

# First Quarter 2011 Results Announcement

May 26, 2011



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- **First Quarter 2011 Business Review**
- **First Quarter 2011 Financial Review**

# On Course for a Great Year Ahead

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## Revenue and net profit

- As a result of successful implementation of the Group's Five-Year Strategic Plan, revenue and net profit grew by 16.1% and 65.8% respectively, compared with the same period last year

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## Store network expansion and store refurbishment

- Opened 37 stores and closed 7 stores
- Total number of stores reached 856 by the end of March, 2011
- Refurbish 47 stores with the new format in 2011 Q1

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## Same Store Sales

- Same store sales growth reached 7.6% in 2011 Q1

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## Government subsidy policies

- "Exchange Old for New" subsidy program contributed 35.2% of total revenue in 2011 Q1
  - "Go Rural" subsidy program contributed 4.7% of total revenue in 2011 Q1
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# Income Statement Summary and Analysis

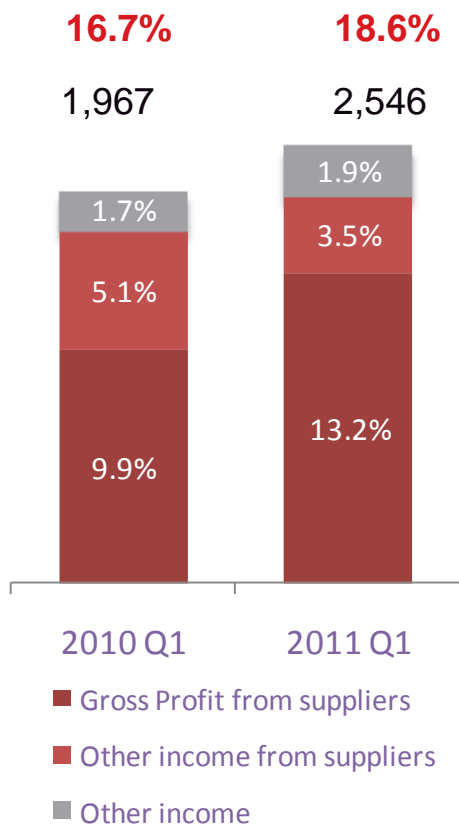
RMB Million	2010 Q1	2011 Q1	Change %
Revenue	11,782	13,677	16.1%
Consolidated Gross profit	1,967	2,546	29.4%
Profit from Operating Activities	532	685	28.8%
Profit before Tax	450	714	58.7%
Net Profit Attributable to Owners of the Parent Company	333	552	65.8%
Consolidated Gross Profit Margin	16.7%	18.6%	1.9Percentage Pts
Operating Profit Margin	4.5%	5%	0.5Percentage Pts
Effective Tax Rate <sup>(1)</sup>	18.0%	19.9%	1.9Percentage Pts
Net Profit Margin (Attributable to Owners of the Parent Company)	2.8%	4%	1.2Percentage Pts

(1) Effective Tax Rate = Tax charge/ PBT add back non-tax deductible items



# Considerable Year-over-Year Improvement in Consolidated Gross Profit Margin

% of Revenue  
RMB million



RMB million

Items	2010 Q1	2011 Q1
Revenue	11,782	13,677
Other Income and gains	796	741
Include:		
Income from suppliers	606	473
Management fee from non-listed GOME parent co. and Dazhong	72	118
Others	118	150



# Controlled Expenses

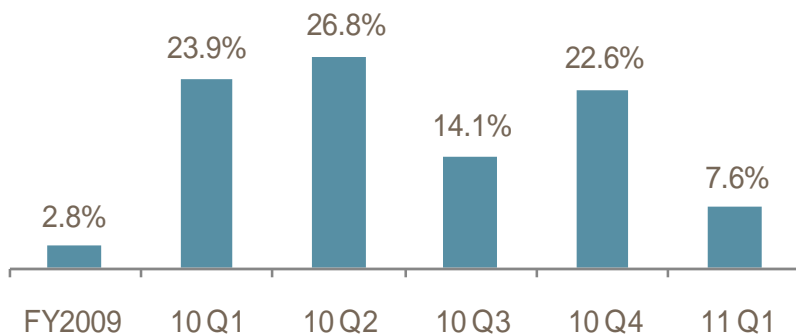
As % of Revenue	2010 Q1	2011 Q1	Change %
Selling & Distribution	9.5%	11.1%	1.6 Percentage Pts
Rent	3.9%	4.5%	0.6 Percentage Pts
Sales Salaries	2.1%	2.8%	0.7 Percentage Pts
Other S&D	3.5%	3.8%	0.3 Percentage Pts
Administrative	2.0%	2.1%	0.1 Percentage Pts
Other	0.7%	0.4%	(0.3) Percentage Pts
Total	12.2%	13.6%	1.4 Percentage Pts

