

# 2010 First Nine Months Results Announcement

November 15 2010



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# First Nine Months Business Performance Review

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## Industry Trends

- The macro economic environment in 10 Q1 continued the recovering trend of 09 Q4, and good consumer sentiment contributed to the overall retail industry performance.
- Following further recovery of the macro economy and consumer sentiment in 10 Q2, sales volume of some product categories rebounded and ASP stabilized.
- Sales performance in 10 Q3 continued the optimistic trend of 1H. Due to the higher base in 09 Q3, the top line growth was lower than 1H. The 'Exchange Old for New' policy was extended from 9 to 28 regions.

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## Store Remodelling & Network Optimization

- In 3Q 10 the Group opened 90 new stores and closed 29 stores. By the end of Sep 2010, the Group had 787 stores in total.
- In 3Q 10 the Group launched 12 'New Life Plaza' (Super Flagship Stores) and 152 stores with the new format, and revamped 52 underperforming stores in Tier-2 markets. From Jan 2009 to the end of Sep 2010, the Group launched total of 14 'New Life Plaza', 175 new format stores and revamped 52 underperforming stores in Tier-2 market.

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## Operational Efficiency

- In 3Q 10 sales per square meter increased by 21.8% YOY, while in 10 Q3, it increased by 20.6% YOY.

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## Governmental Subsidy Programs

- In 3Q 10 sales contribution from the 'Exchange Old for New' policy was 44.6%.
- In 3Q 10 sales contribution from the 'Go Rural' policy was 3.4%.

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3Q represents the first nine months of the year; Q3 represents the third quarter of the year

# Income Statement Summary

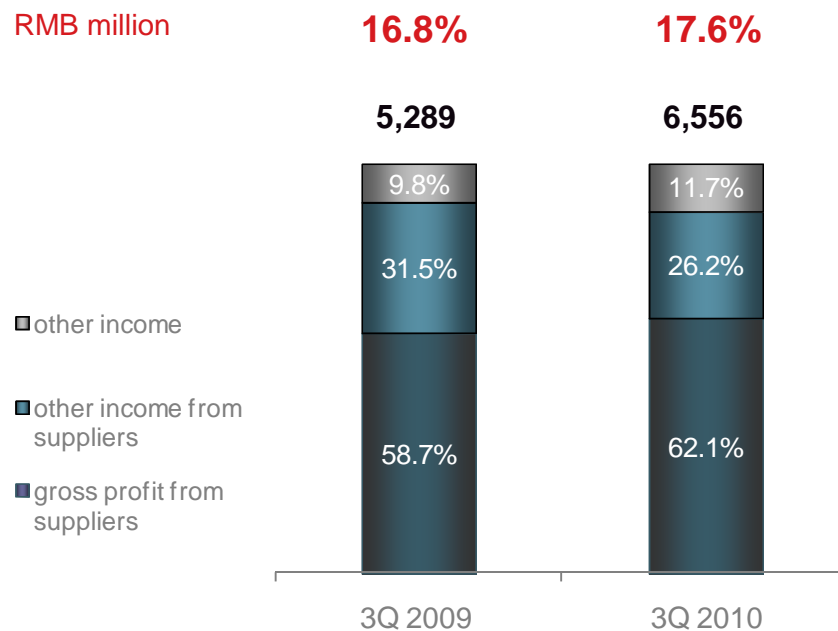
RMB Million	3Q 2009	3Q 2010	YOY Change %
Revenue	31,430	37,270	18.6%
Consolidated gross profit	5,289	6,556	24.0%
Operational profit	1,158	1,868	61.3%
Profit before tax	1,239	1,862	50.3%
Net Profit Attributable to Owners of the Parent	965	1,440	49.2%
Consolidated gross profit margin	16.8%	17.6%	0.8 pct pt
Operational profit margin	3.7%	5.0%	1.3 pct pt
Effective tax rate*	19.6%	18.5%	-1.1 pct pt
Net Profit Margin (Attributable to Owners of the Parent)	3.1%	3.9%	0.8pct pt

