QKL Stores Inc.

Investor Presentation

November 2011

Safe Harbor Statement

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such factors include, but are not limited to, the company's ability to market existing and new products, ability to access to capital for expansion, and changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, dependence on our flagship product profits and other factors detailed from time to time in the Company's filings with the United States Securities and Exchange Commission and other regulatory authorities. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This presentation was developed by the Company, is intended solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy the Company's stock. This presentation is based upon information available to the public, as well as other information from sources which management believes to be reliable, but is not guaranteed by QKLS as being accurate nor does it purport to be complete. Opinions expressed herein are those of management as of the date of publication and are subject to change without notice.

Investment Highlights

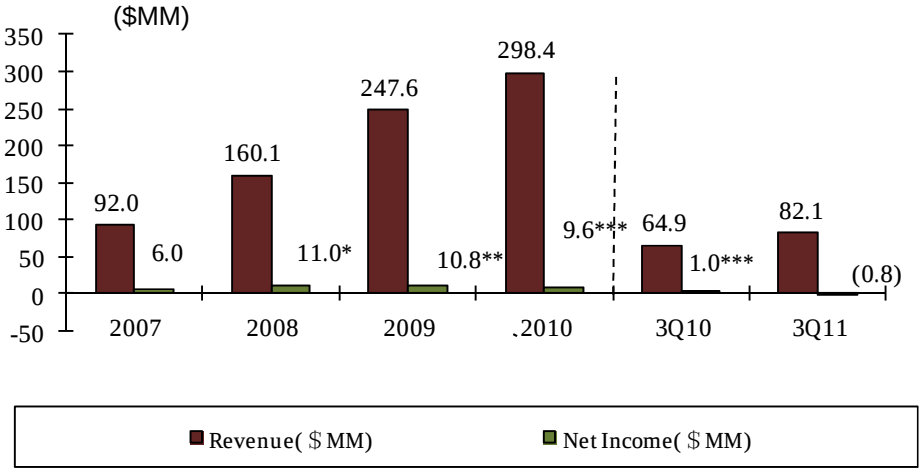
- Leading chain of supermarkets/hypermarkets in Northeastern China
- Untapped, high growth opportunity in underdeveloped market
- Large addressable market in 2nd and 3rd tier cities
- Robust same store sales growth with remarkable fresh food section
- Strong Financials and healthy cash flows
- Experienced management team with global experience

Corporate Overview

Leading Supermarket Chain in Northeastern China

- Founded in 1998, based in Daqing, Heilongjiang Province, the "Oil Capital" of China
- 33 supermarkets, 16 hypermarkets, 4 department stores and 2 distribution centers in the three northeastern provinces and Inner Mongolia as of September 30, 2011
- Focus on rapidly growing 2nd and 3rd tier cities (populations of 100K or more)

