

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

AUDIT COMMITTEE CHARTER

This Audit Committee Charter (the "Charter") is promulgated by the Audit Committee (the "Committee") of Travellers International Hotel Group, Inc. (the "Corporation") and adopted by the Board of Directors ("Board") of the Corporation to provide for the purpose, membership, structure operations, duties and responsibilities of the Committee, including the procedures which shall guide the conduct of its functions.

Section 1. Purpose

Pursuant to the Manual of Corporate Governance of the Corporation (the "Manual"), the Committee shall assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the risk management process, and the Corporation's process of monitoring compliance with laws and regulations.

Section 2. Structure

2.1 Composition

The Committee shall be composed of at least three (3) members of the Board who shall preferably have accounting and finance backgrounds. At least one (1) of the members shall be an independent director and one (1) with audit experience.

The chair of the Audit Committee shall be an independent director.

2.2 Qualifications

Each member of the Committee shall have the qualifications and none of the disqualifications of a director provided under the Manual.

2.3 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.

2.4 Vacancy

Any vacancy in the Committee caused by the death, resignation, removal or disqualification of a member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

2.5 Compensation

Each committee members shall receive such emolument or compensation as may be fixed by the Board pursuant to the By-laws.

2.6 Committee Secretary

The Corporate Secretary or in his absence, the Assistant Corporate Secretary, shall act as the Committee Secretary who shall prepare the minutes of the meetings and keep the records of the Committee.

Section 3. Operation

3.1 Meetings

The Committee shall meet at such times and places as it considers appropriate, at least two (2) times a year. The Chairman of the Committee, any Committee member, or the Corporate Secretary of the Corporation, may call a meeting of the Committee.

The Chair shall preside in all meetings. In the absence of the Chair, any member shall preside.

Meetings may be held, and the members can participate in meetings of the Committee, through teleconference, video conference or other similar means.

3.2 Quorum

Attendance of at least two (2) Committee members shall constitute a quorum for all meetings.

3.3 Voting

The affirmative vote of a majority of such quorum shall be required to authorize any corporate action.

3.4 Notices

A notice of each meeting of the Committee specifying the place, date, time, and agenda and matters to be discussed during the meeting shall be given to each member of the Committee personally, in writing or orally, or sent to him by mail, facsimile, electronic mail or other similar means at least two (2) days prior to the date of the meeting. Each member shall give the Committee Secretary his address, facsimile number and electronic mail address for the service of notices of meetings. A member may waive notice of any meeting of the Committee and may consent to shorter notice of any meeting. Any Committee meeting called by shorter notice shall be deemed to have been duly convened if it is so agreed by the members present in the meeting at which there is a quorum.

Section 4. Duties and Responsibilities

4.1 The Committee shall have the following powers, duties and responsibilities:

- (i) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- (ii) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- (iii) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (iv) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- (v) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (vi) Organize an internal audit department, and consider, when necessary and desirable, the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- (vii) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system including financial reporting control and information technology security;
- (viii) Review the reports submitted by the internal and external auditors;
- (ix) Review the quarterly, half-year 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;
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Going concern assumptions;
 - Compliance with accounting standards; and
 - Compliance with tax, legal and regulatory requirements.
- (x) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (xi) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fee paid to the external auditor in relation to its significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a

threat to its independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report; and

- (xii) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.
- (xiii) Ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

4.2 The above functions of the Committee are further categorized into the following oversight responsibilities:

(i) Financial Reporting

- (a) Review all interim and annual financial statements before submission to the Board and prior to disclosure to the public, with particular focus on the following:
 - compliance with pertinent Philippine and internationally accepted accounting standards, internal financial management, as well as tax, legal and other regulatory requirements;
 - changes in accounting policies and practices;
 - major financial reporting issues;
 - reasonableness of estimates, assumptions, and judgments;
 - significant adjustments resulting from the audit;
 - going concern assumptions;
 - review of unusual or complex transactions including significant related party transactions;
 - identification and correction of material errors, indications of fraud, and sufficiency of risk controls;
 - clarification of significant legal risks, contingencies and issues;
 - disclosure of material information, subsequent events and related party transactions;
 - review and approval of management representation letter in recognition of management's responsibility over the financial statements.
- (b) Review with management and external auditors the results of the audit, including any difficulties encountered and other issues warranting the attention of the Committee, and resolve any disagreements between management and the external auditors regarding financial reporting.

(ii) Risk Management/Management

- (a) Discuss with management and the Internal Audit Group, the Corporation's risk management policies and procedures particularly those relating to risk identification, assessment and management.

