

J.P.Morgan China Conference

GOME Electrical Appliances Holding Limited

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GOME – Overview and Recent Performance

- GOME is the leading home appliances & consumer electronics retail chain in China
 - RMB 42.7 billion of sales in 2009, RMB 11.8 billion of sales in 1Q2010
 - 728 stores and 133 distribution hubs as of 1Q2010
 - Offering world class brands



Core Competitive Advantages


Market Leadership

- Dominant positions in Tier-1 markets
 - Unparalleled procurement and bargaining power
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Store Network

- Extensive and visible network across the country
 - Diversified store portfolio catering to different consumer needs
 - Network strengthened by transformation efforts in 2009
-

Brand Awareness

- Voted as the most valuable brand in the Chinese retail industry in 2007 - 2009
 - Over 40 million loyalty program members
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Well positioned to capture the long term franchise value of
China's untapped consumer electronics sector



Optimized Retail Network



First Quarter 2010 Financial Results

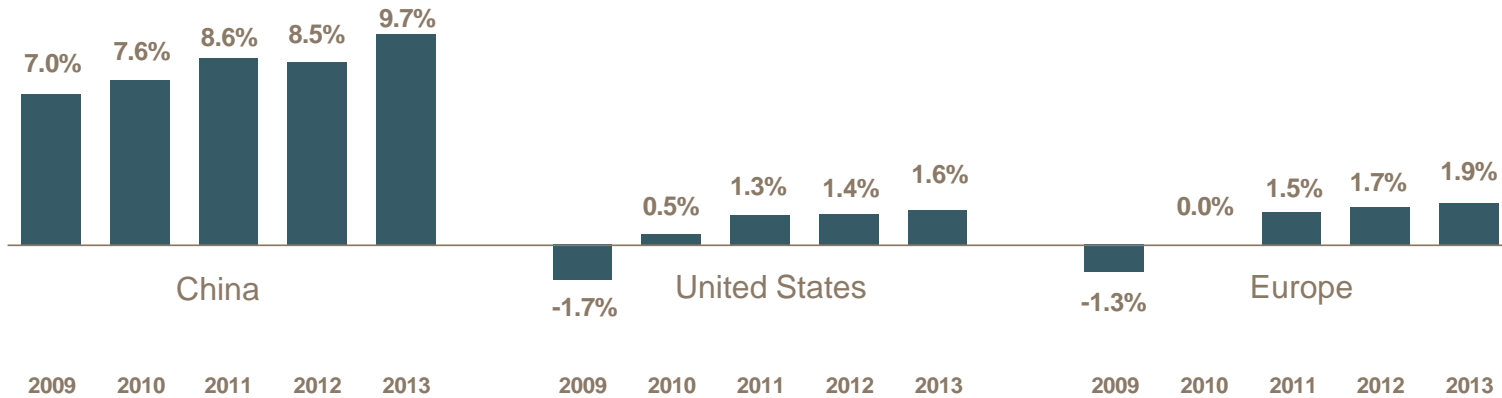
RMB Million	1Q09	1Q10	Change %
Revenue	9,801	11,782	20.2%
Consolidated Gross profit	1,549	1,967	27.0%
Profit from Operating Activities	321	532	65.7%
Profit before Tax	395	450	13.9%
Net Profit Attributable to Owners of the Parent	322	333	3.4%
Consolidated Gross Profit Margin	15.8%	16.7%	0.9 Percentage Pts
Operating Profit Margin	3.3%	4.5%	1.2 Percentage Pts
Effective Tax Rate ¹	17.5%	18.0%	0.5 Percentage Pts
Net Profit Margin (Attributable to Owners of the Parent)	3.3%	2.8%	(0.5) Percentage Pts