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

# Income Statement Summary-Continued

RMB Million	2009 Q4	2010 Q1	2010 Q2	2010 Q3
<b>Revenue</b>	11,238	11,782	13,092	12,397
<b>Consolidated gross profit</b>	2,102	1,967	2,270	2,318
<b>Operating expenses</b>	1,556	1,435	1,553	1,699
<b>Operating profit</b>	546	532	717	619
<b>Operating profit margin</b>	4.9%	4.5%	5.5%	5.0%

# Consolidated Gross Profit Margin and Other Income Analysis



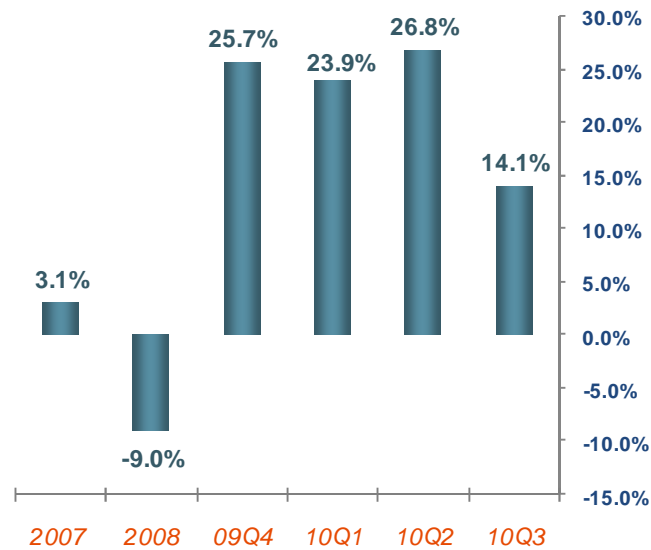
Other Income Items	As % of Gross Profit & Other Income and Gain
Management fee from non-listed Gome Group	3.4%
Air con installation fee	1.7%
Gov't grant	1.3%
Subleasing income	2.2%
Extended warranty income	1.3%
Management fee from Dazhong Appliances	1.3%
Others	0.5%

# Cost Analysis

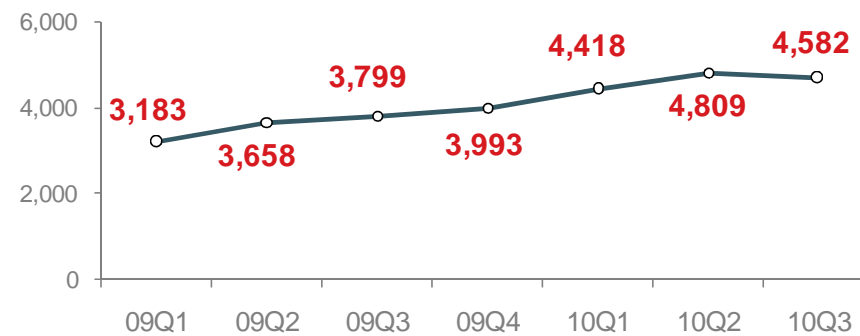
As % of Revenue	3Q 2009	3Q 2010	Change
<b>Selling &amp; Distribution</b>	10.4%	<b>10.0%</b>	(0.4) pct pt
<b>Rent</b>	4.8%	<b>3.9%</b>	(0.9) pct pt
<b>Sales Salaries</b>	2.5%	<b>2.2%</b>	(0.3) pct pt
<b>Other S&amp;D</b>	3.1%	<b>3.9%</b>	0.8 pct pt
<b>Administrative</b>	1.7%	<b>1.6%</b>	(0.1) pct pt
<b>Equity-Settled Share Option Expense</b>	0.1%	<b>0.2%</b>	0.1pct pt
<b>Other</b>	0.9%	<b>0.8%</b>	(0.1) pct pt
<b>Total</b>	13.1%	<b>12.6%</b>	(0.5) pct pt

