

THE AUDIT COMMITTEE CHARTER

A. Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities over Cebu Landmasters, Inc.'s financial reporting process, the system of internal control, internal and external audit processes, monitoring of compliance with applicable laws and regulations and the code of conduct.

B. Membership

The Audit Committee shall comprise of four (4) members, three (3) of whom shall be independent directors preferably with accounting and finance background. The other member shall preferably be the Chief Finance Officer (CFO) CLI or his/her immediate predecessor who shall sit in the Committee as a non-voting ex-officio member.

C. Chairperson

The Board, upon the recommendation of the Committee and through a majority vote, shall appoint one member of the Audit Committee as its chairperson, who should be an independent director.

D. Functions

In line with the Manual of Corporate Governance of Cebu Landmasters, Inc. (the "Corporation") and pursuant to the Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission (*SEC MC No. 19, Series of 2016*), the Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

1. Appoint, compensate, and oversee (including resolution of disagreements) the work of an independent external auditor (any registered public accounting firm) engaged by the organization for purposes of issuing audit report on the fairness of financial statements;
2. Review and reassess the adequacy of this Charter annually and recommend to the Board any amendments or modifications to the Charter that the Audit Committee deems appropriate;

3. Evaluate its performance and report the result of such evaluation to the Board and Corporate Governance Committee;
4. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation; and
5. Meet with company officers, related parties, external auditors, or outside counsel as necessary and seek any information it requires.

The Audit Committee will carry out the following responsibilities:

Internal Audit

1. Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
2. Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting and security of physical and information assets;
3. Oversee the Internal Audit Department and recommends the appointment and/or grounds for approval of the appointment of an Internal Audit Head or Chief Audit Officer;
4. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
5. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he will report functionally to the Audit Committee and administratively (i.e. day-to-day operations) to the Chief Executive Officer; and
6. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations.

External Audit

1. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

2. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses;
3. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence;
4. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
5. Review the disposition of the recommendations in the External Auditor's management letter;
6. Perform oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
7. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

E. Committee Meetings

The Audit Committee shall meet at least four times a year (or quarterly), with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will also be prepared by the Assistant Corporate Secretary.

F. Committee Reports

The Chairman of the Audit Committee shall submit to the Board a copy of the minutes of the meeting five (5) calendar days prior to the meeting of the Board and discuss with the Board the highlights of the matters discussed during the Committee meetings.

G. Performance Assessment

The Committee shall assess its performance through an annual self-assessment. Prior year performance assessment shall be done during the first Committee meeting the following year. The result of said assessment shall be validated by the Corporation's Chief Compliance Officer or its Corporate Governance Committee.

The report shall be formally documented and signed by the Committee Chairperson and the Chief Compliance Officer or the Chairman of the Corporate Governance Committee and shall form part of the records of the Corporation that may be examined by external corporate governance bodies from time to time.

H. Effectivity Clause

This Charter shall take effect fifteen (15) days from the date of its adoption and approval by the Board of Directors.