

Sino-Global Shipping America, Ltd.
Form 10-K
September 26, 2011

U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

x Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended June 30, 2011

Commission File Number 001-34024

Sino-Global Shipping America, Ltd.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

11-3588546
(I.R.S. employer
identification number)

136-56 39th Avenue,
Room #305
Flushing, NY 11354
(Address of principal executive offices and zip code)

(718) 888-1814
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, without par value per share | NASDAQ Capital Market |

Securities registered under Section 12(g) of the Exchange Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and

post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§232.405 of this chapter) is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|--|---|
| Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company <input checked="" type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The Company is authorized to issue 10,000,000 shares of common stock, without par value per share, and 1,000,000 shares of preferred stock, without par value per share. As of the date of this report, the Company has issued and outstanding 2,903,841 shares of common stock and no shares of preferred stock.

The aggregate market value of the shares of common stock, without par value ("Common Stock"), of the registrant held by non-affiliates on December 31, 2010 was \$3,488,606.38, based on the closing sales price of \$2.38 per share, as reported on the NASDAQ Capital Market, multiplied by the number of outstanding shares held by non-affiliates on that date (1,465,801 shares).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated by reference into Parts I, II and III of this Form 10-K: the Definitive Proxy Statement for the Registrant's 2011 Annual Meeting of Stockholders which will be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year (the "Proxy"); and the registration statements filed with the Commission on January 11 and May 12, 2008, as amended (file nos. 333-150858 and 333-148611) (the "Registration Statements") and prospectus filed pursuant to Rule 424(b)(3) of the Securities Act of 1933 (the "Securities Act") on May 21, 2008 (the "IPO Prospectus").

SINO-GLOBAL SHIPPING AMERICA, LTD.
FORM 10-K

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain statements of a forward-looking nature. Such forward-looking statements, including but not limited to projected growth, trends and strategies, future operating and financial results, financial expectations and current business indicators are based upon current information and expectations and are subject to change based on factors beyond the control of the Company. Forward-looking statements typically are identified by the use of terms such as “look,” “may,” “will,” “should,” “might,” “believe,” “plan,” “expect,” “anticipate,” “estimate” and similar words, although forward-looking statements are expressed differently. The accuracy of such statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including but not limited to the following:

- the ability to timely and accurately provide shipping agency services;
- its dependence on a limited number of larger customers;
- political and economic factors in the People’s Republic of China (“PRC”);
- the Company’s ability to expand and grow its lines of business;
- unanticipated changes in general market conditions or other factors, which may result in cancellations or reductions in need for the Company’s services;
- a weakening of economic conditions which would reduce demand for services provided by the Company and could adversely affect profitability;
- the effect of terrorist acts, or the threat thereof, on consumer confidence and spending, or the production and distribution of product and raw materials which could, as a result, adversely affect the Company’s shipping agency services, operations and financial performance;
 - the acceptance in the marketplace of the Company’s new lines of services;
 - foreign currency exchange rate fluctuations;
 - hurricanes or other natural disasters;
- the Company’s ability to identify and successfully execute cost control initiatives;
- the impact of quotas, tariffs, or safeguards on the importation or exportation of the Company’s customer’s products; or
 - other risks outlined above and in the Company’s other filings made periodically by the Company.
 - the Company’s ability to attract, retain and motivate skilled personnel to serve the Company.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update this forward-looking information. Nonetheless, the Company reserves the right to make such updates from time to time by press release, periodic report or other method of public disclosure without the need for specific reference to this Report. No such update shall be deemed to indicate that other statements not addressed by such update remain correct or create an obligation to provide any other updates.

PART I

Item 1. Business.

General

We are a major general shipping agency service provider in China, with operating headquarters in Beijing and branches in Ningbo, Qingdao, Tianjin, Qinhuangdao and Fangchenggang, China. We also have offices in the United States in Flushing, New York, Perth, Australia and Hong Kong. Through these offices, we are able to coordinate our clients' shipping needs, including preparing documents, husbanding vessels, working through customs issues, coordinating matters with port authorities, overseeing and settling cargo claims, tracking shipments, recommending trucking, warehousing and complementary services. We provide these services mainly through our local agent network. We also act as a local agent and attend vessels directly in the ports in which we have branch offices.

We have designed our services to simplify the shipping process for our clients and to keep our clients fully informed about the status of their shipments. To that end, we analyze the information about prospective shipments provided by our clients to determine the most economical and efficient transportation solutions and then leverage our position as a shipping agency to negotiate competitive shipping rates. We also give our clients daily disbursement reports to empower them to monitor and dispute all questionable charges. In addition to allowing clients to monitor disbursements, our Disbursement Department audits all bills provided by ports for unreasonable charges that violate the guidelines issued by China's Ministry of Communications.

We provide shipping agency services to a variety of vessel sizes and types, including Handysize, Panamax, Capesize, Roll-On/Roll-Off RORO, and VLCC class vessels. We have assisted clients with a variety of shipping requirements, including bulk and break-bulk general cargo, vehicle transport and raw materials such as crude oil and oil products and iron, manganese and other metal ores.

Market Background

Since China adopted its open door trade policy in 1978, inviting foreign investment in China, China's economy has steadily developed, both from new investments in China and from increased international trade. As international trade between China and other countries has expanded, the shipping industry in China has also grown.

The evolution of the shipping agency industry has followed that of the shipping industry in general. Prior to the 1980s, China's shipping agency industry was dominated by a single state-owned shipping agency, Penavico. In 1985, a second shipping agency, Sinoagent, was permitted to provide shipping agency services in China.

Since 1985, the PRC has taken a number of steps to open China's shipping agency industry to private companies. In 1990, the PRC adopted the International Ship Agency Management and Stipulation, which allowed state-owned companies to compete in the shipping agency industry. In 2002, the PRC further relaxed the restrictions on shipping agencies by promulgating the People's Republic of China International Marine Transportation Rule, which permitted Chinese private entities and joint ventures between Chinese and foreign entities to compete in the shipping agency industry. The Chinese and American Marine Transportation Agreement in 2003 and the New Round Chinese and European Union Marine Transportation Agreement in 2002 allowed shipping transportation enterprises that were wholly owned by American and European Union businesses, respectively, to provide shipping agency service for their parent companies.

We believe that there are over 1,400 licensed shipping agencies in China. At present, Penavico and Sinoagent dominate China's shipping agency industry, combining to generate approximately 85% of the revenues in the industry.

The remaining approved shipping agencies in operation share the remaining 15% of revenues in the industry.

China's Economic Development

China's population of approximately 1.3 billion people is expected to grow by roughly 7 million people per year. The country's gross national product has grown at a rate of approximately 10 percent for 25 years, making it the fastest growth rate for a major economy in recorded history. In the same 25-year period, China has moved more than 300 million people out of poverty and quadrupled the average Chinese person's income. The tremendous potential of this market is noted by the fact that 400 of the world's largest 500 companies are investing in China.

These development factors have produced a burgeoning consumer goods market, as the spending power and aspirations of consumers rise. In response, industries are consolidating and modern retailers are penetrating second-tier and even some third-tier Chinese cities. The increased availability of and demand for products throughout China has fueled a corresponding growth in the industries that transport goods within China and between China and other countries.

Our Strategy

Our goals are to increase our market share in the PRC shipping agency market and to expand our business to related service areas. We believe we can meet these goals by continuing to focus on the high quality of our personnel, the positive relationships we enjoy with local ports, businesses and agencies and the breadth of services we offer to clients. Key elements of our strategy include the following:

- Increase our market share. We believe we have advantages over smaller shipping agencies in terms of infrastructure, administration and services we can offer to clients. As a result, we believe we are able to compete on the basis of service with these smaller agencies. In order to continue to increase our market share in China, we will focus on demonstrating to potential clients that typically use the larger shipping agents that we are able to provide a high level of service. We expect that our recent strategic cooperation agreement with COSCO Container Shipping Agency Co. Limited, a large Chinese local shipping agency, will benefit our reputation with such potential clients. Potential customers in the shipping industry are strongly influenced by formal and informal references. We believe that we have the opportunity to expand our market share by providing high levels of customer satisfaction with our current customers so that they continue to use our services and recommend our shipping agency services to other potential customers that wish to ship to China. We have obtained ISO9000 and UKAS certifications from the International Organization for Standardization and the United Kingdom Accreditation Service, respectively, in recognition of the quality of services we provide. Each of these organizations assesses the effectiveness of quality management systems implemented by companies. The International Organization for Standardization consists of a worldwide federation of national standards bodies for approximately 130 countries, and the ISO9000 certification represents an international consensus of these standards bodies, with the aim of creating global standards of product and service quality. UKAS is the sole national body in the United Kingdom recognized by the government to provide accreditation of conformity assessment bodies. UKAS and ISO9000 certifications address the quality of systems only and do not certify the quality of products or services themselves.
- Develop a shipping agency network in China and internationally. Shipping agency services necessarily involve services in both loading ports and discharge ports. As such, we believe the most cost effective way to develop our business is to develop an international network that covers our clients' regular shipping routes from their loading ports to their discharging ports. We believe the following advantages result from being able to develop an international shipping agency network:
 - o In addition to providing agency services in China, we provide agency services to our clients in the overseas ports where their ships load or discharge goods. By doing this, our clients benefit by obtaining control over the shipping process at both ends of the shipping process. On the other hand, we benefit from the additional revenues sources gained by providing loading services in foreign ports through our foreign partner agents and Chinese services referred by our foreign partner agents.
 - o Our largest customers are large Chinese steel manufacturers and traders that import significant amounts of iron ore from overseas to China. Their needs in overseeing loading activities have helped build a foundation for us to establish an international shipping agency network.
 - o We have developed strong relationships with local agents in China, including the two largest Chinese local agency networks, Penavico and Sinoagent. Recently, we signed a strategic cooperation agreement with COSCO Container Shipping, which has more than 50 offices in Chinese commercial ports. We expect that this agreement will enable

our customers to work smoothly through complications that arise in local port issues.

o We have developed experience in establishing an international network. Since our IPO, we have contributed significant efforts in building up strategic relationships in countries where China imports significant amounts of mining materials. We opened offices in Australia and Hong Kong. We have signed strategic cooperative agreements with Monson Agency in Australia and Forbes in India. Our Hong Kong office also handles loading services in ports in South Africa and Canada. For the 2011 fiscal year, the revenues from our overseas loading services were approximately 18% of our total revenues. Along with our efforts in developing the international agency network, the overseas loading services appear to be our fastest-growing area.

- React quickly to opportunities to offer new services to our clients. We believe that our company is currently small enough to have close working relationships with our customers. As a result, we believe we encourage our customers to raise any concerns, comments or recommendations for additional services that they would like to see provided with our shipping agency services. We also believe that we are large enough to implement many of these recommendations and strive to offer new services when we feel that the services will benefit our customers.
- Maintain working relationships with third parties in port cities. We currently enjoy good working relationships with a variety of entities that operate in commercial ports, including port authorities, tugboat companies, pilot stations, stevedore companies, customs agencies, shipping agency associations and local government authorities. By increasing the number of ports at which we provide services, we believe we can develop positive working relationships in additional port cities for the benefit of our customers. Because success in shepherding shipments through China's ports may be affected by personal relationships with local personnel, we believe that strong personal relationships in local ports may enable us to enjoy faster loading and discharging rates and decreased port stay periods than if we did not have positive personal relationships in those ports.

Customers

We currently provide shipping agency services to a variety of international vessels. The majority of our customers are large Chinese steel manufacturers, traders and international shipping companies that wish to ship goods to and from China. Our largest customer is Beijing Shou-Rong Forwarding Service Co., Ltd, an affiliate of Capital Steel, a steel company in China. We provide shipping agency services for all vessels carrying iron ore for Capital Steel. Revenues from this company accounted for approximately 64% of our revenues in fiscal 2011 and fiscal 2010, respectively.

In addition to these companies, we provide shipping agency services to a variety of shipping companies from Greece, Spain, Italy, Hong Kong, Australia, Switzerland, the United States, Thailand and South Korea. We have provided shipping agencies services for vessels carrying bulk and break-bulk cargoes, raw materials, consumer goods, and vehicles.

