

**HARVEST MIRACLE CAPITAL BERHAD
(F.K.A VORTEX CONSOLIDATED BERHAD)**

BOARD CHARTER

This Charter has been adopted by the Board to:

- Provide a guidance and guidelines on the manner in which its constitutional powers and responsibilities will be exercised and discharged; and
- Outline the core principles of corporate governance to which the Company adopts and to which each Director or the Directors collectively, as the case may be, should strive for.

A. BOARD RESPONSIBILITIES

The Board of Directors (“Board”) is responsible for the proper stewardship of the Company and its subsidiaries (collectively “Group”). The Board is to aim for the maximization of shareholders’ value and safeguarding stakeholders’ interests including securing sustainable long-term financial results and increasing shareholders’ value, without compromising on social and environmental considerations. Hence, the Board should collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

The Board has the following major responsibilities, which facilitate the discharge of the Board’s stewardship in the pursuit of the best interests of the Company:

1. Maintain good corporate governance standards;
2. Formulating a strategic plan for the Company and tailoring the same from time to time by taking practical and realistic approaches;
3. Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed and sustained;
4. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
5. Reviewing periodically this charter and the code of conduct of the Board Committees to ensure they remain consistent and compliance with applicable laws, regulations, rules and guidelines and standard of Corporate Governance.

B. BOARD COMPOSITION

1. It is intended that the composition of the Board be determined using the following principles:
 - i. The Board as a collective unit is responsible to determine the appropriate size of the Board which should comprise of individuals with character, experience integrity, competence and time to effectively;
 - ii. At least two (2) directors or one third (1/3) of the Board, whichever is higher, shall be independent directors. The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Otherwise, the Board must justify and seek shareholders' approval at Annual General Meeting in the event it retains the director as an independent director;
 - iii. On boardroom diversity, the Board is supportive of the gender boardroom diversity. The Board shall endeavour to maintain at least 1 female Directors at all times to possibly provide alternative views where applicable;
 - iv. The Board shall comprise of directors with an appropriate range and mix of skills, experience, expertise and diversity that will enable the Board to effectively function. It is suggested that a Board shall maintain a person with financial background and experience and another with corporate legal background and experience;
 - v. That each individual Director should be aware that he/she is expected to devote sufficient time to the Company as and when is needed in order to discharge his/her responsibilities as a Board member;
 - vi. Each Director should not hold more than 5 directorships in listed companies;
 - vii. Directors should notify the Chairman of the Board and the Company Secretary before accepting any new directorship, including an indication of time that will be spent on the new appointment; and
 - viii. All Directors are subject to retirement by rotation in accordance to the Company's Article of Association.
2. New Board Members shall be given a copy of the Charter and if required, be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group.
3. Board Members may hold shares in the Company. When buying or selling shares in the Company, Board Members must strictly observe the provisions of the Articles of Association and all relevant legislative and regulatory requirements.

C. ROLES OF CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Chairman shall be an executive director, and the roles of the Chairman and the Managing Director/Chief Executive Officer (“MD/CEO”) shall be separated. The Chairman is the official spoke person for the Board, unless the Board determines otherwise but may delegate this duty where appropriate and more effective to more relevant individuals.

In general, the Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the MD/CEO over all operational matters and shall consult with the Board promptly over any matter that gives him/her cause of significant concern whilst the MD/CEO oversees the day-today management of the Group’s business operations and implementation of policies and strategies adopted by the Board.

The Company’s governance and management functions are connected through the MD/CEO whereby all authority and accountability conferred by the Board is delegated to MD/CEO who represents the Management. The MD/CEO is accountable to act according to commonly accepted good business practice or professional ethics.

D. BOARD STRUCTURES AND PROCEDURES

The Board may delegate specified matters to individual members or committees of the Board to oversee critical or major functional areas and to address matters which required detailed review or in-depth consideration. There shall be established the following committees:

- i. Audit Committee;
- ii. Nomination Committee;
- iii. Remuneration Committee; and
- iv. Any other Committee where required.

E. KEY RESPONSIBILITIES

In particular, the following are responsibilities and functions of the Board:

- **Corporate Strategy and Performance**

To review, evaluate and approve, on a regular basis, long-range plans for the Company (as proposed by management);

To review, evaluate and approve the Company’s annual budgets (as proposed by management);

To review the financial and operating results of the Company on a periodic basis, at least quarterly; and

To monitor executive management's performance in the implementation and achievement of the Company's business objectives, strategies and targets against those set out in the annual budgets and the long-range plans.

- **Capital Management**

Approval of capital management policies and plans including giving specific attention to the quantum, nature and terms of the Company's debt facilities and status of the solvency and the ability to safeguard its assets and fulfill its contractual obligations.

- **Capital expenditure, mergers, acquisitions and divestures**

Review and as appropriate approve management proposals regarding significant capital expenditure, business development, mergers, acquisitions and divestitures of companies, businesses/projects/assets and functions when such merger, acquisition and/or divestiture would have a material effect on the assets, profits or operations of the Group.

- **Risk Management**

To approve and oversee the process developed by management to ensure Group's business risks tolerance is identified; To approve systems of risk management, risk appetite, regulatory compliance and control and associated Group policies to mitigate and manage those risks; and

To monitor management's implementation and compliance with these systems and controls.

- **Organisation Structure and Senior Management**

To review, evaluate and approve the overall corporate organisational structure, the assignment of senior management responsibilities and plans for senior management development (training programmes) and succession under the guidance of Nomination Committees; and

To review, evaluate and approve compensation strategy as it relates to senior management of the Company under the guidance of the Remuneration Committees.

