Grand Power Logistics Group Inc.
Management's Discussion and Analysis
For the three months and nine month periods ended September 30, 2009 and 2008

The information in this Management's Discussion and Analysis ("MD&A"), dated November 23, 2009 is intended to assist in the understanding and assessment of the trends and significant changes in the results of operations and the financial condition of Grand Power Logistics Group Inc. ("Grand Power Logistics" or the "Corporation" or "Company") and its subsidiaries, Grand Power Express International Ltd. of Hong Kong ("GP Express") and GP Express's subsidiaries.

This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Corporation for the three and nine month periods ended September 30, 2009 and 2008. All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward-looking Statements

Certain statements in this report, to the extent not based on historical events, are forward-looking statements based on certain assumptions and reflect Grand Power's current expectations. Forward-looking statements in this document include, without limitation, statements evaluating market and general economic conditions, and statements regarding growth strategy and future-oriented project revenue, costs and expenditures. Actual results could differ materially from those projected and should not be relied upon as a prediction of future events. A variety of inherent risks, uncertainties and factors, many of which are beyond the Corporation's control, affect the operations, performance and results of the Corporation and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks, uncertainties and factors include the impact or unanticipated impact of: current, pending and proposed legislative or regulatory developments in the jurisdictions where the Corporation operates, in particular in China; change in tax laws; political conditions and developments; intensifying competition from established competitors and new entrants in the Logistics industries; technological change; fluctuation in currency value and changes in foreign exchange restrictions; changes in Chinese government support or restrictions on foreign investment; general economic conditions worldwide, as well as in China; the Corporation's success in developing and introducing new products and services, opening and operating new facilities, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels. This list of the factors that may affect any of the Corporation's forward-looking statements is not exhaustive. The Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise. Readers are cautioned not to put undue reliance on forward-looking statements.

1. Description of Business

Grand Power Logistics operates principally through its wholly owned Hong Kong based subsidiary, GP Express, and provides air-freight forwarding and sea-freight services, customs brokerage, logistics, warehousing and distribution, as well as other value added services. GP Express has established operations in various regions, particularly in the Greater Pearl River Delta (GPRD), China's largest economic region. GP Express' Subsidiaries or Branch Offices are located in Macau, Shenzhen, Guangzhou, Jiangmen, Shanghai, Xiamen, Tianjin and Beijing in China and in Los Angeles, California in the United States. GP Express also operates in other regions through associated companies in Taipei and Bangkok.

The key objective of the Corporation is to become a leading provider in logistics and related services in the Asia Pacific region and at the same time to increase its prominence in North America, Europe and elsewhere in the world as the Corporation expands its presence globally. In achieving its objective, the Corporation is continuously seeking opportunities to grow its revenue base and to capitalize on the industrialization of China as well as the growth of global commerce.

2. Overview of Operations and Financial Condition

Due to the continually weak consumption markets in North America and Europe as a result of the 2008 economic crisis, the refocusing of the Corporation business strategy into pursuing higher profit margin business, the decrease in oil prices and the strengthening of Canadian currency, the Corporation's sales revenue decline by 57.5% to $17,000,349 for the three months ended September 30, 2009, compared to $39,997,321 for the corresponding period in 2008. The sales revenue for the nine months ended September 30, 2009 decreased by 34.53% to $64,652,403 compared to $98,748,082 for the corresponding period in 2008.

For the three months ended September 30, 2009, the gross profit decreased by 10.31% to $1,861,198 compared to $2,075,219 for the corresponding period in 2008. However, gross profit margin improved to 10.95% in the third quarter of 2009 compared to 5.19% for the third quarter of 2008. For the nine months ended September 30, 2009, the gross profit increased by 28.05% to $6,037,591 compared to $4,715,100 for the corresponding period in 2008. Gross profit margin improved to 9.34% in the first nine months of 2009 compared to 4.77% for the corresponding period in 2008.

In general, the increase in gross profit margin in the third quarter of 2009 was principally due to the change in the Corporation's business strategy of focusing on the development of more direct sales business instead of the co-loading business and the elimination of some low yield businesses.

The net profit for the third quarter of 2009 was $9,133 compared to a net loss of $866,865 for the corresponding period in 2008. The net loss for the nine month ended September 30, 2009 period was $494,150 compared to a net loss of $2,627,424 for the corresponding period in 2008.

During the third quarter, the Corporation had an operating profit of $164,616 compared to an operating loss of $888,958 for the third quarter of 2008. This is principally due to the improvement in the gross profit margin and also due to substantial decrease in the general and administrative expenses which decreased by 47.78% to $1,392,971 from $2,667,162.

Tonnage shipped declined by 27.28% to 12,719 tonnes for the three months ended September 30, 2009 compared to 17,490 tonnes for the corresponding period in 2008. For the first nine months of 2009, the tonnage shipped decline by 15.1% to 34,277 tonnes compared to 40,375 tonnes in the corresponding period in 2008.

