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Sino-Global Shipping America, Ltd.  
Form 10-Q  
May 14, 2010

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

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2010

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

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, New York 11354  
(Address of principal executive offices and zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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 2,903,841 issued and outstanding shares of common stock and no shares of preferred stock.

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

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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 Peoples’ 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 the 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.

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. FINANCIAL INFORMATION

### Item 1. Financial Statements.

See the financial statements following the signature page of this report, which are incorporated herein by reference.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our company's financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. In this report, the terms "we," "the Company," "our company," and "our" refer to Sino-Global Shipping America, Ltd., a Virginia corporation. 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 to merge into a new corporation with the current name of 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 in China.

On November 13, 2007, we formed our wholly foreign-owned enterprise, Trans Pacific Shipping Limited ("Trans Pacific"), in Beijing, which established a 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 will enable 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-subsidary relationship. Instead, each of Trans Pacific and us has contractual arrangements with Sino-China and its shareholders that enable us to substantially control over Sino-China. See "Our Corporate Structure - Contractual Arrangements with Sino-China and its Shareholders."

On May 20, 2008, we completed an initial public offering of 1,229,032 ordinary shares at a \$7.75 offering price. Our shares started trading on the NASDAQ Capital Market the next day.

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. We expect that Sino-Global HK will become our control and management center for southern Chinese ports and will enable 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 Forbes, the Company is able to provide general shipping agency services to all ports in India.

Following the initial public offering, our Board authorized a stock repurchase program under which we may repurchase up to 10% of our outstanding common stock for a period of 12 months, which began October 9, 2008. In September 2009, our Board approved to extend the stock repurchase program for another six months ended April 2010. As of March 31, 2010, we repurchased 121,191 shares of our common stock from the open market at an average price of \$2.96 per share including trading expenses. The total cost of stock repurchase through March 31, 2010 was \$358,356. Since March 31, we have repurchased an additional 4,000 shares.

### Revenues

For the nine months and three months ended March 31, 2010, our total revenues amounted to approximately \$18.90 million and \$6.02 million, representing a 46.97% and 83.26% increase from our total revenues for the same periods in 2009. We expect our top line growth will continue along with the economy recovery in China and around the world.

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. 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.

### 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 decreased as a percentage of total revenues for



the nine months and three months ended March 31, 2010 mainly due to our tightened budget control over general and administrative expenses. The following table sets forth the components of our company's costs and expenses for the periods indicated.

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|                                    | For the nine months ended March 31, |          |              |          |             |          |
|------------------------------------|-------------------------------------|----------|--------------|----------|-------------|----------|
|                                    | 2010                                |          | 2009         |          | Change      |          |
|                                    | US\$                                | %        | US\$         | %        | US\$        | %        |
| Revenues                           | 18,898,243                          | 100.00   | 12,858,734   | 100.00   | 6,039,509   | 46.97    |
| <b>Costs and expenses</b>          |                                     |          |              |          |             |          |
| Costs of revenues                  | (16,498,129)                        | (87.30)  | (11,053,105) | (85.96)  | (5,445,024) | 49.26    |
| General and administrative expense | (2,796,520)                         | (14.80)  | (3,048,188)  | (23.71)  | 251,668     | (8.26)   |
| Selling expense                    | (121,767)                           | (0.64)   | (337,977)    | (2.63)   | 216,210     | (63.97)  |
| Other income (expense)             | 90,803                              | 0.48     | (66,132)     | (0.51)   | 156,935     | (237.31) |
|                                    | (19,325,613)                        | (102.26) | (14,505,402) | (112.81) | (4,820,211) | 33.23    |

|                                    | For the three months ended March 31, |          |             |          |             |          |
|------------------------------------|--------------------------------------|----------|-------------|----------|-------------|----------|
|                                    | 2010                                 |          | 2009        |          | Change      |          |
|                                    | US\$                                 | %        | US\$        | %        | US\$        | %        |
| Revenues                           | 6,021,192                            | 100.00   | 3,285,539   | 100.00   | 2,735,653   | 83.26    |
| <b>Costs and expenses</b>          |                                      |          |             |          |             |          |
| Costs of revenues                  | (5,201,561)                          | (86.39)  | (2,490,591) | (75.80)  | (2,710,970) | 108.85   |
| General and administrative expense | (1,000,426)                          | (16.62)  | (874,732)   | (26.62)  | (125,694)   | 14.37    |
| Selling expense                    | (38,468)                             | (0.64)   | (101,289)   | (3.08)   | 62,821      | (62.02)  |
| Other income (expense)             | 83,295                               | 1.38     | (64,872)    | (1.97)   | 148,167     | (228.40) |
|                                    | (6,157,160)                          | (102.27) | (3,531,484) | (107.47) | (2,625,676) | 74.35    |