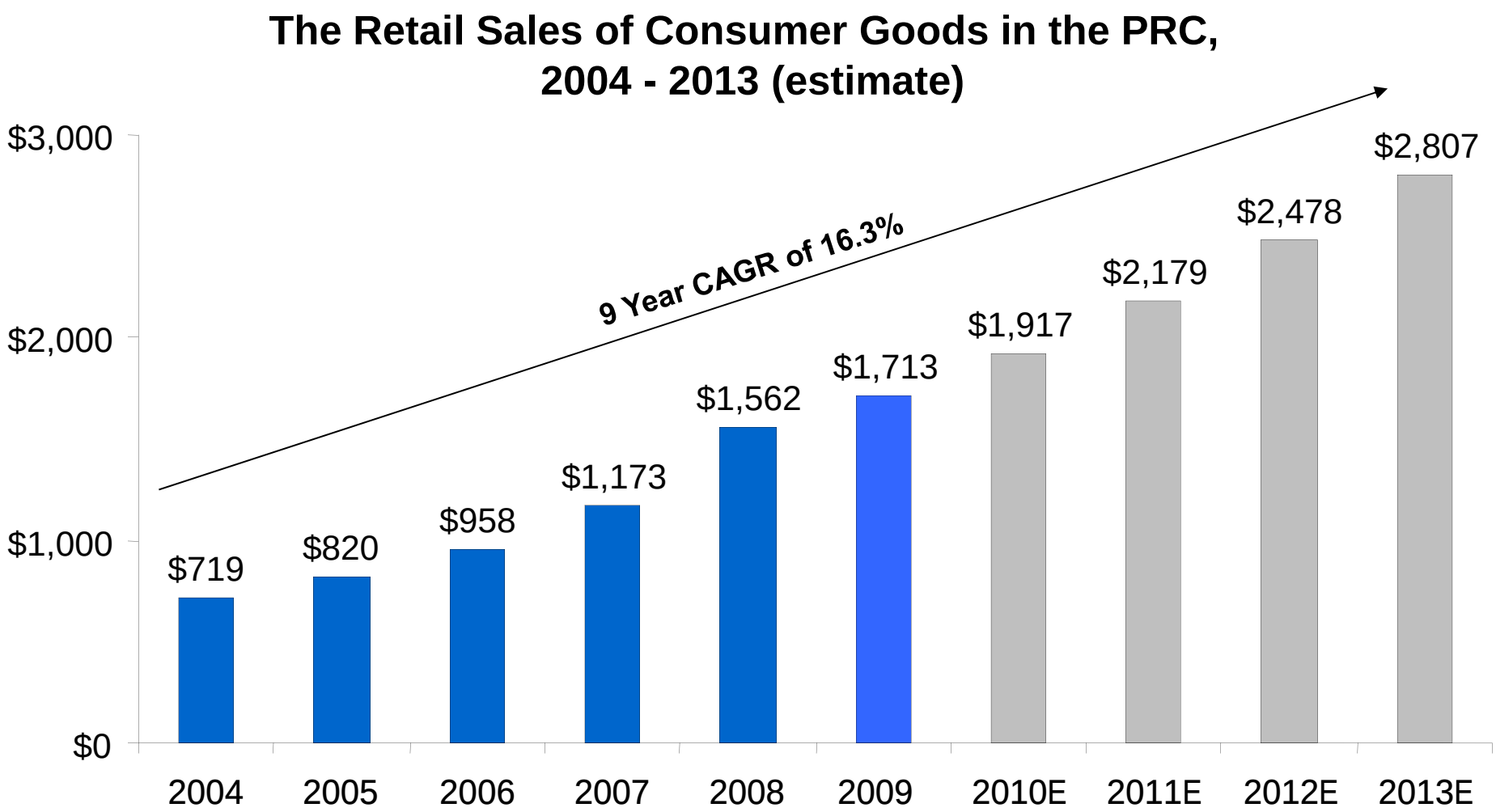
Robust Growth in Profitable Market



*excludes $2.0 million of one-time reverse merger-related costs
**excludes one-time non-cash charge of $35.5 million resulted from the change in fair value of warrants issued to investors in conjunction with the Company's issuance of convertible preferred stock issued in March 2008
***excludes changes in fair value of warrants

Market Opportunity

Retail Atmosphere in China



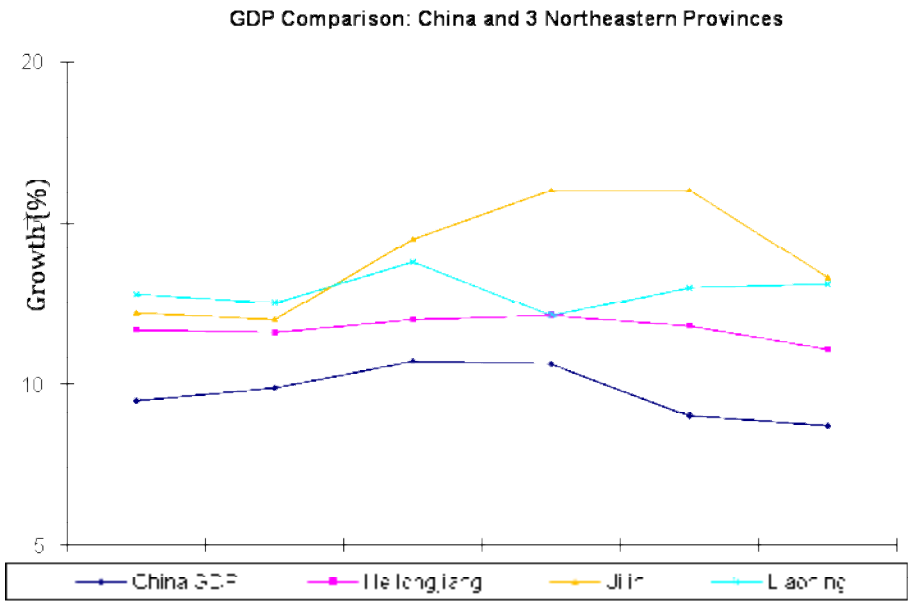
China is expected to become the second largest retail market