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

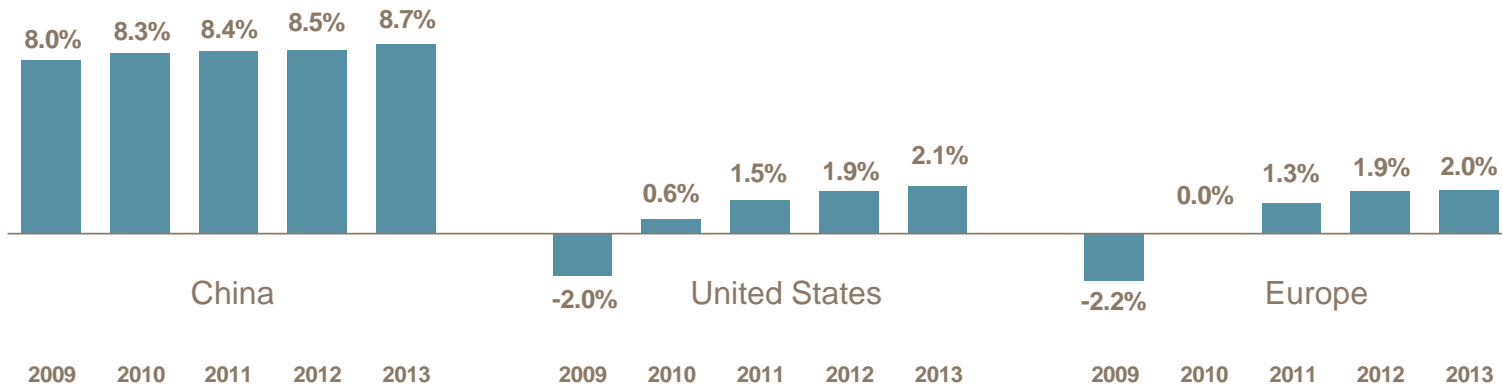


China Macro Economy Expected to Be Strong

Consumer Spending Growth



Real GDP Growth



Sources: Analyst research, Euro Monitor

Key Industry Developments: Signals Favorable Operating Environment

Issue	Potential Impact	Detail
■ “Exchange Old for New”	↑	■ Policy extended to 2011 year end with 19 more regions
■ “Go Rural”	↑	■ Policy effective till end of 2014
■ Energy Efficiency	↑	■ Policy extended to June, 2011
■ Real Estate Tightening	↓	■ Impact will be offset by economic expansion
■ Replacement and Upgrades	↑	■ Cycle still in early stages for multiple product categories
■ Tier-2 Market Demand	↑	■ Air conditioner and refrigerator penetration to increase



Real Estate Tightening: Near Term Impact Muted

Likely Impact On Home Buyers

- Policies aimed more towards “investors”
- Less panic, with experience of prior real estate booms and corrections
- First time/upgrading demand still strong
- Economic expansion/rising wages should keep near term shock at a minimum

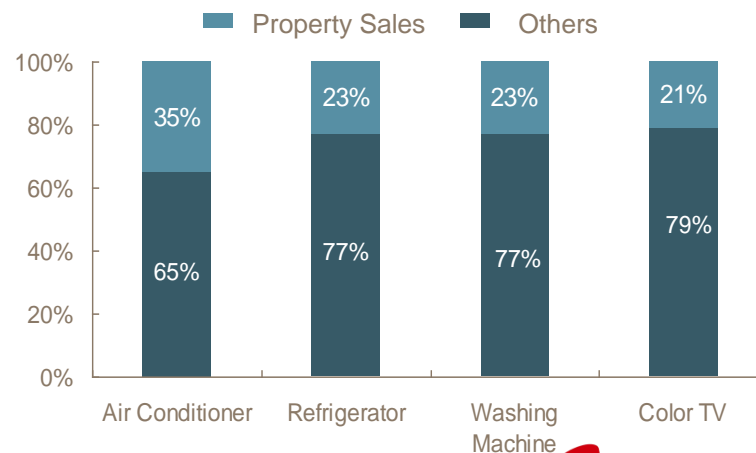


Likely Impact On GOME

- Effects may vary among product categories
- New home sales could effect A/C revenues
- 3 million units of low-income housing, 2.8 million units of subsidized housing, and 1.8 million low rent housing due in 2010 should offset furnishing demand lost from tightening

Historical Down Payment Hikes	1st Home	Add. Home
Before Apr 2004	20%	20%
Apr 2004	30%	30%
Sep 2004	30%	40%
Oct 2008	20%	40%
Apr 2010	20% to 30%	50%

