

2011 Interim Results Announcement

August 29, 2011



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Today's Presentation

1. 1H2011 Review

- Major Operating Initiatives
- Financial Results

2. Leaping Ahead

- Strategic Alliances
- Other Achievements

3. Strong Prospects

- Strong Demand Due to Replacement
- Maintain Industry Leadership

4. Appendix

- Top 5 Suppliers
- Gross Margins by Products
- Revenue Analysis by Region
- Revenue Analysis by Products
- Store Network



New Board Structure

Chairman

Zhang Da
Zhong

Independent Directors

Sze Tsai Ping

Chan Yuk
Sang

Lee Kong Wai

Thomas Joseph
Manning

Ng Wai Hung

Executive Directors

Ng Kin Wah

Zou Xiao
Chun

Non-Executive Directors

Zhu Jia

Ian Andrew
Reynolds

Wang Li Hong



1H2011 Review



Major Operating Initiatives in 1H2011

Store Network Optimization	<ul style="list-style-type: none">■ The Group opened 131 stores and closed 19 stores, representing a net increase of 112 stores. Total number of stores reached 938 by the end of June, 2011. There were 69 new stores in T1 cities and 62 in T2 cities. Ten new cities were accessed and the Same Store Sales growth increased by 7.4%.
T2 Market	<ul style="list-style-type: none">■ Same Store Sales growth in T2 markets reached 8.6% due to efficient supply chain management and store renovation.
Store Renovation	<ul style="list-style-type: none">■ By the end of the reporting period, the Group opened 18 super flagship stores (“Xin Huo Guan”), finished the renovation of 112 stores in T2 cities and 337 stores in priority regions.
Differentiated Products	<ul style="list-style-type: none">■ The Group promoted differentiated operation through OEM, ODM, private label, exclusive selling rights, etc.
ERP Systems	<ul style="list-style-type: none">■ During the reporting period, the Group finished software development, hardware purchases and testing of the new ERP systems. The first phase of the project is expected to be finished by the end of this year.
Online Business	<ul style="list-style-type: none">■ Coo8 and GOME’s own e-commerce platform integrated the Group’s existing resources in procurement, logistic, post-sales service, membership management and information processing. The two platforms together helped GOME gain aggregate market shares from different consumer segments.



Income Statement Summary

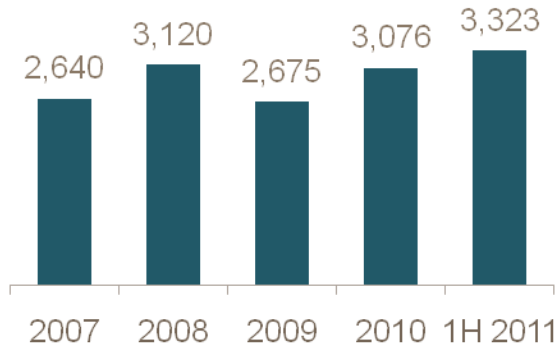
RMB Million	1H2011	1H2010	Change %
Revenue	29,806	24,873	19.8%
Consolidated Gross Profit	5,466	4,238	29.0 %
Operating Profit	1,597	1,249	27.9 %
Profit before Tax	1,666	1,256	32.6 %
Net Profit Attributable to Shareholders	1,252	962	30.1 %
Basic Earnings Per Share (RMB fen)	7.4	6.4	15.6 %
Diluted Earnings Per Share (RMB fen)	7.4	5.8	27.6 %
Consolidated Gross Profit Margin	18.3%	17.0%	1.3 pct pt
Operating Profit Margin	5.3%	5.0%	0.3 pct pt
Effective Tax Rate ⁽¹⁾	22.9%	19.5%	3.4 pct pt
Net Profit Margin (Attributable to Shareholders)	4.2%	3.9%	0.3 pct pt

(1) Effective Tax Rate = Tax charge / Profit Before Tax adjusted for non-tax deductible items

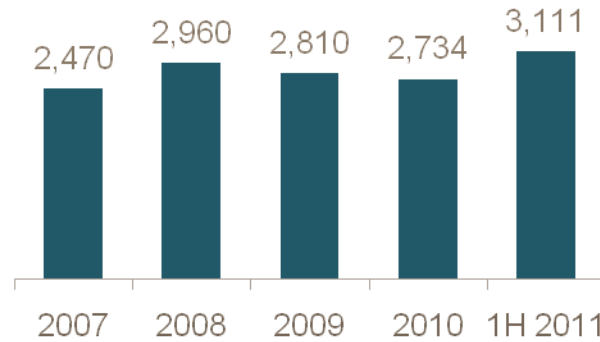


Improved Productivity

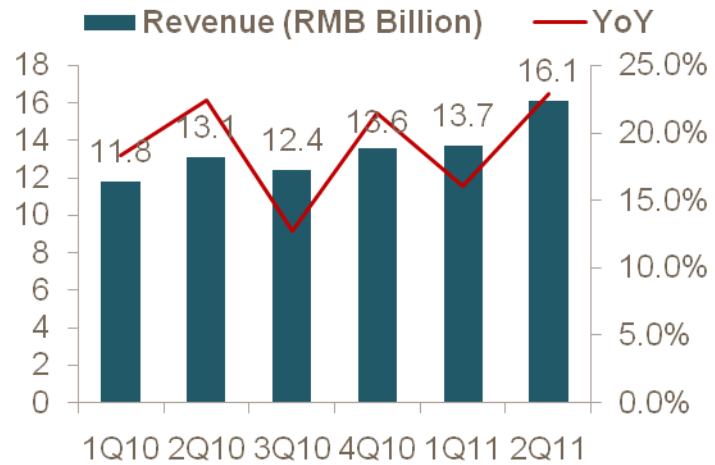
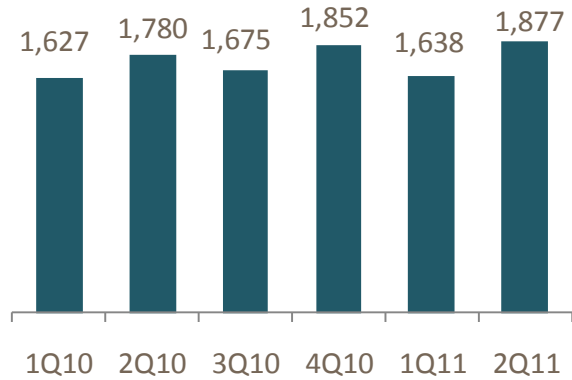
1H2011 Period-end Sales Area
Sq.km



