

# 2011 First Nine-Month Results Announcement

November 29, 2011



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# Today's Presentation

- **2011 First-Nine Months Business Review**
- **2011 First-Nine Months Financial Review**
- **Appendix**

# First Nine Months Business Performance Review

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## Industry Trends

- With improving macro-economy trend and rising consumer confidence, the retail industry gained better performance in 2011 Q1. With continue improving macro-economy trend and acceleration of the replacement cycle, some product categories obtained higher than average growth rate during 2011 Q2. While in 2011 Q3, the industry growth decelerated as compared to previous quarters due to a higher base in the last year. Besides, the decreasing units price tend to even out over the time.
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## Store Network Optimization

- 241 new stores were opened and 26 stores were closed, resulting in a net amount of 1,041 stores by the end of September 2011.
  - During the reporting period, 4 super flagship stores (“Xin Huo Guan”) were opened and 19 new model stores were converted into Xin Huo Guan. In addition, 327 stores were remodeled and 61 of the “185 project” stores were converted into new model stores. 55 low-efficiency stores in T2 market were revamped. By the end of September 2011, the group has a total of 39 Xin Huo Guan, 576 new model stores and 67 low-efficiency stores revamped in T2 market.
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## Differentiated Products

- The Group continued to promote differentiated operation through OEM, ODM, differentiated profit and merchandise accessories and signed strategic agreements with several suppliers.
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## Operating Efficiency

- Sales per square meter as compared to corresponding period of last year increased by 2.8% for the nine months of 2011.
  - During the reporting period, the same store sale growth increased by 6.2%.
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# Income Statement Summary

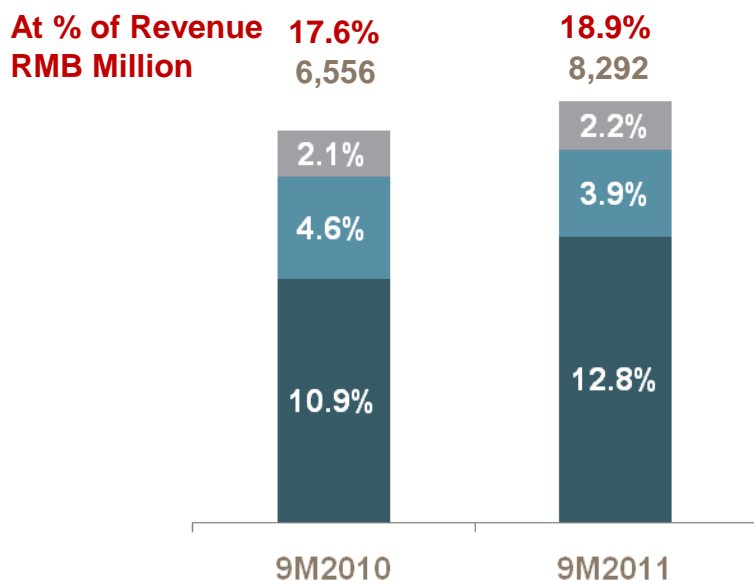
RMB Million	9M2010	9M2011	Change %
Revenue	37,270	43,983	18.0%
Consolidated Gross Profit	6,556	8,292	26.5%
Profit from Operating Activities	1,868	2,277	21.9%
Profit before Tax	1,862	2,369	27.2%
Net Profit Attributable to Owners of the Parent Company	1,440	1,791	24.4%
Consolidated Gross Profit Margin	17.6%	18.9%	1.3 pct pt
Operating Profit Margin	5.0%	5.2%	0.2 pct pt
Effective Tax Rate <sup>(1)</sup>	18.5%	22.8%	4.3 pct pt
Net Profit Margin (Attributable to Owners of the Parent Company)	3.9%	4.1%	0.2 pct pt

(1) Effective Tax Rate = Income Tax Expense/ Profit Before Tax add back non-tax deductible



# Improving Consolidated Gross Profit Margin

Steady Growth of Consolidated Gross Profit Margin with Stable Income Structure



- Gross Profit from Suppliers
- Other Income from Suppliers
- Other Incomes (Including Management Fees from the Non-listed GOME Group and Dazhong Appliances)