Source: Historical data: National Bureau of Statistics of China; projected data: Frost & Sullivan

Attractive Retail Market

Growth Outpaces Rest of China

- Population of 130+ million
- 2003 “Plan for Revitalizing Northeast China” GDP growth higher than national average since 2004
- China retail sales up 18.4% through the year 2010
- Per capita disposable income of urban residents up 11.8%; net income per capita of rural residents up 10.5% in 2010



Source: Available at http://chinaneast.xinhuanet.com/2007-05/23/content_10091405.htm

Untapped Modern Retail Market

- 230 small and medium-sized city locations with limited exposure to large domestic and foreign supermarkets
- Natural resource rich area with significant spending power
- Transition from farmer’s market to modern markets

Province	Population	City Locations	Foreign Super-markets
Heilongjiang	38.2 MM	79	4
Jilin	27.3 MM	67	3
Liaoning	42.9 MM	58	5
Inner Mongolia	24.1 MM	26	0
Total	**132.5 MM**	**230**	

Source: QKL Stores Inc

Attractive Retail Market

From Farmer's Market…

…to Modern Retail

Company profile: Timeline

1998	2004	2007	2008	2010
1st store opened in Daqing, Heilongjiang Province, China	10 stores; Joined IGA	19 stores; Launched private label products	30 stores; Public on OTC; Finished $15.5 MM PIPE financing	43 stores; NASDAQ Listing in 4Q09; Raised $39.7 MM in public offering in 4Q09

	2007	2008	2010
Total Area of QKL Stores	**63K m^2**	**115K m^2**	**217K m^2**

Company Profile

- As of September 30th, 2011, we operated 33 supermarkets, 16 hypermarkets, 4 department stores and 2 distribution centers in northeastern China and Inner Mongolia
- Our stores sell a broad selection of merchandise, including fresh food, grocery and non-food
- Total gross area of stores is approximately 296,600 sq. meters

% of Total Retail Sales	FY07	FY08	FY09	FY10	3Q11
Fresh Food	54%	49%	47%	46%	44%
Grocery	30%	34%	34%	36%	36%
Non-Food	16%	17%	19%	18%	20%

Strategy: Emphasize higher margin fresh food and non-food sales

Company Profile - Store Prototype

Store Prototype	Supermarkets	Hypermarkets
Sales Mix		
Grocery	40%	38%
Fresh	45%	40%
Non-food	15%	22%
Merchandise Assortment	Up to 15,000 SKUs	Up to 30,000 SKUs
Demographics	Middle/class	Middle to upper middle class
Initial investment		
Per Sq. Meter	￥2,000 ($28.42 per sq. ft.)	￥1,800 ($25.10 per sq. ft.)
Per Store	￥9,000,000 ($1,343,000)	￥16,200,000 ($2,417,000)
Gross area	4,500 sq. mt.(48,437 sq. ft.)	9,000 sq. mt.(96,875 sq. ft.)
Sales area	2,700 sq. mt.(29,062 sq. ft.)	5,400 sq. mt.(58,125 sq. ft.)
Annual Sales	￥30,429 per sq. mt.($423.54 per sq. ft.)	￥30,334 per sq. mt.($423.13 per sq. ft.)
Gross margin	17.3%	19.0%
Cash Payback Period	3.2 years	2.8 years

Company Profile - Robust Same Store Sales

Revenue Growth Drivers

- Marketing initiatives
  - Loss leader promotional offers
  - Weekly Advertised Mailers
- Established position within the community
- Operating strategy change to reflect value to the customer
- QKL brand and self prepared product sales growth
- QKL membership card

Gross Profit Drivers

- Increased Non Food variety at higher margins
- Resource buying direct from farmers for fruits, vegetables and fish.
- Direct purchasing from the manufactures for grocery and non food
- QKL Private Label yields higher margins