# Operating Financials and Analysis

RMB million	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Mar 2011	Change %
Cash and Cash Equivalents	6,232	6,797	9.1%
Pledged Deposit	6,268	6,042	(3.6%)
Inventory	8,085	8,228	1.8%
Trade Payables	5,758	4,492	(22.0%)
Bill Payables	11,142	11,992	7.6%
Inventory Turnover Days	59	62	3 Days
Trade Payables Turnover Days	40	39	(1 ) Day
Bill Payables Turnover Days	92	88	(4) Days
Pledged Deposit Ratio	56.3%	50.4%	(5.9) Pct Pts

# Same Store Sales Continue to Trend Up

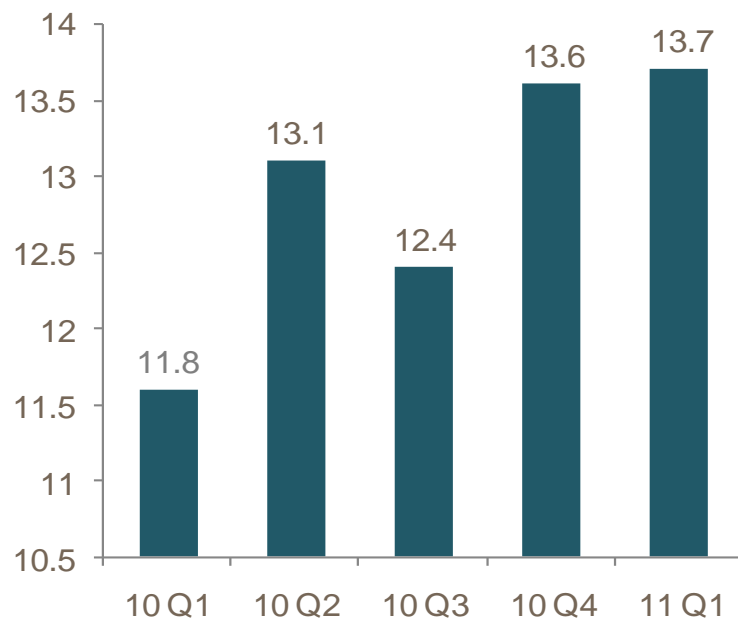
Same Store Sales Growth



Comparable stores :

532      662      651      647      638      680

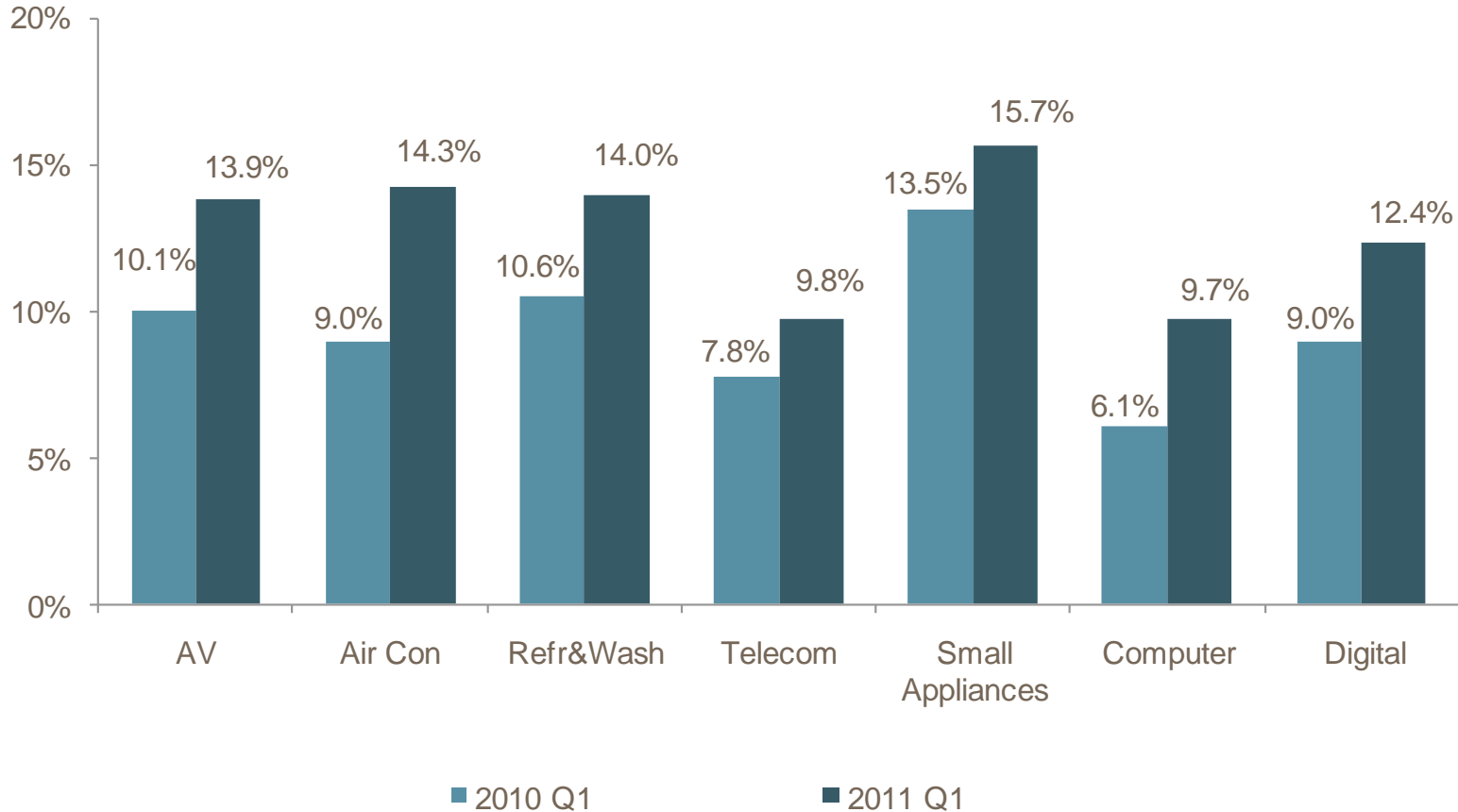
Sales(RMB billions)