Our Strengths

We believe that the following strengths differentiate us from our competitors in China's shipping agency industry:

- Experience in general shipping agency services. We are one of relatively few shipping agents specialized in providing a full range of general shipping agency services in China. Unlike local agents who specialize in dealing with procedures when a vessel arrives or departs in a port, general agents focus on serving clients' needs for comprehensive services in multiple ports, including shipping arrangement; appointing local agents; coordinating with local agents before, in process and after the vessel arrival or departure; managing parking time and loading/discharging costs and sometimes taking responsibility for a vessel's dispatch or demurrage. Comparably speaking, a general agent serves larger clients with shipments in multiple local ports. We believe our experience in providing general agency services gives us a comparative advantage in attracting large clients, such as Capital Steel, and maintaining the client relationships for longer time once we start working with a client.

- Strength of personnel and administration. Most of our employees have marine business working experience, and all of our managers/chief operators once served in either Penavico or Sinoagent prior to joining our company. With these professionals and experienced staff, we believe that we can provide competitive services to our customers.
- Reputation for reliability and responsiveness to customer requests. Our operators provide services 24 hours per day so that we can respond quickly to any customer's inquiries regardless of any time difference between our customers and us. Our marketing staff also pays regular visits to customers so that we can continually improve our services in response to customer feedback.

- Reputation for financial responsibility. In order to engage in business in China as a shipping agency, we must demonstrate financial responsibility to customers, our business partners, ports and local governmental agencies. We believe our ability to meet our financial obligations has encouraged customers to choose and continue to do business with us and has resulted in the growth of a strong network of service partners in the 76 ports in which we provide shipping agency services.
- Strength of information management system. We consistently collect and update port information from local ports so that we can share current and accurate port information with our clients through our network. Our newly developed management information system is based on SAP B-One software, which enables us to record accurate and updated commercial and accounting information.
- Quality of services provided to customers. Unlike agencies that provide local agent services in one particular port, we provide our customers with both general agent and local agent services in all of China's commercial ports. Our general agent services provide our customers with accurate port information, which helps our customers make their way smoothly through loading and discharging cargo. Our local agent services have generally resulted in shorter port stays and faster working rates for our customers' ships, reducing their overall port charges.
- Positive relationships with third parties in local ports. In local ports, we maintain positive relationships with stevedore companies, pilot stations, towage companies and other local service providers, which helps our customers enjoy faster loading and discharging rates and a smoother berthing and unberthing process.
- Strong network of local shipping agents in ports without branch offices. In addition to having branch offices in five major Chinese commercial ports, we also have a strong network of other shipping agents. Using feedback from customers and our knowledge of the Chinese shipping agency industry, we can compare and select the most competitive agents as our local agents.

Our Challenges

The successful execution of our strategies is subject to certain risks and uncertainties, including those relating to:

- our limited operating history in general and our recent uncertain profitability;
- limited funds with which to build a nationwide port network in China, to recruit and retain quality personnel, to advertise our services and to develop new information technology for use in providing shipping agency services;
- the continuing devaluation of U.S. dollar against Chinese Renminbi (RMB) as, with the convention, we receive most of our revenues in U.S. dollars and pay the port charges in local currencies, and we pay in RMB to Chinese local agents, the bulk of our port expenses;
- the growth of the shipping agency industry in China and the entrance of new Chinese and foreign competitors into the market;
- our ability to respond to competitive pressures; and
- regulatory environment in China.

Competition

Our ability to be successful in our industry depends on our ability to compete effectively with companies that may be more well-capitalized than we are or may provide shipping agency services we do not or cannot provide to our customers. While China's shipping agency industry has a variety of small shipping agencies, our two primary competitors are Penavico and Sinoagent. Both of these companies are state-owned in part and much larger than we are and derive significantly more revenue from shipping agency services in China.

- Penavico. Penavico was formed in 1953, as a state-owned shipping agency affiliated with COSCO. Beginning in 1955, Penavico took over China's shipping agency business from the foreign agents that previously did business in China and, until 1985, Penavico was the only shipping agency operating in China. Penavico now has more than 80 local agencies and 300 business networks across China. Penavico maintains offices in America, Europe, Japan, Korea, Singapore and Hong Kong. Penavico's shipping agency business, bulk ships and container ships currently account for approximately 64.5% of China's market.

- Sinoagent. Sinoagent was formed in 1985 as a specialized subsidiary of Sinotrans Limited Company (“Sinotrans”), a company that provides integrated ocean transportation, land transport, airfreight, warehousing, express services, shipping agency and freight forwarding services. Due to its relationship with Sinotrans, Sinoagent is able to provide a seamless, integrated set of services to its customers.

We believe that Penavico’s and Sinoagent’s primary strengths include the following:

- the establishment of a complete port network in mainland China;
- the presence of a large base of clients; and
- the availability of funding and financial support from state-owned financial institutions.

As we have developed as a general shipping agency, we have sought to compete with these and other local shipping agencies by opening branch offices in key ports in China and cooperating with other shipping agents to provide local agency services in those ports in which we do not have offices, both in China and internationally. Most recently, we signed a strategic cooperation agreement with COSCO Container Shipping Agency Co. Limited that will allow us to leverage COSCO’s reputation for local agency services to compete for new business.

Regulations on Foreign Exchange

Foreign Currency Exchange. Pursuant to the Foreign Currency Administration Rules promulgated in 1996 and amended in 1997 and various regulations issued by State Administration of Foreign Exchange (“SAFE”), and other relevant PRC government authorities, RMB is freely convertible only to the extent of current account items, such as trade related receipts and payments, interests and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, require prior approval from SAFE or its provincial branch for conversion of RMB into a foreign currency, such as U.S. dollars, and remittance of the foreign currency outside the PRC. Payments for transactions that take place within the PRC must be made in RMB. Unless otherwise approved, PRC companies must repatriate foreign currency payments received from abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local counterpart. Unless otherwise approved, domestic enterprises must convert all of their foreign currency receipts into RMB.

Dividend Distribution. The principal regulations governing dividend distributions by wholly foreign-owned enterprises and Sino-foreign equity joint ventures include:

- Wholly Foreign-Owned Enterprise Law (1986), as amended;
- Wholly Foreign-Owned Enterprise Law Implementing Rules (1990), as amended;
- Sino-Foreign Equity Joint Venture Enterprise Law (1979), as amended; and
- Sino-Foreign Equity Joint Venture Enterprise Law Implementing Rules (1983), as amended.

Under these regulations, wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises are required to set aside certain amounts of their accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends.

Regulation of foreign exchange in certain onshore and offshore transactions. Under recent notices issued by SAFE, PRC residents are required to register with and receive approvals from SAFE in connection with offshore investment activities. SAFE has stated that the purpose of these notices is to ensure the proper balance of foreign exchange and the standardization of cross-border flow of funds.

In January 2005, SAFE issued a notice stating that SAFE approval is required for any sale or transfer by PRC residents of a PRC company's assets or equity interests to foreign entities in exchange for the equity interests or assets of the foreign entities. The notice also states that, when registering with the foreign exchange authorities, a PRC company acquired by an offshore company must clarify whether the offshore company is controlled or owned by PRC residents and whether there is any share or asset link between or among the parties to the acquisition transaction.

In April 2005, SAFE issued another notice further explaining and expanding upon the January notice. The April notice clarified that, where a PRC company is acquired by an offshore company in which PRC residents directly or indirectly hold shares, such PRC residents must (i) register with the local SAFE branch regarding their respective ownership interests in the offshore company, even if the transaction occurred prior to the January notice, and (ii) file amendments to such registration concerning any material events of the offshore company, such as changes in share capital and share transfers. The April notice also expanded the statutory definition of the term "foreign acquisition," making the notices applicable to any transaction that results in PRC residents directly or indirectly holding shares in the offshore company that has an ownership interest in a PRC company. The April notice also provided that failure to comply with the registration procedures set forth therein may result in the imposition of restrictions on the PRC company's foreign exchange activities and its ability to distribute profits to its offshore parent company.

On October 21, 2005, SAFE issued a new public notice concerning PRC residents' investments through offshore investment vehicles. This notice took effect on November 1, 2005 and replaces prior SAFE notices on this topic. According to the November 2005 notice:

- any PRC resident that created an off-shore holding company structure prior to the effective date of the November notice must submit a registration form to a local SAFE branch to register his or her ownership interest in the offshore company on or before May 31, 2006;
- any PRC resident that purchases shares in a public offering of a foreign company would also be required to register such shares and notify SAFE of any change of their ownership interest; and
- following the completion of an off-shore financing, any PRC shareholder may transfer proceeds from the financing into China for use within China.

In accordance with the October 2005 notice, on December 12, 2007, Mr. Cao Lei and Mr. Zhang Mingwei obtained appropriate registration from their local SAFE offices.

Employees

As of the date of filing of this report, we have 51 employees, 42 of whom are based in China. Of the total, 7 are in management, 1 is in technical support, 2 are in sales and marketing, 20 are in financial affairs and administration, and 21 are in operation and disbursement. We believe that our relations with our employees are good. We have never had a work stoppage, and our employees are not subject to a collective bargaining agreement.

Item 1A. Risk Factors.

The Company is not required to provide the information required by this Item because the Company is a smaller reporting company.

Item 1B. Unresolved Staff Comments.

The Company is not required to provide the information required by this Item because the Company is a smaller reporting company.

Item 2. Properties.

We currently rent six (6) facilities throughout China, Hong Kong and the United States. Our headquarters are located in Beijing.

| Office | Address | Rental Term | Space |
|--------------------|---|-----------------------|-----------|
| Beijing, PRC | Room 705, Tower B, Boya International Center, No. 1, Lizezhongyi Road, Chaoyang District, Beijing, PRC 100102 | Expires 12/04/2012 | 845 m2 |
| Fangchenggang, PRC | 2nd Floor, Duty-Free Store Building, South Gate of Fangcheng Port, Fangcheng, PRC 538001 | Long term | 200 m2 |
| Shanghai, PRC | Room 12B1/12C, No. 359 Dongdaming Road, Hongkou District, Shanghai, PRC 200080 | Expires 05/31/2013 | 145 m2 |
| Flushing, NY | 136-56 39th Avenue, Room #305, Flushing, New York 11354 | Expires 12/31/2011 | 150m2 |
| Qingdao, PRC | Room 2101 Building A, No. 10, Xiang Gang (Middle) Road, Qingdao, PRC 266071 | Expires 11/30/2011 | 186 m2 |
| Hong Kong | 20/F, Hoi Kiu Commercial Building, 158 Connaught Road Central, Hong Kong | Expires 05/17/2013 | 77 m2 |

Item 3. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse affect on our business, financial condition or operating results.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for Our Common Stock

Our common stock is traded on the NASDAQ Stock Market under the symbol SINO. As of June 30, 2011, there were four holders of record of our common stock. This number excludes our common stock owned by shareholders holding common stock under nominee security position listings. The high and low common stock sales prices per share during the periods indicated were as follows:

| Quarter Ended | Sep. 30 | Dec. 31 | Mar. 31 | June 30 | Year |
|-------------------------------|---------|---------|---------|---------|--------|
| Fiscal year 2011 | | | | | |
| Common stock price per share: | | | | | |
| High | \$2.65 | \$3.36 | \$2.52 | \$3.22 | \$3.36 |
| Low | \$2.11 | \$2.10 | \$2.06 | \$1.20 | \$1.20 |
| Fiscal year 2010 | | | | | |
| Common stock price per share: | | | | | |
| High | \$5.00 | \$4.00 | \$4.95 | \$3.99 | \$5.00 |
| Low | \$2.50 | \$3.12 | \$2.56 | \$2.11 | \$2.11 |

Approximate Number of Holders of Our Common Stock

As of the date of this report there are four holders of record of our common stock.

Dividend Policy

We have never declared or paid any cash dividends on our common stock. We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination relating to our dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial conditions and future prospects and other factors the Board of Directors may deem relevant. Payments of dividends by Trans Pacific to our company are subject to restrictions including primarily the restriction that foreign invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents.

IPO Proceeds

The section of the Registration Statements and IPO Prospectus entitled "Use of Proceeds" is incorporated herein by reference. The effective date of the Securities Act registration statement for which the use of proceeds information is being disclosed is May 21, 2008, and the Commission file numbers assigned to the registration statement are 333-150858 and 333-148611.