1H2011 Weighted Average Sales Area
Sq.km

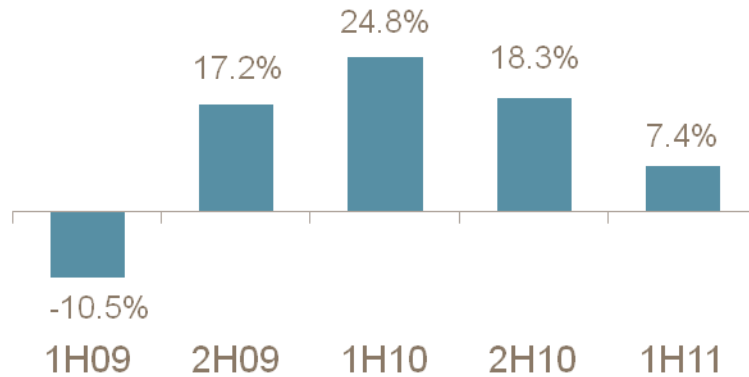


Average Sales Per Store
RMB 10,000



Store Operating Efficiency Continued to Excel

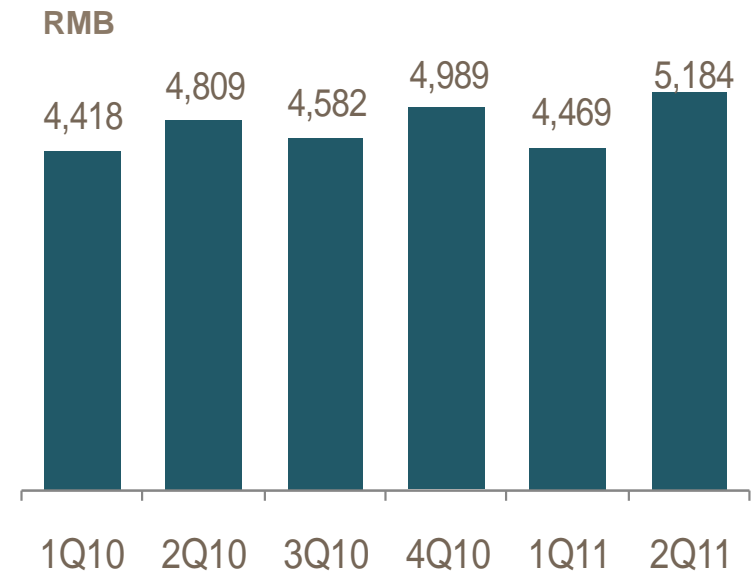
Same Store Sales Growth



Comparable Stores:

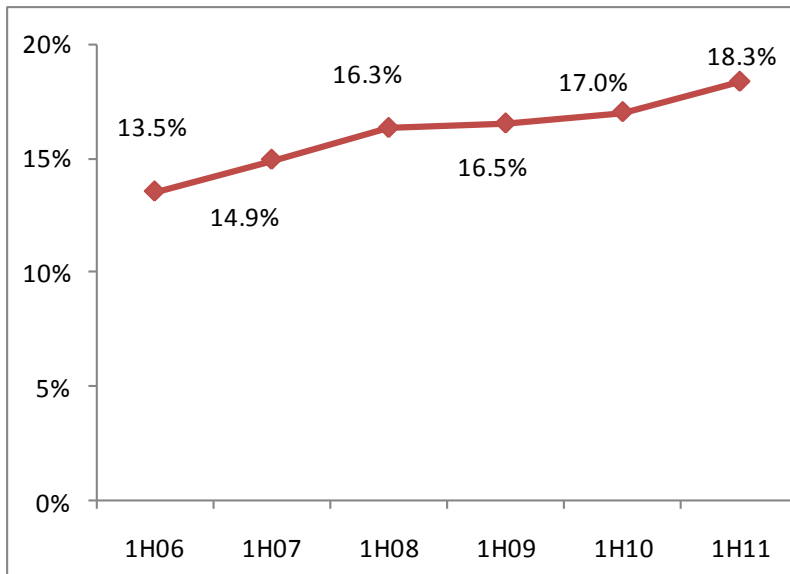
582 532 651 638 669

Average Sales per Sq.m.