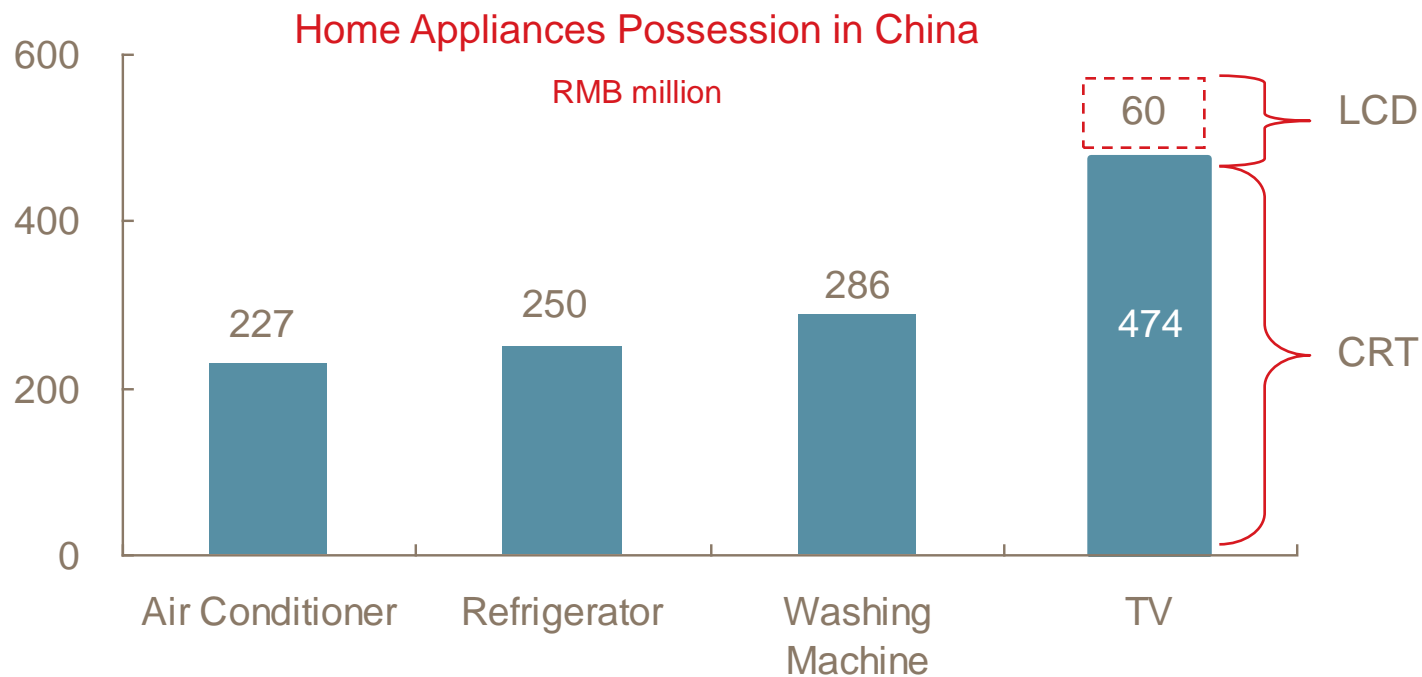
Home Appliances Demand Drivers



Sources: Analyst research, CEIC

Replacement And Upgrade Cycles Continue

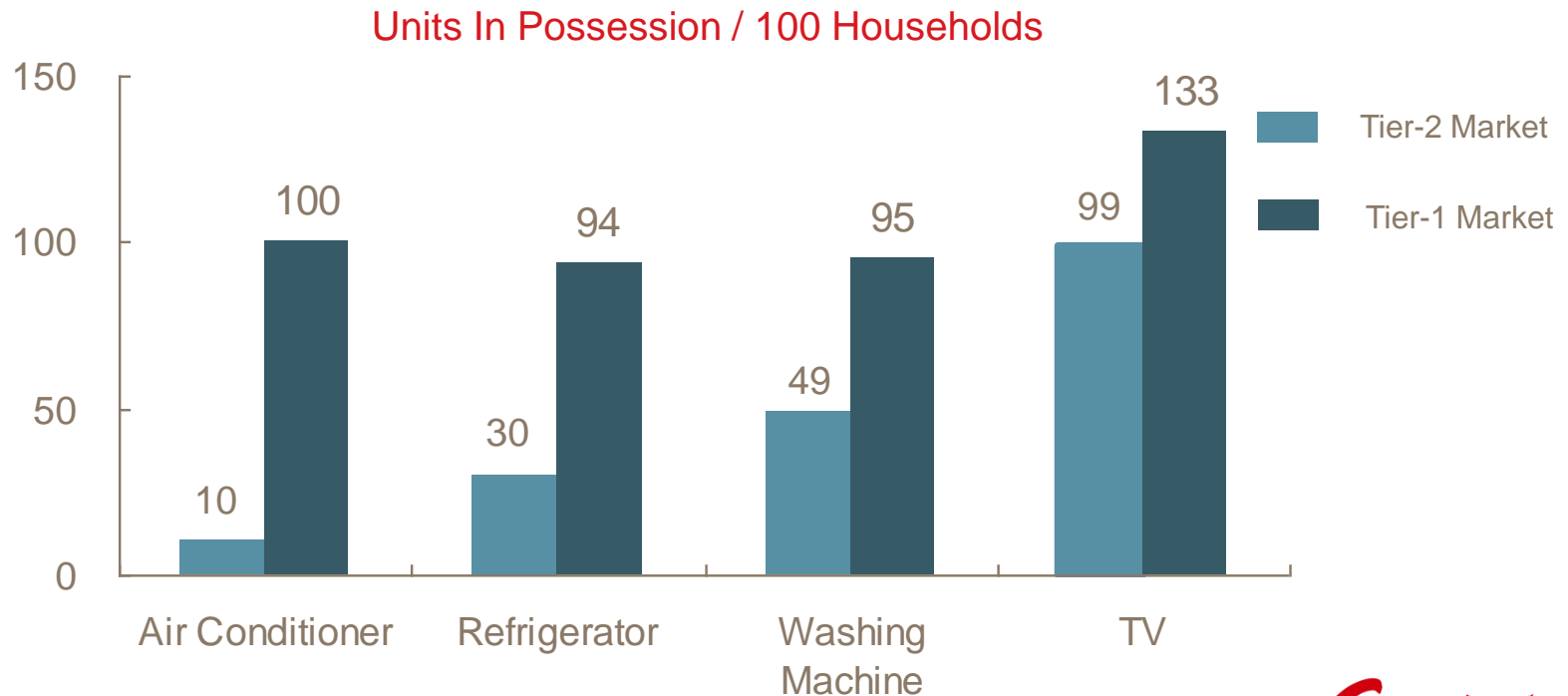
- CRT to LCD upgrade to lead urban home appliance consumption
- “Exchange Old for New”, energy efficiency, and “Go Rural” will boost replacement consumption across all product categories