The offering closed on May 20, 2008. All of the common shares, without par value per share, registered in the offering were placed by the placement agent, Anderson & Strudwick, Incorporated. The Registration Statements registered the initial public offering of up to 1,229,032 shares of the Company's common stock and the resale of up to

217,960 shares of the Company's common stock. All of the initial public offering shares were placed at a price of \$7.75 per share, and all such shares were sold in the offering, with an aggregate price of \$9,524,998. The Company did not receive any proceeds from the sale of any shares by the selling shareholders.

The net proceeds of the offering, including the private placement of securities related to the selling shareholders, were \$9,172,314. Expenses included placement agent commissions, legal fees, escrow agent fees and fees payable in connection with the private placement. All of these fees were payable to parties other than directors, officers, general partners of the Company or their associates; to persons owning ten percent (10%) or more of any class of equity securities of the Company; and to affiliates of the Company.

The Company has used offering proceeds for the following purposes from completion of the IPO through June 30, 2011.

| Description of Use | Budgeted Use of Net Proceeds | | | As June 30, 2011 | | |
|--|------------------------------|---------------|----------|------------------|--------------|----------|
| | US\$ | % | | US\$ | % | |
| Organization of our company and creation of contractual arrangements among our company, Sino-China and Trans Pacific | 100,000 | 1.23 | % | 103,526 | 1.27 | % |
| Business expansion to the main ports in China and overseas | 5,930,941 | 72.73 | % | 2,320,471 | 28.46 | % |
| Sarbanes-Oxley compliance | 500,000 | 6.13 | % | 296,689 | 3.64 | % |
| Marketing of company across China, United States and internationally | 244,621 | 3.00 | % | 740,784 | 9.08 | % |
| Develop information exchange system | 400,000 | 4.91 | % | 112,164 | 1.38 | % |
| Train staff | 163,081 | 2.00 | % | 406,347 | 4.98 | % |
| Fixed asset purchase | 407,702 | 5.00 | % | 436,995 | 5.36 | % |
| Miscellaneous expenses | 407,702 | 5.00 | % | 491,856 | 6.03 | % |
| Stock repurchases | | | | 372,527 | 4.57 | % |
| Total | 8,154,047 | 100.00 | % | 5,281,359 | 64.77 | % |

Item 6. Selected Financial Data

The Company is not required to provide the information required by this Item because the Company is a smaller reporting company.

Item 7. Management's Discussion and Analysis or Plan of Operation.

The following discussion and analysis of our company's financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in the Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors.

Overview

We are a shipping agency service provider for foreign ships coming to Chinese ports. Our company, previously known as Sino-Global-Shipping (America) Ltd., was incorporated in New York in February 2001. On September 18, 2007, we amended the Articles of Incorporation and Bylaws of our New York corporation to merge into a new corporation Sino-Global Shipping America, Ltd., in Virginia.

Our principal geographic market is in the People's Republic of China ("PRC"). As PRC laws and regulations restrict foreign ownership of shipping agency service businesses, we operate our business in the PRC through Sino-Global Shipping Agency, Ltd. ("Sino-China"), a PRC limited liability company wholly owned by our founder and Chief Executive Officer, Cao Lei, and Chief Financial Officer, Zhang Mingwei, both of whom are PRC citizens. Sino-China holds the licenses and permits necessary to provide shipping services in the PRC. Headquartered in Beijing with branches in Ningbo, Qingdao, Tianjin, Qinhuangdao and Fangchenggang, we provide general shipping agency services in all commercial ports and cooperation with all other ports in China.

On November 13, 2007, we formed our wholly foreign-owned enterprise, Trans Pacific Shipping Limited (“Trans Pacific”), in Beijing, which established a wholly-owned subsidiary, Trans Pacific Logistics Shanghai, Limited (“Trans Pacific Shanghai”), in Shanghai on May 31, 2009. This increases our presence to nine ports in mainland China and enables us to provide a full range of shipping agency services as well as freight forwarder services. Trans Pacific acquired a 40% interest in Sino-Global Shipping Agency Development Co., Limited, in Beijing on November 6, 2009 in order to develop additional business opportunities for the company.

Trans Pacific and Sino-China do not have a parent-subsiary relationship. Trans Pacific has contractual arrangements with Sino-China and its shareholders that enable us to substantially control over Sino-China.

With a purpose of building up an international shipping agency service network, we formed a wholly-owned subsidiary, Sino-Global Shipping Australia Pty Ltd. (“Sino-Global AUS”) in Perth, Australia on July 3, 2008 in order to serve the needs of customers shipping into and out of Western Australia. We also signed an agreement with Monson Agencies Australia (“Monson”), one of the largest shipping agency service providers in Australia. Through Monson, we are able to provide general shipping agency services to all ports in Australia.

We established another wholly-owned subsidiary, Sino-Global Shipping (HK) Limited (“Sino-Global HK”) on September 22, 2008. Sino-Global HK is our control and management center for southern Chinese ports and enables our company to extend its offering of comprehensive shipping agency services to vessels going to and from one of the world’s busiest ports. On July 27, 2009, Sino-Global HK signed an exclusive partnership agreement with Forbes & Company Limited (“Forbes”), which is a listed company on the Bombay Stock Exchange (BOM: 502865) and one of the largest shipping and logistic service providers in India. Through our relationship with Forbes, we are able to provide general shipping agency services to all ports in India.

On July 5, 2011, Sino-China signed a Strategic Cooperative Agreement with COSCO Container Shipping Agency Co. Limited, one of the largest state-owned shipping agents in China. The Agreement entitles us to use COSCO Container Shipping Agency’s name to market business in China and overseas. In addition, we are able to provide shipping agency services through over 50 COSCO’s offices in China.

On May 20, 2008, we completed an initial public offering of 1,229,032 common shares at a \$7.75 offering price. Our shares started trading on the NASDAQ Capital Market the next day. Following the initial public offering of our ordinary shares in May 2008, our Board authorized a stock repurchase program which began October 9, 2008, under which we were authorized to repurchase up to 10% of our outstanding common stock for a period of 12 months. In September 2009, our Board approved the extension of the stock repurchase program for another six months ended April 2010. In total, we repurchased 125,191 shares of our common stock from the open market at an average price of \$2.98 per share including trading expenses. The total cost of stock repurchase was \$372,527.

Revenues

Revenue Growth

We continued our fast growth in the 2011 fiscal year. Our total revenues increased from approximately \$26.84 million for the year ended June 30, 2010 to approximately \$32.94 million the year ended June 30, 2011, representing a 22.71% increase. The following table reflects our annual growth rates since 2006.

| Year | Revenue US\$ | Growth % |
|------|-----------------|-------------|
| 2011 | 32,935,823 | 22.71 |
| 2010 | 26,841,336 | 46.40 |

| | | |
|------|------------|-------|
| 2009 | 18,334,359 | 21.52 |
| 2008 | 15,087,238 | 49.51 |
| 2007 | 10,090,879 | 13.07 |
| 2006 | 8,924,786 | 31.69 |

It should be noted that our total revenues increased 39.33% for the nine months ended March 31, 2011, compared to the same nine months of fiscal 2010. Because the Chinese government imposed strict financing policies to protect against inflation in China and the negative influence from the U.S. debt crisis, the volume of iron ore imported into China dropped significantly in the last quarter of fiscal 2011,. As a result, our fast growth trend was cut back in the last quarter and our total revenues increased only 22.71% in fiscal 2011.

International Revenues

In addition to the revenues from our agency services provided for discharging cargo in Chinese ports, we have expanded our shipping agency services for loading vessels at a port in Australia since 2009. For the year ended June 30, 2011, the agency revenues from our Australian office constituted about 15% of our total revenues, compared with about 11% of our total revenues in 2010. As both agency revenues and port costs of our Australian operations are recorded in Australian dollars, the development of our business in Australia has partially mitigated the negative impact of the U.S. dollar's devaluation against the Chinese Renminbi on our overall gross margin.

Our overseas expansion strategy has also provided us with more business opportunities. Sino-Global has been added to the list of authorized service providers of Baosteel, one of the largest steel manufacturers in China, providing loading agency services for its vessels which carry iron ore and coal from Canada, South Africa and Australia to China.

Matters Affecting Revenues

Our total revenues are net of PRC business taxes and related surcharges. Sino-China's revenues are subject to a 5% business tax as well as an additional 0.5% surcharge after deducting the costs of services. We deduct these amounts from our gross revenues to arrive at our total revenues.

We charge the shipping agency fees in two ways: (1) the fixed fees are predetermined with a customer, and (2) the cost-plus fees are calculated based on the actual costs incurred plus a mark up. We generally require payments in advance from customers and bill them the balances within 30 days after the transactions are completed.

We believe the most significant factors that directly or indirectly affect our shipping agency service revenues are:

- the number of ships to which we provide port loading/discharging services;
- the size and types of ships we serve;
- the rate of service fees we charge;
- the number of ports at which we provide services; and
- the number of customers we serve.

Historically, our services have primarily been driven by the increase in the number of ships and customers, provided that the rate of service fees is determined by market competition. We believe that an increase in the number of ports served generally leads to an increase in the number of ships and customers. We expect that we will continue to earn a substantial majority of our revenues from our shipping agency services. As a result, we plan to continue to focus most of our resources on expanding our business to cover more ports in the PRC and overseas. In addition, we will allocate our resources in marketing our brand to customers, including ship owners and charters, which transport goods from all ports around the world to China. We believe that our diversified focus on loading and discharging cargo in both Chinese and overseas ports will enable us to continue growing quickly and also place us in a better position to manage the exchange rate risk associated with the trend of the U.S. dollar's devaluation against the RMB because our overseas revenues and port charges are normally paid in foreign currencies. To the extent these other foreign currencies devalue against the RMB, of course, we would still face exchange rate risks.

Operating Costs and Expenses

Our operating costs and expenses consist of costs of revenues, general and administrative expenses, selling expenses and other expenses. Our company's total operating costs and expenses increased as a percentage of total revenues for the year ended June 30, 2011 mainly due to the increase of the costs paid to Chinese local ports. In line with the significant growth of our revenues, our general and administrative expenses and selling expenses increased

accordingly. The following table sets forth the components of our company's costs and expenses for the periods indicated.

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| | For the years ended June 30, | | | | | |
|------------------------------------|------------------------------|----------|--------------|----------|-------------|-----------|
| | 2011 | | 2010 | | Change | |
| | US\$ | % | US\$ | % | US\$ | % |
| Revenues | 32,935,823 | 100.00 | 26,841,336 | 100.00 | 6,094,487 | 22.71 |
| Costs and expenses | | | | | | |
| Costs of revenues | (29,619,765) | (89.93) | (23,668,070) | (88.18) | (5,951,695) | 25.15 |
| General and administrative expense | (4,544,578) | (13.80) | (4,102,864) | (15.29) | (441,714) | 10.77 |
| Selling expense | (341,665) | (1.04) | (272,829) | (1.02) | (68,836) | 25.23 |
| Other income (expense) | 79,641 | 0.24 | (135,557) | (0.51) | 215,198 | (158.75) |
| | (34,426,367) | | (28,179,320) | | (6,247,047) | 22.17 |

Costs of Revenues. Costs of revenues represent the expenses incurred in the periods when a ship docks in a harbor to load and unload cargo. We typically pay the costs of revenues on behalf of our customers. Except for Australia and Canada where our revenues and costs are settled in the local currencies, we receive most revenues from our clients in U.S. dollars and pay most costs of revenues to the local port agents in RMB in China.

As such, the costs of revenues will change if the foreign currency exchange rates change. Our costs of revenues could also increase if the ports were to raise their charges, particularly in the case of overtime payments during public holidays. Our costs of revenues as a percentage of our total revenues increased from 88.18% to 89.93% for the year ended June 30, 2011, because the port charges for the large vessels we served were much higher. In addition, the U.S. dollars devaluated approximately 4.70% against the Chinese RMB for the year ended June 30, 2011 compared to the year ended June 30, 2010, resulting in increased costs of revenues. We have successfully negotiated with our largest customer, Beijing Shourong Forwarding Limited for an increase in agency fee of approximately 5% beginning in March 2011. This fee increase partially mitigated the negative impact from the U.S. dollar devaluation on our gross margin beginning in the third quarter of 2011.