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. We receive revenues from our clients in U.S. dollars and pay the costs of revenues to the Chinese local port agents in RMB. As such, the costs of services 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 the public holidays. Our costs of revenues as a percentage of our total revenues, slightly increased from 85.96% to 87.30% and from 75.80% to 86.39% for the nine months and three months ended March 31 2010 and 2009, respectively. The percentage of our costs to total revenues increased for the three months ended March 31, 2010, because our revenues from maintenance services provided for ship owners (“Owners’ Matters”), which generates higher profit margin, significantly reduced. The exchange rate of U.S. dollars against the Chinese RMB was relatively stable during the period.

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. For the nine months and three months ended March 31, 2010, our general and administrative expenses as a percentage of our total revenues decreased from 23.71% to 14.80% and from 26.62% to 16.62% respectively, compared to the same periods ended March 31, 2009. Our budget control efforts appear effective in improving our operating results, although we still incurred large expenses on our business expansion and company public listing expenses.



Selling Expenses. Our selling expenses primarily consist of commissions and traveling expenses for our operating staff to the ports at which we provide services. Our selling expenses decreased in both absolute amount and as a percentage of our total net revenues for the nine months and three months ended March 31, 2010. We effectively control the selling budgets.

#### Critical Accounting Policies

We prepare the condensed 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 condensed 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 are signed with a term 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. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Accounts Receivable.”

#### Consolidation of Variable Interest Entities

Sino-China is considered to be a 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 wholly foreign-owned subsidiary 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 condensed 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 subtracted 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 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 \$30,707 for the nine months and three months ended March 31, 2010.

### 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. We have determined that an allowance of \$763,640 was required at March 31, 2010, compared to an estimate of \$723,640 at June 30, 2009.

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. We have determined that there was no

impairment of property and equipment for the nine months ended March 31, 2010.

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### 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 condensed 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. Resulting translation adjustments are recorded as other comprehensive income (loss) and accumulated as a separate component of equity included in non-controlling interest.

### 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.

We use 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. We 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. As of March 31, 2010, we recognized deferred tax assets of \$387,000 including current deferred tax assets of \$326,000 and non-current tax assets of \$61,000. We have determined that no valuation allowance for deferred tax assets should be provided because it is more likely than not that we will be able to utilize these deferred tax assets in the near future.

### 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%.

### PRC Business Tax

Revenues from services provided by Sino-China are subject to PRC business tax of 5% and additional surcharges of 0.5%. We pay business tax on gross revenues generated from our shipping agency services minus the costs of services, which are paid on behalf of our customers.

### 2010 Trends

Our revenues increased 46.97% for the nine months ended March 31, 2010, including growth rates of 22.48% for the first quarter ended September 30, 2009, 48.22% for the second quarter ended December 31, 2009 and 83.26% for the third quarter ended March 31, 2010. We renewed the agency service agreement with Beijing Shou Rong, our largest



customer, which accounted for 64% of our revenues for the nine months of fiscal year of 2010. The agency service agreement is renewable and will expire on December 31, 2011. We expect that this renewed agreement is likely to enable our revenues to continue to grow in line with the increased demand for iron ore in China. We have been marketing our business to other potential clients and looking for opportunities in other areas in shipping and logistic industries.

We have incurred losses for the last nine quarters. The world financial crisis has negatively affected our operations particularly because, in addition to the fact that fewer shipments have occurred during the crisis, we receive most of our revenues in U.S. dollars and pay most of our expenses in Chinese Renminbi. As a result, we have faced increased costs of revenues, due to the devaluation of USD against RMB over the last several years. This devaluation has slowed in recent periods and is currently relatively stable. While our general and administrative expenses are significantly higher than their pre-IPO levels as a result of our business expansion and our company's public listing, we have reduced these amounts for the nine months ended March 31, 2010 compared to the same period in 2009. In the first nine months of the 2010 fiscal year, we concentrated on budget cuts with the combined effort in business promotion. By contrast, the three months period ended March 31, 2010, the Company experienced increased general and administrative expenses over the same period in 2009, as we incurred new expenses in connection with the establishment of Trans Pacific Shanghai and efforts to grow the operations of Sino-Global AUS.

