

JENTAYU SUSTAINABLES BERHAD
[Registration No. 197501000834 (22146-T)]
(Incorporated in Malaysia)

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**TERMS OF REFERENCE OF THE BOARD AUDIT
COMMITTEE**

A. COMPOSITION

The Board shall establish a committee of the Board of Directors (“Board”) to be known as the Board Audit Committee.

The Board Audit Committee shall be appointed by the Directors from among their number (pursuant to a resolution of the Board) which fulfills the following requirements:

- 1) the Board Audit Committee must be composed of no fewer than three (3) members;
- 2) all the Board Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- 3) at least one member of the audit committee -
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and –
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

No alternate director is to be appointed a member of the Board Audit Committee.

In the event of any vacancy in the Board Audit Committee which results in non-compliance of Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within three (3) months.

The members of the Board Audit Committee shall elect a Chairman from among their number who shall be an independent director. If there is any vacancy in the position of the Chairman of the Board Audit Committee, the Board shall within three (3) months appoint a new Chairman of the Board Audit Committee to fill the vacancy.

The Nomination and Remuneration Committee must review the term of office and performance of the Board Audit Committee and each of its members annually to determine whether the Board Audit Committee and members have carried out their duties in accordance with their terms of reference.

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B. OBJECTIVES

The primary objectives of the Board Audit Committee are to:

- a) Ensure transparency, integrity and accountability in the Jentayu Sustainables Group's activities so as to safeguard the rights and interests of shareholders.
- b) Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting policies and internal controls and financial reporting practices of the Jentayu Sustainables Group.
- c) Maintain through regularly scheduled meetings, a direct line of communication between the Board, senior management, internal and external auditors.

C. AUTHORITY

The Board Audit Committee is authorised by the Board to:

- a) Investigate any activity within its terms of reference and investigate and report any activity, issues or concerns in regard to the Management of the Jentayu Sustainables Group.
- b) Review the existing practices and make recommendations to Management. In this regard, the Board Audit Committee is authorized to seek any information it requires from any employee and to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

The Board Audit Committee shall have direct access to the internal and external auditors, who in turn, have access at all times to the Chairman of the Board Audit Committee. Whenever deemed necessary, the Board Audit Committee will convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company and Group except for the Company Secretary.

D. FUNCTIONS OF THE BOARD AUDIT COMMITTEE

1. To review and discuss the following with the external auditors:
 - i) their audit plan;
 - ii) their evaluation of the internal control system;
 - iii) their audit report, management letter and management's response; and
 - iv) the assistance given by the employees of the Company to them.

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2. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - i) going concern assumption;
 - ii) changes in or implementation of major accounting policies and practices;
 - iii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - iv) compliance with accounting standards and other legal requirements;
3. To do the following in relation to the internal audit function:
 - i) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - ii) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - iii) To consider the significant findings of internal audit investigations and management's response;
 - iv) To evaluate the system of internal controls, with the external auditors;
 - v) To assess the quality and depth of staffing in the internal audit function;
 - vi) To review any assessment or appraisal of the performance of the staff of the internal audit function; and
 - vii) To inquire into the effectiveness of the Group's internal audit policies and procedures;
4. Any related party transaction and conflict of interest situation that arose, persist or may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of the management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts.
5. To review and recommend the appointment or re-appointment of external auditors, the audit fee and to deal with matters relating to their resignation or dismissal including the nomination of person or persons as external auditors.
6. To review the risk management policies and practices of the Company and Group to ensure effectiveness.

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7. To discuss problems and reservations arising from the interim and/or final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).
8. To carry out such other functions as may be agreed to by the Board Audit Committee and the Board of Directors.

E. MEETINGS

The Board Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the audit committee if a request is made by any committee member, the Company's Managing Director/ Executive Director/ Chief Executive Officer or external auditors.

The Managing Director/ Executive Director/ Chief Executive Officer, Chief Financial Officer and Head of Internal Audit will normally be invited to attend all meetings of the Board Audit Committee. Other board members and/or other employees may also be invited to attend any particular meeting of the Board Audit Committee as determined by the Chairman.

A resolution in writing signed or approved via letter, telex or facsimile by all Committee members shall be effective for all purposes as a resolution passed at a meeting of the Board Audit Committee duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.

F. NOTICE

Three (3) days notice specifying the place, date and hour of the meeting and the business to be discussed thereat shall be given to all the Board Audit Committee members and any other person that may be required to attend.

G. QUORUM

The quorum for each meeting of the Board Audit Committee shall consist of two (2) members present, both of whom must be independent directors and any decisions shall be a simple majority.

H. SECRETARY AND MINUTES

The Company Secretary shall act as Secretary of the Board Audit Committee.

The Secretary shall also be responsible for keeping the minutes of meetings of the Board Audit Committee and circulating them to the Board Audit Committee members and to the other members of the Board of Directors. The Chairman of the Board Audit Committee shall report on each meeting of the Board Audit Committee to the Board.