## RMB Million

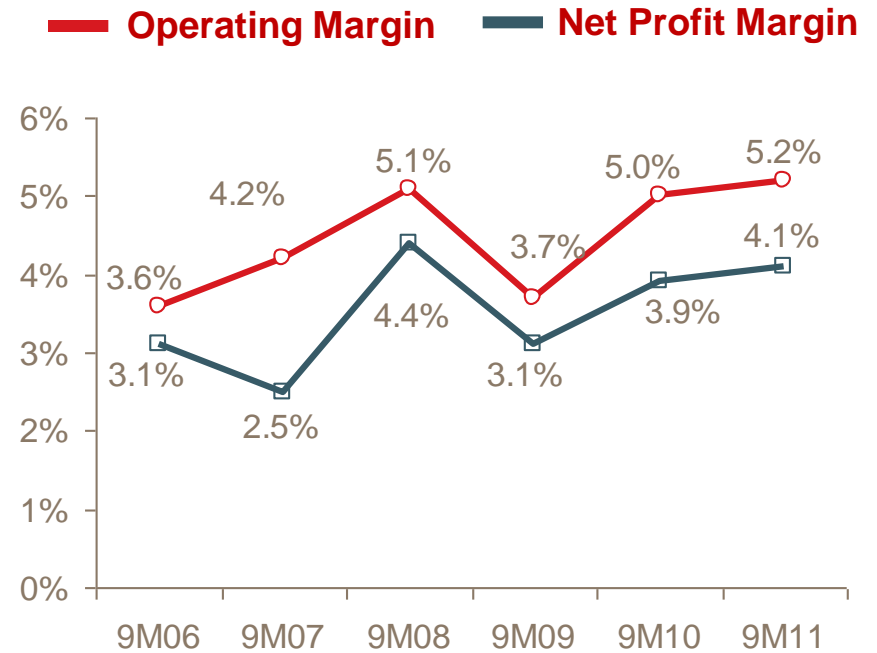
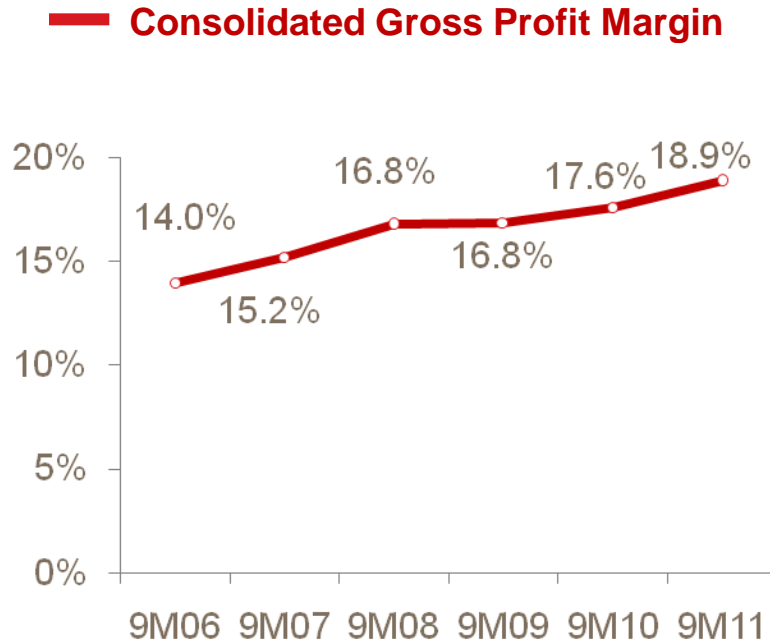
	9M2010	9M2011
Revenue	37,270	43,983
Total Other Income	2,487	2,658
Including:		
Other Income from Suppliers	1,714	1,714
Management Fees from the Non-listed GOME Group and Dazhong Appliances	306	301
Other Incomes	467	643

# Operating Cost Effectively Controlled

As % of Revenue	9M2010	9M2011	Change%
<b>Selling &amp; Distribution</b>	<b>10.0%</b>	<b>11.1%</b>	<b>1.1 pct pt</b>
Rent	3.9%	4.1%	0.2 pct pt
Salaries for Sales People	2.2%	2.9%	0.7 pct pt
Advertising Expenses	1.2%	1.3%	0.1 pct pt
Distribution Costs	0.5%	0.7%	0.2 pct pt
Utilities	0.7%	0.7%	---
Other S&D	1.5%	1.4%	(0.1) pct pt
<b>Administrative Expenses</b>	<b>1.8%</b>	<b>1.9%</b>	<b>0.1 pct pt</b>
<b>Other</b>	<b>0.8%</b>	<b>0.7%</b>	<b>(0.1) pct pt</b>
<b>Total</b>	<b>12.6%</b>	<b>13.7%</b>	<b>1.1 pct pt</b>



