the Corporation, with postage thereon prepaid.

## **2.04 VOTING OF SHARES**

Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are modified, limited or denied by the Articles of Incorporation or by law.

Treasury shares, shares of its own stock owned by another corporation the majority of the voting stock of which is owned or controlled by this Corporation, and shares of its own stock held by this Corporation in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months.

At each election for directors, every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or if authorized by the Articles of Incorporation, to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principal among any number of such candidates. Any shareholder who intends to cumulate his votes as herein authorized shall give written notice of such intention to the secretary of the Corporation on or before the day preceding the election at which such shareholder intends to cumulate his votes.

## **2.05 CLOSING TRANSFER BOOKS AND FIXING RECORD DATE**

The Board of Directors may not close the Company's share transfer books for any purpose. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, not later than sixty (60) days and, in case of a meeting of shareholders, not earlier than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

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## **2.06 QUORUM OF SHAREHOLDERS**

Unless otherwise provided in the Articles of Incorporation, the holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, but in no event shall a quorum consist of the holders of less than one-third (1/3) of the shares entitled to vote and thus represented at such meeting. The vote of the holders of a majority of the shares entitled to vote and thus represented at a meeting at which a quorum is present shall be the act of the shareholders' meeting, unless the vote of a greater number is required by law, the Articles of Incorporation or the ByLaws.

## **2.07 VOTING LISTS**

The officer or agent having charge of the share transfer books for the shares of the Corporation shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any shareholders at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share transfer books shall be prima-facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

## **2.08 ACTION BY CONSENT OF SHAREHOLDERS**

In lieu of a formal meeting, action may be taken by written consent of such number of the shareholders as is required by either State law or the Corporation's Bylaws for passage of such corporate action.

## **ARTICLE III DIRECTORS**

### **3.01 BOARD OF DIRECTORS**

The business and affairs of the Corporation shall be managed by a Board of Directors. Directors need not be residents of the State of Nevada or shareholders in the Corporation.

### **3.02 NUMBER AND ELECTION OF DIRECTORS**

The number of directors shall be not less than one (1) nor more than nine (9). The number of directors constituting the board shall be fixed from time to time by the Directors provided that the number may be increased or decreased from time to time by an amendment to these ByLaws, but no decrease shall have the effect of shortening the term of any incumbent director. At each annual election the shareholders shall elect directors to hold office until the next succeeding annual meeting.

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### **3.03 VACANCIES**

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the remaining directors, though less than a quorum of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose.

### **3.04 QUORUM OF DIRECTORS**

A quorum for purposes of all Board meetings and the transaction of business thereat shall consist of a majority of the Directors, at least one of which must be either Cheng Chung Hing, Ricky or Cheng Tai Po (provided that either of such persons is at that time a director of the Corporation) present in person or represented by their designee. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

### **3.05 ANNUAL MEETING OF DIRECTORS**

Within thirty (30) days after each annual meeting of shareholders, the Board of Directors elected at such meeting shall hold an annual meeting at which they shall elect officers and transact such other business as shall come before the meeting.

### **3.06 REGULAR MEETING OF DIRECTORS**

A regular meeting of the Board of Directors may be held at such time as shall be determined from time to time by resolution of the Board of Directors.

### **3.07 REGULAR MEETING OF DIRECTORS**

The secretary shall call a special meeting of the Board of Directors whenever requested to do so by the President or by two directors. Such special meeting shall be held at the time specified in the notice of meeting.

### **3.08 PLACE OF DIRECTORS MEETINGS**

All meetings of the Board of Directors (annual, regular or special) shall be held either at the principal office of the Corporation or at such other place, either within or without the State of Nevada, as shall be specified in the notice of meeting.

### **3.09 NOTICE OF DIRECTORS MEETINGS**

All meetings of the Board of Directors (annual, regular or special) shall be held upon five (5) days written notice stating the date, place and hour of meeting delivered to each director either personally or by mail or at the direction of the president or the secretary or the officer or person calling the meeting.

In any case where all of the directors execute a waiver of notice of the time and place of meeting, no notice thereof shall be required, and any such meeting (whether annual, regular or special) shall be held at the time and at the place (either within or without the State of Nevada) specified in the waiver of notice. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where the directors attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

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Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

### **3.10 COMPENSATION**

Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each annual, regular or special meeting of the Board, provided, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

### **3.11 ACTION BY CONSENT OF DIRECTORS**

In lieu of a formal meeting, action may be taken by written consent of such number of the directors as is required by either State law or the Corporation's Bylaws for passage of such corporate action.

### **3.12 COMMITTEES**

The board of directors may, by resolution passed by a majority of the whole board, designate an executive committee and one or more other committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to making, altering or repealing any bylaw of the Corporation; electing or appointing any director, or removing any officer or director; submitting to shareholders any action that requires shareholders' approval; or amending or repealing any resolution theretofore adopted by the board which by its terms is amendable or repealable only by the board. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

## **ARTICLE IV** **OFFICERS**

### **4.01 OFFICERS ELECTION**

The officers of the Corporation shall consist of a president, one or more vice presidents, a secretary, and a treasurer. The board of directors may also choose, at its discretion, a Chairman of the Board, one or more assistant secretaries and one or more assistant treasurers. All such officers shall be elected at the annual meeting of the Board of Directors provided for in Article III, Section 5. If any office is not filled at such annual meeting, it may be filled at any subsequent regular or special meeting of the Board. The Board of Directors at such annual meeting, or at any subsequent regular or special meeting, may also elect or appoint such other officers and assistant officers and agents as may be deemed necessary. Any two or more offices may be held by the same person, except the offices of president and secretary.

