



GOME ELECTRICAL APPLIANCES HOLDING LIMITED

國美電器控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

Terms of Reference for Remuneration Committee

(Adopted at the Board Meeting held on 27 March 2012)

The Remuneration Committee (the “**Committee**”) is established by the board (the “**Board**”) of directors (the “**Directors**”) of GOME Electrical Appliances Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) primarily for the purpose of evaluating and making recommendations to the Board regarding the Company’s policy and structure for remuneration of Directors and senior management of the Company.

Membership

1. The members of the Committee shall be appointed by the Board and all of whom shall be Directors. The Committee shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum shall be two members.
2. The chairman of the Committee shall be an independent non-executive Director and shall be appointed by the Board.

Meetings

3. The Committee shall hold a meeting at least once per year.
4. The company secretary shall be the secretary of the Committee and shall keep full minutes of Committee meetings. However, if the company secretary is not able to attend the meeting, he/she may appoint a person as his/her alternate to attend the meeting and perform his/her duties thereat.

Authorities

5. The Committee shall report its decisions and recommendations (if any) to the Board after each Committee meeting and shall submit to the Board the minutes of its meetings.
6. In carrying out its functions and duties, the Committee shall be entitled to seek any relevant information from the Directors and/or senior management who shall accommodate to any request made by the Committee. In particular, the Committee should consult with the chairman of the Board and/or the President about their proposals relating to the remuneration of other executive directors.

7. The Committee is authorised by the Board 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 at the Company's expenses.

Duties

8. The duties of the Committee shall be:
 - 8.1 to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors' and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
 - 8.2 to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors and independent non-executive Directors, having regard to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
 - 8.3 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - 8.4 to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
 - 8.5 to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
 - 8.6 to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Others

9. These terms of reference are prepared in English and Chinese. In case of any inconsistency between the English version and the Chinese version, the English version shall always prevail.
10. Any amendments to these terms of reference shall be reviewed by the Committee and approved by the Board.

** For identification purpose only*