# Steady Profit Margins Growth

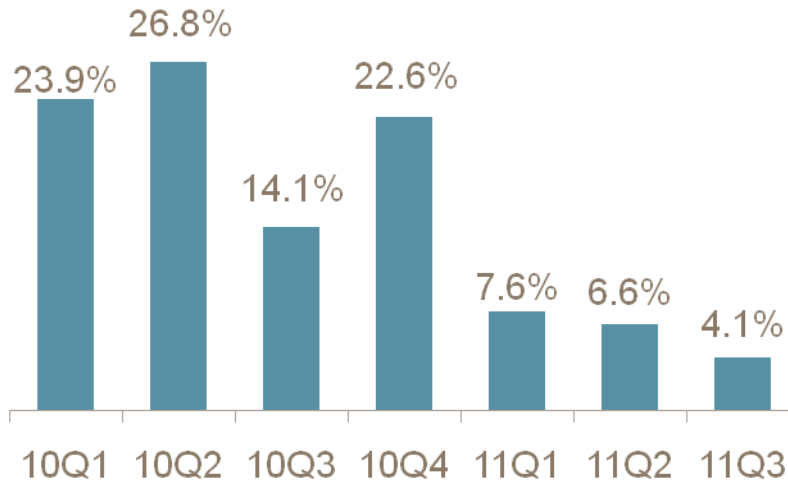


# Financial Statement Summary and Analysis

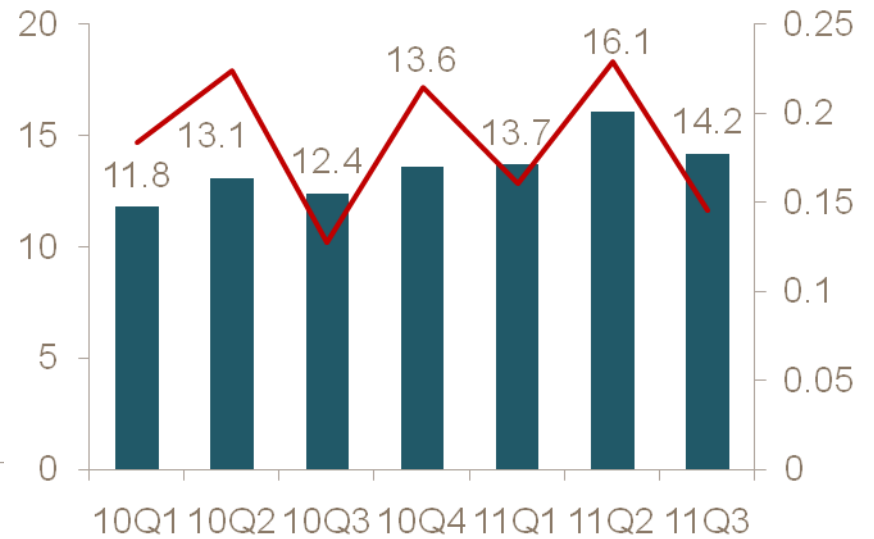
RMB Million	9M2010	9M2011	Change %
Cash and Cash Equivalents	4,954	5,760	16.3%
Pledged Deposits	6,492	6,271	(3.4)%
Inventories	10,433	13,603	30.4%
Trade Payables	7,422	7,845	5.7%
Bill Payables	11,464	12,703	10.8%
Inventory Turnover Days	70 days	77 days	7 days
Trade Payables Turnover Days	48 days	48 days	---
Bill Payables Turnover Days	95 days	85 days	(10) days
Pledged Deposit Ratio	56.6%	49.4%	(7.2) pct pt

# Store Operating Efficiency Continued to Excel

## Same Store Sales Growth



## Revenue (RMB Billion) — Growth Rate



## Comparable Stores:

662 651 647 638 680 669 662

Comparable stores for 2011Q3 is 662.