General and Administrative Expenses. Our general and administrative expenses primarily consist of salaries and benefits for our staff, both operating and administrative personnel, depreciation expenses, office rental expenses and expenses for legal, accounting and other professional services. Our general and administrative expenses as a percentage of our total revenues decreased from 15.29% to 13.80% for the year ended June 30, 2011 because of our efforts to tighten budget controls.

Selling Expenses. Our selling expenses primarily consist of commissions and traveling expenses for our operating staff to the ports at which we provide services. In line with our efforts to promote rapid business growth, our selling expenses increased in absolute amount and as a percentage of our total net revenues for the year ended June 30, 2011.

Critical Accounting Policies

We prepare the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These accounting principles require us to make judgments, estimates and assumptions on the reported amounts of assets and liabilities at the end of each fiscal period, and the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue comprises the value of charges for the services in the ordinary course of our company's activities and disbursements made on behalf of customers. Revenues are recognized from shipping agency services upon completion of the services, which generally coincides with the date of departure of the relevant vessel from port. Advance payments and deposits received from customers prior to the provision of services and recognition of the related revenues are presented as current liabilities.

Some contracts provide that revenues are recognized as a mark up of actual expenses incurred. In a situation where the services are completed but the information on the actual expenses is not available at the end of the fiscal period, we estimate revenues and expenses based on our previous experience for the revenues of the same kind of vessels, port charges on the vessel's particulars/movement and costs rate of the port. The estimated revenue is based on the contract amount (or other assumptions or factors-need to specify the assumptions what the estimated revenue is based on), if such (assumptions) changes, the revenue will increase/decrease. The estimated costs of revenue are based on the cost information provided by the local port and /or our historical experience of similar transactions. Since all estimated costs and expenses are paid in RMB, if the valuation of the RMB increases compared to the USD, then the estimated costs and expenses will increase accordingly. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Accounts Receivable."

Basis of Consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries. All significant inter-company transaction and balances are eliminated in consolidation. Sino-China is considered to be a Variable Interest Entity ("VIE") and we are the primary beneficiary. On November 14, 2007, our company through Trans Pacific entered into agreements with Sino-China, pursuant to which we receive 90% of Sino-China's net income. We do not receive any payment from Sino-China unless Sino-China recognizes net income during its fiscal year. These agreements do not entitle us to any consideration if Sino-China incurs a net loss during its fiscal year. In accordance with the agreements, Sino-China pays consulting and marketing fees equal to 85% and 5%, respectively, of its net income to our new wholly foreign-owned subsidiary, Trans Pacific, and Trans Pacific supplies the technology and personnel needed to service Sino-China. Sino-China was designed to operate in China for the benefit of our company.

The accounts of Sino-China are consolidated in the accompanying consolidated financial statements pursuant to Accounting Standard Codification ("ASC") 810-10, "Consolidation". As a VIE, Sino-China's sales are included in our total sales, its income (loss) from operations is consolidated with our company's, and our net income (loss) from continuing operations before non-controlling interest in income (loss) includes all of Sino-China's net income (loss). Our non-controlling interest in its income (loss) is then added in calculating the net income (loss) attributable to our company. Because of the contractual arrangements, our company had a pecuniary interest in Sino-China that requires consolidation of our and Sino-China's financial statements.

Equity Investment

Investments in companies that are owned 20% to 50% for which we have significant influence but not control are accounted for by the equity method. Under the equity method, we recognize in earnings its proportionate share of the income or loss of the investee. Our income and earnings per share are affected by the income or loss of the investee.

Accounts Receivable

Accounts receivable are recognized at net realizable value. We maintain allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments in the relevant time period. We

review the accounts receivable on a periodic basis and record general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, we consider many factors, including the age of the balance, the customer's historical payment history, its current credit-worthiness and current economic trends. Receivables are considered past due after 365 days. Accounts are written off only after exhaustive collection efforts. Because of the worldwide financial crisis, we have experienced difficulties in collecting cash from some of our customers.

When a client requests our shipping agency services, we communicate with port officials and our service partners rely on our prior experience for similar vessels with similar needs in the same ports to obtain an estimate for the cost of services. We then calculate our shipping agency fees in two ways: (1) the fixed fees are predetermined with a customer, and (2) the cost-plus fees are calculated based on the actual costs incurred plus a mark up.

We generally obtain advance payment of our shipping agency fees prior to providing service to our clients. This significantly reduces the amount of accounts receivable when the shipping agency fees are recognized. To the extent our estimates are insufficient; we bill our clients for the balance to be paid within 30 days.

We use advance payments to pay a number of fees on behalf of our clients before their ships arrive in port, including harbor, berthing, mooring/unmooring, tonnage, immigration, quarantine and tug hire fees. We record the amounts we receive as Advances from Customers and the amounts we pay as Advances to Suppliers. We recognize revenues and expenses once the client's ship leaves the harbor and the client pays any outstanding amounts. In some cases, a delay in receiving bills will require us to estimate the Service Revenues and Costs of Services in accordance with the rate and formulas approved by the Ministry of Communications. When this happens, we record the difference between Service Revenues (as recognized) and Advances from Customers as Accounts Receivable and the difference between Cost of Services and Advances to Suppliers as Accounts Payable. To the extent we recognize revenues and costs in this way, our Accounts Receivable and Accounts Payable will reflect this estimation until we receive the bills and information we require to adjust revenues and expenses to reflect our actual Service Revenues and Cost of Services. Any adjustment to actual from the estimated Revenues and Cost of Services recorded has been and is expected to be immaterial.

Property and Equipment

We calculate gains and losses on disposals by comparing proceeds with the carrying amount of the related assets and include these gains and losses in the consolidated statements of operations. We consider the carrying value of a long-lived asset to be impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. If impairment is identified, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved or based on independent appraisals.

Translation of Foreign Currency

The accounts of our company and Sino-China are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Our functional currency is the U.S. dollar, while Trans Pacific and Sino-China report their financial position and results of operations in Renminbi. The accompanying consolidated financial statements are presented in U.S. dollars. Foreign currency transactions are translated into U.S. dollars using the fixed exchange rates in effect at the time of the transaction. Generally foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations. We translate foreign currency financial statements of Sino-China, Trans Pacific, Sino-Global HK and Sino-Global AUS in accordance with ASC 830-10, "Foreign Currency Matters". Assets and liabilities are translated at current exchange rates quoted by the People's Bank of China at the balance sheet dates and revenues and expenses are translated at average exchange rates in effect during the periods.

Taxation

Because we and Sino-China are incorporated in different jurisdictions, we file separate income tax returns. We are subject to income and capital gains taxes in the United States. Additionally, dividend payments made by our company are subject to withholding tax in the United States.

The Company follows the provisions of ASC 740-10, “Accounting for Income Taxes”, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position would be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The implementation of ASC 740-10 resulted in no material liability for unrecognized tax benefits and no material change to the beginning retained earnings of the Company. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

PRC Enterprise Income Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC GAAP. Sino-China and Tran Pacific are registered in PRC and governed by the Enterprise Income Tax Laws of the PRC. Their taxable incomes are subject to an enterprise income tax rate of 25%.

2012 Trends

Our revenues increased 22.71% for the year ended June 30, 2011, including growth rates of 31.30% for the first quarter ended September 30, 2010, 34.08% for the second quarter ended December 31, 2010, 50.56% for the third quarter ended March 31, 2011 and -16.85% for the last quarter ended June 30, 2011, compared to the same periods in fiscal 2010. We believe our negative growth in the last quarter because of significantly decreased iron ore imports was due to tightened Chinese government financing policies in response to the U.S. debt crisis and higher inflation rates in China.

In addition to the revenue increases from our agency services to vessels coming to Chinese ports, our revenue growth was attributed to our expanding business at the loading ports in Australia, Canada and South Africa. We have added Baosteel, one of the largest steel manufacturers in China, to our customer list and provide services to Baosteel's vessels loading at overseas ports. In the uncertain economic environment, we believe that growth is a key for a small company like us to survive and develop. As such, we will continue setting the top line growth as our first priority. We believe we will achieve relatively high growth in fiscal 2012, supported by our efforts to maintain our current clients, attract new clients and open operations in new markets in China and overseas.

The devaluation of U.S. dollar against Chinese RMB is still our main challenge. During the 2011 fiscal year, the RMB value increased about 4.70% from RMB6.7909:USD1.00 on July 1, 2010 to RMB6.4716:USD1.00 on June 30, 2011. We expect the trend will continue in fiscal 2012 and our gross margin will continuously be negatively affected by the devalued U.S. dollar. As a small company, we cannot bear the risk of using financial instruments to hedge foreign exchange rates. Our strategies are to allocate our funds into different currencies and encourage our customers to pay us in their local currency. In fiscal 2011, we received approximately 15% of our revenues in Australian dollars and less than 1% of our revenues in Canadian dollars.

We have also taken steps to negotiate with existing customers to mitigate against the devaluation of the U.S. dollar against the Chinese RMB. Our largest customer, Beijing Shourong Forwarding Limited, agreed to an increase in agency fee of approximately 5% which began in March 2011. Going forward, we believe this change will improve our overall gross margin by about 3% and partially mitigate the negative impact from the U.S. dollar devaluation on our gross margin.

Our general and administrative expenses are significantly higher than their pre-IPO levels as a result of our domestic and international business expansion and our company's public listing. For the year ended June 30, 2011, we reduced our general and administrative expenses as a percentage of total revenues to 13.80%, compared to 15.29% in fiscal 2010. In the 2012 fiscal year, we will continue our combined efforts in budget controls and business promotion.

Results of Operations

Due to the economic uncertainties associated with the world wide financial crisis, it is difficult for us to predict future operating results. We believe that period-to-period comparisons of operating results should not be relied upon as indicative of future performance.

Year Ended June 30, 2011 Compared to Year Ended June 30, 2010

Revenues. Our total revenues increased by 22.71% from \$26,841,336 for the year ended June 30, 2010 to \$32,935,823 for the year ended June 30, 2011. We have successfully attracted Baosteel for its agency services in Australia, Canada and South Africa. The number of ships that generated revenues for us increased from 358 to 421 for the comparable years in 2010 and 2011 respectively, representing an increase of 17.60%. Following the trend that the receivers use larger vessels to save freight expenses, the average ship size served and agency fees per ship increased in 2011. Our total revenues therefore increased more quickly than the increase in the number of ships we served. Due to tightened financing policies imposed by the Chinese government, the volume of imported iron ore was significantly decreased. As a result, our growth rate dropped in the last quarter of fiscal 2011.

Total Operating Costs and Expenses. Our total operating costs and expenses increased by 22.17% from \$28,179,320 for the year ended June 30, 2010 to \$34,426,367 for the year ended June 30, 2011. This increase was primarily due to increases in our costs of revenues.

Cost of Revenues. Our cost of revenues increased by 25.15% from \$23,668,070 for the 2010 fiscal year to \$29,619,765 for the 2011 fiscal year. Costs of revenues increased faster than revenues, resulting in the decrease of gross margins from 11.82% down to 10.07% for the comparative years ended June 30, 2011 and 2010, respectively. The 1.75% decrease in gross margin was largely due to the devaluation of the U.S. dollar against the Chinese currency. The average foreign exchange rate was \$1.00 to RMB6.6260 for fiscal 2011 compared to \$1.00 to RMB6.8275 for fiscal 2010, a 2.95% increase during the period. We negotiated about 5% agency fee increase with our largest customer, Beijing Shourong Forwarding Limited. Our Australian services and costs were both recorded in Australian dollars. These factors mitigated the negative impact of the U.S. dollar devaluation on our gross margin. Furthermore, the costs of revenues increase was also attributed to the inflation in China in the fiscal year and increased fee charges at Chinese local ports because importers used larger vessels to save freight costs.

General and Administrative Expenses. Our general and administrative expenses increased by 10.77% from \$4,102,864 for the 2010 fiscal year to \$4,544,578 for the 2011 fiscal year. This mainly due to (1) an increase of \$131,744 in salaries and human resource expenses, (2) increased travel and car related expenses of \$128,981, (3) an increase of \$172,643 in office supplies and expenses due to operating volume increase, (4) increased business promotion expenses of \$245,777 in relation to our marketing efforts to grow revenues and (5) decreased bad debts provision of \$245,310. Although our general and administrative expenses increased in line with our expanding marketing and operations in China and internationally, we will continue our budget control to reduce the general and administrative expenses as a percentage of total revenues.