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All officers and assistant officers shall be elected to serve until the next annual meeting of directors (following the next annual meeting of shareholders) or until their successors are elected; provided, that any officer or assistant officer elected or appointed by the Board of Directors may be removed with or without cause at any regular or special meeting of the Board whenever in the judgment of the Board of Directors the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any agent appointed shall serve for such term as shall be specified, subject to like right of removal by the Board of Directors.

#### **4.02 VACANCIES**

If any office becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

#### **4.03 POWER OF OFFICERS**

Each officer shall have, subject to these ByLaws, in addition to the duties and powers specifically set forth herein, such powers and duties as are commonly incident to his office and such duties and powers as the Board of Directors shall from time to time designate. All officers shall perform their duties subject to the directions and under the supervision of the Board of Directors. The president may secure the fidelity of any and all officers by bond or otherwise.

#### **4.04 PRESIDENT**

The president, or such other person as the Board of Directors may appoint, shall be the chief executive officer of the Corporation. He shall preside at all meetings of the directors and shareholders. He shall see that all orders and resolutions of the Board are carried out, subject however, to the right of the directors to delegate specific powers, except such as may be by statute exclusively conferred on the president, to any other officers of the Corporation.

He or any vice president shall execute bonds, mortgages and other instruments requiring a seal, in the name of the Corporation, and, when authorized by the Board, he or any vice president may affix the seal to any instrument requiring the same, and the seal when so affixed shall be attested by the signature of either the secretary or an assistant secretary. He or any vice president shall sign certificates of stock.

The president shall be ex-officio a member of all standing committees.

He shall submit a report of the operations of the Corporation for the year to the directors at their meeting next preceding the annual meeting of the shareholders and to the shareholders at their annual meeting.

#### **4.05 VICE PRESIDENT**

The vice president shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and they shall perform such other duties as the Board of Directors shall prescribe.

#### **4.06 SECRETARY AND ASSISTANT SECRETARIES**

The secretary shall attend all meetings of the Board and all meetings of the shareholders and shall record all votes and the minutes of all proceedings and shall perform like duties for the standing committees when required. He shall give or cause to be given notice of all meetings of the shareholders and all meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board. He shall keep in safe custody the seal of the Corporation, and when authorized by the Board, affix the same to any instrument requiring it, and when so affixed, it shall be attested by his signature or by the signature of an assistant secretary.

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The assistant secretary shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and they shall perform such other duties as the Board of Directors shall prescribe.

In the absence of the secretary or an assistant secretary, the minutes of all meetings of the Board and shareholders shall be recorded by such person as shall be designated by the president or by the Board of Directors.

#### **4.07 TREASURER AND ASSISTANT TREASURERS**

The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements. He shall keep and maintain the Corporation's books of account and shall render to the president and directors an account of all of his transactions as treasurer and of the financial condition of the Corporation and exhibit his books, records and accounts to the president or directors at any time. He shall disburse funds for capital expenditures as authorized by the Board of Directors and in accordance with the orders of the president, and present to the president for his attention any requests for disbursing funds if in the judgment of the treasurer any such request is not properly authorized. He shall perform such other duties as may be directed by the Board of Directors or by the president.

If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

The assistant treasurers in the order of their seniority shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and they shall perform such other duties as the Board of Directors shall prescribe.

### **ARTICLE V SHARES OF STOCK; TRANSFER, ETC.**

#### **5.01 SHARES OF STOCK**

The shares of stock of the Corporation shall be certificated or uncertificated, as provided under the Nevada Business Corporation Act, and shall be numbered and entered in the Corporation as they are issued. Any certificates representing shares of the Corporation's stock shall exhibit the holder's name and number of shares and shall be signed by the president or a vice president and the secretary or an assistant secretary or if the Board of Directors determines, by any one of the afore named officers and shall be sealed with the seal of the Corporation or a facsimile thereof. If the Corporation has a transfer agent or a registrar, other than the Corporation itself or an employee of the Corporation, the signatures of any such officer may be facsimile. In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before said certificate or certificates shall have been issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person or persons who signed such certificates or whose facsimile signature or signatures shall have been used thereon had been such officer or officers at the date of its issuance. Certificates shall be in such form as shall in conformity to law be prescribed from time to time by the Board of Directors. Within a reasonable time after the issuance of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice that shall set forth the name of the Corporation, the name of the shareholder, the number and class (and the designation of the series, if any) of the shares represented, and any other information as may be required by the Nevada Business Corporation Act or approved by the Board of Directors. However, every holder of fully-paid stock in the Corporation shall be entitled, upon request, to have a certificate in such form as the Board of Directors may from time to time prescribe.