### 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.

#### Nine Months Ended March 31, 2010 Compared to Nine Months Ended March 31, 2009

**Revenues.** Our total revenues increased by 46.97% from \$12,858,734 for the nine months ended March 31, 2009 to \$18,898,243 in the comparable nine months in 2010. The number of ships that generated revenues for us increased from 155 in the first nine months of 2009 fiscal year, to 200 in the first nine months in 2010 fiscal year, representing an increase of 29.03%.

**Total Operating Costs and Expenses.** Our total operating costs and expenses increased by 33.23% from \$14,505,402 for the nine months ended March 31, 2009 to \$19,325,613 for the nine months ended March 31, 2010. This increase was primarily due to increases in our costs of revenues, offset by the decrease of our general and administrative expenses and selling expenses.

**Cost of Revenues.** Our cost of revenues increased by 49.26% from \$11,053,105 for the nine months ended March 31, 2009 to \$16,498,129 for the nine months ended March 31, 2010. Costs of revenues increased more rapidly than revenues, resulting in a lower gross margin, which was 14.04% and 12.70% for the comparative nine months in 2009 and 2010, respectively. As mentioned above, our higher margin revenues from Owners' Matters significantly reduced in the third quarter of 2010 compared to the third quarter of 2009, resulting in the decreased gross margin. We managed to achieve the reasonably higher gross margin through cost control even though the foreign exchange rate of Chinese currency against the U.S. dollar decreased from RMB6.8377 to \$1.00 for the nine months ended March 31, 2009 to RMB6.8286 to \$1.00 for the nine months ended March 31, 2010.

**General and Administrative Expenses.** Our general and administrative expenses decreased by 8.26% from \$3,048,188 for the first nine months of fiscal year 2009 to \$2,796,520 for the nine months of 2010. Our general and administrative expenses reduced mainly because of (1) the decrease of \$99,908 in travel, car and related expenses and (2) the reduced expenses of \$246,366 in office rent and supplies. This was offset by the increase in expenses of being a publicly listed company. We spent \$85,238 more in Sarbanes-Oxley Section 404(b) compliance for the nine months ended March 31, 2010, compared to the same period in 2009.

**Selling Expenses.** Our selling expenses decreased by 63.97% from \$337,977 to \$121,767 for the nine months ended March 31, 2009 and 2010 respectively, due to our tightened budget in business promotion and travel expenses.



**Operating Profit (Loss).** We had an operating loss of \$427,370 for the nine months ended March 31, 2010, compared to an operating loss of \$1,646,668 for the comparable nine months in 2009. We significantly decreased our operating losses through our efforts in reducing general and administrative expenses and selling expenses.

**Financial Income (expense), Net.** Our net financial income was \$193,757 for the nine months ended March 31, 2010, compared to our net financial expense of \$83,679 for the nine months ended March 31, 2009. Our financial income is largely generated by interest income from cash in banks and offset by the foreign exchange gains.

**Taxation.** Our income tax provision was \$414,151 for the nine months ended March 31, 2010, compared to \$227,768 for the nine months ended March 31, 2009. The 2010 provision includes estimated U.S. current income tax expenses of \$442,151 offset by a deferred U.S. tax benefit of \$28,000. We are not required to provide for income taxes in China until we generate net income.

**Net Income (loss).** As a result of the foregoing, we had a net loss of \$672,619 for the nine months ended March 31, 2010, compared to a net loss of \$1,958,115 for the nine months ended March 31, 2009. After deduction of non-controlling interest in loss of \$710,430, net income attributable to Sino-Global Shipping America, Ltd. was \$37,811 for the nine months ended March 31, 2010, compared to net loss attributable to Sino-Global Shipping America, Ltd. of \$1,430,618 for the nine months ended March 31, 2009.

#### Three Months Ended March 31, 2010 Compared to Three Months Ended March 31, 2009

**Revenues.** Our total revenues increased by 83.26% from \$3,285,539 for the three months ended March 31, 2009 to \$6,021,192 in the three months ended March 31, 2010. The number of ships that generated revenues for us was 47 and 66 for the three months ended March 31, 2009 and 2010 respectively, representing an increase of 40.43%.