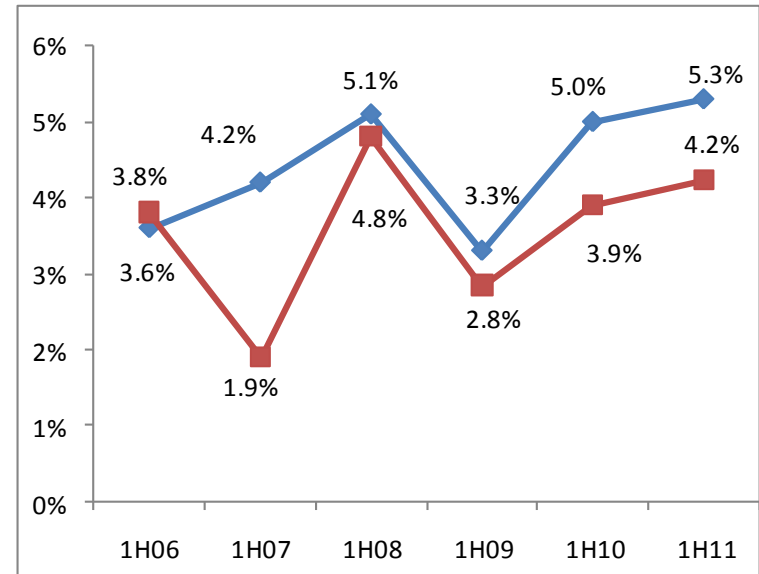


Profit Margins Near All-Time High

Consolidated Gross Margin

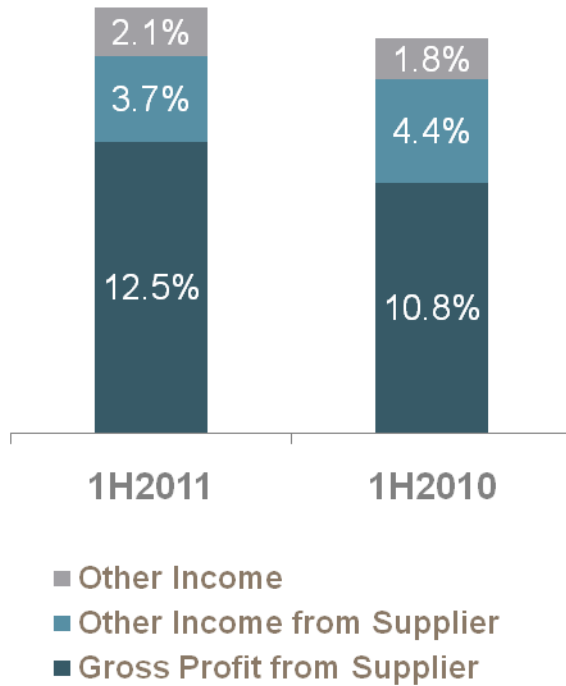


Operating Profit Margin Net Profit Margin



Consolidated Gross Profit Margins Analysis

% of Revenue: 18.3% **17.0%**
RMB million: 5,466 **4,238**



RMB Million

Items	1H2011	1H2010
Revenue	29,806	24,873
Total Other Income	1,737	1,564
Include:		
Other Income from Supplier	1,089	1,102
Management fee from non-listed GOME parent co. and Dazhong	228	184
Other Income	420	278



Financial Statement Summary and Analysis

RMB Million	1H2011	1H2010	Change %
Cash and Cash Equivalents	8,398	5,990	40.2 %
Pledged Deposit	6,235	7,415	(15.9) %
Inventories	8,521	5,794	47.1 %
Trade Payables	5,625	4,468	25.9 %
Bill Payables	12,849	11,746	9.4 %
Inventory Turnover Days	58 days	50 days	8 days ⁽¹⁾
Trade Payables Turnover Days	40 days	35 days	5 days
Bill Payables Turnover Days	83 days	95 days	(12) days
Pledged Deposit Ratio	48.5%	59.6%	(11.1) pct pt
Debt Ratio ⁽²⁾	13.5%	29.2%	(15.7) pct pt
Cash Flow from Operating Activity	2,403	3,126	---
Cash Flow from Investing Activity	(470)	(147)	--- ⁽³⁾
Cash Flow from Financing Activity	207	(3,018)	--- ⁽⁴⁾

(1) Affected by the increase in sales and number of stores in T2 cities

(2) Interest-bearing bank loans and convertible bonds / Equity

(3) Acceleration of store network expansion

(4) Since no cash was needed for the redemption of convertible bonds during the reporting period



Operating Costs Under Control

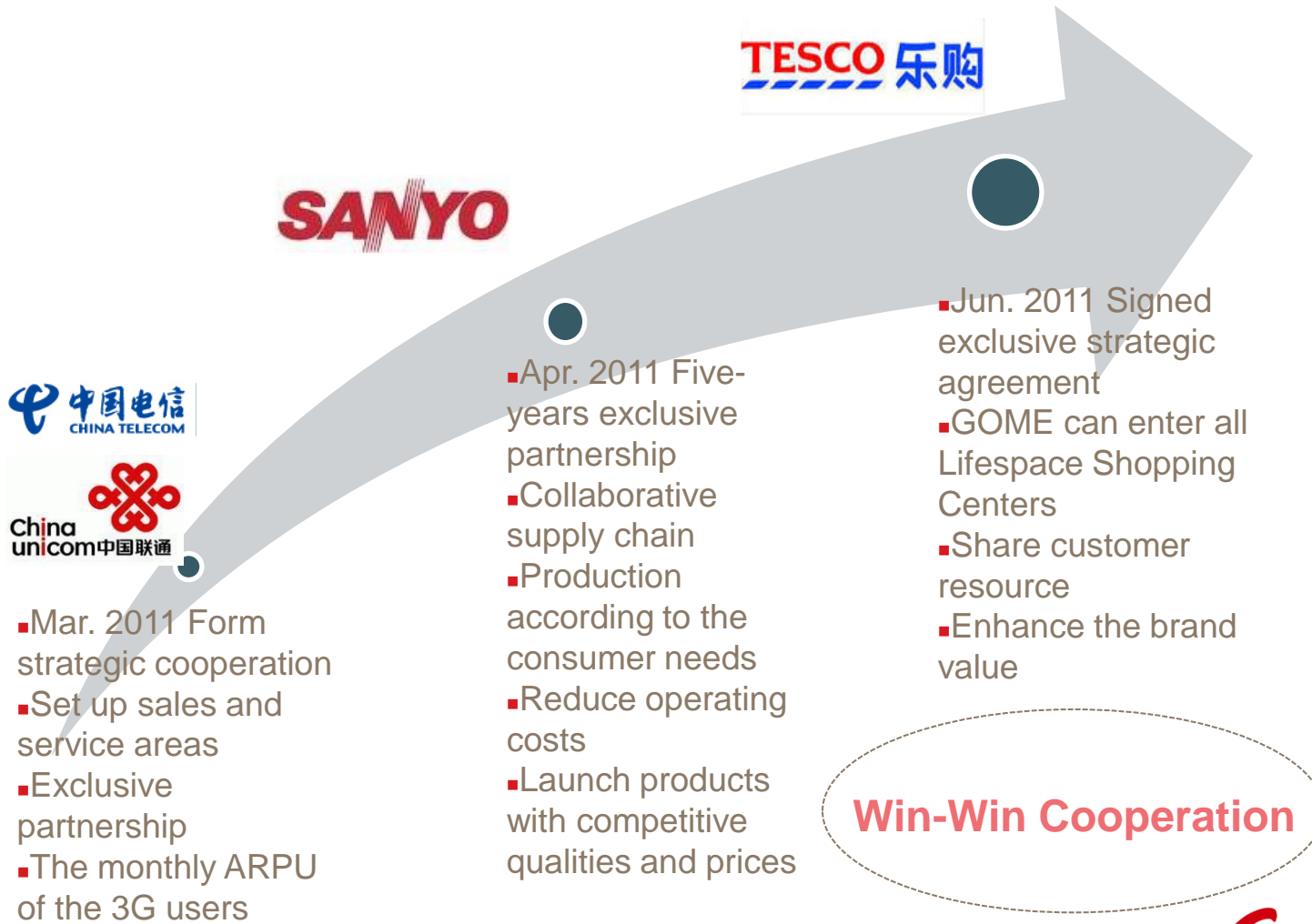
As % of Revenue	1H2011	1H2010	Change %
Selling & Distribution	10.4%	9.5%	0.9 pct pt
Rent	3.9%	3.9%	---
Salaries	2.8%	2.1%	0.7 pct pt
Advertisement	1.1%	1.0%	0.1 pct pt
Distribution cost	0.6%	0.5%	0.1 pct pt
Water & Electricity	0.6%	0.7%	(0.1) pct pt
Other S&D	1.4%	1.3%	0.1 pct pt
Administrative	1.9%	1.8%	0.1 pct pt
Other	0.7%	0.7%	---
Total	13.0%	12.0%	1.0 pct pt