Company Profile - Operating Philosophy

Store Organization

- Product divided into fresh food, grocery and non-food
- Food localization caters to local demand and drives fresh food sales
- Consumer education signage

Service and Training

- QKLS management training school
- 5 and 10 year service recognition program
- Quarterly evaluation and bonuses
- Clear salary and job profiling
- Stock options for management

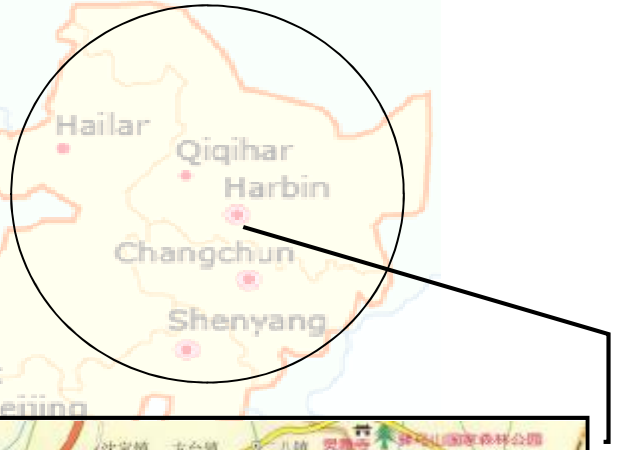
Company Profile - Distribution Centers

Current Distribution Centers

- Fresh DC with daily delivery in Daqing
- Grocery & non-food DC in Daqing

New Distribution Center

- 19,600 sq. mtr. (210,973 sq. ft.) facility in Harbin - centrally located near our stores
- Commenced operations in 2Q10
- Ability to bypass distributors and increase margin
- Bulk buying increases purchasing power
- Will support 200 stores network



Company Profile - Information Technology

Distinctive Logistics Capabilities

- Logistics center in Daqing
- Manhattan WMS
  - Used by 60 of the world's 250 largest retail companies
  - Wal-Mart, Home Depot, Target, Costco, Kroger, Sears
- V.O.I.P telephone
- Real time video conferencing
- Warehouse Management System
- CRM
- Merchandising Supply Chain MGT
- Human Resource

Advanced management system maximizes operating synergies

Company Profile: Independent Grocery Alliance

Leverage IGA System

- We are the first member of the IGA in northeastern China
- Access to IGA global purchasing network
- Access to shared education system with other IGA retailers in China
- Reduced supply costs for popular products such as:
  - Coca Cola
  - Proctor & Gamble, Co.
  - Colgate – Palmolive Company
  - H.J. Heinz Company
  - General Mills
  - Kellogg
  - Kraft
  - Nestle

Company Profile: Advertising and Marketing

Advertising

- In store promotions
- Lost leader promotions attract customer traffic
- Bi-monthly QKL mailer, weekly mailer and three day special mailer
- Theme promotions

Membership Cards

- Members receive product discounts
- Complete customer information collection C.R.M.
- Ability to tailor product offering to local demand
- Rebates
- Debit Card Ability
- Ability to deposit changes

Company Profile: Promotion Activities

Prepaid Buying Cards

- 16% of current sales
- Corporate promotional items
- Gifts during Chinese holiday seasons
- 2% discount for RMB 3,000 purchases

Promotional Signs

- Inform customer and create image of customer value
  - Advertised special
  - Member discount
  - Special product
  - In store promotion
  - Private label
  - Clearance product
  - E.D.L.P
  - New item
  - Organic

Company Profile: Private Label

- Merchandise made to our specifications by manufacturers, using a QKL name
- Includes 600 SKUs grocery and non-food items
- Same quality but 10% cheaper than brand merchandise
- Profit margins higher than profit margins for other grocery items
- Represented 5.8%, 5.5% and 5.0% of total sales revenue for 2010, 2009 and 2008, respectively

Company Profile: Growth Strategy

- Increase Private Label Sales
- Increase Market Share in Existing Markets
- Develop Distribution Network
- Expand Geographical Coverage within Northeastern China
- Continue to Diversify into Department Stores
- Pursue Strategic Acquisitions