Selling Expenses. Our selling expenses increased by 25.23% from \$272,829 for the year ended June 30, 2010 to \$341,665 for the year ended June 30, 2011, due to an increase in commission payments as a result of an increase in operating volume.

Operating Loss. We had an operating loss of \$1,490,544 for the year ended June 30, 2011, compared to operating loss of \$1,337,984 for the year ended June 30, 2010. The operating loss for the year of fiscal 2011 was primarily due to the increase in costs of revenues and in general and administrative expenses.

Financial Income, Net. Our net financial income was \$199,035 for the year ended June 30, 2011, compared to our net financial income of \$150,632 for the year ended June 30, 2010. The net financial income comes partially from interest income from money deposits in banks and largely by the foreign exchange gains recognized in the consolidation of financial statement. As described in the above "Translation of Foreign Currency", foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations.

Taxation Our income tax benefits were \$5,412 in 2011, compared to income tax benefits \$8,370 in 2010. As we recognized net deferred tax assets of \$72,000 (offset of \$12,000 for allowance for doubtful accounts claimed last year, \$125,000 for net operating loss carry forward and offset of \$41,000 for valuation allowance), the income tax benefits of 2011 fiscal year were \$77,412. See Note 13 of the consolidated financial statements for more detail.

Net loss. As a result of the foregoing, we had a net loss of \$1,253,738 for the year ended June 30, 2011, compared to net loss of \$1,303,415 for the year ended June 30, 2010. After deduction of non-controlling interest in loss, net loss attributable to Sino-Global Shipping America, Ltd. was \$863,337 for the year ended June 30, 2011, compared to net loss of \$536,772 for the year ended June 30, 2010. With other comprehensive loss foreign currency translation, comprehensive loss was \$867,763 for the year ended June 30, 2011, compared to comprehensive loss of \$527,997 for the year ended June 30, 2010. Since we allocated more resources in international marketing and more personnel for overseas operations, the expenses related to Sino-Global Shipping America Limited increased significantly.

Liquidity and Capital Resources

Cash Flows and Working Capital

We have financed our operations primarily through cash flows from operations and cash derived from our initial public offering. As of June 30, 2011, we had \$4,878,828 in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash on hand and cash in banks.

The following table sets forth a summary of our cash flows for the periods indicated:

| | For the years ended June 30, | |
|--|------------------------------|--------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Net cash used in operating activities | (926,903) | (1,020,794) |
| Net cash used in investing activities | (51,360) | (331,642) |
| Net cash used in financing activities | (19,917) | (20,716) |
| Net decrease in cash and cash equivalents | (1,047,325) | (1,333,501) |
| Cash and cash equivalents at beginning of year | 5,926,153 | 7,259,654 |
| Cash and cash equivalents at end of year | 4,878,828 | 5,926,153 |

Operating Activities

Net cash used in operating activities was \$926,903 for the year ended June 30, 2011, compared to net cash used in operating activities of \$1,020,794 for the comparable fiscal year in 2011. The decrease in operating cash flows is mainly attributable to (1) an increase of advances of \$354,955 from customers, (2) a decrease of \$191,106 in prepaid tax, (3) payments of accounts payable of \$568,720, and (4) an increase in advances to suppliers of \$234,971.

Since we collect most of our revenues in U.S. dollars and pay most of our costs and expenses in RMB, the increase in the valuation of RMB against U.S. dollar has caused a decline in gross margin and higher expenses for our Company for the year ended June 30, 2011 and 2010.

For the years ended June 30, 2010 and 2011, we experienced net cash used in operating activities, which was mainly attributable to a decline in gross margin and higher expenses as a result of the increase in the valuation of the RMB against the U.S. dollar.

Our revenues have continuously increased since 2006, and in order for us to maintain a steady and positive cash position, we believe the USD has to increase and maintain its valuation against RMB or we need to become less reliant on the USD in our operations. The vast majority of our revenues are either received in U.S. dollars or calculated in U.S. dollars and paid in local currencies, so we expect we will be substantially dependent on the value of the U.S. dollar for the foreseeable future, even where the revenues are not paid in U.S. dollars. If the U.S. dollar does not increase its valuation against the RMB, we will continue to focus on maintaining our high growth rate so as to

overcome, or at least mitigate, the negative impact from the U.S. dollar's devaluation. In addition, we believe that our diversified operations in China and overseas will also help us to manage the foreign exchange rate risks.

Investing Activities

Net cash used in investing activities was \$41,126 compared to net cash used in investing activities of \$331,642 for the years ended June 30, 2011 and 2010, respectively. We made capital expenditures of \$41,126 and \$40,371 for the fiscal years of 2011 and 2010, representing 0.45% and 0.39% of our total assets, respectively. Compared to equity investment of \$291,271 in the fiscal year 2010, no equity investment occurred in the fiscal year 2011.

Financing Activities

Net cash used in financing activities was \$19,917 for the year ended June 30, 2011 from the increase of non-controlling interest in majority-owned subsidiary.

We believe that current cash, cash equivalents, and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including cash needs for working capital and capital expenditures, for at least the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities or borrow from banks. However, financing may not be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our shareholders. The incurrence of debt would divert cash from working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that would restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business, operations and prospects may suffer.

Contractual Obligations and Commercial Commitments

We have leased certain office premises and apartments for employees under operating leases expiring through May 31, 2013. Below is a summary of our company's contractual obligations and commitments as of June 30, 2011:

| | Total | Payment Due by Period | | |
|--------------------------------|-----------|-----------------------|-----------|-------------------|
| | | Less than 1 year | 1-3 years | More than 3 years |
| Contractual Obligations | | | | |
| Operating leases | \$416,128 | \$ 298,211 | \$117,917 | \$ — |

The Labor Contract Law of the PRC requires employers to assure the liability of severance payments if employees are terminated and have been working for their employers for at least two years prior to January 1, 2008. The employers will be liable for one month of severance pay for each year of service provided by the employees. As of June 30, 2011, our company has estimated its severance payments to be approximately \$119,000, which has not been reflected in our consolidated financial statements.

Company Structure

We conduct our operations primarily through our wholly-owned subsidiaries, Trans Pacific, Sino-AUS and Sino-HK and our variable interest entity, Sino-China. As a result, our ability to pay dividends and to finance any debt we may incur depends upon dividends paid by our subsidiaries and management fees paid by Sino-China. If our subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, Trans Pacific is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, wholly foreign-owned enterprises like Trans Pacific are required to set aside at least 10% of their after-tax profit each year to fund a statutory reserve until the amount of the reserve reaches 50% of such entity's registered capital.

To the extent Trans Pacific does not generate sufficient after-tax profits to fund this statutory reserve, its ability to pay dividends to us may be limited. Although these statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, these reserve funds are not distributable as cash dividends except in the event of a solvent liquidation of the companies. Other than as described in the previous sentences, China's State Administration of Foreign Exchange ("SAFE") has approved the company structure between our company and Trans Pacific, and Trans Pacific is permitted to pay dividends to our company.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our condensed consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serve as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The Company's financial statements and the related notes, together with the report of Friedman LLP, are set forth following the signature pages of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Company maintains a system of controls and procedures designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. For the purpose of improving management efficiency and effectiveness, the Company has completed the implementation of a new accounting and management information system using SAP Business One software. During the new system implementation process, we ran the old information system and new SAP system in parallel. As a result, the recording data and processing results were cross-checked and confirmed. Our company is currently utilizing the new system.

As of June 30, 2011, our company carried out an evaluation, under the supervision of and with the participation of management, including our company's chief executive officer and chief financial officer, of the effectiveness of the design and operation of our company's disclosure controls and procedures. Based on the foregoing, the chief executive officer and chief financial officer concluded that our company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective in timely alerting them to information required to be included in the Company's periodic Securities and Exchange Commission filings.

Changes in Internal Control over Financial Reporting.

During the year ended June 30, 2011, we completed the implementation of our SAP Business One software, an accounting and management information system. We believe that the implementation of this system has materially improved our internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) by improving our ability to timely and accurately record accounting information.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that the Company's receipts and expenditures are being made only in accordance with the authorization of its management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management assessed the effectiveness of its internal control over financial reporting as of June 30, 2011. In making this assessment, management used the framework set forth in the report entitled Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. Based on this assessment, the Company's management believes that, as of June 30, 2011, its internal control over financing reporting is effective based on those criteria.

Item 9B.

Other Information.

The Company has previously reported all information required to be disclosed during the fourth quarter of fiscal 2011 in a report on Form 8-K.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Regulation S-K Item 401: The section of the Proxy entitled "Management" is incorporated herein by reference.

Regulation S-K Item 405: Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to the Company under 17 CFR 240.16a-3(e) during its most recent fiscal year and Forms 5 and amendments thereto furnished to the Company with respect to its most recent fiscal year, and any written representation referred to in paragraph (b)(1) of this section, the Company is not aware of any director, officer, beneficial owner of more than ten percent of any class of equity securities of the Company registered pursuant to Section 12 that failed to file on a timely basis, as disclosed in the above Forms, reports required by Section 16(a) during the most recent fiscal year or prior years.

Regulation S-K Item 406: The Company has adopted a Code of Ethics and has filed a copy of the Code of Ethics with the Commission.

Regulation S-K Item 407(c)(3): None.

Regulation S-K Item 407(d)(4) and (5): The Company has an audit committee, consisting solely of the Company's independent directors, Joseph Jhu, Wang Jing and Dennis O. Laing. Mr. Wang qualifies as the audit committee financial expert. The Company's audit committee charter is available on the Company's website (www.sino-global.com) or directly at the following link: http://media.corporate-ir.net/media_files/irol/22/221375/corpgov/AuditCommCharte09272008.pdf.

Item 11. Executive Compensation.

The following table shows the annual compensation paid by us to Mr. Cao Lei, our Principal Executive Officer, and Mr. Zhang Mingwei, our Principal Accounting and Financial Officer, for the years ended June 30, 2011 and 2010. No other officer had a salary during either of the previous two years of more than \$100,000.

Summary Compensation Table

| Name | Year | Salary US\$ | Bonus US\$ | Securities- based compensation US\$ | All other compensation US\$ | Total US\$ |
|---|------|----------------|---------------|--|-----------------------------------|---------------|
| Cao Lei, Principal Executive Officer | 2011 | 181,323 | - | 0 | (1) | 181,323 |
| | 2010 | 163,857 | - | 0 | - | 163,857 |
| Zhang Mingwei, Principal Accounting and Financial Officer | 2011 | 110,787 | - | 0 | (1) | 110,787 |
| | 2010 | 101,344 | - | 0 | - | 101,344 |

(1) We granted each of Mr. Cao and Mr. Zhang options to purchase 36,000 shares of our common stock for \$7.75 per share. We granted these options on May 20, 2008. Although we recognize \$53,114 in compensation expense for these options as 7,200 options vested for each of Mr. Cao and Mr. Zhang in fiscal 2011, changes in SEC disclosure requirements require us to disclose the grant date fair value of these shares. As the grant was made in fiscal 2008,

the amount is not reflected in this summary compensation table.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) | |
|--|---|---|---|---------|
| | | | (a) | (c) |
| Equity compensation plans approved by security holders | 138,000 | \$ 7.43 | | 164,903 |

| Name and Address | Title of Class | Amount of Beneficial Ownership | Percentage Ownership |
|---|----------------|--------------------------------|----------------------|
| Mr. Cao Lei (1) | common | 1,405,640 (2) | 48.4 % |
| Mr. Zhang Mingwei (1) | common | 75,600 (2) | 2.6 % |
| Mr. Wang Jing (1) | common | 6,000 (3) | 0.2 % |
| Mr. Dennis O. Laing (1) | common | 6,000 (3) | 0.2 % |
| Mr. Joseph Jhu (1) | common | 4,000 (4) | 0.1 % |
| All current executive officers and directors as a group (5 persons) | common | 1,497,240 | 51.6 % |
| Mr. Daniel E. Kern (5) | common | 389,100 (6) | 13.4 % |

(1) The individual's address is c/o Sino-Global Shipping America, Ltd., 136-56 39th Avenue, Room #305, Flushing, NY 11354.