Leaping Ahead



1H2011 New Strategic Alliances



Cooperation with China Telecom



- Commenced nationwide promotion on April 1, 2011

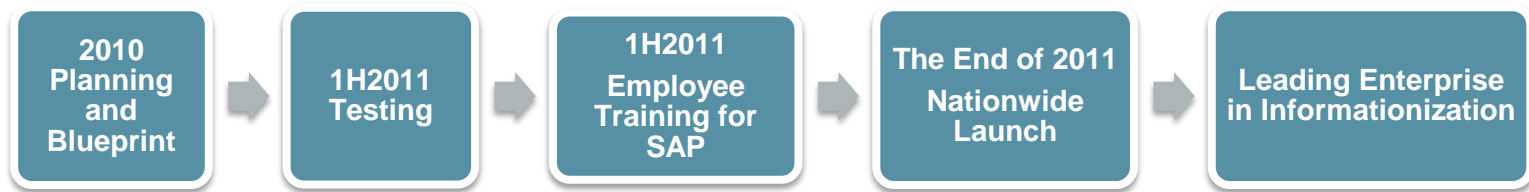
- Profit - sharing

Profit from commission on developing new subscribers

Profit from monthly ARPU sharing



Informationization — New ERP-SAP System



Seamless interaction between supply chain and demand chain



Economies of Scale

- 1 Improving the efficiency of supply chain, financial system and human resource system
- 2 Cost reduction due to more unified management system and infrastructure
- 3 Profit and cost can be analyzed down to individual store, individual product and individual sales person
- 4 Make comprehensive analysis on operating and financial conditions and P/L for all stores
- 5 Promote customized individual marketing and establish modern service system

Major E-commerce Initiatives



Upgraded platform launched in April, 2011

- **Accelerate the construction of logistics and distribution system**
 - Establish self-owned distribution centers
 - Establish large home appliances warehouses nationwide
- **Establish the logistics network for the last mile delivery**
 - The largest network covering the most areas in China
- **Establish a leading e-commerce platform in the industry**
 - Cooperate with SAP, HP, Accenture and Bearing Point
 - Effective control of every step in logistics
 - Achieve real-time visualization of the order

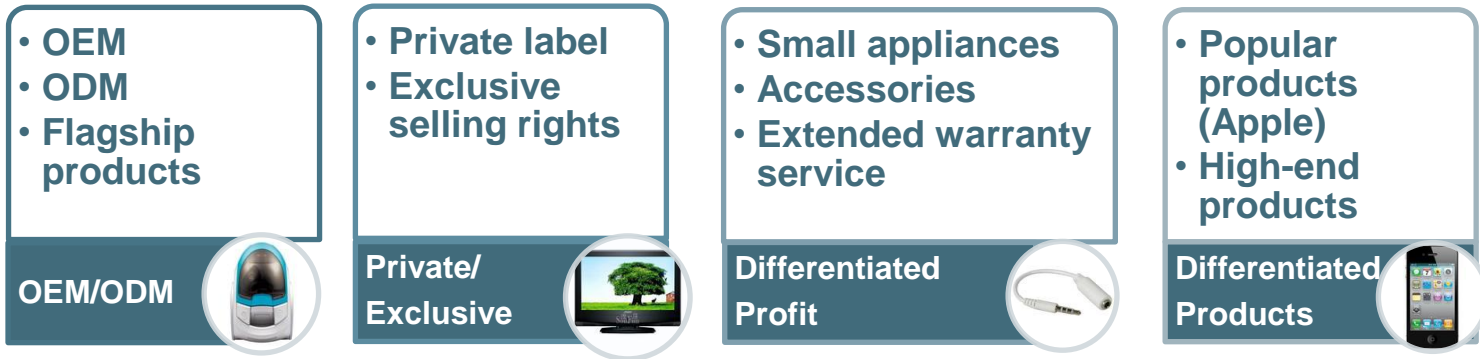


Acquisition finished in October, 2010

- **One-stop shopping**
 - Cover 9 major categories
 - Target mainly at individuals and families and lead the home appliances consumption trend
- **Low-price advantage**
 - Competitive retail price
- **Personalized whole service**
 - Perfect pre-sale and after-sale services and cash on delivery
 - Nationwide and extended warranty