Company Profile: Competitive Advantages

Vs. Domestic Competitors

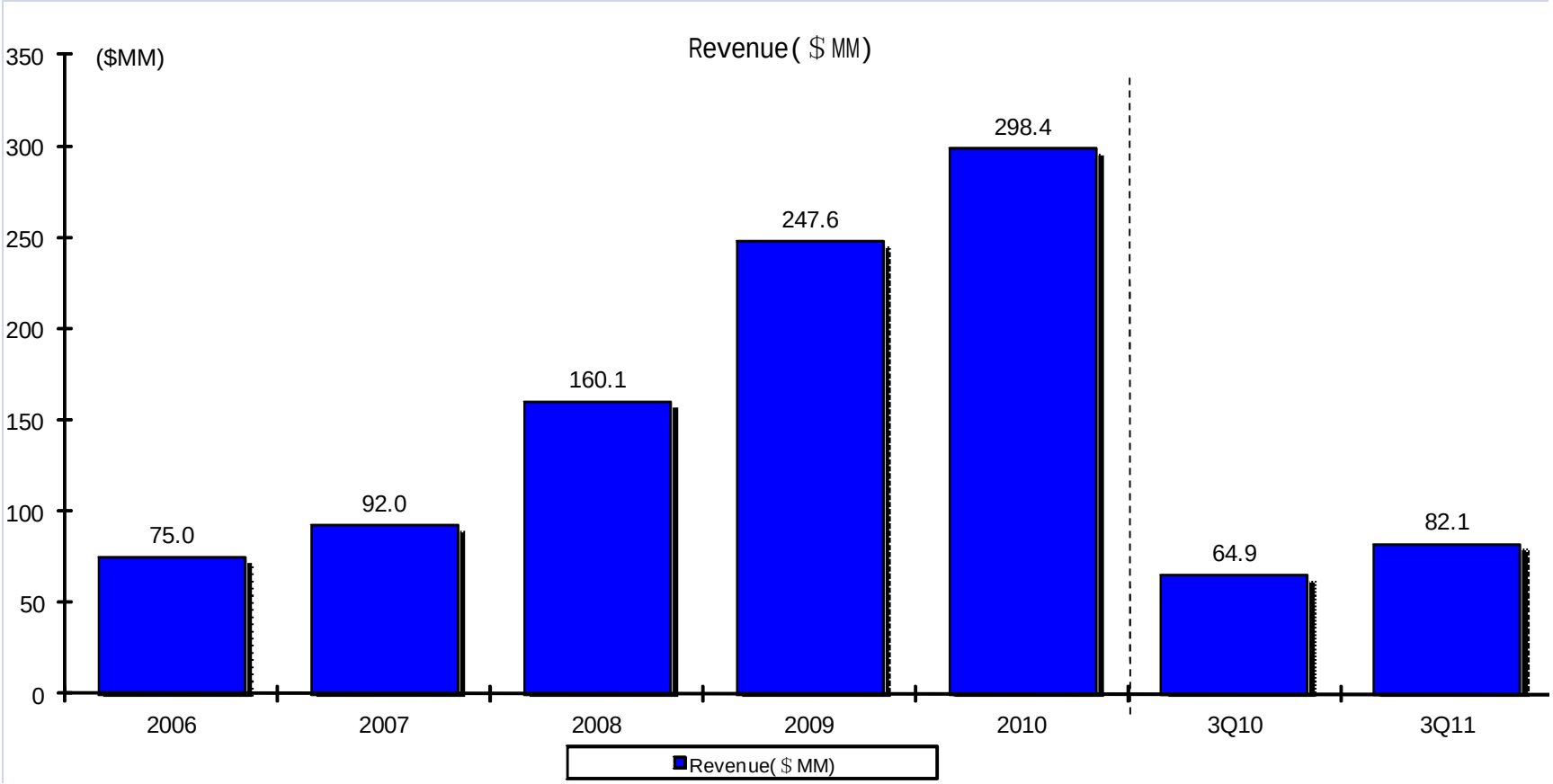
- High quality products at lower cost, the breadth of products we carry, and deep knowledge of our customers
- Strong relationships with our suppliers, especially meat and other fresh food
- Effective marketing and advertising programs
- Superior information management system, inventory management, and employee training
- First retailer in northeastern China to become a licensee of IGA
- Quality customer service
- Private label
- Experienced international management team