The Corporation had working capital strengthened to $11,415,633 at September 30, 2009, compared to $8,897,414 at December 31, 2008.

Selected Business Highlights

On January 1, 2009, the Corporation acquired the remaining 40% interest of its subsidiary, Redcap Logistics Ltd. for a cost of HK$4,000.

On March 23, 2009, the Corporation announced it had completed the final closing of its non-brokered private placement of convertible debentures; the aggregate gross proceeds received by the Corporation were $1,487,000. The debentures carry interest at the rate of 10% per annum, payable quarterly; have a maturity date of two years from the date of closing. The debentures are convertible, at the option of the holder, into common shares of the Corporation at a conversion price of $0.20 per share. Finders' fees in the aggregate of $98,700 were paid in relation to the private placement. The proceeds from the closings of the private placement were used principally for payment of existing convertible debentures that matured on February 26 and March 13, 2009 respectively.

On April 16, 2009 the Corporation announced it had expanded its reach into key European markets through a joint venture agreement with European Cargo Service (ECS), one of Europe's largest air cargo companies. The joint venture will create the "Intercontinental Freight Alliance" (IFA), which will allow GPW to leverage ECS's extensive network of General Sales and Services Agents (GSSA) throughout Europe, while ECS will utilize Grand Power's expertise and networks in Asia to enhance its global service offering. Approximately 440,000 tonnes of cargo was shipped from Europe to mainland China (excluding Hong Kong) in 2008. ECS and Grand Power estimate that IFA, if successful, could capture 15 to 20 per cent of that market within the first year of operation. By comparison, Grand Power shipped approximately 55,000 tonnes of cargo from all operations in 2008. IFA had anticipated commencement of operations in the second half of 2009. Due to the continued weak economic conditions in Europe, this project could be delayed to the fourth quarter of 2009.

On August 10, 2009, the Corporation announced it has completed the closing of another non-brokered private placement of convertible debentures (the "Debentures") for gross proceeds received by the Corporation of $2,201,000. The Debentures will carry interest at the rate of 10% per annum, payable quarterly; will have a maturity date of two years from the date of closing; and will be convertible, at the option of the holder, into common shares of the Corporation at a conversion price of $0.30 per share.

On 27 August 2009, GP Express obtained a loan of HK$12,000,000 ($1,690,800) under the Special Loan Guarantee Scheme ("SpGS") from the Hongkong and Shanghai Banking Corporation ("HSBC"). SpGS is a program introduced by the Hong Kong government to support companies during the global financial crisis.

3. Selected Financial Information

		As at Sept. 30, 2009		**As at December 31, 2008**
Total assets		$33,998,904		$38,218,420
Total liabilities		$22,627,262		$27,016,345
Non-controlling interest		$345,324		$203,984
Shareholders' equity		$11,026,319		$10,998,091
	Three months ended Sept. 30, 2009	**Three months ended Sept. 30, 2008**	**Nine months ended Sept. 30, 2009**	**Nine months ended Sept. 30, 2008**
Revenue	$17,000,349	$39,997,321	$64,652,403	$98,748,082
Gross profit	$1,861,198	$2,075,219	$6,037,591	$4,715,100
Gross margin	10.95%	5.19%	9.34%	4.77%
Net income/ (loss) after tax and minority interest	$9,133	($866,865)	($628,747)	($2,640,370)
Cash flow provided by/ (used in) Operations	$259,844	($738,739)	($127,318)	($2,396,980)
Retained earnings, end of period	($5,804,624)	($319,830)	($5,804,624)	($319,830)
Earnings loss per Share – basic & diluted	$0.000	($0.023)	($0.014)	(0.076)

Outstanding Share Data

As at September 30, 2009, the following is a summary of the outstanding equity securities and convertible securities issued by the Corporation:

	Authorized	**Outstanding**
Voting or equity securities issued and outstanding	Unlimited Common Shares	44,692,778 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Stock options to acquire up to 10% of outstanding Common Shares	2,515,000 Stock options to acquire 2,515,000 Common Shares
Securities convertible or exercisable into voting or equity securities – agent's option	None	None
Voting or equity securities issuable on conversion or exchange of outstanding securities – convertible debentures	Unlimited	$3,688,000 Convertible Debentures convertible to 14,771,667 Common Shares

4. Results of Operations

Revenue

Revenue declined by 57.5% to $17,000,349 for the third quarter of 2009 compared to $39,997,321 for the corresponding period in 2008. The decline in revenue was mainly due to the global financial and economic crisis, the refocusing of the Corporation business strategy into pursuing higher profit margin business, the decrease in oil prices and the strengthening of Canadian currency. The Corporation generated $13,046,232 (76.7%) of its revenue in the third quarter of 2009 from its traditional co-loading air freight business, $1,622,583 (9.5%) of revenue from its direct sales air freight business and $2,331,534 (13.7%) of revenue from its ocean freight business.