Product Differentiation and Product Mix Optimization



Covering 7000 SKUs, 300 brands and 7 major categories

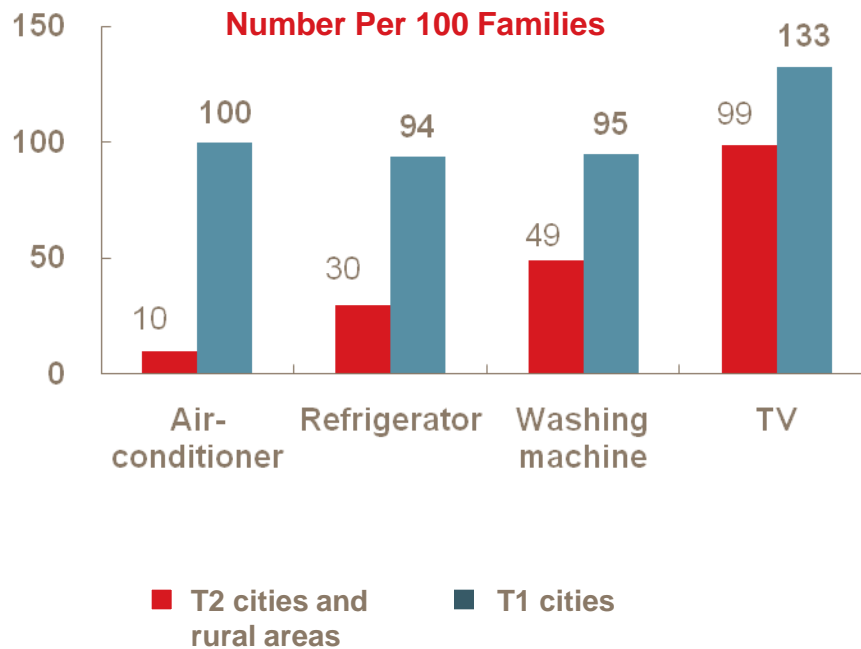


Strong Prospects



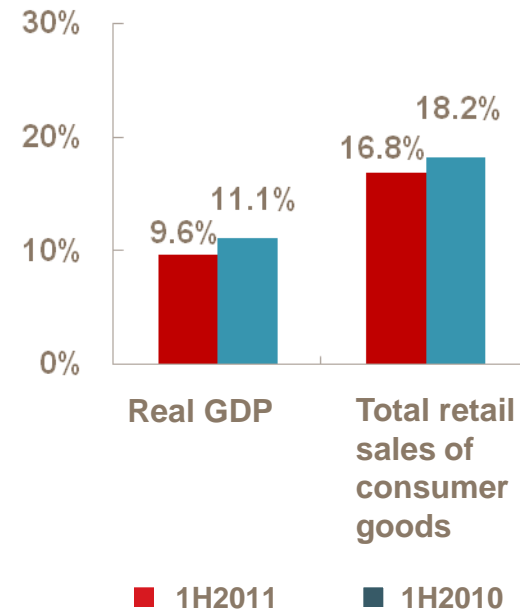
Macro Environment Favorable to Home Appliances Industry

Growth in T2 Markets



Source: CEIC, analyst report

Change of Real GDP and Retail Sales YoY (%)



Source: National Bureau of Statistics



Positive Effect from Welfare Houses on Home Appliances Industry

Government's Initiatives on Welfare Houses

2010: 5.8 million houses
 2011: 10 million houses
 The next five years: 36 million houses covering 20% of urban residents

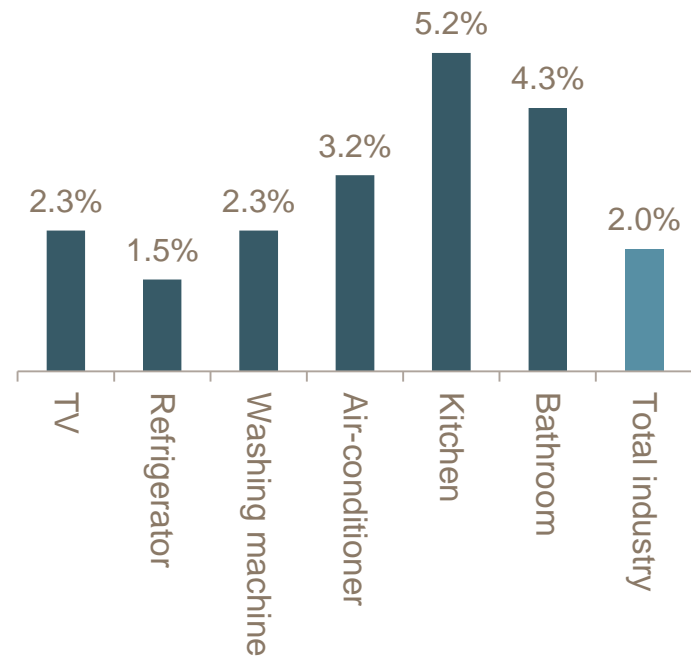
Ministry of Land and Resources

Welfare houses operating rate is 56.6% by the end of 1H2011.