Vs. International Competitors

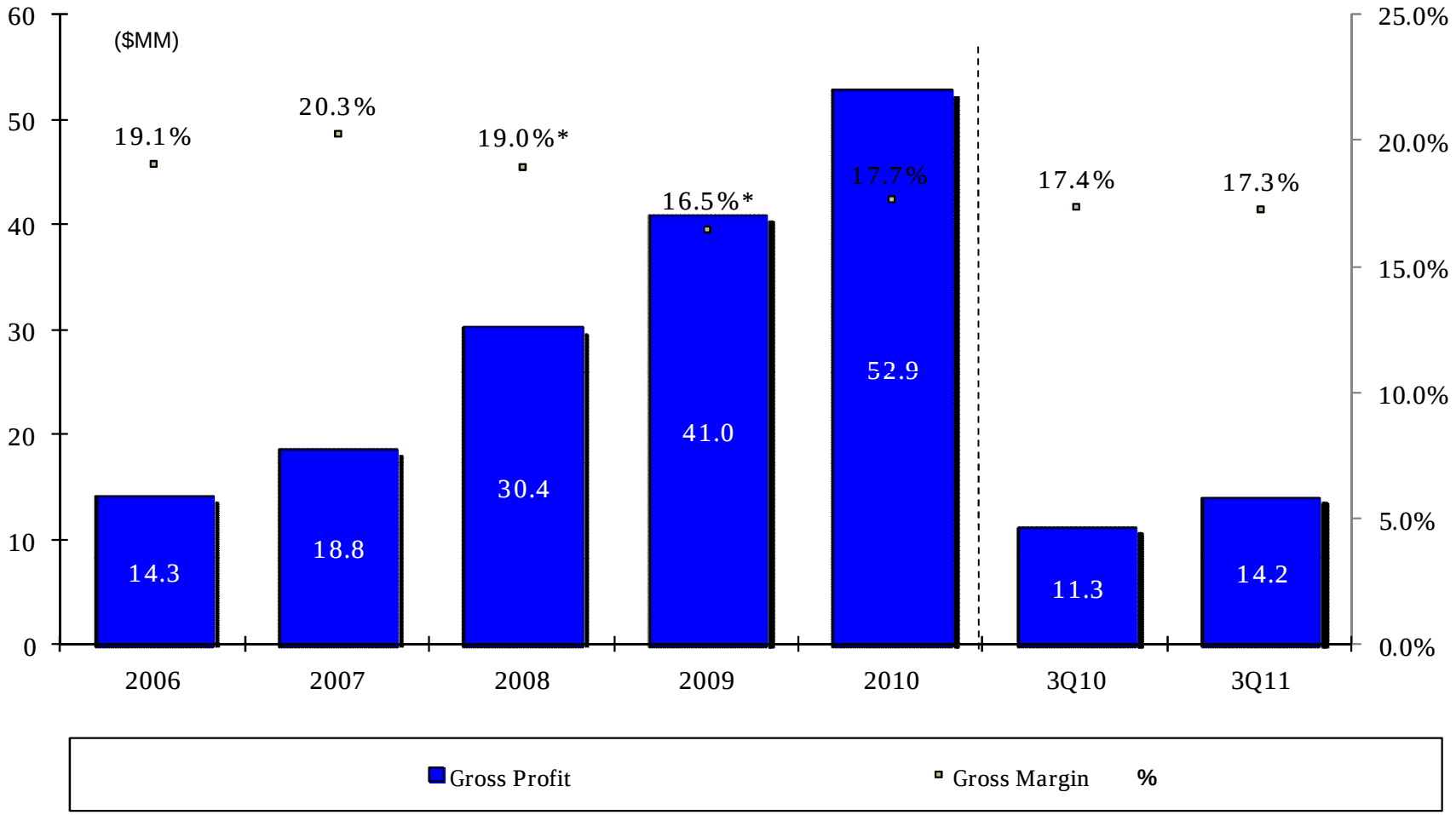
- Unique market positioning
- Familiarity with local Chinese culture and understanding of consumer behavior and purchasing power
  - Identify and adopt consumer needs more effectively (e.g., importance of fresh meats)
- Strong relationships with suppliers & local governments, both of which are crucial for store location selection and infrastructure availability
- More favorable terms of lease agreement

