

MIECO CHIPBOARD BERHAD
REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Composition of Remuneration Committee

The Remuneration Committee ("RC") shall be appointed by the Board of Mico Chipboard Berhad ("MIECO") from amongst their members (pursuant to a resolution of the Board) which compose of not fewer than three (3) non-executive directors, majority of them being independent directors.

2. Objectives of the RC

The RC shall set the policy framework and recommend to the Board, the remuneration of the executive directors in all forms, drawing from outside advice as necessary with the objective of ensuring that the Company's executive directors are fairly rewarded for their individual contributions to the Company's overall performance and that the levels of remuneration are sufficient to attract and retain directors to run the Company successfully.

3. Functions of the RC

- (a) to recommend to the Board the policy framework on all elements of remuneration such as reward structure, fringe benefits and other terms of employment (including compensation packages) of the Company's executive directors and such other members of the senior management as it is designated to consider;
- (b) to review annually the performance of the executive directors and recommend to the Board specific adjustments in remuneration and/or reward payments if any, to ensure that rewards commensurate with their contributions to the Company's growth and profitability; and that the remuneration policy supports the Group's objectives and shareholder value and is consistent with the Group's culture and strategy;
- (c) to recommend to the Board the remuneration of the non-executive directors to ensure that the level of remuneration of non-executive directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board;
- (d) to keep abreast of the remuneration packages for members of Board committees to ensure that they commensurate with the scope of responsibilities held and review and recommend changes to the Board whenever necessary.

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The remuneration of directors shall be the ultimate responsibility of the Board after considering recommendations of the RC. Executive directors do not participate in discussion of their own remuneration. The determination of remuneration packages of non-executive directors should be a matter for the Board as a whole.

4. Meetings and Reporting Procedures

- (a) The RC shall meet at least once a year. Additional meetings may be called at the discretion of the RC's Chairman.
- (b) The quorum for a RC meeting shall be at least two (2) members.
- (c) Non member Directors or members of management may attend any particular RC Meeting only at the invitation of the RC.
- (d) The Company Secretary of MIECO shall act as the Secretary of the RC.
- (e) The Secretary of the RC is responsible for :-
 - (i) drawing up the agenda in consultation with the RC's Chairman, and circulating it, supported by explanatory documentation, to the committee members prior to each meeting.
 - (ii) recording attendance of all members and invitees;
 - (iii) preparing and keeping minutes of meetings.

Approved by the Board of MIECO

on 17 November 2008