- **Financial Reporting**

To review and approve the Company's quarterly financial reports and annual financial statements and other prepared or published financial information with applicable financial reporting standards; To approve (subject to shareholders' endorsement) the appointment of the external auditors through the recommendation from the AC members; and To ratify/ approve the appointment of the internal auditor and approve his/her respective scope of work.

- **Internal Control System**

To review and monitor the overall effectiveness framework of the governance, risk management and internal control processes and procedures including operational reporting, accounting and financial reporting controls. The function is delegated to the Audit Committee which will in turn report to the Board on its findings.

- **Approval Authorities**

To determine and approve the level of authority to be delegated to MD/CEO in respect of operating expenditures, capital expenditures, credit facilities, and risk taking and approve the further delegation of those authorities to management by the MD/CEO; and

Approve operating and capital expenditures, credit facilities and risk-taking authorities in excess of the limits delegated to management, and all other transactions which the Board has reserved for its own deliberation and approval.

- **Legal Compliance**

To ensure that the company complies with all the relevant laws, regulations, and codes of business practice and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form.

- **Code of Conduct and Corporate Responsibility**

To adopt, implement and monitor compliance with the Company's Code of Conduct; and

To review periodically the Company's corporate objectives and policies relating to social responsibility.

- **Others**

The appointment, review of performance, and where appropriate, the removal of, the Company Secretary and any other corporate service providers.

F. REVIEW OF BOARD PERFORMANCE

The Chairman keeps under review, informally, the contributions made by Board Members. The Nomination Committee is given the task to review annually the activities and effectiveness of the Board and the Board Members. The Chairman of the Nomination Committee to oversee the overall evaluation process.

The Board should also undertake an annual assessment of the Independence of its Independent Directors pursuant to Chapter 1 of the Listing Requirement. The Independent Director should bring independent and objective judgment to the Board to mitigate risks arising from the conflict, if any.

G. CORPORATE DISCLOSURE POLICY AND PROCEDURES

The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The CEO and CFO are responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with its policy and overseeing the disclosure controls and procedures. If in doubt, the CEO and CFO shall consult the Board and the Board shall make a decision.

Sufficient information would be made available to the Company Secretary or any other relevant advisors for drafting of the announcement.

The Board is mindful that the information which is expected to be material must be announced in a timely fashion, and that any confidential information or price sensitive information should be handled properly and discreetly to avoid untimely leakage to the public and improper use of such information such as in contravention of any of its contractual obligations.

H. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC

The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders.

The Board believes that Management speaks for the Group, Nevertheless, individual board members may, from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Group. Comments from the Board, if appropriate in most circumstances, shall come from the Chairman/CEO.

The Company shall aim to ensure that shareholders are well informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented the following procedures:

- Shareholders can gain access to information about the Company, including media releases and key policies through the Company's website www.hmcap.my. This website should consist of the Company's board charter and any other public information for shareholders' notation.
- The Company encourages full participation of shareholders at General Meetings to ensure a forum is available and a high level of accountability and discussion of the Company's strategies and goals. Certain resolutions as required by the regulatory/ laws will be voted by poll though shareholders at General Meetings are informed of their rights to request for poll voting on resolutions tabled therein.

I. ETHICAL STANDARDS & CODE OF CONDUCT

As a matter of Board policy, directors and management are expected to conduct themselves with the highest ethical standards and to comply with the Company's Memorandum and Articles of Association and this Board Charter shall at times be subject to the Company's Memorandum and Articles of Association as may be amended from time to time. All directors, executives and staff are expected to behave ethically and professionally at all times and thereby protect and promote the reputation of the Company.

All of the Company's directors, executives and staff are expected to:

- Act honestly and fairly in all their business dealings and not to allow themselves to be placed in a position of conflict of interest;
- Comply with the law and regulations set by relevant authorities;
- Be accurate, diligent and professional in the execution of their duties; and
- Work together to promote a safe, ethical and professional workplace.

J. DIRECTOR COMPENSATION

Non-executive Directors shall receive reasonable compensation for their services as such. The form and amount of Directors' compensation will be determined by the Remuneration Committee in accordance with the policies and principles set forth in its charter, and each Director compensation shall be reviewed annually.

K. MD/CEO EVALUATION AND MANAGEMENT SUCCESSION

The Nomination Committee will conduct an annual review of the MD/CEO's performance. The Board will review the Nomination Committee's report in order to ensure that the MD/CEO is providing the best leadership for the Company in the long and short term. The Board will evaluate and approve management succession strategies and plans for the MD/CEO and other key management staff.

L. DIRECTOR TRAINING

Each Director is encouraged to attend briefings, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest development in the industry, matters of relevance to their respective personal development and to enhance their skills and knowledge, which may be constructive or useful in discharging their roles as Director of the Company.

M. DIRECTOR ACCESS TO OFFICERS AND EMPLOYEES

Directors have full and free access to officers and employees of the Company. The Directors will use their judgment to ensure that such contact is not disruptive to the business operations of the Company and will, to the extent inappropriate, copy the MD/CEO on any written communications between a Director and an officer or employee of the Company.

The Directors are also encouraged to regularly consult Company Secretary(ies) on procedural and regulatory requirements.

N. MEETINGS

The Board shall meet at least quarterly and additional meetings will be convened as and when necessary. A schedule of locations and times of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend the Board meetings and meetings of the committees on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

Directors are encouraged to attend all annual and general meetings of the shareholders.

O. INDEPENDENT PROFESSIONAL ADVICE

The Board and each committee have the right, in conjunction with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required but this will not be unreasonable withheld.

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