# Continued Double Digit SSS and Strong Sales Per Sqm

### Same Store Sales (YOY)



### Sales Per Square Meter RMB/m<sup>2</sup>



- The SSS growth for 3Q 2010 was 21.5%
- 647 comparable stores in 3Q 2010

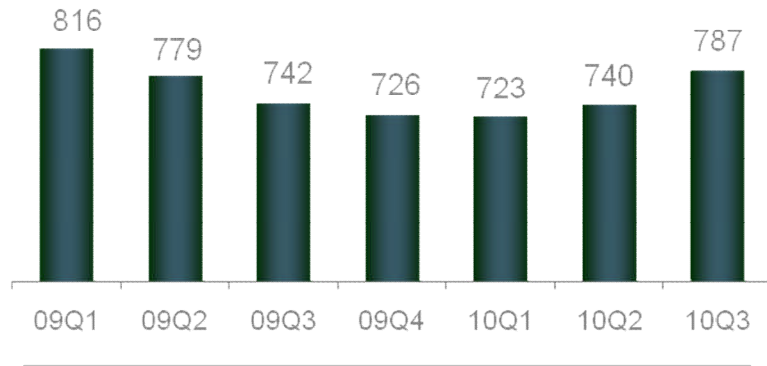


# Appendix

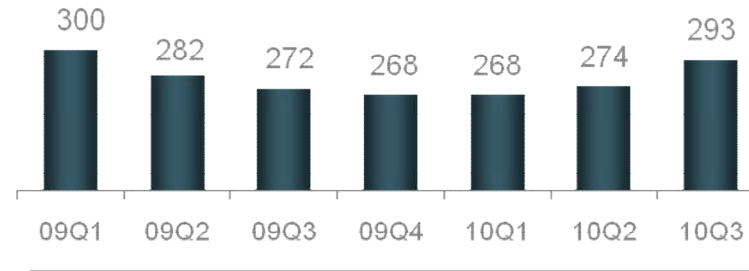


# Operational Scale

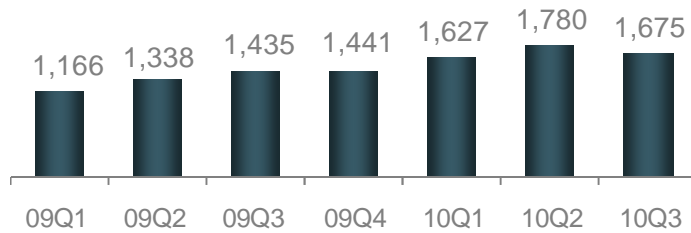
Number of Stores



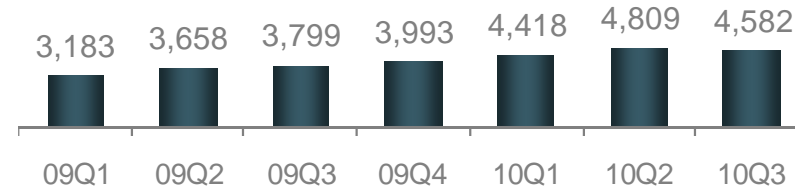
Sales Area  
10,000 m<sup>2</sup>



Average Sales Per Store  
RMB 10,000



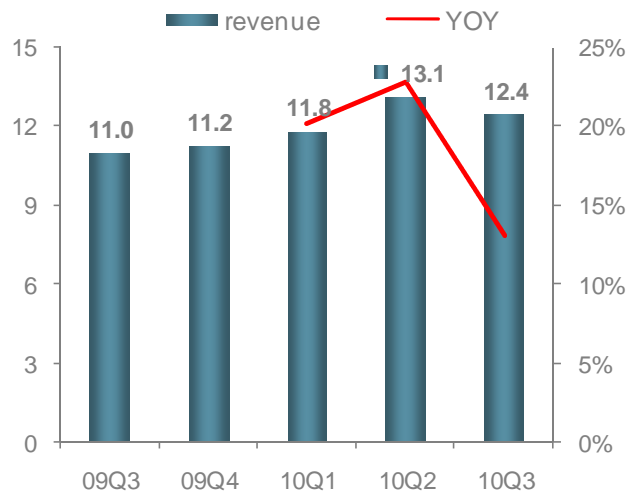