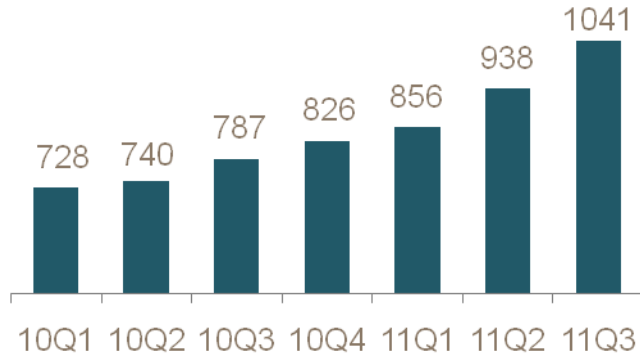


# Appendix

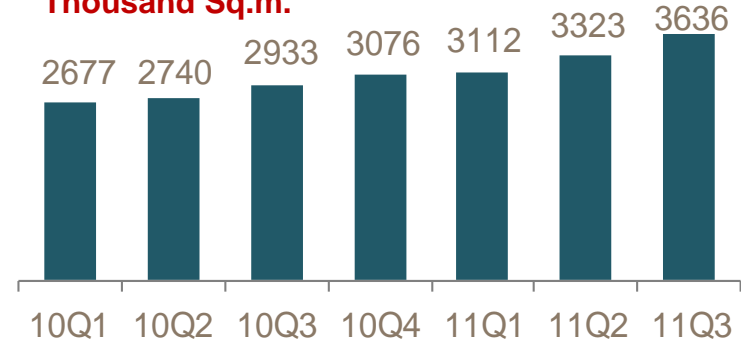


# Improving Operating Efficiency

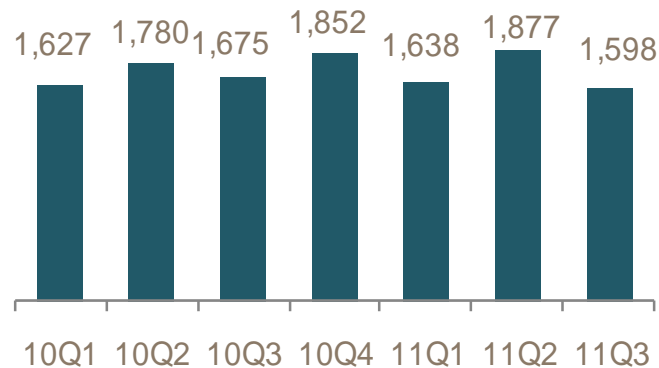
**Number of Stores**



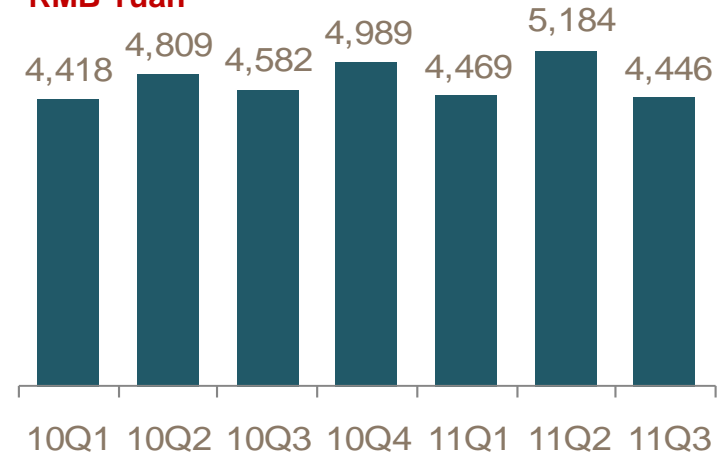
**Period-end Sales Area  
Thousand Sq.m.**



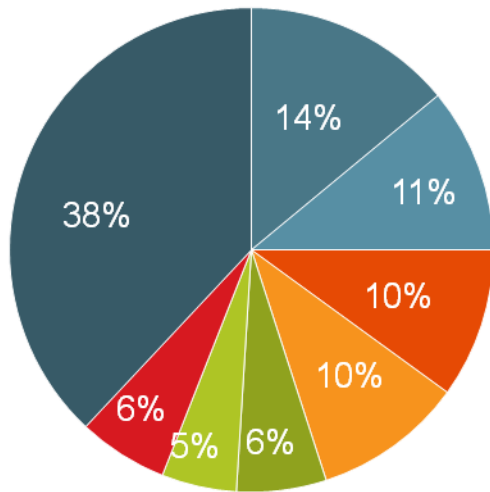
**Average Sales Per Store  
RMB Ten Thousand Yuan**