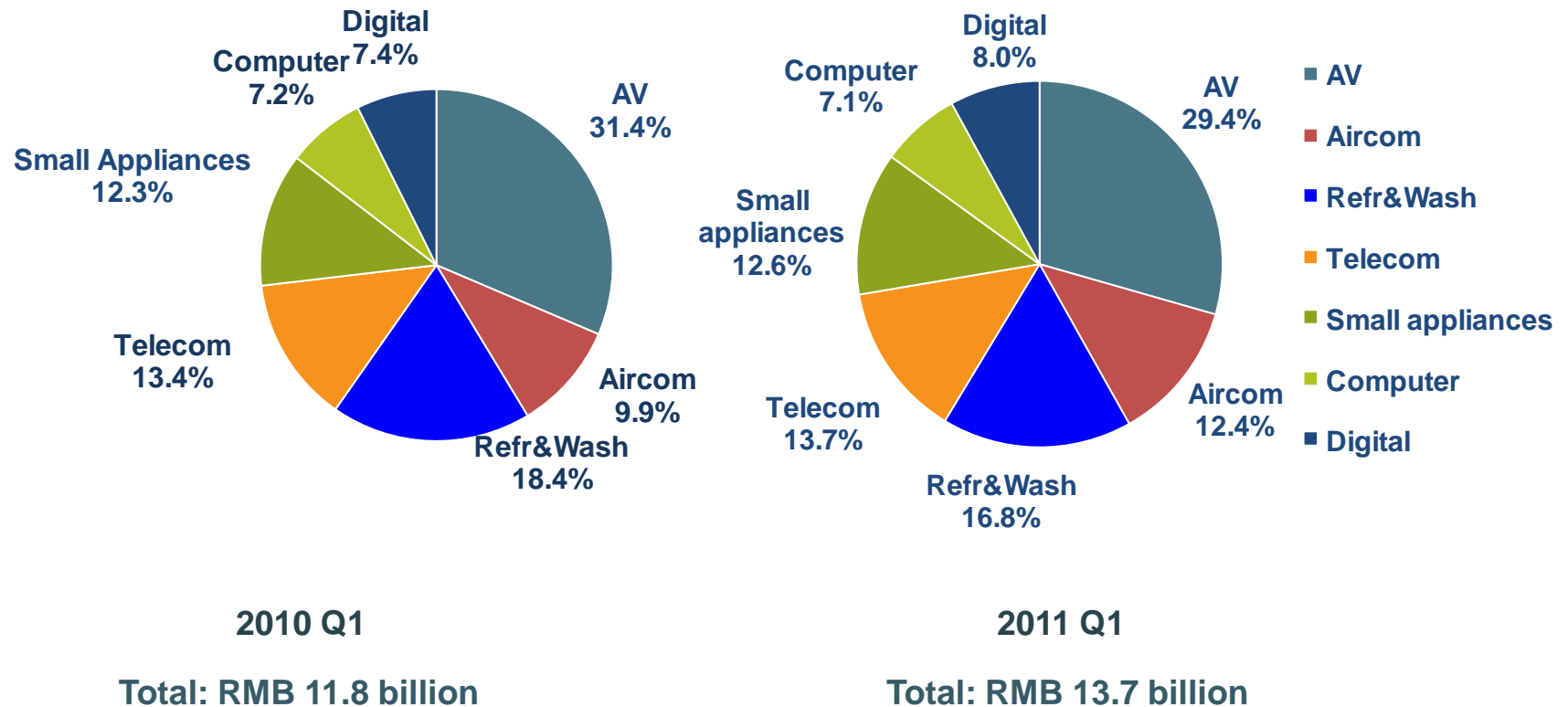
# Appendix



# Improving Category Gross Margins

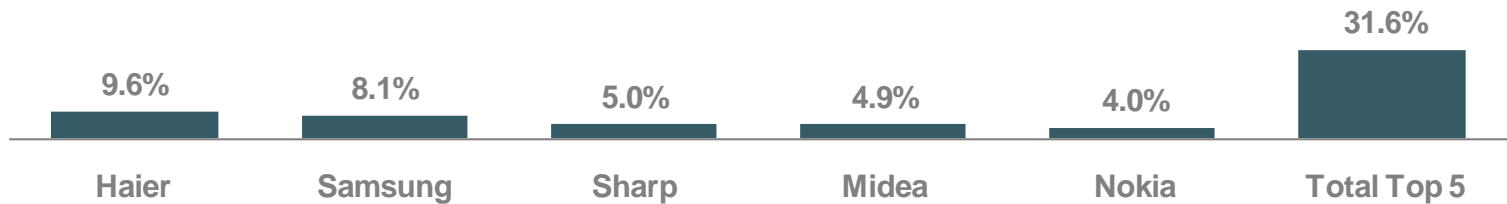


# Product Mix Analysis

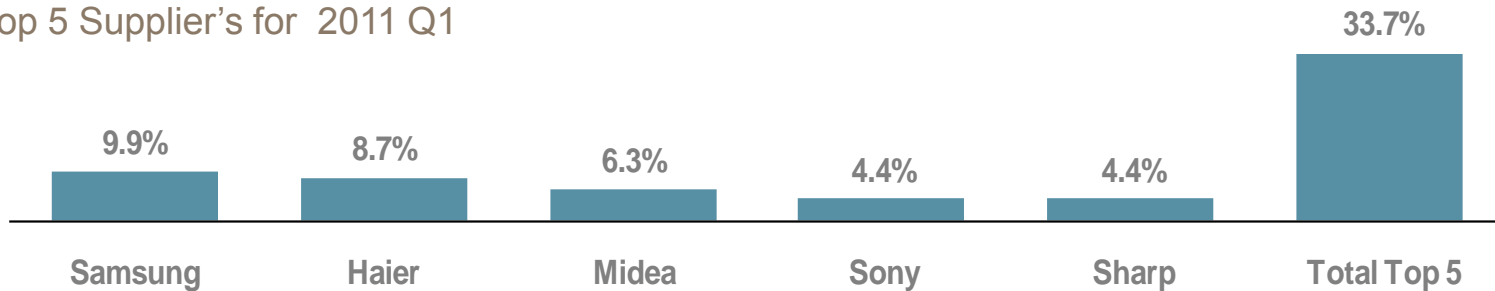


# Stable Supplier Relationships

Top 5 Supplier's for 2010 Q1



Top 5 Supplier's for 2011 Q1



# Store Network Coverage

As of March 31, 2011	Group	GOME	China Paradise	CellStar
Flagship stores	102	85	17	0
Standard stores (incl. supermarket stores)	718	603	115	0
Specialized stores	36	3	1	32
<b>Total:</b>	<b>856</b>	<b>691</b>	<b>133</b>	<b>32</b>
Tier 1 Market	535	407	102	26
Tier 2 Market	321	284	31	6
Net store increase (decrease) in 2011 Q1:	<b>30</b>	<b>13</b>	<b>5</b>	<b>12</b>
Number of stores opened:	<b>37</b>	<b>17</b>	<b>7</b>	<b>13</b>
Tier 1 Market	18	5	4	9
Tier 2 Market	19	12	3	4
Number of cities accessed:	<b>211</b>	<b>180</b>	<b>53</b>	<b>6</b>
Tier 1 city	26	20	9	1
Tier 2 city	185	160	44	5
Number of cities newly accessed	<b>3</b>	<b>2</b>	<b>1</b>	<b>0</b>





**Thank you**

