



AUDIT AND COMPLIANCE COMMITTEE CHARTER

Rationale

In pursuit of good corporate governance, and in compliance with Megawide Construction Corporation's (the "Company") New Manual on Corporate Governance (the "New Manual"), and upon recommendation of the Audit and Compliance Committee ("ACC"), the Board of Directors (the "Board") of the Company hereby adopts this ACC Charter ("Charter") to govern its oversight functions and activities.

Committee Composition

The ACC shall be composed of at least three (3) non-executive directors, majority of whom, including its Chairman, shall be independent directors. All the members shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, audit, and/or finance, and is able to read and understand financial statements.

The Board shall appoint the Chairman of the ACC. The Chairman, however, should not be the Chairman of any other committee.

Roles and Responsibilities

The ACC shall assist the Board on their oversight responsibilities in the following areas: (a) audit and financial reporting, and (b) related party transactions ("RPTs").

A. Audit and Financial Reporting

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7. Oversee the internal audit function, and recommend the appointment and/or grounds for the approval of an internal audit head or Chief Audit Executive ("CAE"). The ACC shall also approve the terms and conditions for outsourcing internal audit services.
8. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope and the resources and budget necessary to implement the same.
9. Establish the reporting line of the internal audit team to enable them to properly fulfill their duties and responsibilities. For this purpose, the internal audit team shall directly report to the ACC.
10. Review the reports submitted by the internal and external auditors. Evaluate and monitor management's responsiveness to the internal and external auditors' findings and recommendations.
11. Prior to the commencement of the audit, discuss with the external auditors the nature, scope and

regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

RPTs shall cover all of the Company's subsidiaries, other affiliates, and any party (including their subsidiaries, affiliates and special purpose entities) that the Company exerts direct or indirect control over or conversely, that exerts direct or indirect control over the Company, as well as their directors, officers, shareholders, related interests, close family members, including the corresponding persons in affiliated companies. This coverage shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

To ensure total coverage and effective oversight, the ACC shall be guided by the following provisions of the New Manual: (1) Section VI (2) (m) and (bb), and; (2) Section VII (8) (e).

Committee Policies and Procedures

1. *Appointment and Removal.* The members of the ACC shall be appointed by the Board, who shall serve at the pleasure of the Board, and under such terms as the Board may determine. The members of the ACC may be removed, with or without cause, by the action of the Board.
2. *Engagement of Outside Advisors.* In carrying out its duties or responsibilities, the ACC may directly engage outside advisors, such as, but not limited to, legal and accounting. The Company shall provide the necessary funding therefor, as recommended by the ACC. The advisors may be required by the ACC to submit written opinions or to attend any part of its meetings. Any member of the ACC may, however, ask for the exclusion of any advisor from its meetings.
3. *Access to Information and Employees.* The ACC is empowered to inquire, should it deem necessary or appropriate, any matter in relation to its purpose, duties or responsibilities and shall have full and direct access to all books, records, facilities, and personnel of the Company.
4. *Meetings and Quorum.* The ACC shall meet at least once a month and at such dates, times, and places, as it shall consider appropriate to fulfill its duties and responsibilities. Its meetings shall be convened by the Chairman, or upon the request of a majority of its members. All members are expected to attend meetings in person, but in special circumstances a maximum of two (2) members are allowed to be present by means of video conference, teleconference, or other electronic means. Should any member or advisor participate in the meeting through teleconference or video conference, all persons personally participating in the meeting should be able to hear him and each other.

The Corporate Secretary shall send notice of the meeting at least three (3) days before any meeting, specifying the place, date and time, and the agenda thereof.

The quorum for any meeting of the ACC shall be at least a majority of the members present throughout the meeting. When a quorum exists, the vote of majority of the members present shall constitute an action or a decision of the ACC.

5. *Minutes and Records.* The Corporate Secretary shall prepare the minutes of the ACC meetings and keep its records. Such records shall be open for inspection by any member of the ACC upon reasonable prior notice and during office hours. Minutes of any meeting shall be signed by the Chairman and members present during the meeting.
6. *Reports to the Board.* The ACC Chairman shall submit and present to the Board a report of the ACC's activities during the previous year.

and shall take effect upon

7. *Performance Evaluation.* The ACC shall review its performance annually with respect to the fulfillment of its duties, functions, and responsibilities as mandated by this Charter.

Charter Review

This Charter shall be reviewed and assessed at least annually by the ACC to ensure its continuing adequacy and consistency with the Company's objectives, vision, mission, and values, and the Board's duties, functions, and responsibilities. It may be amended or revised upon the prior approval of the Board.

Approval and Effectivity