**Average Sales Per Sq.m.  
RMB Yuan**

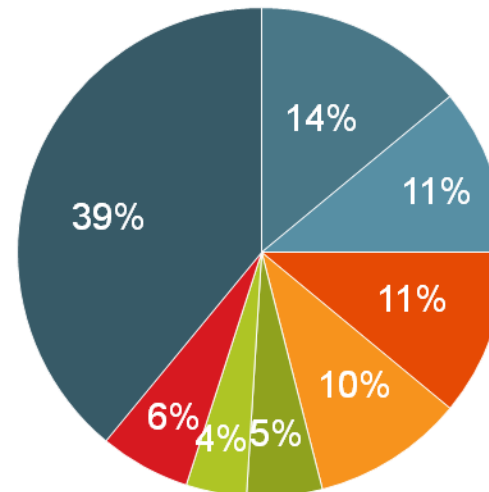


# Revenue Analysis by Region



**9M2010**

**TOTAL: RMB 37.3 Billion**

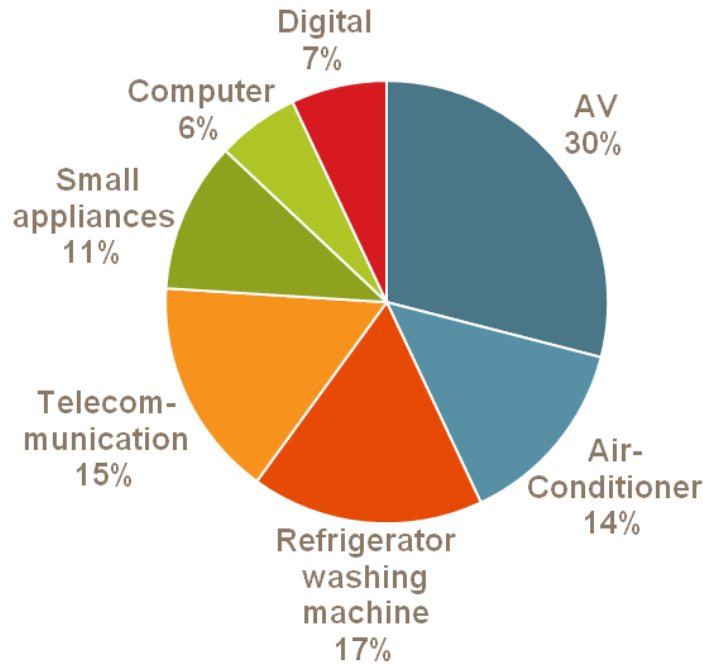


**9M2011**

**TOTAL: RMB 44.0 Billion**

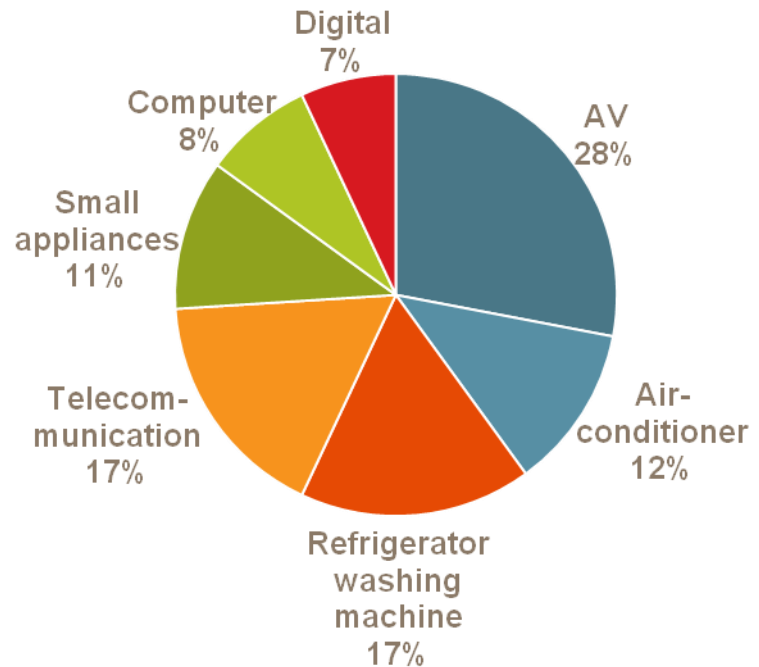


# Revenue Mix Analysis by Product



**9M2010**

**Total: RMB 37.3 Billion**

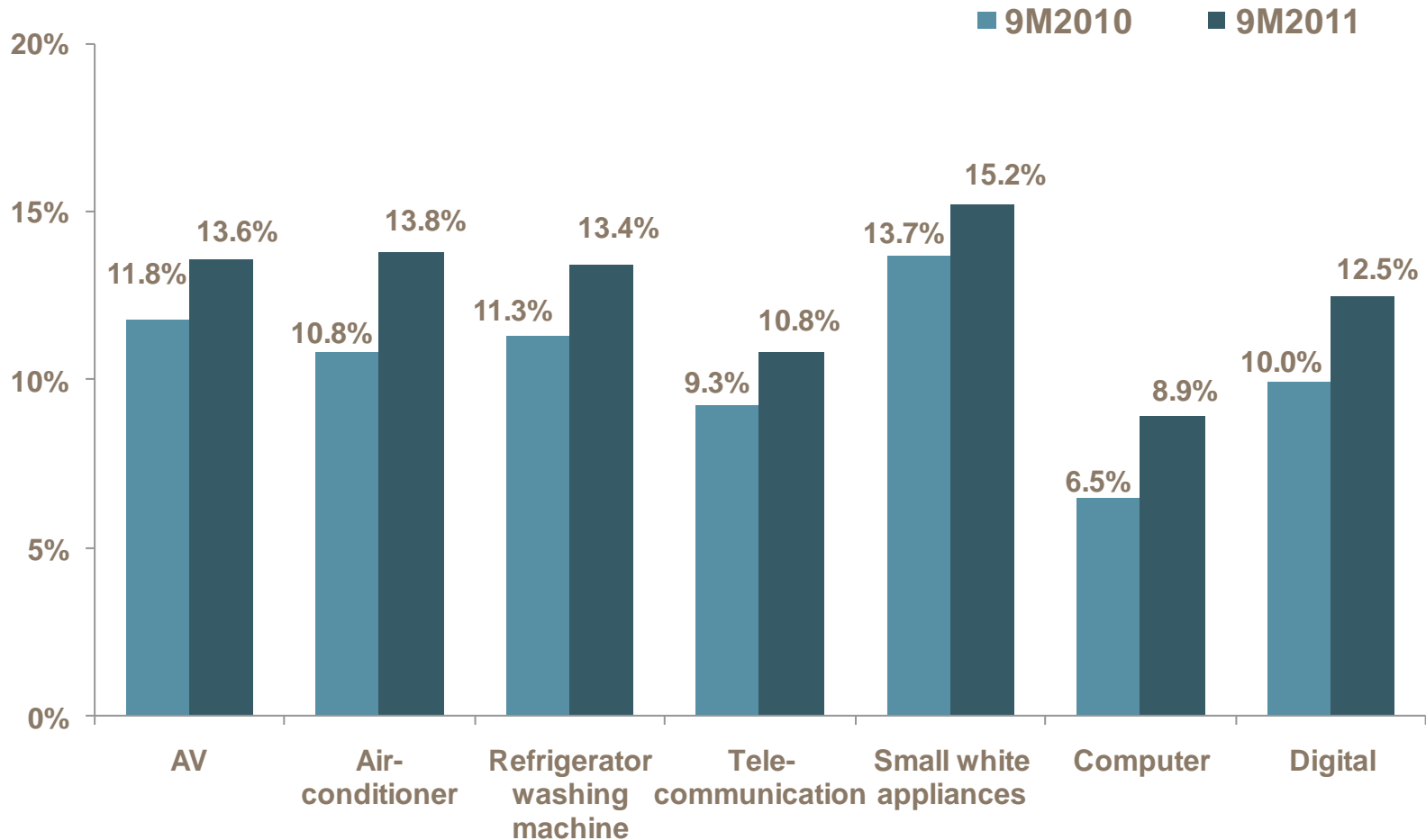


**9M2011**

**Total: RMB 44.0 Billion**

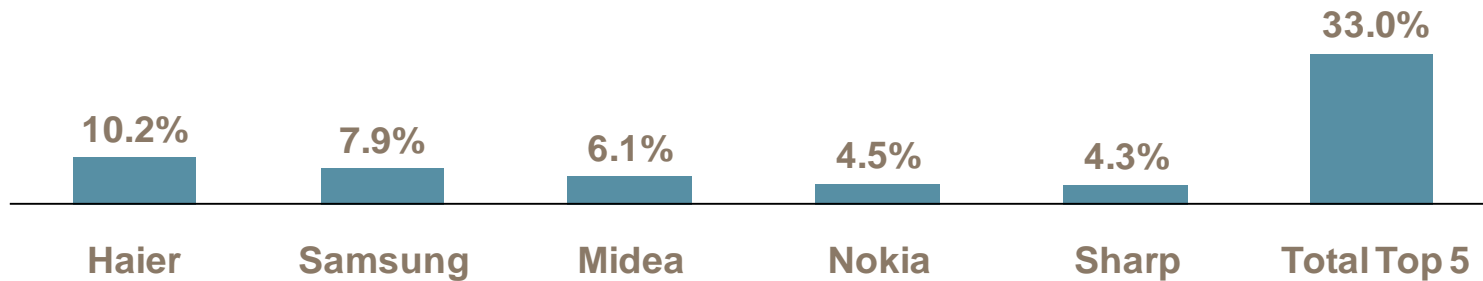