(2) Mr. Cao and Mr. Zhang each has received options to purchase 36,000 shares of the Company's common stock, of which 21,600 underlying shares are reflected in this table because they have vested. The remaining 14,400 options will vest more than 60 days after the date hereof.

(3) Mr. Wang and Mr. Laing each has received options to purchase 10,000 shares of the Company's common stock, of which 6,000 underlying shares are reflected in this table because they have vested. The remaining 4,000 options will vest more than 60 days after the date hereof.

(4) Mr. Jhu has received options to purchase 10,000 shares of the Company's common stock, of which 4,000 underlying shares are reflected in this table because they have vested. The remaining 6,000 options will vest more than 60 days after the date hereof.

(5) Mr. Kern's address is 1027 Goldenrod Ave., Corona Del Mar, CA 92625.

(6) Mr. Kern owns 176,200 shares in his individual name, 187,900 shares in the Daniel E. Kern ROTH IRA, and 25,000 shares through Kern Asset Management. Mr. Kern maintains sole voting and dispositive power as to these shares.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The Board of Directors maintains a majority of independent directors who are deemed to be independent under the definition of independence provided by NASDAQ Stock Market Rule 4200(a)(15). The sections of the Registration Statements and IPO Prospectus entitled "Related Party Transactions" and of the Proxy entitled "Election of Directors and Director Biographies" are incorporated herein by reference. Other than as described therein, no transactions required to be disclosed under Item 404 of Regulation S-K have occurred since the beginning of the Company's last fiscal year.

Item 14. Principal Accountant Fees and Services.

Friedman LLP was appointed by the Company to serve as its independent registered public accounting firm for fiscal 2010. Audit services provided by Friedman LLP for fiscal 2010 included the examination of the consolidated financial statements of the Company; and services related to periodic filings made with the SEC. In addition, Friedman LLP provided review services relating to the Company's quarterly reports.

Fees Paid To Independent Registered Public Accounting Firm

Audit Fees

During fiscal 2011 and 2010, Friedman LLP's fees for the annual audit of our financial statements and the quarterly reviews of the financial statements included in Forms 10-Q were \$225,000 and \$243,750, respectively.

Audit-Related Fees

The Company has not paid Friedman LLP for audit-related services in fiscal 2011 and 2010.

Tax Fees

The Company has not paid Friedman LLP for tax services in fiscal 2011 and 2010.

All Other Fees

The Company has not paid Friedman LLP for any other services in fiscal 2011 and 2010.

Audit Committee Pre-Approval Policies

Before Friedman LLP was engaged by the Company to render audit or non-audit services, the engagement was approved by the Company's audit committee. All services rendered by Friedman LLP have been so approved.

Item 15. Exhibits, Financial Statement Schedules.

The following documents are filed herewith:

| Number | Exhibit |
|--------|--|
| 3.1 | Articles of Incorporation of Sino-Global Shipping America, Ltd.(1) |
| 3.2 | Bylaws of Sino-Global Shipping America, Ltd. (1) |
| 4.1 | Specimen Certificate for Common Stock (1) |
| 10.1 | Exclusive Management Consulting and Technical Services Agreement by and between Trans Pacific and Sino-China. (1) |
| 10.2 | Exclusive Marketing Agreement by and between Trans Pacific and Sino-China. (1) |
| 10.3 | Proxy Agreement by and among Cao Lei, Zhang Mingwei, the Company and Sino-China. (1) |
| 10.4 | Equity Interest Pledge Agreement by and among Trans Pacific, Cao Lei and Zhang Mingwei. (1) |
| 10.5 | Exclusive Equity Interest Purchase Agreement by and among the Company, Cao Lei, Zhang Mingwei and Sino-China. (1) |
| 10.6 | First Amended and Restated Exclusive Management Consulting and Technical Services Agreement by and between Trans Pacific and Sino-China. (1) |
| 10.7 | First Amended and Restated Exclusive Marketing Agreement by and between Trans Pacific and Sino-China. (1) |
| 10.8 | Agency Agreement by and between the Company and Beijing Shou Rong Forwarding Service Co., Ltd. (1) |
| 14.1 | Code of Ethics of the Company.(2) |
| 21.1 | List of subsidiaries of the Company.(3) |
| 31.1 | Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(4) |

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- 31.2 Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(4)
- 32.1 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(4)
- 32.2 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(4)

-
- (1) Incorporated by reference to the Company's Registration Statement on Form S-1, Registration Nos. 333-150858 and 333-148611.
- (2) Incorporated by reference to the Company's Form 10-KSB filed on September 29, 2008, File No. 001-34024.
- (3) Incorporated by reference to the Company's Form 10-K filed on September 22, 2009, File No. 001-34024.
- (4) Filed herewith.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SINO-GLOBAL SHIPPING AMERICA, LTD.

| | | |
|--------------------|-----|---|
| September 26, 2011 | By: | /s/ Zhang Mingwei Zhang Mingwei Chief Financial Officer (Principal Financial and Accounting Officer) |
| September 26, 2011 | By: | /s/ Cao Lei Cao Lei Chief Executive Officer (Principal Executive Officer) |
| September 26, 2011 | By: | /s/ Wang Jing Wang Jing Independent Director |
| September 26, 2011 | By: | /s/ Dennis Laing Dennis Laing Independent Director |
| September 26, 2011 | By: | /s/ Joseph Jhu Joseph Jhu Independent Director |

SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

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F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Sino-Global Shipping America, Ltd.

We have audited the accompanying consolidated balance sheets of Sino-Global Shipping America, Ltd. and Affiliate as of June 30, 2011 and 2010, and the consolidated related statements of operations and comprehensive loss, cash flows and shareholders' equity for the years then ended. Sino-Global Shipping America, Ltd.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sino-Global Shipping America, Ltd. and Affiliate as of June 30, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Friedman LLP

New York, New York
September 26, 2011

F-2

SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE

CONSOLIDATED BALANCE SHEETS

| | June 30, | |
|--|------------------|-------------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 4,878,828 | 5,926,153 |
| Advances to suppliers | 338,307 | 103,336 |
| Accounts receivable, less allowance for doubtful accounts of \$194,955 and \$137,982 as of June 30, 2011 and June 30, 2010 | 1,847,990 | 1,888,965 |
| Other receivables, less allowance for doubtful accounts of \$80,000 and \$40,000 as of June 30, 2011 and June 30, 2010 | 417,853 | 319,899 |
| Prepaid expenses and other current assets | 86,453 | 118,112 |
| Prepaid taxes | 286,492 | 477,598 |
| Employee loans receivable | 10,662 | 16,727 |
| Income tax receivable | 1,885 | 123,387 |
| Deferred tax assets | 117,000 | 93,000 |
| Total current assets | 7,985,470 | 9,067,177 |
| Property and equipment, net | 587,024 | 754,027 |
| Security deposits | 31,026 | - |
| Employee loans receivable less current portion | 11,896 | 52,190 |
| Deferred tax assets | 252,000 | 171,000 |
| Equity investment | 186,514 | 236,569 |
| Total Assets | 9,053,930 | 10,280,963 |
| Liabilities and Equity | | |
| Current liabilities | | |
| Advances from customers | 710,891 | 355,936 |
| Accounts payable | 2,913,553 | 3,482,273 |
| Accrued expenses | 81,146 | 75,771 |
| Other current liabilities | 173,249 | 104,641 |
| Total Current Liabilities | 3,878,839 | 4,018,621 |
| Total Liabilities | 3,878,839 | 4,018,621 |
| Commitments and Contingencies | | |
| Equity | | |
| Preferred stock, 1,000,000 shares authorized, no par value; none issued | - | - |
| Common stock, 10,000,000 shares authorized, no par value; 3,029,032 shares issued | 7,709,745 | 7,709,745 |

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| | | |
|---|------------------|-------------------|
| Additional paid-in capital | 1,191,796 | 1,191,796 |
| Treasury stock, at cost | (372,527) | (372,527) |
| Accumulated deficit | (1,288,783) | (425,446) |
| Accumulated other comprehensive loss | (9,023) | (4,624) |
| Unearned Compensation | (397,558) | (593,027) |
| Total Sino-Global Shipping America Ltd. equity | 6,833,650 | 7,505,917 |
| Non-Controlling interest | (1,658,559) | (1,243,575) |
| Total equity | 5,175,091 | 6,262,342 |
| Total Liabilities and Equity | 9,053,930 | 10,280,963 |

The accompanying notes are an integral part of these consolidated financial statements.

F-3

SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

| | For the years ended June 30, | |
|--|------------------------------|----------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Revenues | 32,935,823 | 26,841,336 |
| Costs and expenses | | |
| Cost of revenues | (29,619,765) | (23,668,070) |
| General and administrative expense | (4,544,578) | (4,102,864) |
| Selling expense | (341,665) | (272,829) |
| Other income (expense) | 79,641 | (135,557) |
| | (34,426,367) | (28,179,320) |
| Operating Loss | (1,490,544) | (1,337,984) |
| Financial income, net | 199,035 | 150,632 |
| Non-operating revenue | 21,585 | 28,776 |
| Non-operating costs | (937) | (3,507) |
| Loss from equity investment | (60,289) | (54,702) |
| | 159,394 | 121,199 |
| Net loss before provision for income taxes | (1,331,150) | (1,216,785) |
| Income taxes (expense) benefit | 77,412 | (86,630) |
| Net loss | (1,253,738) | (1,303,415) |
| Net loss attributed to non-controlling interest | (390,401) | (766,643) |
| Net loss attributable to Sino-Global Shipping America Ltd. | \$(863,337) | \$(536,772) |
| Net loss | \$(1,253,738) | \$(1,303,415) |
| Other comprehensive income | | |
| Foreign currency translation adjustments | (4,399) | 8,775 |
| Comprehensive loss | \$(1,258,137) | \$(1,294,640) |
| Comprehensive loss attributable to non-controlling interest | (395,067) | (767,004) |
| Comprehensive loss attributable to Sino-Global Shipping America Ltd. | \$(863,070) | \$(527,636) |
| Earnings (loss) per share | | |
| -Basic and diluted | (0.30) | (0.18) |

Weighted average number of common shares used in computation

| | | |
|--------------------|-----------|-----------|
| -Basic and diluted | 2,903,841 | 2,915,879 |
|--------------------|-----------|-----------|

The accompanying notes are an integral part of these consolidated financial statements.

F-4

SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the years ended June 30, | |
|---|------------------------------|---------------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Cash flows from operating activities | | |
| Net loss | (1,253,738) | (1,303,415) |
| Adjustment to reconcile net loss to net cash used in operating activities | | |
| Loss on disposal of assets | - | 11,041 |
| Stock option expense | 195,469 | 195,469 |
| Depreciation and amortization | 248,209 | 216,997 |
| Provision for doubtful accounts | 66,973 | 346,648 |
| Deferred tax expense (benefit) | (105,000) | 95,000 |
| Loss from equity investment | 60,289 | 54,702 |
| Changes in assets and liabilities | | |
| Increase in advances to supplier | (234,971) | (94,511) |
| Decrease (Increase) in accounts receivable | (25,998) | 659,137 |
| Increase in other receivables | (97,954) | (297,814) |
| Decrease (Increase) in prepaid expense and other current assets | 31,659 | (59,596) |
| Decrease (Increase) in prepaid tax | 191,106 | (442,293) |
| Decrease in employee loan receivables | 46,359 | 16,214 |
| Decrease (Increase) in income tax receivables | 121,502 | (18,295) |
| Decrease (Increase) in security deposits | (31,026) | 56,885 |
| Increase in long-term prepaid expenses | - | 766 |
| Increase (Decrease) in advances from customers | 354,955 | (330,652) |
| Increase (Decrease) in accounts payable | (568,720) | 458,169 |
| Increase (Decrease) in accrued expenses | 5,375 | (70,086) |
| Increase (Decrease) in other current liabilities | 68,608 | (515,160) |
| Net cash used in operating activities | (926,903) | (1,020,794) |
| Cash flows from investing activities | | |
| Capital expenditures and other additions | (41,126) | (40,371) |
| Equity investment | - | (291,271) |
| Net cash used in investing activities | (41,126) | (331,642) |
| Cash flows from financing activities | | |
| Payments for treasury stock | - | (86,625) |
| (Decrease) Increase in noncontrolling interest | (19,917) | 65,909 |
| Net cash used in financing activities | (19,917) | (20,716) |
| Effect of exchange rate fluctuations on cash and cash equivalents | (59,379) | 39,651 |

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| | | |
|--|--------------|--------------|
| Net decrease in cash and cash equivalents | (1,047,325) | (1,333,501) |
| Cash and cash equivalents at beginning of year | 5,926,153 | 7,259,654 |
| Cash and cash equivalents at end of year | 4,878,828 | 5,926,153 |
| Supplemental information | | |
| Interest paid | 764 | - |
| Income taxes paid | 5,000 | 340,500 |

The accompanying notes are an integral part of these consolidated financial statements.