**Total Operating Costs and Expenses.** Our total operating costs and expenses increased by 74.35% from \$3,531,484 for the three months ended March 31, 2009 to \$6,157,160 for the three months ended March 31, 2010. This increase was primarily due to increases in our costs of services, offset by the decrease of our general and administrative expenses and selling expenses. Our efforts in controlling such expenses resulted in total operating costs and expenses increasing more slowly than revenues.

**Cost of Revenues.** Our cost of revenues increased by 108.85% from \$2,490,591 for the three months ended March 31, 2009 to \$5,201,561 for the three months ended March 31, 2010. Costs of revenues increased more rapidly than revenues increased, resulting in a lower gross margin, which was 24.20% and 13.61% for the comparative three months ended March 31, 2009 and 2010, respectively. As mentioned above, our higher margin revenues from Owners' Matters were significantly reduced in the third quarter of 2010 compared to the third quarter of 2009, resulting in the decreased gross margin. The foreign exchange rate of Chinese currency against the U.S. dollar was relatively stable during the period. The average foreign exchange rate increased from RMB6.8363 to \$1.00 for the three months ended March 31, 2009 to RMB6.8275 to \$1.00 for the three months ended March 31, 2010.

**General and Administrative Expenses.** Our general and administrative expenses increased by 14.37% from \$874,732 for the three months ended March 31, 2009 to \$1,000,426 for the three months ended March 31, 2010. Our general and administrative expenses increased mainly because of (1) the decrease of personnel expenses of \$105,230, (2) the increased expenses in public listing and Sarbanes-Oxley compliance of \$90,873, (3) the increase of \$54,000 in setting up operations for Trans Pacific Shanghai and (4) the increase of \$50,000 in travel expenses for Sino-Global AUS.

**Selling Expenses.** Our selling expenses decreased by 62.02% from \$101,289 for the three months ended March 31, 2009 to \$38,468 for the three months ended March 31, 2010 due to our efforts to tighten our budget for business

promotion and travel expenses.

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Operating Profit (Loss). We had an operating loss of \$135,968 for the three months ended March 31, 2010, compared to operating loss of \$245,945 for the comparable three months in 2009. We decreased our operating losses through our efforts in controlling general and administrative expenses and selling expenses.

Financial Income (expense), Net. Our net financial income was \$7,997 for the three months ended March 31, 2010, compared to our net financial expense of \$9,126 for the three months ended March 31, 2009. Our financial income is largely generated by interest income from cash in banks and offset by the foreign exchange losses recognized in the financial statement consolidation.

Taxation. Our income tax provision was \$121,000 for the three months ended March 31, 2010, compared to \$1,472 for the three months ended March 31, 2009. This includes estimated U.S. current income tax expenses of \$140,000 offset by a deferred U.S. tax benefit of \$19,000. We are not required to provide for income taxes in China until we generate net income. For further details, see Note 8 of the condensed consolidated financial statements.

Net Income (loss). As a result of the foregoing, we had net losses of \$268,201 for the three months ended March 31, 2010, compared to net losses of \$256,543 for the three months ended March 31, 2009. After deduction of non-controlling interest in loss, net loss attributable to Sino-Global Shipping America, Ltd. was \$23,249 for the three months ended March 31, 2010, compared to net losses attributable to Sino-Global Shipping America, Ltd. of \$99,039 for the three months ended March 31, 2009.

#### 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.

##### Operating Activities

Our sales continued to increase. For the nine months ended March 31, 2010, our net cash used in operating activities was \$1,887,237, compared to net cash used in operating activities of \$1,907,604 for the comparable nine months in 2009. The slight improvement is mainly attributable to (1) the increase of advance to suppliers of \$1,187,334, (2) the decrease in accounts receivable and other receivables of \$550,073, (3) the decrease in other liabilities of \$542,379 and (4) an adjustment for loss from our new equity investment of \$30,707. This is mitigated by an increase of accounts payable of \$814,933.

##### Investing Activities

Net cash used in investing activities was \$329,015 for the nine months ended March 31, 2010, compared to net cash used in investing activities of \$150,313 for the nine months ended March 31, 2009. Trans Pacific, our wholly owned subsidiary in China, invested \$290,045 to acquire a 40% interest of Sino-Global Shipping Agency Development Limited.

##### Financing Activities

Net cash used in financing activities was \$4,584, caused by spending \$72,454 on repurchasing 21,191 shares of our outstanding common stock from the open market during the nine months ended March 31, 2010. This cost was offset by a \$67,870 increase in non-controlling interest in our majority-owned subsidiary of Trans Pacific Shanghai.



