

QKL Stores Inc, Provides Update to its Growing Private Label Business

DAQING, China, Aug. 22, 2010 /PRNewswire-Asia/ -- QKL Stores Inc. ("QKL" or the "Company") (Nasdaq:[QKLS](#) - [News](#)), a leading regional supermarket chain in Northeastern China, today announced an update to its private label operations which are sold in QKL Stores existing retail stores.

The management team at QKL continues to focus on the development of its own company-owned, private label store brands which enhance gross profit margin, distinguishes the Company from its competitors, and improves the brand image of its stores among its growing base of customers.

QKL first sold its private label products in May 2008 under the "Weixin", "Weiyi", "Weishu" and "Lvjiangkangyuan" labels. By the end of 2008, the Company had 169 private label sku's (stock keeping units) that generated approximately 2.5% of total sales during that year.

In June of 2009, the Company introduced the "QKL" label which emulates many well known, major brands sold at its stores but at prices that are typically lower by an average of 10%. At the end of 2009, the Company's private label operations had a total of 503 sku's, generating 5% of total sales for that year.

In 2010, QKL began to centralize the manufacturing of its private label brands with major manufacturers. All of the Company's private label products are distributed through its main 19,600 sq. meter distribution center in Harbin, China.

Mr. Zhuangyi Wang, Chairman and CEO, said, "With the existence of our new DC, we are now able to ensure that our private label brands are kept in stock at all times at our retail stores. This business sells a wide array of items from far away locations that our customers really enjoy, including vinegar from the Shanxi Province, bedding materials from Nantong located in the Jiangsu Province, stainless steel accessories from Jieyang in the Guangzhou province and plastic products from Huangyan in the Zhejiang Province. We are encouraged with the development of our private label business and believe that the QKL's private label operations will become a major driver of additional sales and margin growth over the next several years."

About QKL Stores Inc.:

Based in Daqing, China, QKL Stores, Inc. is a leading regional supermarket chain company operating in Northeastern China. QKL Stores sells a broad selection of merchandise, including groceries, fresh food, and non-food items, through its retail supermarkets, hypermarkets and department stores; the company also has its own distribution centers that

service its supermarkets. As of the date of this press release, the Company has 37 retail locations for an aggregate total of 156 sq. meters of store space. For more information, please access the Company's website at: www.qklstoresinc.com.

Safe Harbor Statement

Certain statements in this release and other written or oral statements made by or on behalf of the Company are "forward looking statements" within the meaning of the federal securities laws. Statements regarding future events and developments and our future performance, as well as management's expectations, beliefs, plans, estimates or projections relating to the future, are forward-looking statements within the meaning of these laws. The forward looking statements are subject to a number of risks and uncertainties including market acceptance of the Company's services and projects and the Company's continued access to capital and other risks and uncertainties. The actual results the Company achieves may differ materially from those contemplated by any forward-looking statements due to such risks and uncertainties. These statements are based on our current expectations and speak only as of the date of such statements.

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