Of the Corporation's total revenue of $17,000,349 in the third quarter of 2009, the Corporation generated $5,364,448 (31.55%) of revenue from its air-freight and ocean freight business in China. In comparison, the Corporation's China's freight business generated $17,832,946 in revenue in the third quarter of 2008. The decline of revenue in China is due mainly to economic and financial crisis and due to the restructuring of the Company's business model to focus on developing a more profitable direct sales business and eliminating low yield businesses. Hong Kong is still the Corporation's largest operating centre, generating $9,183,145 (54%) of the revenue in the third quarter. Other operating centres accounted for $2,452,756

(14.4%) of revenue. For the third quarter of 2008, Hong Kong accounted for $22,164,375 or 55.4% of revenue, China and other regions $17,832,946 or 44.6%.

Summary of Sales Revenues

		By Type			By Region		
Period	Gross Revenue	Co-loading	Direct Sales	Ocean Freight	Hong Kong	China	Other Regions
Q3 2009	$17,000,349	$13,046,232	$1,622,583	$2,331,534	$9,183,145	$5,364,448	$2,452,756
Q2 2009	$22,220,999	$17,505,648	$2,120,289	$2,595,063	$12,239,543	$7,538,798	$2,442,658
Q1 2009	$25,431,055	$20,169,218	$3,165,183	$2,096,654	$12,407,947	$8,903,650	$4,119,458
Q4 2008	$43,250,394	$34,587,840	$5,990,120	$2,672,433	$21,292,817	$13,636,019	$8,321,558
Q3 2008	$39,997,321	$35,383,466	$2,148,755	$2,348,037	$22,164,375	$17,832,946	-
Q2 2008	$35,691,098	$32,913,016	$1,676,743	$1,002,693	$18,330,144	$8,741,322	$8,619,633
Q1 2008	$23,059,663	$21,992,534	$835,890	$150,528	$14,681,401	$4,076,113	$4,302,149

Note:
1. There were revenues from warehousing for Q1, Q2 and Q3 of 2008 as follows: $80,711, $98,646 and $117,063 respectively.
2. Revenue for other regions for Q3 2008 was included in the revenue for China.

Cost of Sales and Gross Profit

Cost of sales was $15,139,151 for the third quarter of 2009 compared to $37,922,102 for the corresponding period in 2008, for a decrease of 60%. This reduction in cost of sales corresponds with the decrease in revenues. Gross profit decreased by 10.31% to $1,861,198 in the third quarter of 2009 compared to $2,075,219 for the corresponding period in 2008 and gross profit margin increased by 110% to 10.95% from 5.19%.

The increase in gross margin in 2009 was primarily due to the change of the Corporation's business strategy of focusing on the development of more profitable direct sales business and the elimination of low yield businesses.

It is expected that the gross margin will continue to grow in the coming quarters as the global economy improves after suffering the effects of the worldwide financial crisis, and as the Corporation continues to develop more higher profit margin businesses while reducing its focus on the lower profit margin co-loading business.

Administrative, Sales, Marketing and Operating Expenses

General and administrative expenses, including sales, marketing and other operating expenses, but excluding stock-based compensation, amortization, foreign exchange gain or loss and interest expenses, for the three months ended September 30, 2009 were $1,392,971 compared to $2,667,162 for the corresponding period in 2008, for a decrease of 47.77%. This decrease of expenses was primarily as a result of the Corporation's comprehensive cost-cutting program and reduction in business activities. The Corporation's financial performance during the first nine months of the year demonstrates that the aggressive cost-cutting efforts had a tangible and positive impact throughout the Corporation.

Interest Expense

Interest expense for the nine months ended September 30, 2009 was comprised of interest due on the unsecured convertible debentures and interest associated with the banking facilities secured for GP Express for its operations. Interest on the debentures for the third quarter of 2009 was $86,928 compared to $30,456 for the corresponding period in 2008, for an increase of 185.42%. The increase in interest expense on the debentures was due to the higher interest rate of new debentures issued in March of this year and the new convertible debentures issued during the quarter. Interest expense on the bank overdraft and bank loan for the third quarter of 2009 was $148,372 compared to $138,433 for the third quarter of 2008. The increase was due to the additional loan facilities GP Express obtained from the banks during the quarter.

Earnings after Taxes

The net profit for the third quarter of 2009 amounted to $9,133 compared to net loss of $866,865 for the corresponding period of 2008. The improvement in earning is due to a number of positive factors. These factors include a higher gross profit margin, the increased focus of the Corporation on the more profitable direct sales business, the elimination of low yield businesses, and as well as the impact of the Corporation's comprehensive cost-cutting programs initiated in the second half of 2008.