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SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Common stock US\$ | Additional paid-in capital US\$ | Treasury stock US\$ | Accumulated deficit US\$ | Accumulated other comprehensive loss US\$ | Unearned compensation US\$ | Total Sino-Global Shipping America Ltd. equity US\$ | Non-controlling interest US\$ | Total equity US\$ |
|---|-------------------------|--|---------------------------|--------------------------------|---|----------------------------------|---|-------------------------------------|-------------------------|
| Balance as of June 30, 2009 | 7,709,745 | 1,158,696 | (285,902) | 111,326 | (13,399) | (755,396) | 7,925,070 | (542,480) | 7,382,590 |
| Shares repurchased | | | (86,625) | | | | (86,625) | | (86,625) |
| Fair value of stock options granted to member of the audit committee | | 33,100 | | | | (33,100) | - | | - |
| Amortization of stock options granted to employees and members of audit committee | | | | | | 195,469 | 195,469 | | 195,469 |
| Foreign currency translation | | | | | 8,775 | | 8,775 | 65,548 | 74,323 |
| Net loss | | | | (536,772) | | | (536,772) | (766,643) | (1,303,415) |
| Balance as of June 30, 2010 | 7,709,745 | 1,191,796 | (372,527) | (425,446) | (4,624) | (593,027) | 7,505,917 | (1,243,575) | 6,262,342 |
| Amortization of stock options granted to employees and members of audit | | | | | | 195,469 | 195,469 | | 195,469 |

committee

Foreign

currency

translation

Net loss

Balance as

of June 30,

2011

| | | | | | | | | |
|-----------|-----------|-----------|-------------|----------|-----------|-----------|-------------|-----------|
| 7,709,745 | 1,191,796 | (372,527) | (1,288,783) | (9,023) | (397,558) | 6,833,650 | (1,658,559) | 5,175,091 |
|-----------|-----------|-----------|-------------|----------|-----------|-----------|-------------|-----------|

The accompanying notes are an integral part of these consolidated financial statements.

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SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

Sino-Global Shipping America, Ltd. (the “Company”) was incorporated on February 2, 2001 in New York. On September 18, 2007, the Company amended the Articles of Incorporation and Bylaws to merge into a new Corporation, Sino-Global Shipping America, Ltd. in Virginia.

The Company’s principal geographic market is in the People’s Republic of China (“PRC”). As PRC laws and regulations restrict foreign ownership of shipping agency service businesses, the Company provides its services in the PRC through Sino-Global Shipping Agency Ltd. (“Sino-China”), a Chinese legal entity, which holds the licenses and permits necessary to operate shipping services in the PRC. Sino-China is located in Beijing with branches in Ningbo, Qingdao, Tianjin, Qinhuangdao and Fangchenggang and cooperation with all other ports in PRC.

On November 13, 2007, the Company formed a wholly owned foreign-owned enterprise, Trans Pacific Shipping Limited (“Trans Pacific Beijing”), in Beijing, which established a wholly-owned subsidiary, Trans Pacific Logistics Shanghai, Limited (“Trans Pacific Shanghai” and, together with Trans Pacific Beijing, “Trans Pacific”), in Shanghai on May 31, 2009. This increases the Company’s presence in mainland China and enables it to provide a full range of shipping agency services as well as freight forwarder services. Trans Pacific Beijing acquired a 40% interest in Sino-Global Shipping Agency Development Co., Limited, in Beijing on November 6, 2009 in order to develop additional business opportunities for the Company.

Trans Pacific Beijing and Sino-China do not have a parent-subsidary relationship. Trans Pacific Beijing has contractual arrangements with Sino-China and its shareholders that enable the Company to substantially control Sino-China.

With a purpose of building an international shipping agency service network, the Company formed a wholly-owned subsidiary, Sino-Global Shipping Australia Pty Ltd. (“Sino-Global AUS”) in Perth, Australia on July 3, 2008 in order to serve the needs of customers shipping into and out of Western Australia. The Company also signed an agreement with Monson Agencies Australia (“Monson”), one of the largest shipping agency service providers in Australia. Through the Company’s relationship with Monson, the Company is able to provide general shipping agency services to all ports in Australia.

The Company established another wholly-owned subsidiary, Sino-Global Shipping (HK) Limited (“Sino-Global HK”) on September 22, 2008. Sino-Global HK is the Company’s control and management center for southern Chinese ports and enables the Company to extend its offering of comprehensive shipping agency services to vessels going to and from one of the world’s busiest ports. On July 27, 2009, Sino-Global HK signed an exclusive partnership agreement with Forbes & Company Limited (“Forbes”), which is a listed company on the Bombay Stock Exchange (BOM: 502865) and one of the largest shipping and logistic service providers in India. Through the Company’s relationship with Forbes, it is able to provide general shipping agency services to all ports in India.

On July 5, 2011, Sino-China signed Strategic Cooperative Agreement with COSCO Container Shipping Agency Co. Limited, one of the largest state owned shipping agents in China. The Agreement entitles us to use COSCO Container Shipping Agency's name to market business in China and overseas. In addition, we are able to provide shipping agency services through over 50 COSCO's offices in China.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The agency relationship between the Company and Sino-China and its branches is governed by a series of contractual arrangements pursuant to which the Company has substantial control over Sino-China.

The consolidated financial statements include all adjustments necessary to present fairly the consolidated financial position, results of operations and cash flows of the Company for the year presented.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries. All significant inter-company transactions and balances are eliminated in consolidation. Sino-China is considered a variable interest entity ("VIE"), and the Company is the primary beneficiary. The Company through Trans Pacific entered into agreements with Sino-China, pursuant to which the Company receives 90% of Sino-China's net income. The Company does not receive any payment from Sino-China unless Sino-China recognizes net income during its fiscal year. These agreements do not entitle the Company to any consideration if Sino-China incurs a net loss during its fiscal year. In accordance with these agreements, Sino-China pays consulting and marketing fees equal to 85% and 5%, respectively, of its net income to the Company's wholly owned foreign subsidiary, Trans Pacific, and Trans Pacific supplies the technology and personnel needed to service Sino-China. Sino-China was designed to operate in China for the benefit of the Company.

The accounts of Sino-China are consolidated in the accompanying consolidated financial statements pursuant to Accounting Standards Codification ("ASC") 810-10, "Consolidation". As a VIE, Sino-China's sales are included in the Company's total sales, and its income (loss) from operations is consolidated with the Company's. Because of the contractual arrangements, the Company had a pecuniary interest in Sino-China that requires consolidation of the Company's and Sino-China's financial statements.

The Company has consolidated Sino-China's income because the entities are under common control in accordance with ASC 805-10, "Business Combinations". For this reason, the Company has included 90% of Sino-China's net income in the Company's net income, and only the 10% of Sino-China's net income not paid to the Company represents the non-controlling interest in Sino-China's income. Management makes ongoing reassessments of whether the Company is the primary beneficiary of Sino-China.

The carrying amount and classification of Sino-China's assets and liabilities included in the Consolidated Balance Sheets are as follows:

| | June 30, | |
|---------------------------|-----------|-----------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Total current asstes | 958,934 | 510,107 |
| Total assets | 1,324,636 | 1,146,625 |
| Total current liabilities | 308,737 | 440,538 |
| Total liabilities | 308,737 | 440,538 |

(c) Fair Value of Financial Instruments

The carrying amounts reported in the consolidated financial statements for current assets and current liabilities approximate fair value due to the short-term nature of these financial instruments. The Company determined that the carrying value of the employee loan approximated this fair value. No interest was charged for the employee loans due to immateriality. For equity investment which consisted of 40% interest in a PRC company, it was impracticable for the Company to obtain the fair value at June 30, 2011.

(d) Use of Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates are adjusted to reflect actual experience when necessary. Significant accounting estimates reflected in the Company's consolidated financial statements include revenue recognition, allowance for doubtful accounts, the useful lives of property and equipment and unearned compensation.

Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates.

(e) Translation of Foreign Currency

The accounts of the Company and Sino-China and each of its branches are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is the US dollars ("\$\$") while Sino-China reports its financial position and results of operations in Renminbi ("RMB"). The accompanying consolidated financial statements are presented in US dollars. Foreign currency transactions are translated into US dollars using the fixed exchange rates in effect at the time of the transaction. Generally foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations. The Company translates foreign currency financial statements of Sino-China, Sino-Global AUS, Sino-Global HK and Trans Pacific in accordance with ASC 830-10, "Foreign Currency Matters". Assets and liabilities are translated at current exchange rates quoted by the People's Bank of China at the balance sheet dates and revenues and expenses are translated at average exchange rates in effect during the periods. Resulting translation adjustments are recorded as other comprehensive income (loss) and accumulated as a separate component of equity of the Company and also included in non-controlling interest.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, and other highly liquid investments which are unrestricted as to withdrawal or use, and which have maturities of three months or less when purchased. The Company maintains cash and cash equivalents with various financial institutions mainly in the PRC, Australia, Hong Kong and the United States. Cash balances in the United States are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

(g) Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Historical cost comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|------------|
| Buildings | 20 years |
| Motor vehicles | 5-10 years |
| Furniture and office equipment | 3-5 years |

The carrying value of a long-lived asset is considered impaired by the Company when the anticipated undiscounted cash flows from such asset is less than its carrying value. If impairment is identified, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved or based on independent appraisals. Management has determined that there were no impairments at the balance sheet dates.

(h) Equity Investment

Investments in companies that are owned 20% to 50% for which the Company has significant influence but not control are accounted for by the equity method. Under the equity method, the Company recognizes in earnings its proportionate share of the income or loss of the investee. The Company has an investment of 40% in Sino-Global Shipping Agency Development Co., Ltd. ("Development Co.") The Company recognized its proportionate share of loss of \$60,289 and \$54,702 for the years ended June 30, 2011 and 2010, respectively.

| Balance Sheet | As of June 30, | |
|--|------------------------------|---------------|
| | 2011 US\$ | 2010 US\$ |
| Current Assets | 49,186 | 100,190 |
| Noncurrent Assets | 67,229 | 70,579 |
| Total Assets | 116,415 | 170,769 |
| Current liabilities | 105,967 | 13,751 |
| Noncurrent liabilities | - | - |
| Total Liabilities | 105,967 | 13,751 |
| Shareholders' equity | 10,448 | 157,018 |
| Total Liabilities and shareholders' equity | 116,415 | 170,769 |
| | For the years ended June 30, | |
| Results of Operations | 2011 | 2010 |
| Net Sales | - | - |
| Costs of goods sold | - | - |
| Gross profit | - | - |
| Operating loss | \$ (150,722) | \$ (136,757) |
| Net loss | \$ (150,722) | \$ (136,757) |

(i) Revenue recognition

The Company charges shipping agency fees in two ways: (1) fixed fees that are predetermined with the customer, and (2) cost-plus fees that are calculated based on the actual costs incurred plus a markup. The Company generally requires payments in advance from customers and bills them on the balance within 30 days after the transactions are completed. Revenues are recognized from shipping agency services upon completion of services, which coincides with the date of departure of the relevant vessel from port. Advance payments and deposits received from customers prior to the provision of services and recognition of the related revenues are presented as current liabilities.

Some contracts contain a provision stating that revenues are recognized for actual expenses incurred plus a profit margin. When the services are completed but the information on the actual expenses is not available at the end of the fiscal period, we estimate revenues and expenses based on our previous experience with similar vessels and port charges.

The Company reports its revenue on the gross amounts billed to customers based on several criteria: (1) the Company assumes all credit risk for the amounts billed to customers, (2) the Company has multiple suppliers for services ordered by customers and discretion to select the supplier that provides the services, and (3) the Company determines the nature, type or specifications of the services ordered by customers and the Company is responsible for fulfilling these services.