# Improving Gross Profit Margin by Product Categories

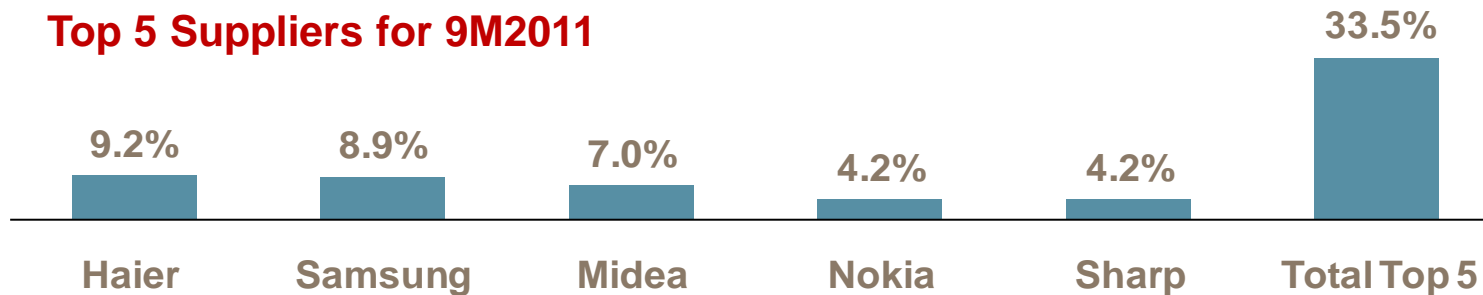


# Stable Supplier Relationship

## Top 5 Suppliers for 9M2010



## Top 5 Suppliers for 9M2011



# Store Network

As of 30 September, 2011	Group	GOME	Paradise	CellStar
Flagship Stores	107	89	18	0
Standard Stores (Incl. Supermarket Stores)	883	737	146	0
Specialized Stores	51	4	1	46
<b>Total:</b>	<b>1041</b>	<b>830</b>	<b>165</b>	<b>46</b>
T1 Market	625	466	119	40
T2 Market	416	364	46	6
<b>Net Store Increase in 9M2011:</b>	<b>215</b>	<b>152</b>	<b>37</b>	<b>26</b>
<b>Stores Opened:</b>	<b>241</b>	<b>169</b>	<b>43</b>	<b>29</b>
T1 Market	122	75	22	25
T2 Market	119	94	21	4
<b>Number of Cities Accessed:</b>	<b>233</b>	<b>198</b>	<b>57</b>	<b>6</b>
T1 Cities	26	20	9	1
T2 Cities	207	178	48	5
<b>Number of Cities Newly Accessed:</b>	<b>25</b>	<b>20</b>	<b>5</b>	<b>0</b>





Thank you