Cash Flow from Operations

The Corporation generated positive cash flow from its operations for the three months ended September 30, 2009 of $259,844 compared to a negative cash flow of $738,739 for the corresponding period in 2008.

5. Summary of Quarterly Results

	Gross Revenue	Gross Profit	Gross Profit Margin	Net Earnings/(Loss)	Earnings (Loss) per Share Basic	Diluted
Q3 2009	$17,000,349	$2,075,219	10.95%	$9,133	$0.000	$0.000
Q2 2009	$22,220,999	$1,673,784	7.53%	($649,113)	($0.015)	($0.015)
Q1 2009	$25,431,055	$2,502,609	9.84%	$11,233	($0.000)	($0.000)
Q4 2008	$43,250,394	$2,423,822	5.60%	($4,946,192)	($0.124)	($0.124)
Q3 2008	$39,997,321	$2,075,219	5.19%	($866,865)	($0.023)	($0.023)
Q2 2008	$35,691,098	$1,517,469	4.25%	($1,068,078)	($0.030)	($0.030)
Q1 2008	$23,059,663	$1,122,412	4.87%	($705,426)	($0.024)	($0.024)
Q4 2007	$33,582,945	$2,770,352	8.25%	($201,948)	($0.007)	($0.006)

6. Liquidity and Capital Resources

Capitalization

	Sep 30, 2009	**Dec 31, 2008**
Cash, Term Deposits, and Short Term Investments	$9,367,267	$8,916,410
Debt (bank loan, overdraft line & debentures)	$12,525,014	$12,317,638
Shareholders' Equity (Share Capital, Equity Component of Convertible Debentures & Contributed surplus)	$16,830,943	$15,218,611
Retained Earnings	($5,664,586)	($4,220,520)
Total Shareholders' Equity (excluding minority interest)	$11,026,319	$10,998,091
Total Capitalization[1]	$29,355,957	$23,315,729

Coverage Ratios:		
Debt to Total Capitalization[2]	42.67%	52.83%
Net Debt to Total Capitalization[3]	10.76%	14.59%
Interest Coverage Ratio[4]	NA	NA

1. Total Capitalization is defined as debt plus total shareholder's equity.
2. Debt to Total Capitalization is equal to debt divided by total capitalization.
3. Net Debt to Total Capitalization is equal to debt minus cash, term deposit and short term investment divided by Total Capitalization.
4. Interest Coverage on debt is equal to earnings before interest expense, stock based compensation and taxes divided by total interest expense.

The Corporation had working capital of $11,415,633 at September 30, 2009, compared to $8,897,414 at December 31, 2008.

Contractual Obligations

Contractual Obligations	Payment Due by Period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Debt (Bank O/D + Loan)	$10,602,381	$10,602,381	-	-	-
Convertible Debentures	$3,688,000	-	$3,688,000	-	-
Capital Lease Obligations	-	-	-	-	-
Total Contractual Obligations	$14,290,381	$10,602,381	$3,688,000	-	-

Banking Facilities

Bank indebtedness as at September 30, 2009 and December 31, 2008 consisted of:

	2009	2008
Bank overdraft (CCBA) (1)	$2,384,958	$2,546,118
Bank overdraft (HSBC) (2)	1,628,680	2,882,500
	4,013,638	5,428,618
HSBC SpGS Loan	1,690,800	-
Accounts Receivable Factoring (HSBC)	4,897,943	5,262,792
	6,588,743	5,262,792
	$ 10,602,381	**$ 10,691,410**

(1) China Construction Bank (Asia)
(2) Hongkong and Shanghai Banking Corporation

The Corporation's subsidiary, GP Express, had arranged bank facilities as per the banking facility letter dated November 5, 2004, with the China Construction Bank (Asia) Corporation Ltd., (formerly named Bank of America (Asia) Ltd.,). These facilities were subsequently superseded by facility letter dated June 25, 2008 as follows:

(a) Bank Overdraft Line whereby GP Express was granted an overdraft facility of HK$12,000,000 ($1,800,000) (2008 - HK$10,000,000 - $1,580,000) at the higher of the prime Hong Kong dollar lending rate or 0.5% plus the quoted Hong Kong Interbank rate at the date of overdraft.

(b) Additional Overdraft Line of HK$9,900,000 ($1,485,000) (2008 - HK$9,900,000 - $1,564,200) to be used against overdrafts on the Corporation's current account. Interest is charged at the higher of the prime lending rate minus 1% or 0.5% plus the quoted Hong Kong Interbank rate at the date of overdraft.

(c) At September 30, 2009, the Corporation had utilized its overdraft lines to the amount of HK$16,926,600 ($2,384,958) (December 31, 2008 - HK$16,114,672 - $2,546,118).