Sources: Analyst research, CEIC

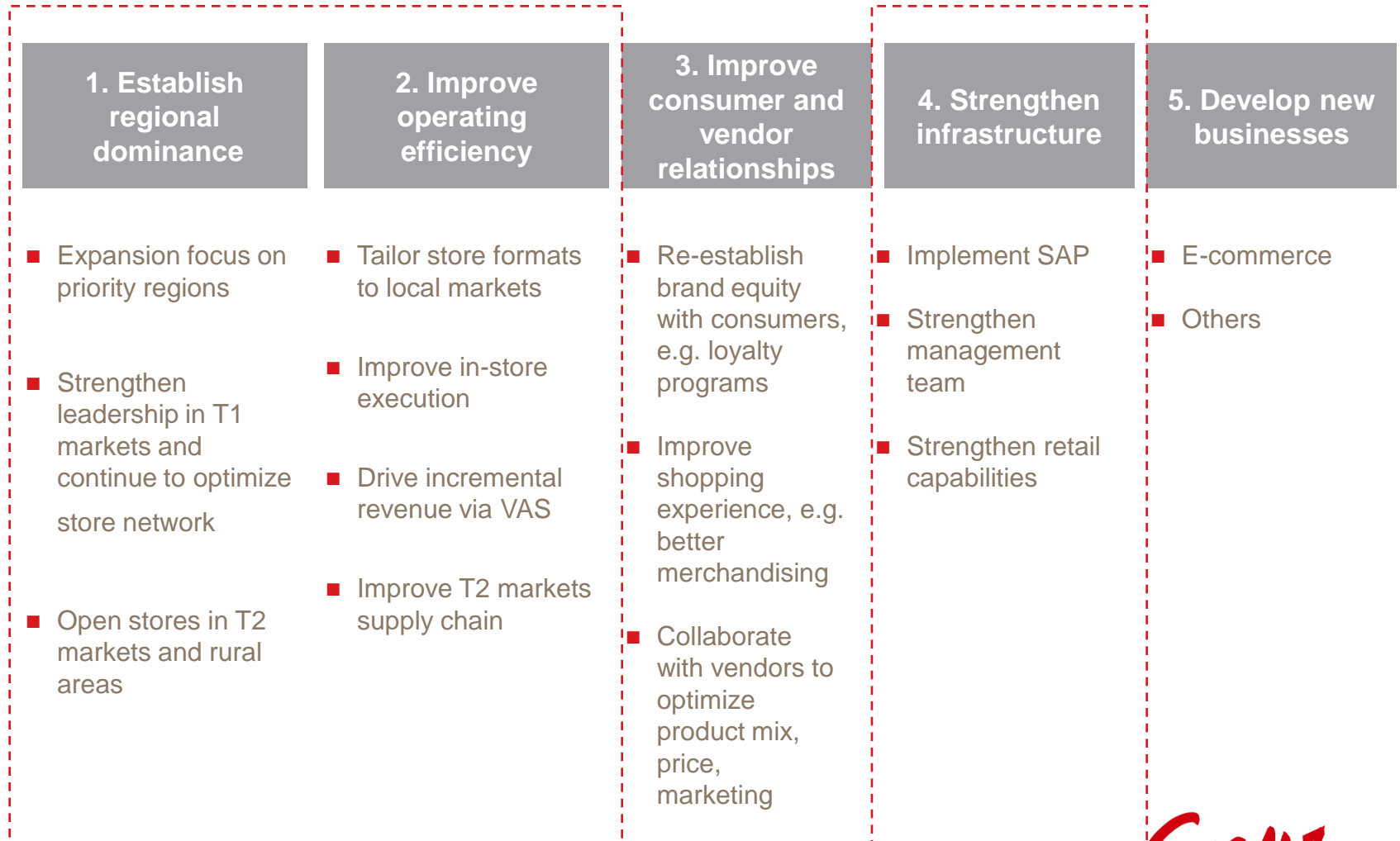
Product Penetration in Tier-2 Markets: GOME's Key Long Term Growth Driver