We believe that our 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 through December 31, 2011. Below is a summary of our company's contractual obligations and commitments as of March 31, 2010:

|                                | Payment Due by Period |                  |           |                   |
|--------------------------------|-----------------------|------------------|-----------|-------------------|
|                                | Total                 | Less than 1 year | 1-3 years | More than 3 years |
| <b>Contractual Obligations</b> |                       |                  |           |                   |
| Operating leases               | \$ 254,349            | \$ 210,078       | \$ 44,271 | \$ —              |

The Labor Contract Law of the PRC, effective as of January 1, 2008, 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 March 31, 2010, our company has estimated its severance payments to be approximately \$92,000, 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.

## Recent Accounting Pronouncements

The Emerging Issues Task Force issued "Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary", which is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. The consensus shall be applied to outstanding instruments as of the beginning of the fiscal year in which this Issue is initially applied. The fair value of an outstanding instrument that was previously classified as an asset or liability shall become its net carrying amount at that date (that is, its current fair value). The net carrying amount shall be reclassified to non-controlling interest. Gains or losses recorded during the period that the instrument was classified as an asset or liability shall not be reversed. The adoption of this pronouncement did not have a material impact in the Company's consolidated financial statements.

In April 2010, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-13. This Update addresses the classification of a share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. Topic 718 is amended to clarify that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades shall not be considered to contain a market, performance, or service condition. Therefore, such an award is not to be classified as a liability if it otherwise qualifies as equity classification. The adoption of this pronouncement did not have a material impact in the Company's consolidated financial statements.

In January 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-06, "Improving Disclosures about Fair Value Measurements" (the "Update"). The Update provides amendments to FASB Accounting Standards Codification ("ASC") 820-10 that require entities to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. In addition the Update requires the entities to present separately information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). The disclosures related to Level 1 and Level 2 fair value measurements are effective for the Company in 2010 and the disclosures related to Level 3 fair value measurements are effective for the Company in 2011. The new disclosure requirements apply to interim and annual reporting periods beginning after December 15, 2009, with one exception: The new rules regarding purchases, sales, issuances and settlements associated with Level 3 measurements will be effective for fiscal year beginning after December 15, 2010, and for the interim periods with those fiscal years. The Update requires new disclosures only, and will have no impact on our consolidated financial position, results of operations, or cash flow.

In June 2009 the FASB issued an amendment to ASC 810-10. This amendment requires an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct the activities of a VIE that most significantly effect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. ASC 810-10, as amended, requires an ongoing reconsideration of the primary beneficiary, and amends the events that trigger a reassessment of whether an entity is a VIE. This statement is effective as of the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. Retrospective application is optional. We are currently evaluating the effects, if any, that ASC 810-10 will have on the Company's consolidated financial statements.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.



Item 4/4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Company maintains a system of controls and procedures designed to provide reasonable assurance as to the reliability of the financial statements and other disclosures included in this report, as well as to safeguard assets from unauthorized use or disposition. For the purpose of improving management efficiency and effectiveness, the Company has completed a major part of the implementation of a new accounting and management information system using SAP Business One software. Our company is currently utilizing this new system.

As of March 31, 2010, 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 our Company's periodic Securities and Exchange Commission filings.

Changes in Internal Control over Financial Reporting

There were no changes in our company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) during the three months or nine months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors.

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

|     |      |
|-----|------|
| (a) | None |
|-----|------|

(b) The annual report filed on September 22, 2009 for the fiscal year ended June 30, 2009 (SEC Accession No. 0001144204-09-049470) is incorporated herein by reference, subject to the replacement of the table under Item 5 thereof with the following table showing the use of proceeds from our initial public offering.

| Description of Use   | Proposed Expenditure Amount | Actual Expenditures through March 31, 2010 |
|--|-----------------------------|--|
| Organization of our company and creation of contractual arrangements among our company, Sino-China and Trans Pacific | \$ 100,000                  | \$ 103,526                                 |
| Business expansion in 15 to 35 main ports in China   | 5,930,941                   | 1,102,791                                  |
| Sarbanes-Oxley compliance  | 500,000                     | 139,621                                    |
| Marketing of company across China, United States and internationally   | 244,621                     | 557,502                                    |
| Develop information exchange system  | 400,000                     | 104,619                                    |
| Train staff  | 163,081                     | 83,325                                     |
| Fixed asset purchase   | 407,702                     | 396,624                                    |
| Miscellaneous expenses   | 407,702                     | 366,600                                    |
| Stock repurchases  | —                           | 358,356                                    |
| <b>Total</b>   | <b>\$ 8,154,047</b>         | <b>\$ 3,212,966</b>                        |