(d) Bank Guarantee Line for HK$4,000,000 -$600,000 (2008: HK$4,000,000 - $632,000) to be backed by acceptable Letters of Indemnity. At September 30, 2009 although the limit was HK$4,000,000 ($600,000), HK$4,450,000 ($667,500) had been utilized to support bank guarantees issued to airline companies, the bank allowed the excess HK$450,000 ($67,500) to reduced the Overdraft Lines In (a) and (b) above by an equal amount (2008 utilization - HK$8,450,000 - $1,335,100). Each guarantee issued is subject to a 1% flat handling commission.

The above banking facilities were secured by charges over the accounts of GP Express in an unlimited amount, a first legal charge against a property owned by a related company owned by Wan Kee Chiu, a former director of the Corporation, a corporate guarantee in unlimited amount by the Corporation as well as a personal guarantee by Tong (Ricky) Chiu in the amount of HK$22,122,000 ($3,318,300).

The Corporation also had banking facilities with the Hongkong and Shanghai Banking Corporation ("HSBC") and provided the bank with a guarantee of payment of the present and future indebtedness and liability of GP Express per a banking facility letter dated February 26, 2007. These facilities were subsequently superseded by new facilities as described in facility letters dated January 30, 2008, August 26, 2008 and January 16, 2009 as follows:

(b) Bank overdraft line whereby GP Express was granted an overdraft facility in the amount of HK$15,000,000 -$2,250,000 (2008: HK$25,000,000 -$3,950,000) at the bank's Best Lending Rate (5% at September 30, 2009 and 5% at December 31, 2008). At September 30, 2009 HK$14,357,461 - $2,153,619 (2008: HK$16,257,790 - $2,568,731) was utilized.

(c) Bank Guarantee Line was granted in the amount of HK$16,000,000 ($2,400,000) with a sub-limit of HK$2,000,000 ($300,000) being shared by one of the subsidiary company, BSI Logistics Limited. The bank charges on this Guarantee Line were at the rate of 1% per annum on the guaranteed amount, with a minimum charge of HK$1,500 ($225). At September 30, 2009 HK$14,160,000 ($2,124,000) (2008: HK$16,401,290 ($2,591,404)) was utilized.

(d) Based on the facility dated January 16, 2009 , GP Express obtained the factoring services from HSBC at the maximum amount HK$65,000,000 ($9,750,000) by advance payment of GP Express's qualified accounts receivable with a sub-limit of HK$20,000,000 ($3,000,000) each being shared by its subsidiary company, BSI Logistics Limited and Redcap (find the full name)up to 90 days credit period based on 70% (previously 75%)of the invoiced value. The discounting fee is charged at the rate of 0.25% per annum above the Hong Kong Best Lending rate which is 5% at September 30, 2009 (previously 0.25% per annum below the Hong Kong Best Lending rate which is 5.25% at December 31 2008.) The utilized factoring services as at September 30, 2009 amounted to HK$33,094,813 ($4,964,222) (2008: HK$33,307,157 ($5,262,792)).

(e) On 27 August 2009, GP Express obtained a loan of HK$12,000,000 ($1,690,800) under the Special Loan Guarantee Scheme (SpGS) from HSBC. SpGS is a program introduced by the Hong Kong government to support companies during the global financial crisis. Loan under SpGS is 70% guaranteed by the Hong Kong government and the rest by Ricky Chiu's personal guarantee. Interest on the loan is to be charged on a daily basis at 0.5% per annum below the bank's best HKD lending rate. The loan will be repaid by 53 monthly installments of HK$222,230 each plus a final installment of HK$221,810.

The above banking facilities with the Hongkong and Shanghai Banking Corporation were secured by 27,017.31 units of unit trust in various Funds (2008: 26,996.33 units in various Funds), being a short term investment held by GP Express. It was further secured by an unlimited guarantee from the Corporation, a blanket counter indemnity by GP Express and the personal guarantee in the amount of HK$11,000,000 ($1,650,000) from Tong (Ricky) Chiu. In addition, undertakings to submit GP Express management accounts and aging accounts receivable analysis are required on quarterly basis. Also, GP Express is required to maintain a tangible net worth in excess of HK$25,000,000 ($3,750,000) at all times and to register the assignment of receivable in the Companies Registry of Hong Kong.

Financing Activities

On March 23, 2009, the Corporation announced it has completed the final closing on its non-brokered private placement of convertible debentures and that the aggregate gross proceeds received by the Corporation was $1,487,000. The Debentures carry interest at the rate of 10% per annum, payable quarterly; have a maturity date of two years from the date of closing; and are convertible, at the option of the holder, into common shares of the Corporation at a conversion price of $0.20 per share. Finders' fees in the aggregate of $98,700 were paid in relation to the private placement. The proceeds from the closings of the private placement were used principally for payment of existing convertible debentures that matured on February 26 and March 13, 2009.