Financial Performance

Robust Top Line Growth



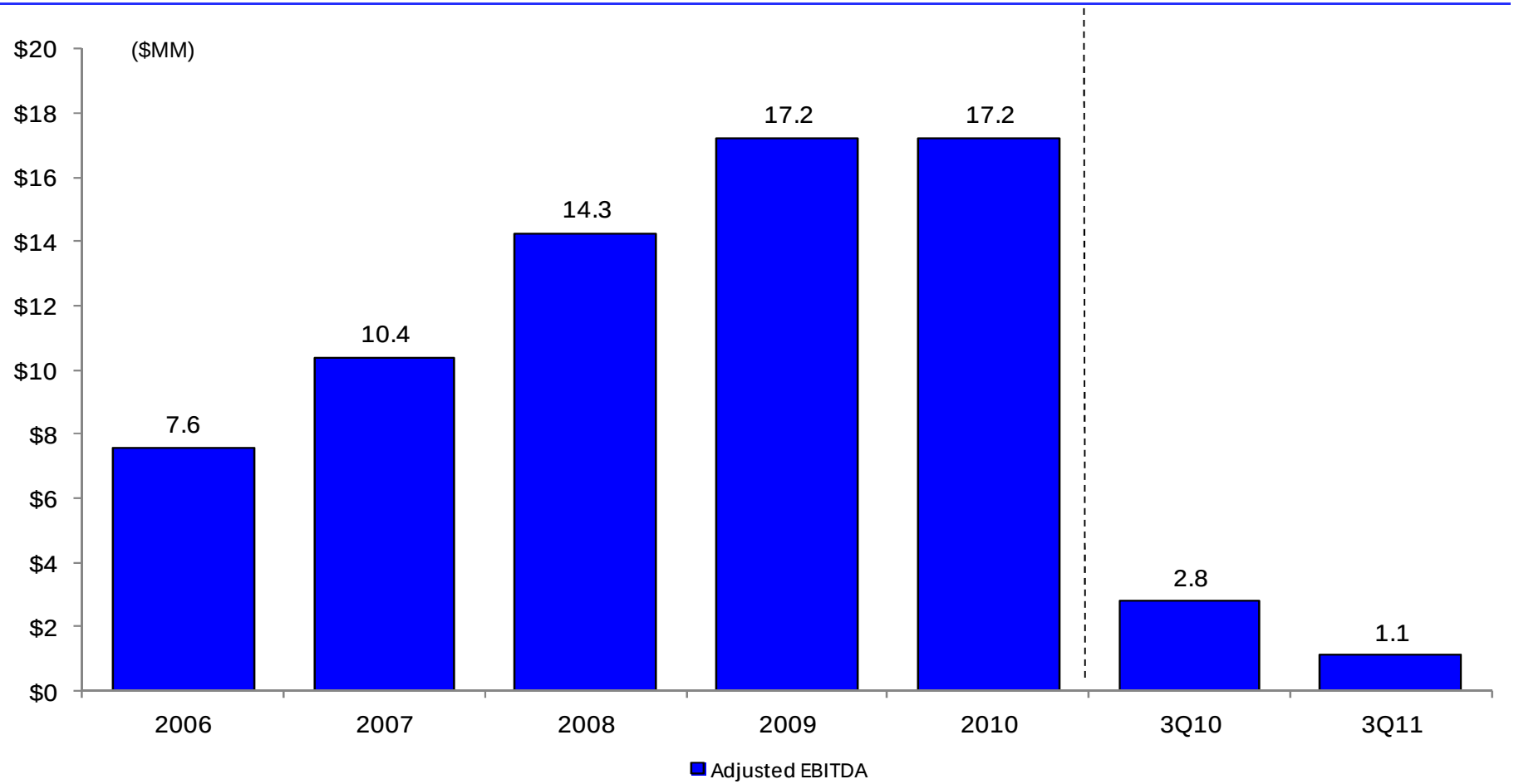
Gross Profit / Margin Performance



**Reflects reclassification of certain items which impacted revenue, COGS as well as operating expenses*

17.0-18.0% expected future gross margin, reflecting change in operating philosophy and new store build outs

Healthy Operating Trend – Adjusted EBITDA



Adjusted EBITDA represents net income before depreciation, amortization, change in fair value of warrants, interest income, interest expense and provision for income tax. The Company uses adjusted EBITDA as a measure of the Company's operating trends. Investors are cautioned that adjusted EBITDA is not a measure of liquidity or of financial performance under Generally Accepted Accounting Principles (GAAP). The adjusted EBITDA numbers presented may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA, while providing useful information, should not be considered in isolation or as an alternative to net income or cash flows as determined under GAAP. Consistent with Regulation G under the U.S. federal securities laws, the non-GAAP measures in this press release have been reconciled to the nearest GAAP measure.