(c) Our company repurchased 1,505 shares of our outstanding common stock from the open market during the three months ended March 31, 2010. The Company repurchased 1,400 shares in January 2010 and 105 shares in February 2010. From commencement of the repurchase plan through the date of this filing, our company has repurchased 125,191 shares of common stock, including 4,000 shares after March 31, 2010.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. [Reserved]

### Item 5. Other Information

None.

### Item 6. Exhibits

The following exhibits 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 Registrant 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 Registrant, 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 Registrant and Beijing Shou Rong Forwarding Service Co., Ltd.(2)

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- 10.9 Lease Agreement dated December 8, 2009.(3)
- 13.1 Annual report of our company on Form 10-K for the year ended June 30, 2010.(4)
- 14.1 Code of Ethics of our company.(5)
- 21.1 List of subsidiaries of our company.(4)
- 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.(6)
- 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.(6)
- 32.1 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(6)
- 32.2 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(6)

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- (1) Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-148611.
  - (2) Incorporated by reference to our company's Form 8-K filed on January 15, 2010, File No. 001-34024.
  - (3) Incorporated by reference to our company's Form 8-K filed on February 8, 2010, File No. 001-34024.
  - (4) Incorporated by reference to our company's Form 10-K filed on September 22, 2009, File No. 001-34024.
  - (5) Incorporated by reference to our company's Form 10-KSB filed on September 29, 2008, File No. 001-34024.
  - (6) Filed herewith.

SIGNATURES

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

SINO-GLOBAL SHIPPING AMERICA, LTD.

May 14, 2010

By: /s/ Zhang Mingwei  
Zhang Mingwei  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

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## SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE

## CONDENSED CONSOLIDATED BALANCE SHEETS

|   | March 31,<br>2010<br>US\$<br>(Unaudited) | June 30,<br>2009<br>US\$ |
|---|--|--------------------------|
| <b>Assets</b>   |  |                          |
| <b>Current assets</b>   |  |                          |
| Cash and cash equivalents   | 5,063,823                                | 7,259,654                |
| Advances to suppliers   | 1,196,159                                | 8,825                    |
| Accounts receivable, less allowance for doubtful accounts of \$763,640 and \$723,640 as of March 31, 2010 and June 30, 2009 | 3,200,227                                | 2,894,750                |
| Other receivables   | 226,681                                  | 22,085                   |
| Prepaid expenses and other current assets   | 77,087                                   | 58,516                   |
| Prepaid taxes   | 87,452                                   | 35,305                   |
| Employee loans receivable   | 16,640                                   | 16,627                   |
| Income tax receivable   | 34,445                                   | 105,092                  |
| Deferred tax assets   | 326,000                                  | 333,000                  |
| <b>Total current assets</b>   | <b>10,228,514</b>                        | <b>10,733,854</b>        |
| Property and equipment, net   | 816,834                                  | 972,931                  |
| Security deposits   | 36,084                                   | 56,885                   |
| Employee loans receivable less current portion  | 56,080                                   | 68,504                   |
| Deferred tax assets   | 61,000                                   | 26,000                   |
| Equity investment   | 259,338                                  | -                        |
| Other assets  | -  | 766                      |
| <b>Total Assets</b>   | <b>11,457,850</b>                        | <b>11,858,940</b>        |
| <b>Liabilities and Shareholders' Equity</b>   |  |                          |
| <b>Current liabilities</b>  |  |                          |
| Advances from customers   | 703,586                                  | 686,588                  |
| Accounts payable  | 3,839,037                                | 3,024,104                |
| Accrued expenses  | 70,305                                   | 145,857                  |
| Income taxes payable  | 77,067                                   | -                        |
| Other current liabilities   | 77,422                                   | 619,801                  |
| <b>Total Current Liabilities</b>  | <b>4,767,417</b>                         | <b>4,476,350</b>         |
| <b>Total Liabilities</b>  | <b>4,767,417</b>                         | <b>4,476,350</b>         |
| <b>Shareholders' equity</b>   |  |                          |
| Preferred stock, 1,000,000 shares authorized, no par value  | -  | -                        |
| Common stock, 10,000,000 shares authorized, no par value; 3,029,032 shares issued   | 7,709,745                                | 7,709,745                |
| Additional paid-in capital  | 1,158,696                                | 1,158,696                |
| Treasury stock, at cost   | (358,356)                                | (285,902)                |
| Retained earnings   | 149,137                                  | 111,326                  |