- (b) Regularly evaluate the adequacy and effectiveness of management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation and the Corporation's risk management policies and procedures.
- (c) To promote risk awareness in the organization, discuss with management the steps taken to monitor and control the Corporation's exposures and risks, which may include the preparation and implementation of a Business Continuity Plan.
- (d) Coordinate, monitor, and facilitate compliance with legal, tax and regulatory requirements by the Corporation.
- (e) Evaluate compliance with the relevant company issuances governing management conduct.

(iii) Internal Control

- (a) Review the adequacy and effectiveness of the Corporation's financial and internal controls and systems including financial reporting control and technology security, based on the state of internal controls provided by management and evaluation of internal control by the Internal Audit Group, and discuss recommendations for improving the same such as the inclusion of fraud prevention measures.
- (b) Review and make recommendations relating to any communication or report by regulatory agencies relating to the financial statements of the Corporation and ensure that management undertakes corrective actions, where necessary, in a timely manner.
- (c) Review, conduct investigations and make recommendations relating to any communication or report relating to any findings or major investigations on internal controls or financial reporting matters or fraud in connection therewith including issues raised by the external auditor and management's response thereto.

(iv) Internal Audit

- (a) Review with management and the head of the Internal Audit Group the qualifications of an internal auditor and the organizational structure of the internal audit function, to ensure adequacy of resources and independence of the Internal Audit Group.
- (b) Review and approve the annual audit plans prepared by the Internal Audit Group and major changes to the plans, if any, including the scope and extent of audit work to ensure adequacy of resources and independence of the Internal Audit Group and compliance with International Standards on the Professional Practice of Internal Auditing. The scope of the internal audit examination should cover the evaluation of adequacy and effectiveness of controls on governance, operations, information

systems, protection of assets and compliance with applicable laws, rules and regulations.

(c) Review with management significant findings and recommendations of the Internal Audit Group and management's response thereto including an action plan for implementation to correct weaknesses and any difficulties encountered by the auditors in the course of their audit.

(d) Require the Internal Audit Group to submit an annual report to the Committee and management of its activities and performance relative to the audit plan approved by the Committee.

(v) External Audit

(a) Review and evaluate the professional qualifications, performance and independence of the external auditor and the lead partner.

(b) Review and approve with the external auditor, before the audit commences, the nature and scope of the audit plans, including scope, audit resources and expenses, and reporting obligations.

(c) Review and approve the fees, remuneration and terms of engagement of the external auditor for audit and non-audit services.

(d) Evaluate and approve non-audit work by external auditor, including the fees payable therefor, and evaluate any non-audit work undertaken to ensure that the same does not conflict with audit functions.

(e) Review the reports or communications of the external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management and other material issues that affect the audit and financial reporting, and ensure that management or the Board will promptly address the issues raised.

(f) Ensure that the external auditor complies with auditing standards.

(g) Ensure that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of the Corporation is changed every five (5) years or earlier.

4.3 The Committee shall be guided by the Corporation's mission and vision in the fulfillment of its functions.

Section 5. Reporting

The Committee shall report directly to the Board all actions of the Committee at the meeting of the Board following such actions.

Section 6. Resources and Authorities

The Committee shall have the resources and authorities appropriate to discharge its function, duties and responsibilities including the authority to obtain advice from external consultants and functional specialists within the Company.

Section 7. Performance Assessment

- 7.1 The Committee shall assess its effectiveness to ensure that its performance meets and complies with best practices. In any such assessment, the Committee may be guided by a self-assessment worksheet which shall be in substantial compliance with the Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange issued by the Securities and Exchange Commission.
- 7.2 The assessment shall be accomplished on an annual basis or in such short intervals as may be required by the Board. The results of the assessment shall be validated by the Compliance Officer and submitted to the Board.
- 7.3 The Committee shall establish a feedback mechanism to receive comments from management, the Internal Audit Group, general counsel, the external auditor, and any person, to facilitate dialogue within the organization about possible ways to improve its performance.

Section 8. Effectivity

This Charter shall take effect immediately upon approval by the Board.



APPROVED BY:

The undersigned members of the Board of Directors of Travellers International Hotel Group, Inc.:

SGD.

DR. ANDREW L. TAN

SGD.

TAN SRI LIM KOK THAY

SGD.

KINGSON U. SIAN

SGD.

CHUA MING HUAT

SGD.

JOSE ALVARO D. RUBIO

SGD.

LAURITO E. SERRANO

SGD.

ENRIQUE M. SORIANO III

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