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The Corporation may appoint from time to time transfer agents and registrars, who shall perform their duties under the supervision of the secretary.

## **5.02 TRANSFERS OF SHARES**

In the case of certificated shares of stock, upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books. In the case of uncertified shares of stock, transfer of stock shall occur on the books of the Corporation upon (1) receipt of proper transfer instructions from the registered holder of the shares, or with written instructions from a duly authorized attorney, and (2) upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertified form, provided that the Corporation has not waived the requirement of payment of such taxes. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

## **5.03 REGISTERED SHAREHOLDERS**

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

## **5.04 LOST CERTIFICATE**

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost. When authorizing such issue of a new certificate or certificates, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost or destroyed certificate or certificates or his legal representative to advertise the same in such manner as it shall require or to give the Corporation a bond with surety and in form satisfactory to the Corporation (which bond shall also name the Corporation's transfer agents and registrars, if any, as obligees) in such sum as it may direct as indemnity against any claim that may be made against the Corporation or other obligees with respect to the certificate alleged to have been lost or destroyed, or to advertise and also give such bond.

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**ARTICLE VI**  
**DIVIDEND**

**6.01 DECLARATION**

The Board of Directors may declare at any annual, regular or special meeting of the Board and the Corporation may pay, dividends on the outstanding shares in cash, property or in the shares of the Corporation to the extent permitted by, and subject to the provisions of, the laws of the State of Nevada.

**6.02 RESERVES**

Before payment of any dividend there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time in their absolute discretion think proper as a reserve fund to meet contingencies or for equalizing dividends or for repairing or maintaining any property of the Corporation or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may abolish any such reserve in the manner in which it was created.

**ARTICLE VII**  
**MISCELLANEOUS**

**7.01 INFORMAL ACTION**

Any action required to be taken or which may be taken at a meeting of the shareholders, directors or members of the executive committee, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by such number of the shareholders, directors, or members of the executive committee as is required by law, as the case may be, entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a vote of the shareholders, directors, or members of the executive committee, as the case may be, at a meeting of said body.

**7.02 SEAL**

The corporate seal shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "NEVADA", and "CORPORATE SEAL". The seal may be used by causing it or a facsimile to be impressed or affixed or in any other manner reproduced. The corporate seal may be altered by order of the Board of Directors at any time.

**7.03 CHECKS**

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

**7.04 FISCAL YEAR**

The fiscal year of the Corporation shall begin on the first day of April in each and every year.

**7.05 DIRECTORS ANNUAL STATEMENT**

The Board of Directors shall present at each annual meeting of shareholders a full and clear statement of the business and condition of the Corporation.

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## **7.06 AMENDMENTS.**

These ByLaws may be altered, amended or repealed in whole or in part by the affirmative vote of the Board of Directors.

### **ARTICLE VIII INDEMNIFICATION OF OFFICERS AND DIRECTORS**

#### **8.01 RIGHT TO INDEMNIFICATION**

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnatee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by Section 78.751 of the Nevada Revised Statutes, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnatee in connection therewith and such indemnification shall continue as to an indemnatee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnatee's heirs, executors and administrators; provided, however, that except as provided in Section 2 hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnatee in connection with a proceeding (or part thereof) initiated by indemnatee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, if Nevada law requires, an advancement of expenses incurred by an indemnatee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnatee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnatee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnatee is not entitled to be indemnified for such expenses under this Section or otherwise.

#### **8.02 RIGHT OF INDEMNITEE TO BRING SUIT**

If a claim under Section 1 of this Article is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnatee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnatee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnatee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnatee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnatee has not met the applicable standard of conduct set forth in Section 78.751 of the Nevada Revised Statutes. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnatee is proper in the circumstances because the indemnatee has met the applicable standard of conduct set forth in Section 78.751 of the Nevada Revised Statutes nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnatee has not met such applicable standard of conduct, shall create a presumption that the indemnatee has not met the applicable standard of conduct, or, in the case of such suit brought by the indemnatee, be a defense to such suit. In any suit brought by the indemnatee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnatee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the Corporation.

### **8.03 NON-EXCLUSIVITY OF RIGHTS**

The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's certification of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

### **8.04 INSURANCE**

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under Nevada law.

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Exhibit 31.1

I, CHENG Chung Hing, Ricky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings, Inc. (the "registrant") for the quarter ended December 31, 2007;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
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(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2008

/s/ CHENG Chung Hing, Ricky

CHENG Chung Hing, Ricky  
Chairman of the Board, President,  
Chief Executive Officer

Exhibit 31.2

I, PAK Wai Keung, Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Man Sang Holdings, Inc. (the "registrant") for the quarter ended December 31, 2007;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
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(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2008

/s/ PAK Wai Keung, Martin

PAK Wai Keung, Martin

Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Report of Man Sang Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cheng Chung Hing, Ricky, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: February 14, 2008

/s/ CHENG Chung Hing, Ricky  
CHENG Chung Hing, Ricky  
Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Report of Man Sang Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, PAK Wai Keung, Martin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: February 14, 2008

/s/ PAK Wai Keung, Martin  
PAK Wai Keung, Martin  
Chief Financial Officer

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