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|  |             |            |
|--|-------------|------------|
| Accumulated other comprehensive loss                         | (27,469)    | (13,399)   |
| Unearned Compensation  | (755,396)   | (755,396)  |
| Total Sino-Global Shipping America Ltd. Shareholders' equity | 7,876,357   | 7,925,070  |
| Non-Controlling interest                                     | (1,185,924) | (542,480)  |
| Total shareholders' equity                                   | 6,690,433   | 7,382,590  |
| Total Liabilities and Shareholders' Equity                   | 11,457,850  | 11,858,940 |

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

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SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

|  | For the nine months ended<br>March 31, |              | For the three months ended<br>March 31, |              |
|--|--|--------------|---|--------------|
|  | 2010<br>US\$                           | 2009<br>US\$ | 2010<br>US\$                            | 2009<br>US\$ |
| Revenues   | 18,898,243                             | 12,858,734   | 6,021,192                               | 3,285,539    |
| <b>Costs and expenses</b>  |  |              |   |              |
| Cost of revenues   | (16,498,129)                           | (11,053,105) | (5,201,561)                             | (2,490,591)  |
| General and administrative expense   | (2,796,520)                            | (3,048,188)  | (1,000,426)                             | (874,732)    |
| Selling expense  | (121,767)                              | (337,977)    | (38,468)                                | (101,289)    |
| Other income (expense)   | 90,803                                 | (66,132)     | 83,295                                  | (64,872)     |
|  | (19,325,613)                           | (14,505,402) | (6,157,160)                             | (3,531,484)  |
| <b>Operating Loss</b>  | (427,370)                              | (1,646,668)  | (135,968)                               | (245,945)    |
| Financial income (expense), net  | 193,757                                | (83,679)     | 7,997                                   | (9,126)      |
| Non-operating revenue  | 17,598                                 | -            | 15,333                                  | -            |
| Non-operating costs  | (11,746)                               | -            | (3,856)                                 | -            |
| Loss from equity investment  | (30,707)                               | -            | (30,707)                                | -            |
|  | 168,902                                | (83,679)     | (11,233)                                | (9,126)      |
| <b>Net loss before provision for income taxes</b>                          | (258,468)                              | (1,730,347)  | (147,201)                               | (255,071)    |
| Income taxes   | (414,151)                              | (227,768)    | (121,000)                               | (1,472)      |
| <b>Net loss</b>  | (672,619)                              | (1,958,115)  | (268,201)                               | (256,543)    |
| Non-controlling interest in loss   | (710,430)                              | (527,497)    | (244,952)                               | (157,504)    |
| <b>Net income (loss) attributable to Sino-Global Shipping America Ltd.</b> | 37,811                                 | (1,430,618)  | (23,249)                                | (99,039)     |
| <b>Earnings (loss) per share</b>   |  |              |   |              |
| -Basic   | 0.013                                  | (0.48)       | (0.01)                                  | (0.03)       |
| -Diluted   | 0.012                                  | (0.48)       | (0.01)                                  | (0.03)       |
| <b>Weighted average number of common shares</b>                            |  |              |   |              |
| -Basic   | 2,917,337                              | 2,990,652    | 2,907,995                               | 2,970,723    |
| -Diluted   | 3,194,369                              | 2,990,652    | 2,907,995                               | 2,970,723    |

