



**For immediate release**

## **GRAND POWER PROVIDES OPERATIONAL UPDATE**

March 3, 2009 Calgary, Alberta and Hong Kong - Grand Power Logistics Group Inc. ("Grand Power" or the "Company") (TSXV: GPW), a leading China-based international logistics provider, today provided an update regarding its current operations.

Grand Power announced a plan to reduce operating costs and allocate resources to higher margin business in its third quarter 2008 results (see press release dated December 1, 2008) minimizing the impact of the ongoing global economic downturn and better positioning the Company in the Asian logistics market. The cost-cutting measures included reducing headcount, downsizing and consolidating operations, tightening credit and risk control, and slowing down its expansion plans for its Domestic Express Network in China, and its warehouse development at Shanghai Pudong Airport. In addition, the Company announced plans to terminate certain low margin co-loading airfreight business lines in order to reallocate working capital to higher margin business lines such as direct sales airfreight. Through these actions, which commenced during the fourth quarter of 2008, Grand Power expects to reduce operating costs by up to \$2 million in 2009, and improve gross margin providing significant improvement in operating margins and net income, while maintaining its revenue at 2008 levels.

Grand Power has also taken several steps in order to strengthen its balance sheet and increase liquidity. The Company recently announced the completion of the first tranche of a \$4.5 million private placement of convertible debenture. In addition, Grand Power has in place a HK\$100 million (C\$16.2 million) credit facility and no long-term debt other than the convertible debenture issued as a result of the private placement.

### **Direct Sales Airfreight**

Grand Power is focusing on growing its direct sales airfreight business. Although this focus is likely to result in a reduction in the Company's co-loading airfreight business due to a need to reallocate working capital, direct sales have higher average margins and provide a better return on working capital. Since September 2008, the Company has successfully increased its direct customer count by 13% to approximately 300. Tonnage

shipped through direct sales during the period from September to December 2008 increased 200 percent to 774,000 tonnes before declining in January due to seasonality issues and the Chinese New Year. Overall, the Company's freight logistics business has been positively impacted by lower oil prices, which have greatly reduced fuel surcharges. In 2009, Grand Power expects Direct Sales to grow to represent approximately 25 percent of its freight logistics business, compared with 10 percent in 2008.

### **Domestic Express Network (DEN)**

In 2008, Grand Power invested a significant portion of its available cash flow in the establishment of the DEN in China. The DEN network services the growing market for the delivery of small packages within China. This business line is expected to generate higher margins than the airfreight business and enable Grand Power to provide a complete logistics service to importers. To date, the Company has established seven stations in China including Shanghai, Shenzhen, Beijing, Tianjin, Xiamen, Guangzhou, and Jiangmen, four of which are now profitable. Grand Power has elected to stop adding new stations until all or most of the initial stations are profitable. The Company expects it will be able to begin to add new stations in the latter half of 2009.

### **Shanghai Pudong Airport**

On August 18, 2008, Grand Power announced that it has entered into two agreements for a 100,000 square foot development property at Shanghai Pudong International Airport, one of the highest volume airports for cargo and mail, to build and operate bonded and non-bonded warehouse and logistics facilities ("Facilities"). The agreements included a 50-year land use right agreement and 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 as Grand Power's financial partners had difficulty in raising the required capital. The project itself is ready to be initiated and the contracts are still being finalized. Grand Power is actively seeking other partners in China.

"Despite an estimated 22.6 percent year-over-year decrease in international cargo traffic in December 2008, Grand Power continued to grow our market share," stated Ricky Chiu, President and CEO of Grand Power. "Our ability to react quickly to the downturn will allow us to continue to grow our core business without the need for additional equity capital and will position us well to take advantage of a recovery in our overall markets. We remain very optimistic about our performance in 2009."

### **About Grand Power Logistics Group Inc.**

Grand Power Logistics Group Inc. operates principally through its wholly owned Hong Kong based subsidiary, Grand Power Express International Limited (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 in this region are located in Macau,

Shenzhen, Guangzhou, and Jiangmen. GP Express also operates in other regions through Subsidiaries and Branch Offices or Supporting Offices in Shanghai, Taipei, Bangkok and Los Angeles. [www.grandpowerlogistics.com](http://www.grandpowerlogistics.com)

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