



With the current financial market conditions, Grand Power has adjusted its business strategy from rapidly expanding the China market (revenue growth) to consolidating resources, and focusing on earnings. We want to ensure the company is well positioned with a slow global economy, but yet is able to take advantage of China's relatively strong domestic growth, and exciting opportunities that are being presented...

—Ricky Chiu, CEO

## FINANCING UPDATES

Our senior China management and key staff have participated in our recent private placement which shows the strong confidence in the company amongst our China team. Grand Power will use the private placement proceeds to support working capital requirements in our core business. We plan to allocate more working capital in the higher margin direct sales business. This may result in reducing some of our existing co-loading business. The shift in working capital to support higher earnings may lead to a decrease in revenue, but we see the change of strategy significantly enhancing our bottom line and reducing the pressure on working capital requirements given the instability of the current financial markets.

We also see this as an opportunity to take advantage of client and company consolidation opportunities, due to weak financial management and inefficiencies among many of the players in China's highly fragmented logistics industry, as we strengthen the foundation of our company.

### 1. China Driven Core Business Growth

Revenue growth was achieved despite the negative effects of a severe weather storm and the earthquake in China incurred during the first half of 2008, the effects of the Beijing Olympic during summer 2008 and the global economic slow-down, which began to deepen in the third quarter 2008. China business was the driving force of our growth in 2008, approximately 49% percent of revenue in the 9 months ended 30 Sep 08 (48M out of 98M) were generated from China operations, compared to last year with approximately only 10.7% revenue for the 9 month ended 30 Sep 2007( 7M out of 66 M) generated from China. Strong year over year growth is largely due to the strategy of adding a substantial number of key sales staff, developing more direct customer business and expanding the markets in China, North America and Europe. Despite the slow down, China GDP is still expected to grow at over 7% annually. A domestic stimulus program of over USD 650B in the first stage is to be implemented and a total of USD 1.7 Trillion is expected to be injected into the China economy, increasing import and domestic logistics demand and creating new opportunities for GPW to move into the domestic logistics sector.

#### Key Facts in 2008

- Tonnage shipped increased by 47 percent in the third quarter and 44 percent in the nine months compared to same period in 2007.
- Grand Power expects that operations in China will account for an increasing percentage operations in 2009 and future years. Further, we expect to achieve \$149M in revenue in 2008, representing year over year growth of approximately 50%.
- Grand Power reported a 34 percent increase in revenue to \$40 million for the third quarter and a 50 percent increase to \$98.7 million in the nine month period in 2008.
- Revenue for the nine months ended in September 2008 almost equals the total revenue for the full year of 2007.

### 2. Strategic Actions Focus on Earnings

Under the current global economic slow-down environment, Grand Power has adjusted its business strategy from rapidly expanding in the China market (revenue growth) to consolidating resources and focusing on earnings. Grand Power has taken actions to reduce corporate costs and to ensure the Company is well positioned and ready for market consolidation.

Gross profit margin for the third quarter was 5.2 percent in 2008 versus 5.1 percent in 2007, and 4.8 percent versus 6.3 percent in the nine months ended 2008 and 2007 respectively. The company has identified a number of factors which contributed to the margin percentage decline:

- Higher terminal handling fees, security charges and other charges caused by the severe weather, earth quake and Beijing Olympics.
- Increased costs due to fuel surcharges as fuel prices rose significantly during the year.
- During the third quarter of 2008 we started to see some improvement in the gross margin due to oil prices softening.

## DEVELOPMENT UPDATES

- China Driven Core Business Growth - Amid Economic Slow Down
- Strategic Actions Focus on Earnings
- JV Development in China
- China Projects

Capital Structure (C\$)	
Symbol	TSX-V: GPW
Share Price (Jan 14, 2009)	\$0.14
Basic shares o/s	44.7M
Shares issuable on conversion of debentures	2.8M
Options	2.9M
Warrants	2M
Fully diluted shares o/s	52.4M
Market Capitalization (fully diluted)	\$7.3M
Cash (Sept 30, 2008)	\$7.9M
Debt (Sept 30, 2008)	\$8.7M
<b>Enterprise Value</b>	<b>\$8.1M</b>



- On a consecutive quarter to quarter comparison, profit margins increased from 4.25% for the second quarter to 5.19% in the third quarter due to lower fuel charges during the third quarter.
- We also saw cargo shipments and revenue grew by 26% and 12% respectively in the third quarter of 2008 compared to the second quarter due to growth in direct customer business.

We estimate we will incur a net loss of \$2.8M during the fiscal year of 2008. The net loss is largely attributed to high start up costs related to China Expansion. By slowing down our expansion and implementing a cost saving plan, we expect to turn profitable in 2009.