Income Statement

($MM, except for EPS)

	Three Months Ended September 30	
	2010	2011
Net Revenues	64.9	82.1
Cost of Sales	(53.6)	(67.9)
Gross Profit /Gross Margin	11.3/17.4%	14.2/17.3%
Operating Expenses	(9.9)	(15.4)
Income from Operations /Operating Margin	1.4/2.1%	(1.2)/NA
Income Taxes	(0.5)	0.2
Net Income /Net Margin	1.0/1.6%	(0.8)/NA
Diluted Earnings Per Share	0.03	(0.03)
Diluted Weighted Average Shares Outstanding	38.5	31.1

Balance Sheet and Cash Flow Highlights

Key Balance Sheet Items

($MM)	As of	
	Dec. 31, 2010	Sep. 30, 2011
Cash	17.5	28.0
Total Current Assets	99.7	92.6
Total Assets	169.6	182.1
Current Liabilities	63.5	70.3
Debt	0.0	0.0
Total Liabilities	63.5	70.3
Shareholders Equity	106.1	111.8

Key Cash Flow Items

($MM)	Nine months ended September 30	
	2010	2011
Depreciation & Amortization	3.8	5.8
Operating Cash Flow	7.3	27.4
Investing Cash Flow	53.4	15.4
Financing Cash Flow	48.4	28.0

Experienced and Proven Management

Name	Experience
Zhuangyi Wang *Founder, Chairman, CEO*	ø Founder, Chairman, and CEO since inception in 1998 ø 20 years wholesale and retail experience in northeast China ø Bachelors from Heilongjiang Radio & TV University; EMBA form Tsinghua University
Xishuang Fan *COO*	ø A member of Chinese CPA Association ø Over ten years of retail experience in China ø Previously worked as a Finance Director as well as in the security and audit departments ø Bachelor in Finance from Jilin Agriculture University
Jerry Chan *CFO*	ø Over ten years of experience in the field of accounting and finance, including partner at Hong Kong CPA firm ø A member of the American Institute of Certified Public Accountants (AICPA), and holds an active license in the Colorado State Board of Accountancy ø B.A. in Accountancy from the Hong Kong Polytechnic University, MBA from the Chinese University of Hong Kong

Investment Highlights

- Leading chain of supermarkets/hypermarkets in Northeastern China
- Untapped, high growth opportunity in underdeveloped market
- Large addressable market in 2nd and 3rd tier cities
- Robust same store sales growth with remarkable fresh food section
- Strong Financials and healthy cash flows
- Experienced management team with global experience

Equity Snapshot

NASDAQ: QKLS		
Price (11/14/11)		$1.01
Shares Outstanding	(as of 9/30/11)	31.3 MM
Market Cap.		$31.7 MM
Enterprise Value		$6.86 MM
Cash (as of 9/30/11)		$28.0 MM
Debt (as of 9/30/11)		$0.0 MM
Revenue (3Q11)		$82.1 MM
Net Loss (3Q11)		$(0.8) MM
Diluted EPS (3Q11)		$(0.03)

Contact Information

QKL Stores Inc.

Mr. Mike Li
IR manager
4 Nanreyuan St., Dongfeng Xincun
Daqing City, 163311 China
Tel: (86)459 4607987
Email: mike.li@qkl.cn

Investor Relations – ICR, Inc.

Mr. Bill Zima
ICR, Inc.
Tel: +1-203-682-8233
Email: Bill.zima@icrinc.com

QKLS Investor Relations Department
+1-646-308-1213

Auditor – BDO China Shu Lun Pan CPA, Co. Ltd.

Legal Counsel – Loeb & Loeb LLP