- Home appliance penetration rates still have large upside potential in Tier-2 markets
 - Historically, strong sales growth occur when penetration rates exceed 20%
 - Refrigerators in Tier-2 markets are in an explosive growth period
 - Air conditioner sales are expected to boom in 1 or 2 years



Sources: Analyst research, CEIC

GOME Launching 5 Year Blueprint



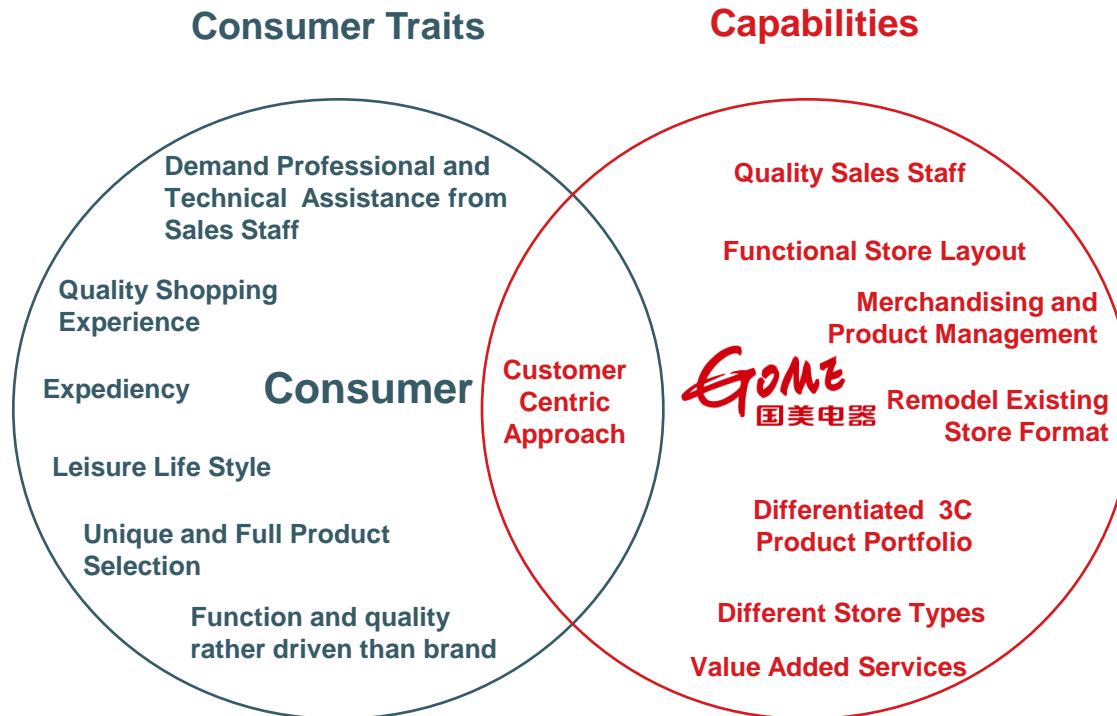
2010 – 2011 Focus: Selective Expansion According to Market Priority

- 1 Expand store network through five identified hubs where GOME have relative market share advantages
- 2 Leverage hub resources and infrastructure to further penetrate Tier-2 markets
- 3 Differentiated store portfolio by format and size



2010 – 2011 Focus: Enhance Core Capabilities to Maximize Customer Satisfaction

- Develop new and enhance existing capabilities to connect with the evolving consumer electronics consumption dynamics





Q&A