(j) Accounts receivable

Accounts receivable are presented at net realizable value. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, customer's historical payment history, its current credit-worthiness and current economic trends. Receivables are considered past due after 365 days. In accordance with the accounting policies, management has determined that an allowance of

\$194,955 was required at June 30, 2011, and \$137,982 at June 30, 2010. Accounts are written off after exhaustive efforts at collection.

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(k) Taxation

Because the Company and Sino-China are incorporated in different jurisdictions, they file separate income tax returns. The Company uses the liability method of accounting for income taxes in accordance with US GAAP. Deferred taxes, if any, are recognized for the future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements.

The Company follows the provisions of ASC 740, "Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position would be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The implementation of ASC 740 resulted in no material liability for unrecognized tax benefits and no material change to the beginning retained earnings of the Company. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense.

Income tax returns for the year prior to 2008 are no longer subject to examination by tax authorities.

PRC Enterprise Income Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC GAAP at 25%. Sino-China and Trans Pacific are registered in PRC and governed by the Enterprise Income Tax Laws of the PRC.

PRC Business Tax and Surcharges

Revenues from services provided by Sino-China and Trans Pacific are subject to the PRC business tax of 5%. Business tax and surcharges are paid on gross revenues generated from shipping agency services minus the costs of services which are paid on behalf of the customers.

In addition, under the PRC regulations, Sino-China is required to pay the city construction tax (7%) and education surcharges (3%) based on the calculated business tax payments.

Sino-China reports its revenues net of PRC's business tax and surcharges for all the periods presented in the consolidated statements of operations.

(l) Earnings (loss) per share

Earnings (loss) per share is calculated in accordance with ASC 260, "Earnings Per Share". Basic earnings per share is computed by dividing net income attributable to holders of common shares by the weighted average number of common shares outstanding during the years. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares. Convertible, redeemable preferred shares are included in the computation of diluted earnings per share on an "if-converted" basis, when the impact is dilutive. Contingent exercise price resets are accounted for in a manner similar to contingently issuable shares. Common share equivalents are excluded from the computation of diluted earnings per share if their effects would be anti-diluted.

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The effect of 138,000 stock options and 139,032 warrants for all periods presented were not included in the calculation of diluted EPS because they would be anti-dilutive.

3. OTHER RECEIVABLES / OTHER CURRENT LIABILITIES

(a) Other Receivables

Other receivables represent mainly amounts to be received from customers for advance payments made to the port agent for reimbursed charges to be incurred in connection with the costs of services and loans to employees.

(b) Other Current Liabilities

Other current liabilities represent mainly advance payments received from customers for reimbursed port agent charges to be incurred and miscellaneous accrued liabilities.

4. EMPLOYEE LOANS RECEIVABLE

The employee loans receivable represent receivables from employees other than executive officers for three automobiles sold to these employees. These receivables are secured by the automobiles and the personal assets of the employees. The Company has not imputed any interest on these receivables due to immateriality.

| | June 30, | |
|---|-----------|-----------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Loans from employees, secured by their personal assets, receivable in monthly installments of approximately \$996 bearing no interest through August 2014 | 22,558 | 68,917 |
| Less : Current maturities | (10,662) | (16,727) |
| | 11,896 | 52,190 |

5. ADVANCES TO SUPPLIERS/ADVANCES FROM CUSTOMERS

(a) Advances to Suppliers

Advances to suppliers represent costs of services and fees paid to suppliers in advance in connection with the agency services fees income to be recognized.

(b) Advances from Customers

Advances from customers represent money received from customers in advance in connection with the agency services fees income to be recognized.

6. PROPERTY AND EQUIPMENT

Property and equipment are as follows:

| | June 30, | |
|---|------------------|------------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Land and building | 76,819 | 73,207 |
| Motor vehicles | 893,818 | 869,081 |
| Computer equipment | 110,479 | 102,048 |
| Office equipment | 37,059 | 35,714 |
| Furniture & Fixtures | 36,837 | 37,119 |
| System software | 117,807 | 112,268 |
| Leasehold improvement | 65,859 | 62,763 |
| Total | 1,338,678 | 1,292,200 |
| Less : Accumulated depreciation and amortization | 751,654 | 538,173 |
| Property and equipment, net | 587,024 | 754,027 |

Depreciation and amortization expense for the years ended June 30, 2011 and 2010 was \$248,209 and \$216,997, respectively.

7. STOCK-BASED COMPENSATION

On May 20, 2008, the Company issued 174,000 stock options (“Options”) to its officers, employees and members of the audit committee to purchase the Company’s common stock. The Options were all issued pursuant to the Company’s 2008 Stock Incentive Plan. On December 15, 2009, the Company issued 10,000 stock options to Joseph Jhu, member of the audit committee, to purchase the Company’s common stock without par value per share.

The Options are non-statutory options and have been granted by the Compensation Committee to Cao Lei, Zhang Mingwei, Cao Jing Bo and Cao Xin Qing. The Board of Directors approved the issuance of options to Dennis O. Laing, C. Thomas Burke and Wang Jing, all of whom are members of both the Compensation Committee and Audit Committee. During the year ended June 30, 2009, Cao Xin Qing and C. Thomas Burke left the Company and their options expired unexercised.

A summary of the options issued under the Plan is presented in the table below:

| | 2011 | | 2010 | |
|--|---------|--|---------|--|
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Options outstanding, beginning of year | 138,000 | \$7.43 | 128,000 | \$7.75 |
| Granted | - | \$- | 10,000 | \$3.37 |
| Canceled, forfeited or expired | - | \$- | - | \$- |

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| | | | | |
|----------------------------------|---------|--------|---------|--------|
| Options outstanding, end of year | 138,000 | \$7.43 | 138,000 | \$7.43 |
| Options exercisable, end of year | 80,800 | \$7.53 | 53,200 | \$7.59 |

Following is a summary of the status of options outstanding and exercisable at June 30, 2011:

Outstanding Options

Exercisable Options

| Exercise Price | Number | Average Remaining Contractual Life | Exercise Price | Number | Average Remaining Contractual Life |
|----------------|---------|------------------------------------|----------------|--------|------------------------------------|
| \$ 7.75 | 128,000 | 2.0 years | \$ 7.75 | 76,800 | 2.0 years |
| \$ 3.37 | 10,000 | 3.0 years | \$ 3.37 | 4,000 | 3.0 years |
| | 138,000 | | | 80,800 | |

The issuance of the Options is exempted from registration under the Securities Act of 1933, as amended (the “Act”). The Options will vest at a rate of 20% per year, with 20% vesting initially on May 19, 2010. The Common Stock underlying the Options granted may be sold in compliance with Rule 144 under the Act. The term of the Options is 10 years and the exercise prices of the Options are \$7.75 (174,000 options initially issued, of which 128,000 options remain outstanding) and \$3.37 (10,000 options) separately. Each Option may be exercised to purchase one share of Common Stock. Payment for the Options may be made in cash or by exchanging shares of Common Stock at their Fair Market Value. Provided the Common Stock is then traded on the NASDAQ Capital Market, the Fair Market Value will be equal to the average of the highest and lowest registered sales prices of Company Stock on the date of exercise.

The aggregate fair value of \$397,558 at the year ended June 30, 2011 is presented as “Unearned Compensation”, comparing to \$593,027 as the year ended June 30, 2010. The Company amortized stock option expenses of \$195,469 for each of the years ended June 30, 2011 and 2010.

In connection with the initial public offering of the Company’s common stock on May 20, 2008, 139,032 warrants were issued to the underwriter as part of their compensation. Each warrant has the right to purchase one share of common stock for an exercise price of \$9.30 per share with a term of 10 years. The fair value of these warrants which was netted against the proceeds from the initial public offering, totaled, \$214,451. This estimate was based on the NASD Rule 2710 “Valuation of Non-cash Compensation”.

Following is a summary of the status of warrants outstanding and exercisable at June 30, 2011:

| Warrants Outstanding | Warrants Exercisable | Weighted Average Exercise Price | Average Remaining Contractual Life |
|----------------------|----------------------|---------------------------------|------------------------------------|
| 139,032 | 139,032 | \$ 9.30 | 7.0 years |

8. NON-CONTROLLING INTEREST

Non-controlling interest in Sino-China consists of the following:

| | June 30, | |
|---------------------------------------|--------------------|--------------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Sino-China: | | |
| Original paid-in capital | 356,400 | 356,400 |
| Additional paid-in capital | 1,044 | 1,044 |
| Accumulated other comprehensive loss | (34,390) | (29,724) |
| Accumulated deficit | (2,004,046) | (1,641,802) |
| Other adjustments | (23,559) | 4,598 |
| | (1,704,551) | (1,309,484) |
| Trans Pacific Logistics Shanghai Ltd. | 45,992 | 65,909 |
| Total | (1,658,559) | (1,243,575) |

9. COMMITMENTS AND CONTINGENCY

(a) Office leases

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The Company leases certain office premises and apartments for employees under operating leases through May 31, 2013. Future minimum lease payments under operating leases agreements were as follows:

| | Amount US\$ |
|----------------------|----------------|
| Year ending June 30, | |
| 2012 | 298,211 |
| 2013 | 117,917 |
| | 416,128 |

Rent expense for the years ended June 30, 2011 and 2010 was \$311,169 and \$314,717, respectively.

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(b) Contingency

The Labor Contract Law of the People's Republic of China requires employers to assure the liability of the severance payments if employees are terminated and have been working for the employers for at least two years prior to January 1, 2008. The employers will be liable for one month for severance pay for each year of the service provided by the employees. As of June 30, 2011, the Company has estimated its severance payments of approximately \$119,000, which has not been reflected in its consolidated financial statements, as the probability of payment is remote.

10. FINANCIAL INCOME (EXPENSES), NET

Financial income (expenses) for the years ended June 30, 2011 and June 30, 2010 are as follows:

| | For the years ended June 30, | |
|------------------------------|------------------------------|-----------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Interest income | 37,753 | 148,127 |
| Interest expense | (764) | 3,492 |
| Bank charge | (15,772) | (28,257) |
| Foreign currency translation | 177,818 | 27,270 |
| | 199,035 | 150,632 |

11. INCOME TAXES

The income tax (provision) benefit are as follows:

| | For the years ended June 30, | |
|---------------------------------|------------------------------|------------|
| | 2011 | 2010 |
| | US\$ | US\$ |
| Current | | |
| USA | 5,412 | 8,370 |
| China | - | - |
| | 5,412 | 8,370 |
| Deferred | | |
| Allowance for doubtful accounts | (12,000) | (240,000) |
| Net operating loss carryforward | 125,000 | 145,000 |
| Valuation allowance | (41,000) | - |
| Net deferred | 72,000 | (95,000) |
| Total | 77,412 | (86,630) |

As of June 30, 2011, the Company recognized deferred tax assets of \$369,000 including current deferred tax assets of \$117,000 and non-current tax assets of \$252,000. The valuation allowance increased by \$41,000 for the year ended June 30, 2011. The Company has operating loss carryforward of approximately \$264,000 which may be utilized to reduce New York State and New York City taxable income through 2031.

Income tax (provision) benefit for the years ended June 30, 2011 and 2010 varied from the amount computed by applying the statutory income tax rate to income (loss) before taxes. A reconciliation between the expected federal income tax rate using the federal statutory tax rate of 35 percent to the Company's effective income tax rate is as follows:

| | For the years ended June 30, | |
|---|------------------------------|---------|
| | 2011 | 2010 |
| | % | % |
| Expected federal income tax provision (benefit) | (35.00) | 35.00 |
| State, local tax net of federal benefit | 15.95 | 11.99 |
| Permanent difference | 0.60 | 2.45 |
| Net operating loss carry forward adjustments | 15.35 | 15.56 |
| Other | (5.87) | (2.14) |
| Total tax expense (benefit) | (8.97) | 62.86 |

12. MAJOR CUSTOMER

For each of the years ended June 30, 2011 and June 30, 2010, approximately 64% of the Company's revenues were from one customer. The Company provides services to one customer under an exclusive agency agreement that expires on December 31, 2011. At June 30, 2011, the same customer accounted for approximated 14% of the total accounts receivable balance.