Sales Per Square Meter  
RMB



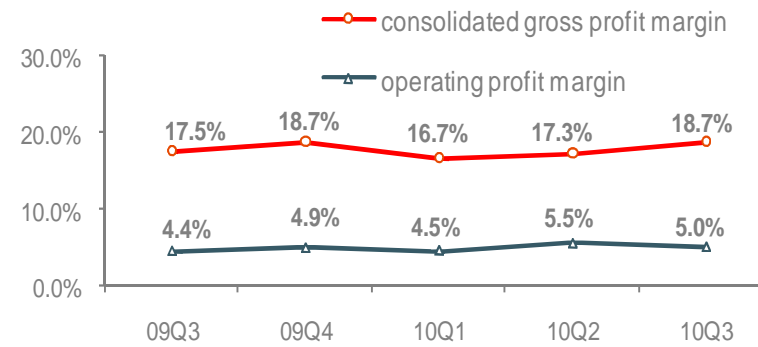
# Operational Capacity

## Revenue Growth

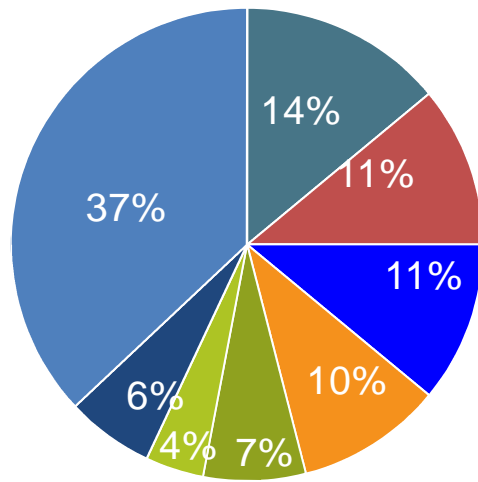
RMB billion



## Consolidated Gross Profit Margin and Operating Profit Margin

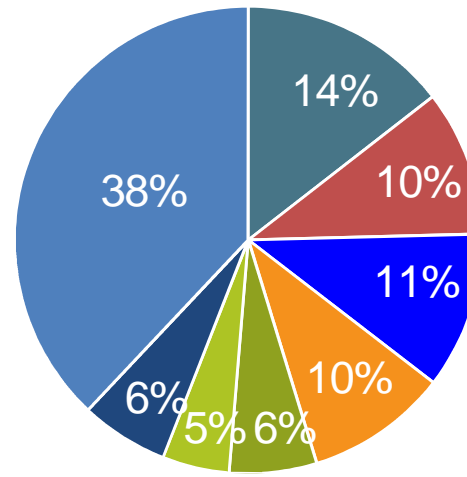


# Revenue Mix by Region Analysis



3Q 2009

Total: RMB 31.4 billion

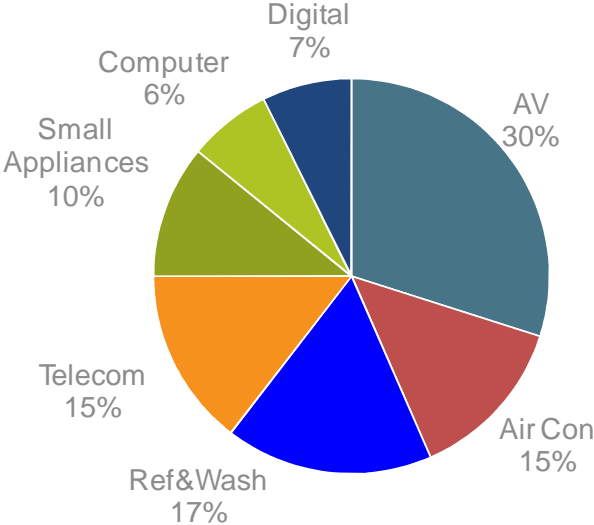


3Q 2010

Total: RMB 37.3 billion

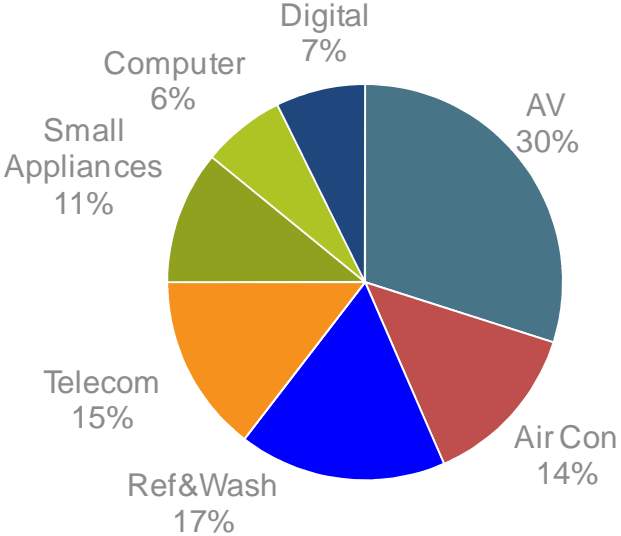
- Shanghai
- Beijing
- Guangzhou
- Shenzhen
- Tianjin
- Fuzhou
- Chengdu
- Others

