

MEDCO HOLDINGS, INC.

AUDIT COMMITTEE CHARTER

I. PURPOSE

To assist the Board of Directors in fulfilling its oversight responsibilities for the management and financial reporting process, internal control and maintenance of an effective audit process.

II. AUTHORITY

The audit committee has authority to conduct or authorize investigations into matters within its scope of responsibility. In the performance of its functions, the committee is empowered to:

- Resolve any disagreements between management and the external auditor regarding financial reporting;
- Pre-approve all auditing services;
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee’s requests – or external parties; and
- Meet with company officers, external auditors, or outside counsel as necessary.

III. COMPOSITION

The audit committee, whose members have adequate financial and accounting expertise will consist of at least three (3) members of the board of directors. The committee shall be chaired by an independent director. The Board shall appoint its members.

IV. MEETINGS

The committee will meet at least, quarterly and convene additional meetings, as circumstances require. Meetings may be attended in person or via teleconference.

V. RESPONSIBILITIES

V.1. General Function

- Check all financial reports against its compliance with pertinent accounting standards, including regulatory requirements.
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of the external audit.
- Perform direct interface functions with the external auditors.
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following relation to this reform:
 - A. Definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standards (AIS) compliant.
 - B. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.

V.2. Internal Audit Function

- The Corporation shall have in place an internal audit function which shall be performed by the Audit Committee, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
- In view of the non-complex nature of the Corporation's business, the small volume and size of the transactions, the low degree of the risk involved and the Company's size in terms of number of employees, as well as for the purpose of avoiding the necessary expenses, the Corporation does not see the need for creating the position of Internal Auditor. Furthermore, being a subsidiary of a foreign corporation, the Corporation's organizational and accounting procedures and records are regularly audited by its Hong Kong Head Office audit staff..

V.3. Reporting Responsibilities

- Regularly report to the board of directors about committee activities, issues and related recommendations;
- Review any reports (to SEC and PSE) the company issues that relate to committee responsibilities.

V.4. Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors;
- Institute and oversee special investigation as needed;
- Review and assess the adequacy of committee charter annually, requesting board approval for proposed changes;
- Confirm annually that all the responsibilities outlined in this charter have been carried out.