Limited Impact from Housing Market

	Impact On Home Appliances Sales	Tightening Impact
Living Property Sales	High	Low
Investing Property Sales	Low	High

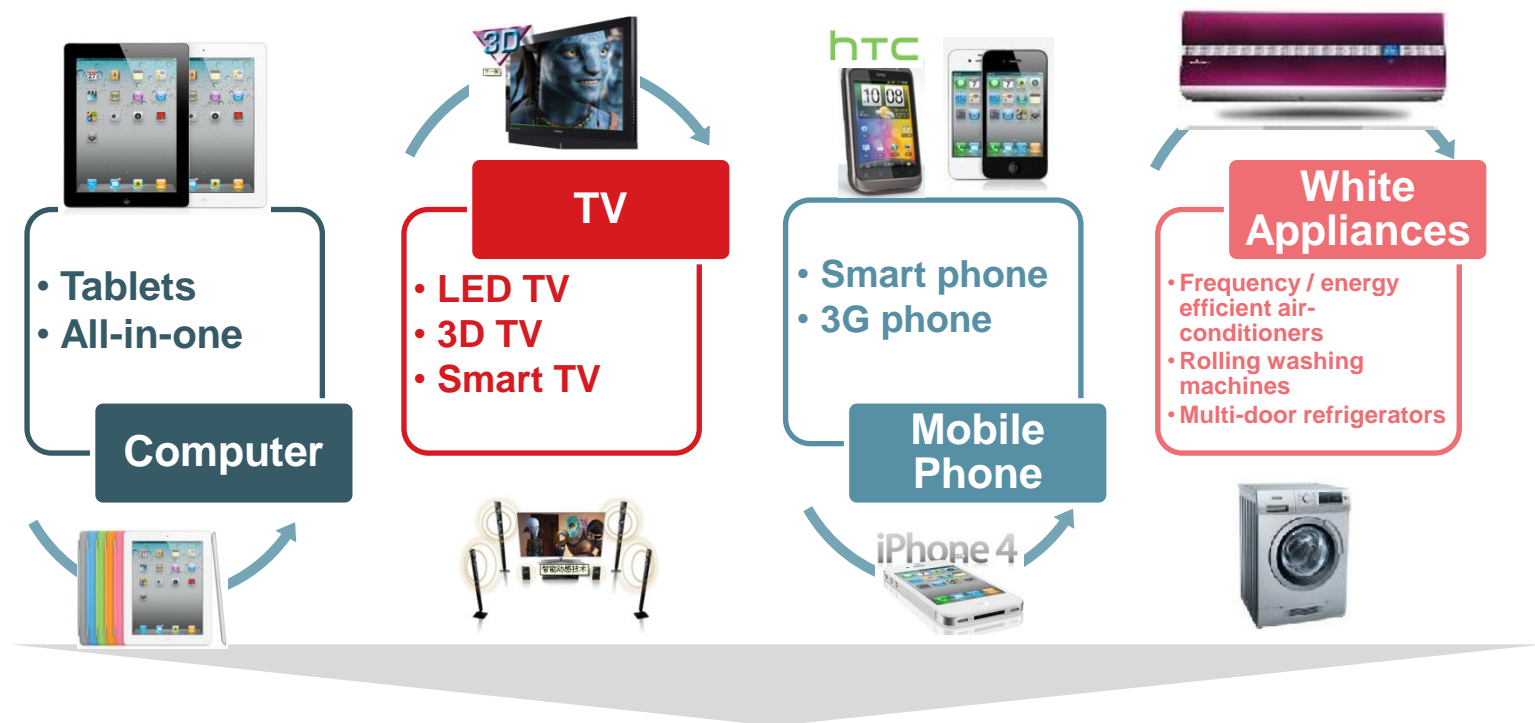
Sales Growth Resulting from per One Million Houses



Source: CICC



Demand Boosted by Replacement



An average 50 million units of home appliances are scrapped per year during a major replacement cycle.

Technology innovation and industrial upgrading ensure and accelerate the replacement of home appliances and consumer electronics.

Expanding Footprint to Maintain Leadership

60% of the new stores in 2011 are located in T2 cities.

Leverage existing logistics and infrastructure to further penetrate into T2 markets.

2010

- Opened 139 stores
- Closed 39 stores

2011

- Speed up expanding store network
- Opened 131 stores in 1H2011

60% of the new stores are located in five priority regions.