On August 10, 2009, the Corporation announced it has completed the closing of another non-brokered private placement of convertible debentures (the "Debentures") for gross proceeds received by the Corporation of $2,201,000. The Debentures will carry interest at the rate of 10% per annum, payable quarterly; will have a maturity date of two years from the date of closing; and will be convertible, at the option of the holder, into common shares of the Corporation at a conversion price of $0.30 per share. Finders' fees in the aggregate of $15,100 were paid in relation to this closing of the private placement.

7. Related Party Transactions

The Corporation had the following transactions with related parties during the year;

(a) An agency agreement between GP Express and GP Express Holdings Inc. established GP Express Holdings Inc. as the world-wide break-bulk agent of GP Express for shipment tracing, customs clearance, and posting or delivering air waybills to its customers in Guangzhou, China, Bangkok, Thailand, Taipei and Taiwan where GP Express had, or currently has, no branch offices. The fee paid to GP Express Holdings Inc. was HK$2,070,000 (CDN$292,698) and HK$1,440,000 (CDN$203,616) for the nine months ended September 30, 2009 and 2008 respectively. GP Express Holdings Inc. is owned by Wan Kee Chiu, a former director of the Corporation. These amounts are recorded at the agreed upon exchange amount. The agreement between GP Express and GP Express Holdings Inc. was terminated on 30 September 2009 due to the passing of Wan Kee Chiu.

(b) An agency agreement dated April 1, 2003, between United Air Cargo and Golden Power International Express Co. Ltd. ("Golden Power"), provided that United Air Cargo acts as the agent of Golden Power in Macau in providing air freight service between the PRC and Taiwan for Golden Power's customers, at a fee payable by Golden Power of US$10,000 per month. Golden Power is 80% owned by Wan Kee Chiu, a former director of the Corporation. Mr Wan Kee Chiu passed away in June, 2009. References to Mr Chiu's role as director in this report refer to the time up until his passing. Assets owned by Mr Chiu as referenced in this report are now owned by his estate. These amounts are recorded at the agreed upon exchange amount. The agreement between United Air Cargo and Golden Power was terminated on 30 September 2009 due to the passing of Wan Kee Chiu.

(f) Wan Kee Chiu and Tong (Ricky) Chiu facilitated the obtaining of bank lines for the Corporation with the China Construction Bank (Asia) Corporation Ltd., (formerly name Bank of America (Asia) Ltd.) by providing security in the form of deposits and personal guarantee. In Jan 2009, Tong (Ricky) Chiu provided his personal guarantee for renewal the banking facility with HSBC. Tong (Ricky) Chiu is a director of the Corporation. Due to the passing of Wan Kee Chiu, a former director of the Corporation, the personal guarantee is now provided solely by Tong (Ricky) Chiu.

(g) The amounts due from and to related companies represent accounts receivable and payable on sales and purchases made in the normal course of business, as described in Note 6(f) below, as well as loans and advances among the parties relating to forwarding operations, office expenses, travel and collection activities. These amounts are unsecured, bear no interest, and will be repaid in the normal course of business. At September 30, 2009 and December 31, 2008, the amounts due from and to related parties were as follows:

	Due from		**Due to**	
	2009	**2008**	**2009**	**2008**
Golden Power International Express Co. Ltd. (1)	$ 662,289	$ 1,270,050	$ -	$ -
New United Trading Company Ltd. (2)	156,449	133,847	-	-
GP Express Holdings Inc.	5,734	5,875	-	-
CAAC Pioneer Logistics (Macau) Co. Ltd.	129,077	-	-	-
CAAC Pioneer Logistics (Guangzhou) Co. Ltd.	52,433	-	-	-
Bao Shinn Express Co Ltd	-	47,402	736,235	-
InterPacific Capital Ltd. (5)	30,134	33,789	-	-
Grand Power Express Tourism Co Ltd (3)	-	-	-	46,159
	$ 1,036,116	$ 1,490,963	$ 736,235	$ 46,159

(1) Golden Power International Express Co. Ltd., 80%-owned by Wan Kee Chiu, a director of the Corporation.
(2) 100%-owned by Lam In Wai, a director of the Corporation, facilitates collection and payment of funds for United Air Cargo & Express Ltd. as United Air Cargo & Express Ltd. is not registered to do this in Macau
(3) Mr. Wan Kee Chiu is the major shareholder and a former director of the company which provides travel services in Macau.
(4) Its holding company is Baoshinn Corp which is a listed company in USA, Lam In Wai and Tong (Ricky) Chiu are the directors of this company. Bao Shinn International Express Co Ltd provides travel services in Hong Kong.
(5) 15% owned by Candace Wong, wife of a director. The company provides the financial advisory services clients

(e) Transactions made during the year in the normal course of business involving sales and purchases between the Corporation and the related parties for the quarters ending September 30, 2009 and 2008 were as follows:

	Sales		Purchases	
	2009	**2008**	**2009**	**2008**
Golden Power International Express Co. Ltd. (1)	$ 301,843	$ 141,587	$132,048	$ 1,797
CAAC Pioneer Logistics (Macau) Co. Ltd.	271,123	-	-	-
Bao Shinn Express Co Ltd	-	20,969	-	-
Bao Shinn International Express Co Ltd (4)	-	38,646	-	43,386
InterPacific Capital Ltd (5)	-	33,125	-	-
	$ 572,966	$ 234,327	$ 132,048	$ 45,183

(1) to (5): footnotes as Note 6 (d) above

(f) During the three months ended September 30, 2009, the Corporation paid consulting fees of $11,250 (2008 - $11,250) to AC Capital Inc., a company owned by Alan P. Chan, a director and officer of the Corporation.

8. Financial Instruments

The Corporation's financial instruments include cash, term deposits, short term investments, accounts receivable, bank overdrafts, bank loans, accounts payable and accrued liabilities. The carrying value of these instruments is on the "mark to the market" value due to their immediate or short term nature. The fair value of amounts due to and from related parties is determined according to its book value at the year end rate conversion to Canadian dollar.

(a) Interest Rate Risk

The Corporation is exposed to interest rate risk as a result of its bank overdraft and bank loan facilities. The Corporation's debenture bears a simple interest rate and therefore does not have an interest rate fluctuation risk.

(b) Credit Risk

The Corporation has trade receivables that are generally settled 60-90 days after the close of the preceding month. The Corporation deals with pre-approved customers and any outstanding amounts are monitored on an ongoing basis. Management believes adequate allowances have been made for doubtful accounts.

(c) Foreign Exchange

All sales and expenditures for the Corporation are primarily incurred in Hong Kong dollars, Renminbi and Macao pataca through its subsidiaries of GP Express, GP Express' subsidiaries in China and United Air Cargo The currency translation of the intercompany loan between the Corporation and GP Express, which is stated in $CDN, and the results of GP Express' operations are materially affected by currency exchange rate fluctuations between the Hong Kong dollar, Renminbi and Macao pataca vis-à-vis each other and against the Canadian dollar, thus impacting the Corporation's reported cumulative translation adjustment on a consolidated basis.

During the years ending December 31, 2008 and December 31, 2007, the Corporation expanded its business into China. Transactions in China are conducted in the local currency, Renminbi (RMB). As a result, there's possibility of foreign currency gains and losses related to the operations in China.

The Corporation is exposed to currency risk as the functional currency of its subsidiaries is HK$. Unfavourable changes in the exchange rates may result in a decrease or increase in accumulated other comprehensive loss.

Additionally, expansion in the PRC may result in the Corporation having realized gains and losses on foreign exchange due to the RMB vis a vis the HK$. These will impact directly on the Corporation's income.

9. Risk Management and Uncertainties

The Corporation does not, on its own, generate any operating revenue. All revenues and net earnings are derived from Grand Power's subsidiary, GP Express, and the subsidiaries of GP Express.

However on a consolidated basis, the Corporation is exposed to market risk from changes in interest rates, foreign currency exchange rates, global commerce, business competition, governmental regulations and retention of key personnel. The

Corporation does not engage in speculative trading activities. All of these market risks are subject to the vagaries of the market and they will arise from time to time in the normal course of business.

To the extent that the business of GP Express is located in Asia, the business, operations and financial position of GP Express are subject, to a significant degree, to the economic, political and legal conditions in Asia. There is no assurance that future changes in such conditions will not have an adverse impact on GP Express.

The Corporation utilizes the services of a number of airlines to conduct the majority of its business.

The Corporation manages the risk arising from these exposures on an ongoing basis. It maintains appropriate internal process and controls to ensure business activities, including accounts receivable, are tracked, managed and reported on a timely basis. In addition, management will continue to improve its cost structure and to enhance its responsiveness to changing customer needs in this competitive environment.

The Corporation generated the revenue through the cargo export from Asia which is being affected by the global financial crisis. In order to pass through this difficult period, the Corporation has implemented a cost saving plan.

10. Basis of Presentation and Significant Accounting Policies

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly they do not contain all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included. These interim consolidated financial statements should be read in conjunction with the Corporation's audited financial statements and the notes thereto for the year ended December 31, 2008. Operating results for the nine month period ended September 30, 2009 are not necessarily indicative of the results that can be expected for the year ended December 31, 2009.

(a) Basis of presentation

The consolidated financial statements of the Corporation and its subsidiaries have been prepared according to Canadian generally accepted accounting principles ("GAAP"). The statements have been prepared using Canadian dollars except where otherwise noted.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries for the nine months ended September 30, 2009 and 2008. In accordance with reverse take-over accounting, the consolidated balance sheet is a continuation of GP Express in that the capital structure reflects that of the Corporation, and the stated value of the share capital is that of GP Express. The results of the accounting subsidiaries, Grand Power Logistics Group Inc., are included in the consolidated income statement from the effective date of acquisition, November 1, 2004. All significant inter-company transactions and balances have been eliminated on consolidation.

