

**CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
MAN SANG HOLDINGS, INC.**

1. PURPOSE

The Committee serves the following functions:-

- a. assisting the Board in its oversight of the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the independent auditors' qualifications and independence; and the performance of the Company's internal audit function and independent auditors;
- b. preparing the report of the Committee required by Security and Exchange Commission rules to be included in the Company's annual proxy statement;
- c. retaining and terminating the Company's independent auditors who shall report directly to the Committee;
- d. being directly responsible for the appointment, compensation and oversight of the work of the independent auditors for the purpose of preparing or issuing an audit report or related work;
- e. improving the quality of financial reporting;
- f. reviewing and approving material accounting policy changes;
- g. approving in advance all audit and permitted non-audit services to be rendered by the independent auditors and evaluating the fee arrangements;
- h. providing a forum for resolving differences of judgment between management and the independent auditors;
- i. reviewing the adequacy of the internal and financial control systems;
- j. providing such additional information and materials that requires attention of the Board of Directors.

2. MEMBERSHIP

- a. The Committee shall consist of not less than three (3) members, each of whom shall meet the independence requirements established by the Board of Directors and any requirement set by any applicable national securities exchange or association from time to time. All members shall be "financially literate" as determined by the Board of Directors in its business judgment or shall become financially literate within a reasonable amount of time after being appointed to the Committee. At least one member shall have accounting or related financial management expertise. All members shall be appointed by the Board of Directors;

- b. Quorum shall be two (2) members;
- c. The Chairman of the Committee shall be appointed by the Board of Directors;
- d. The Secretary of the Company shall be the secretary of the Committee.

3. AUTHORITY

The Committee shall have all authority necessary or implied to carry out its purpose and responsibilities, including, without limitation, the authorization to investigate any activity within the scope of its charter and to seek any information it requires from members of the Company's management, employees, internal and independent audit staff members, counsel and third parties. The Committee is authorized to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice, as the Committee deems appropriate. Management shall provide and make available to the Committee funds for payment of compensation to such outside legal counsel, accountants or other advisors.

4. RESPONSIBILITIES

The responsibilities of the Committee shall be:-

- a. Ensuring the independence of the independent auditors by:
 - i. reviewing and discussing with the Board of Directors any relationships between the independent auditors and the Company, or any other relationship, that may adversely affect the independence of the independent auditors;
 - ii. ensuring that the independent auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the independent auditors and the Company;
 - iii. communicating with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors;
- b. Reviewing the independent auditors' proposed audit scope and approach;
- c. Reviewing and discussing with management and the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as it may be modified or supplemented;
- d. Reviewing and discussing among themselves and with management and the independent auditors the annual audited financial statements and quarterly financial statements including the Company's disclosure under

Management's Discussion and Analysis before submission to the Board of Directors, focusing particularly on:

- i. any changes in accounting policies and practices;
 - ii. the reasonableness of judgments and estimates made in preparation of the financial statements that may be viewed as critical;
 - iii. inconsistencies within the financial statements;
 - iv. disclosure of unusual items;
 - v. significant adjustments resulting from the audit;
 - vi. compliance with accounting standards;
 - vii. compliance with statutory requirements;
 - viii. the clarity of the financial statement disclosure;
- f. Based on its review of the financial statements, recommend to the Board of Directors whether the financial statements should be included in the Annual Report on Form 10-K;
 - g. Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors;
 - h. Considering any reports or communications (and management's responses thereto) submitted to the Committee by the independent auditors required by or referred to in SAS 61;
 - i. Complying with SEC requirements for disclosure of independent auditors' services and audit committee members and activities;
 - j. Reviewing management's monitoring of compliance with the Foreign Corrupt Practices Act;
 - k. Reviewing the Company's internal control, accounting and financial reporting policies;
 - l. Reviewing the findings of the internal audit department and ensuring that the internal audit function is adequately resourced;
 - m. Establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
 - n. Establishing procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
 - o. Reviewing and reassessing the adequacy of this Charter annually and recommending any proposed changes to the Board of Directors for approval;
 - p. Undertaking such other duties as the Board of Directors may delegate.

5. FREQUENCY OF MEETINGS

- a. The Committee shall meet quarterly before the meeting of the Board of Directors approving the financial results, or more frequently if circumstances dictate;
- b. The Committee shall meet separately with the Company's management at least annually to review the financial affairs of the Company;
- c. The Committee shall meet with the independent auditors of the Company, at such times as it deems appropriate.

6. REPORTING PROCEDURES

- a. The Committee shall record its summaries of investigations and recommendations to the Board of Directors in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented;
- b. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors;
- c. The secretary shall circulate the minutes of meetings of the Committee to all members of the Board of Directors.

First Version Adopted on November 13, 1998

Second Version Adopted on February 14, 2001

Third Version Adopted on June 29, 2004