Following are actions that the company has already started to take from the 4th quarter of 2008:

- Cut headcount from all divisions of the Company .
- Downsize the operation and back office of the co-loading business, allocate more resources on direct sales business with higher margin.
- Allocating working capital to higher margin business
- Downsize Hong Kong and Shenzhen operation office spaces.
- Dissolving the in-house corporate finance team.
- Consolidate subsidiaries offices in Hong Kong to the headquarter office in Hong Kong.
- Review and negotiate with all subcontractors to minimize cost.
- Tightening credit control and closely monitor credit terms.
- Strengthen business risk control.
- Terminating low margin business.
- Modifying the company's operating procedures to increase efficiency.

### 3. JV Development in China

On September 01, 2008, Grand Power signed an operating agreement with Beijing Jinfeng Air Service Co. Ltd. (BJAS) to set up a joint venture in Beijing to operate cargo logistics and transportation in Northern China. BJAS is a subsidiary of the China National Aviation Company (CNAC), which also owns China's biggest and oldest Airline, Air China. BJAS, as a wholly owned subsidiary of CNAC, focuses primarily on ground transportation, loading, custom clearance and warehousing. The target region for the Joint Venture is Northern China with operations based in Beijing and Tianjin which are the two major cities in the region.

The Joint Venture will enable Grand Power to establish a footprint in Northern China by partnering with a dominant local player. BJAS has industry-wide relationships with airlines and ground logistics experience in one of our key target regions in China. The alliance will broaden Grand Power's geographic reach as well as further expand our service offering to include higher margin special cargo logistics. The Company expects to expand to Dalian, Qingdao and other second tier Northern China cities once the Joint Venture's operations are fully established.

### 4. China Projects

#### Domestic Express Network (DEN)

"DEN" is a small package door-to-door express courier service within China targeting Small & Medium Enterprises. During the first half of 2008, Grand Power planned to recruit a team of senior management and sales staff of a major state-owned DEN logistics enterprise. However, with the financial market conditions, we have limited our DEN expansion to Beijing, Shanghai and Shenzhen, in order to minimize the capital requirement. We already have established a part of the infrastructure and we plan in the later part of 2009 to implement our original plan which is targeted at having 200 employees within the next 12 months in "DEN", covering up to 33 cities in 3 years.

#### Shanghai Pudong Airport Land

On August 18, 2008, Grand Power announced that it has entered into two agreements that will accelerate its growth in the burgeoning logistics sector in China. The first agreement is a letter of Intent ("LOI") with government authorities in Shanghai to acquire the land use rights for approximately 100,000 square meters of development property at Shanghai Pudong International Airport to build and operate bonded and non-bonded warehouse and logistics facilities. The Property is located next to the newly opened third runway, which is dedicated primarily to air cargo shipments. Pudong ranks globally as one of the highest volume airports for cargo and mail, and is the only airport in the world where both UPS and DHL have hubs. The term of the land use rights for the Property is 50 years. The second agreement is a memorandum of understanding ("MOU") with one of the world's largest industrial property groups to form a joint venture for the finance, construction and operation of the Facilities.

However, due to the financial market conditions, this project has been put on hold for the time being as our financial partners had difficulty in raising the required capital. The project itself is ready to be initiated and the contracts are still being finalized. We are also actively seeking other partners in China and are in negotiations at the moment.

A total of C\$24 Million is required in 2 years for land purchasing and construction, with 70% to be expended in year 1 and 30% in year 2.

#### Forward Looking Statements

*Certain statements in this presentation constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The forwarding-looking statements are based on current expectations, estimates, forecasts and projections of future company or industry performance based on management's judgment, beliefs, current trends and worldwide market conditions.*

*Forward-looking statements made, or to be made by, or on behalf of Grand Power Logistics Group, may be identified by the use of words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", and similar expressions. Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, such as general financial, economic, regulatory and political conditions.*

*Actual outcomes and results may differ materially from what is expressed, forecasted or implied in the forward-looking statements. Grand Power Logistics Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. We refer you to documents that Grand Power Logistics Group files with SEDAR, available at SEDAR's website at [www.sedar.com](http://www.sedar.com)*

#### For further information

##### Sean Webster

Senior Vice President,  
Finance & Business Development  
Canada: (403) 237-8211  
Hong Kong: (852) 3104 3008

Email: [sean.webster@grandpowerlogistics.com](mailto:sean.webster@grandpowerlogistics.com)  
Website: [www.grandpowerlogistics.com](http://www.grandpowerlogistics.com)