(c) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates used in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from those estimates.

(d) Foreign currency translation

The Corporation translates the consolidated accounts of the Corporation as a self-sustaining operation using the current rate method whereby assets and liabilities are translated from Hong Kong ("HK") dollars into Canadian ("CDN") dollars at exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the year. Gains and losses on translation are included in other comprehensive income. Foreign exchange gains and losses on transactions occurring in a currency different than an operation's functional currency are reflected in income.

The Corporation operates its wholly owned subsidiaries in Hong Kong, Macau, China and United States as self sustaining subsidiaries and their functional currency are HK$, MOP, RMB and USD respectively.

Utilizing this method, the consolidated statements of income and cash flows for the nine months ended September 30, 2009 and 2008, are translated into CDN dollars using an average rate for the period of CDN $0.14137 and CDN $0.13061 per HK$1.00, respectively. The consolidated balance sheets at September 30, 2009 and December 31, 2008 are translated into CDN dollars using the prevailing rate of CDN $0.14092 and CDN $0.1580 per HK$1.00, respectively.

(e) Recognition of income

The Corporation's operating subsidiaries recognize revenues when freight forwarding services are rendered, which is generally determined to be the date of departure of outward freight. Payment is based on agreed prices and credit terms are contained on freight service invoices.

Revenues from the provision of third-party logistics and forwarding are recognized when the services are rendered.

Interest income is recognized on an accrual basis.

(f) Stock based compensation

The Corporation expenses all stock-based payments for employees as well as non-employees. Under this method, compensation expense related to these programs is recorded in the statement of income and retained earnings with a corresponding increase to contributed surplus. The fair value of options granted is determined at the date of grant using the Black-Scholes valuation model. Any consideration received upon the exercise of the stock options, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

(g) Earnings Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

(h) Comprehensive income

Comprehensive income is the change in equity of the Corporation during the year as a result of transactions and other events and circumstances from non-owner sources. Foreign currency translation for self sustaining foreign operation is a component of comprehensive income.

11. Conversion to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for the fiscal years beginning on or after January 1, 2011, replacing the current Canadian standards and interpretations as Canadian generally accepted account principles (Canadian GAAP) for publicly accountable companies. The transition to IFRS may materially affect Grand Power's reported financial position and results of operations. Grand Power has initiated the process to identify the differences in accounting standards that are relevant to Grand Power's businesses. The Company is currently assessing the future impact of these new standards on its consolidated financial statements.

12. Basis of Presentation and Going Concern

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that maybe necessary to the carrying values and classification of assets and liabilities, should the Corporation be unable to continue as a going concern. Such adjustments could be material.

In the third quarter of 2009, the Corporation has a net income of $9,133 compared to a net loss of $866,865 in the third quarter of 2008. The improvement was due to a number of factors as mentioned in this MD&A. The Corporation has a deficit of $5,804,624 as at September 30, 2009 compared to a deficit of $319,830 as at September 30, 2008. The Corporation has a working capital of $11,415,633 at the end of the third quarter of 2009, which includes $3,688,000 as the proceeds of a non-brokered private placement that was closed in during the year.

The Corporation initiated a cost reduction program in the second half of 2008 to reduce its operating cost and delayed or put on hold its capital driven expansion activities in China. As a result, the Corporation achieved significant improvement in its operating results in the first nine months of the year. The Corporation expects that its operating results will continue to improve in the coming quarters. In addition, the Corporation believes that it has the ability to continue as a going concern.

13. Outlook

In view of the recent global financial crisis, the Corporation plans to continue to consolidate its operations, particular with its operations in China which had expanded significantly in 2008. The Company will continue to carry out its cost reduction program with the goal of further improving the Corporation's operating results.

In addition, the Corporation will continue to pursue the following strategies:

- Increase margins in the Company's core air-freight business by increasing higher-margin, direct sales business while negotiating volume discounts on the cost of air cargo space with airlines;
- Expand into higher margin logistics sectors including warehousing, customs brokerage, trucking and ocean freight as the economy improves from the severe impact of the world financial crisis; and
- As the economy improves, the Company will look for other business opportunities, particularly in China.

With the recent severe slowdown in the world's economy and the corresponding decrease in export from China, the Corporation will pursue more business opportunities in China where the Chinese government has been implementing a massive stimulus economic program to stimulate its internal economy.

14. Additional Information

Additional information relating to Grand Power Logistics Group Inc., including the Corporation's most recent Financial Statements, is available at the SEDAR website at www.sedar.com.