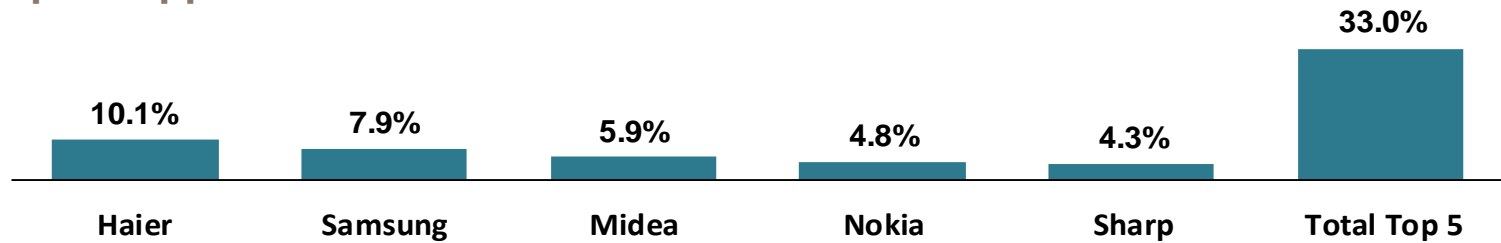
GOME
国美电器

Appendix

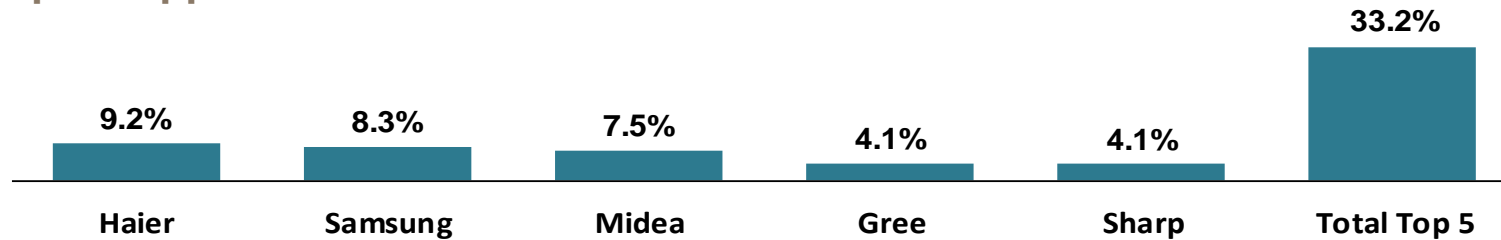


Stable Supplier Relationship

Top 5 Suppliers for 1H2010



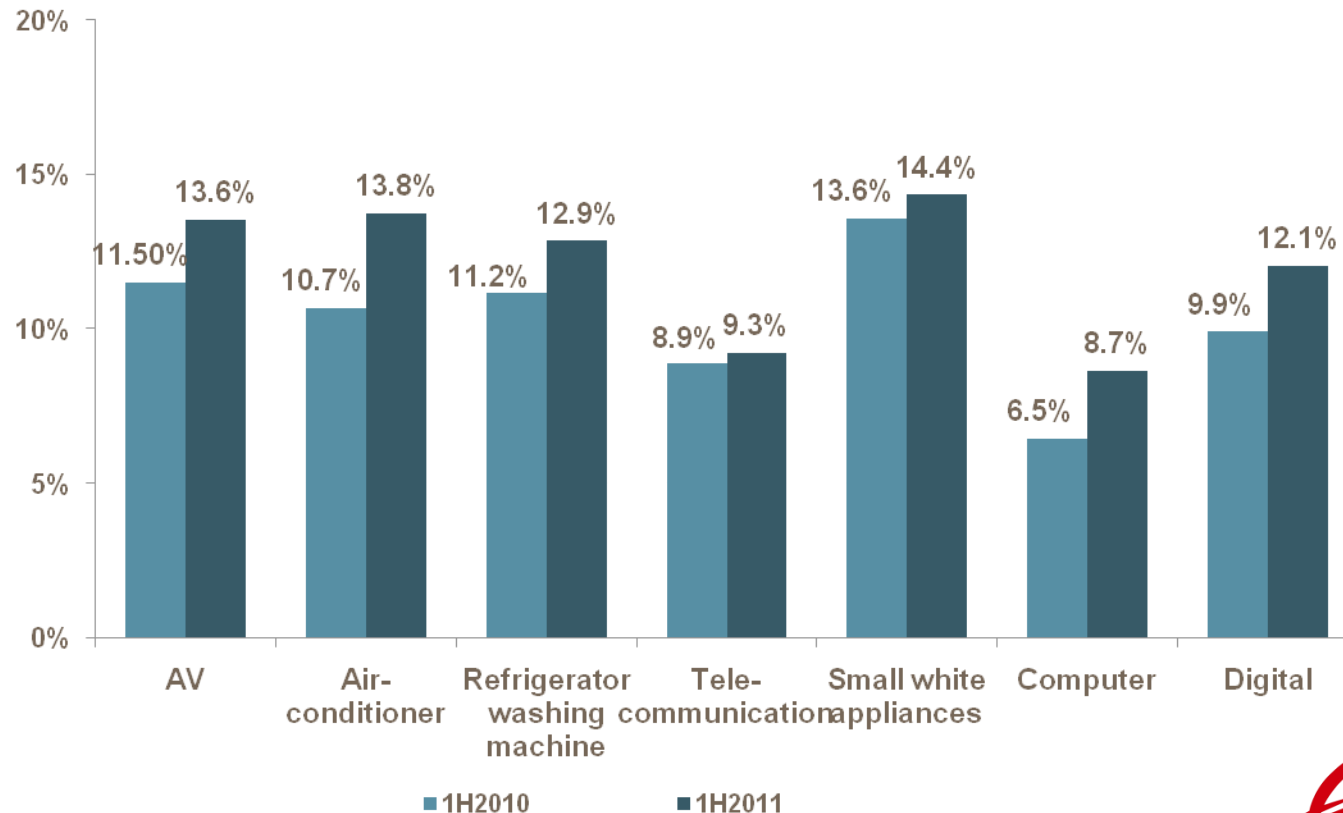
Top 5 Suppliers for 1H2011



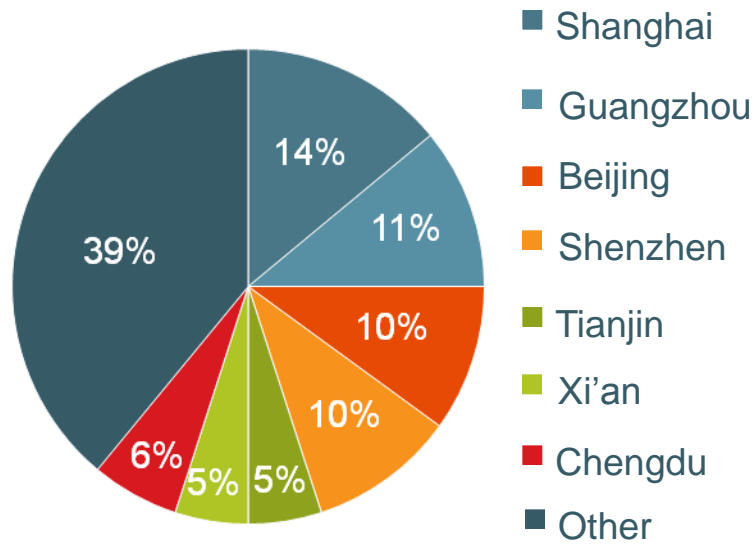
Improved Category Gross Margins

Primary drivers for improved gross margins:

- Increased differentiated products
- Improved purchasing contracts

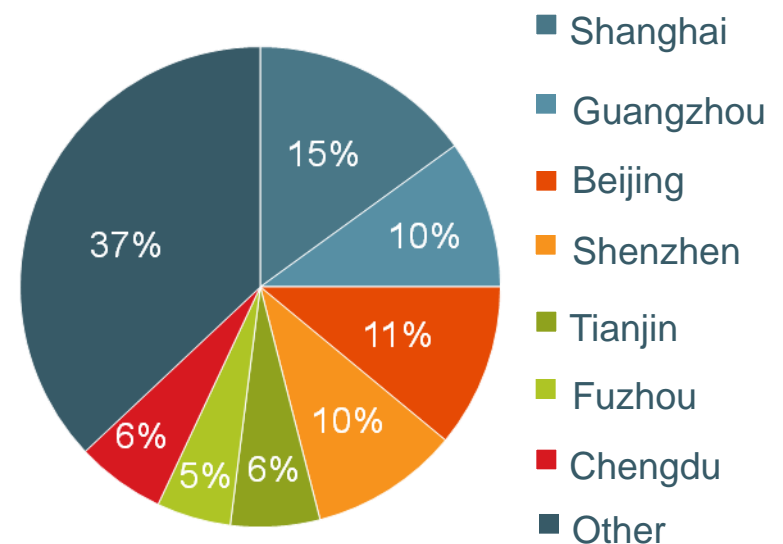


Revenue Analysis by Region



1H2011

Total: RMB 29.8 billion

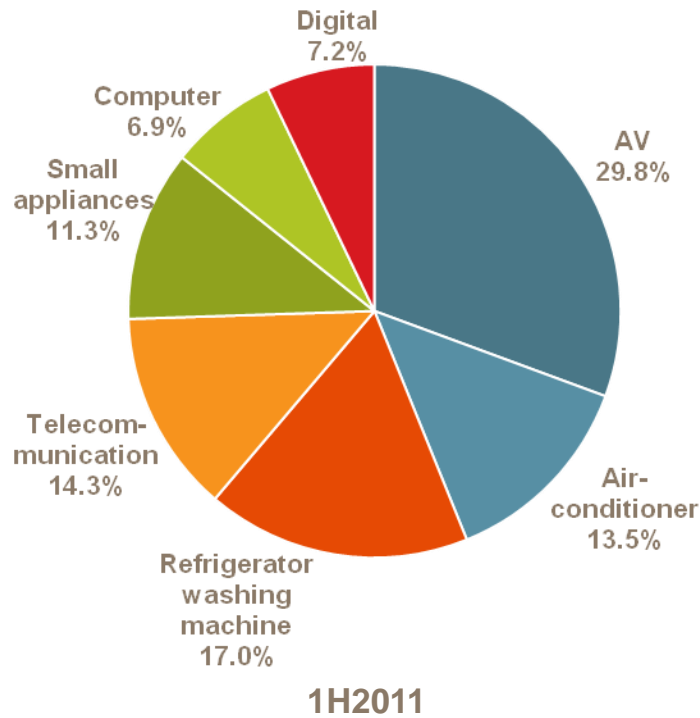


1H2010

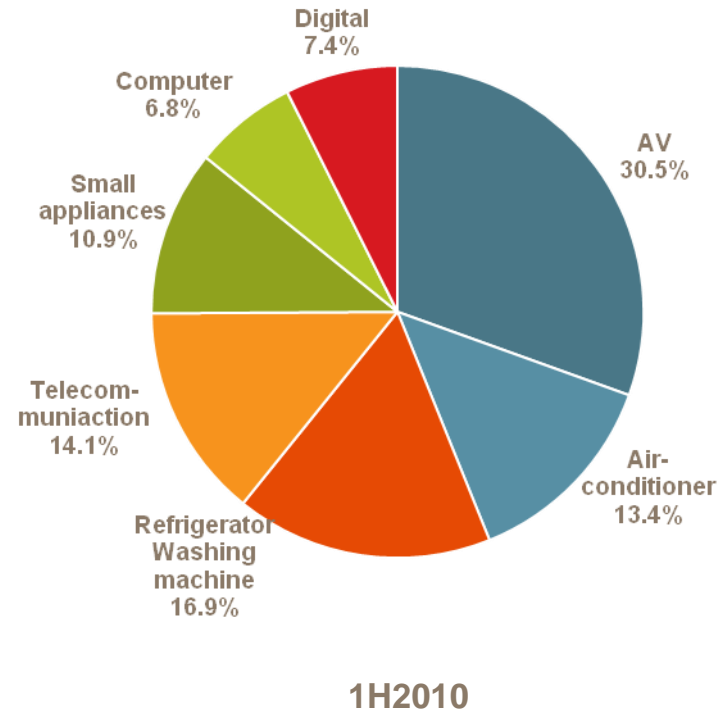
Total: RMB 24.9 billion



Proportion of Revenue from Each Product Category



Total: RMB 29.8 billion



Total: RMB 24.9 billion



Store Network

As of June 30, 2011	Group	GOME	Paradise	CellStar
Flagship stores	104	86	18	0
Standard stores (incl. supermarket stores)	789	662	127	0
Specialized stores	45	4	1	40
Total:	938	752	146	40
T1 Market	576	432	110	34
T2 Market	362	320	36	6
Net store increase in 1H2011:	112	74	18	20
Stores opened:	131	86	22	23
T1 Market	69	37	13	19
T2 Market	62	49	9	4
Number of cities accessed:	218	185	55	6
T1 Market	26	20	9	1
T2 Market	192	165	46	5
Number of cities newly accessed:	10	7	3	0





Thank you