# Revenue Mix by Product Analysis



3Q 2009

Total: RMB 31.4 billion



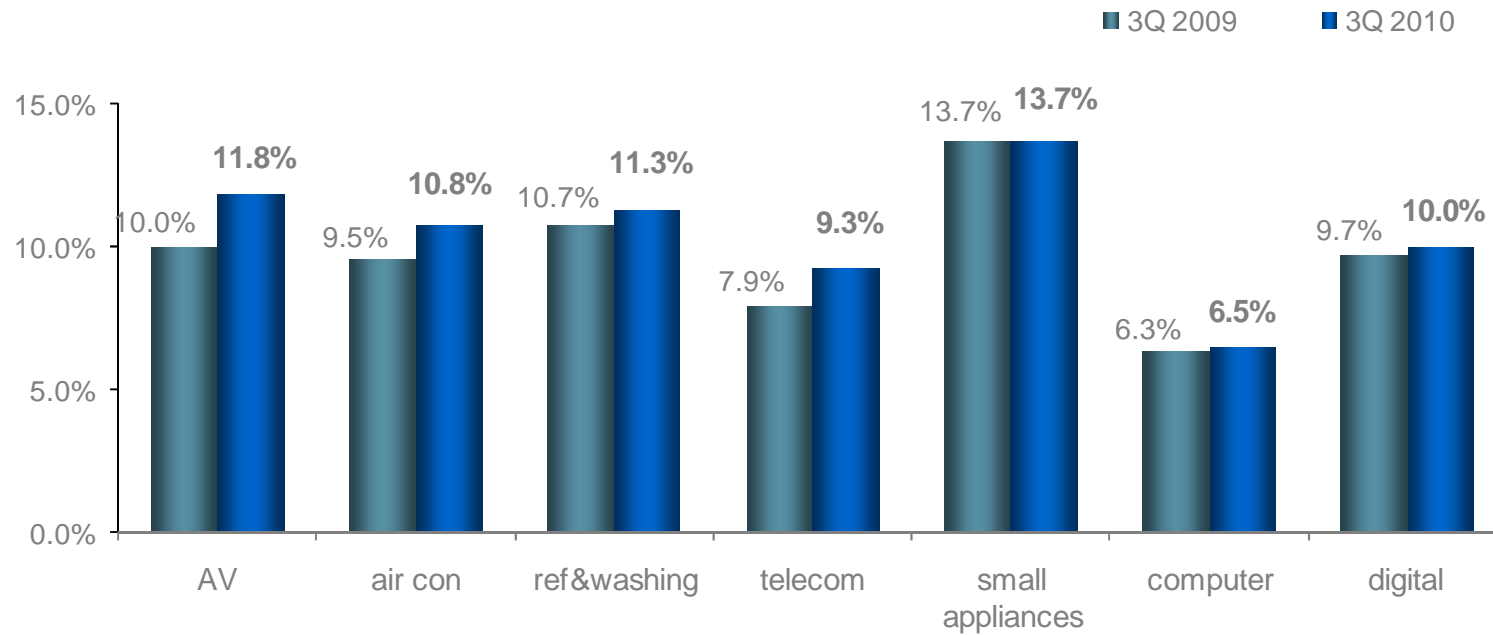
3Q 2010

Total: RMB 37.3 billion

- AV
- Air Con
- Ref&Wash
- Telecom
- Small Appliances
- Computer
- Digital

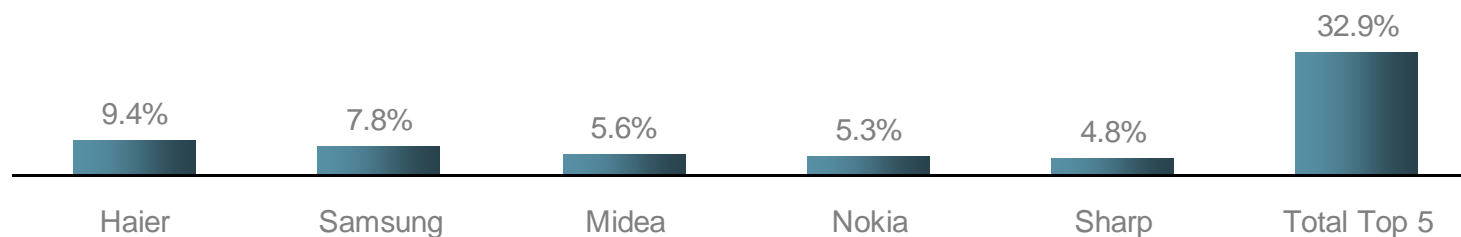


# Gross Profit Margin by Product

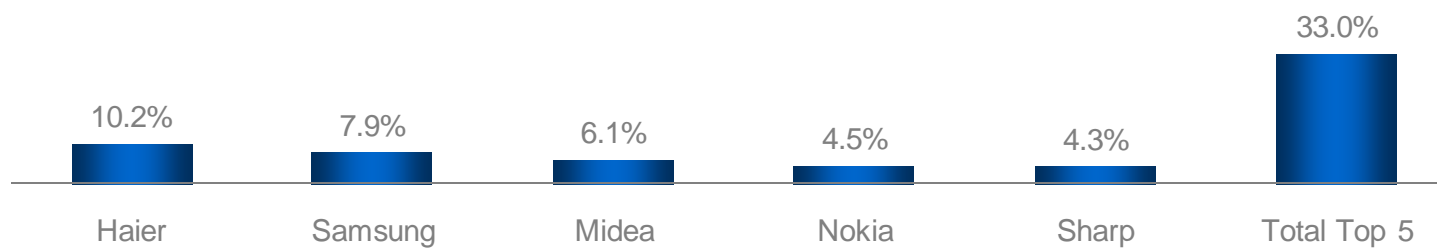


# Stable Supplier Relationship

Top 5 suppliers' contribution to revenue for the first 9 months 2009



Top 5 suppliers' contribution to revenue for the first 9 months 2010



# Coverage of Store Network

As of 30 <sup>th</sup> Sep 2010	Group	Gome	China Paradise	Shaanxi Fengxing
Flagship stores	82	65	17	0
Standard stores (including Supermarket stores)	681	570	111	0
Specialty stores	24	3	1	20
<b>Total:</b>	<b>787</b>	<b>638</b>	<b>129</b>	<b>20</b>
Tier-1 Market	506	387	101	18
Tier-2 Market	281	251	28	2
<b>Total:</b>	<b>787</b>	<b>638</b>	<b>129</b>	<b>20</b>
Net store increase in 3Q 2010:	61	58	3	0
Number of stores opened:	90	78	12	0
Number of stores closed:	29	20	9	0
Number of cities accessed:	207	177	52	6
Tier-1 city	26	20	9	1
Tier-2 city	181	157	43	5
Number of cities newly accessed	9	9	0	0



Thank You