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

SINO-GLOBAL SHIPPING AMERICA LTD. AND AFFILIATE  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|   | For the nine months ended |                    |
|---|---------------------------|--------------------|
|   | March 31,                 |                    |
|   | 2010                      | 2009               |
|   | US\$                      | US\$               |
| <b>Operating Activities</b>   |                           |                    |
| Net loss  | (672,619)                 | (1,958,115)        |
| Adjustment to reconcile net loss to net cash used in operating activities |                           |                    |
| Depreciation  | 155,108                   | 143,352            |
| Provision for doubtful accounts   | 40,000                    | 96,674             |
| Deferred tax benefit  | (28,000)                  | -                  |
| Loss from equity investment   | 30,707                    |                    |
| <b>Changes in assets and liabilities</b>                                  |                           |                    |
| Decrease (Increase) in advances to supplier                               | (1,187,334)               | 76,571             |
| Increase in accounts receivable   | (345,477)                 | (1,795,919)        |
| Decrease (Increase) in other receivables                                  | (204,596)                 | 124,401            |
| Increase in prepaid expense and other current assets                      | (18,571)                  | (14,885)           |
| Increase in prepaid tax   | (52,147)                  | (45,320)           |
| Decrease in employee loan receivables                                     | 12,411                    | -                  |
| Decrease in income tax receivables  | 70,647                    | -                  |
| Decrease Increase in security deposits                                    | 20,801                    | 35,335             |
| Decrease (Increase) in long-term prepaid expenses                         | 766                       | (760)              |
| Increase (Decrease) in advances from customers                            | 16,998                    | (467,154)          |
| Increase in accounts payable  | 814,933                   | 2,040,178          |
| Increase (Decrease) in accrued expenses                                   | (75,552)                  | 25,004             |
| Increase (Decrease) in income taxes payable                               | 77,067                    | (167,651)          |
| Increase (Decrease) in other current liabilities                          | (542,379)                 | 684                |
| <b>Net cash used in operating activities</b>                              | <b>(1,887,237)</b>        | <b>(1,907,605)</b> |
| <b>Investing Activities</b>   |                           |                    |
| Capital expenditures and other additions                                  | (38,970)                  | (150,313)          |
| Equity investment   | (290,045)                 | -                  |
| <b>Net cash used in investing activities</b>                              | <b>(329,015)</b>          | <b>(150,313)</b>   |
| <b>Financing Activities</b>   |                           |                    |
| Payments of long-term debt  | -                         | (23,604)           |
| Payments for treasury stock   | (72,454)                  | (189,966)          |
| Increase in noncontrolling interest in majority-owned susidiary           | 67,870                    | -                  |
| <b>Net cash used in financing activities</b>                              | <b>(4,584)</b>            | <b>(213,570)</b>   |

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|   |             |             |
|---|-------------|-------------|
| Effect of exchange rate fluctuations on cash and cash equivalents | 25,005      | 6,918       |
| Net decrease in cash and cash equivalents                         | (2,195,831) | (2,264,570) |
| Cash and cash equivalents at beginning of period                  | 7,259,654   | 9,603,250   |
| Cash and cash equivalents at end of period                        | 5,063,823   | 7,338,680   |
| Supplemental information  |             |             |
| Interest paid   | -           | 5           |
| Income taxes paid   | 274,500     | 392,969     |

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

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SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

Sino-Global Shipping America, Ltd. (the “Company”), previously known as Sino-Global-Shipping (America) Ltd., was incorporated under section 402 of the Business Corporation Laws of the United States of America in New York on February 2, 2001.

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”), in Beijing, which established a subsidiary in Shanghai, which provides freight forwarder services. Trans Pacific invested in another subsidiary, Sino-Global Shipping Agency Development Co., Ltd. on November 2, 2009 in Beijing. Trans Pacific owns 40% of Sino-Global Shipping Agency Development Co., Ltd.

Trans Pacific and Sino-China do not have a parent-subsiidiary relationship. Instead, Trans Pacific operates with Sino-China through a variety of contractual agreements as described in Note 2(a).

With a purpose of building up an international shipping agency service network, the Company formed a wholly-owned subsidiary, Sino-Global Shipping Australia Pty Ltd. (“Sino-Global AUS”) in Australia on July 3, 2008, which signed an agreement with Monson Agencies Australia (“Monson”), one of the largest shipping agency service providers in Australia. Through Monson, the Company is able to provide general shipping agency services to all ports in Australia.

The Company established a wholly-owned subsidiary, Sino-Global Shipping (HK) Limited (“Sino-Global HK”) on September 22, 2008. Sino-Global HK becomes Sino-Global's control and management center for southern Chinese ports and will enable 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 and one of the largest shipping and logistic service providers in India. Through Forbes, the Company is able to provide general shipping agency services to all ports in India.

The Company through Trans Pacific acquired a 90% interest in Trans Pacific Logistics Shanghai, Ltd., which provides freight forwarder services in Shanghai. On November 6, 2009, the Company through Trans Pacific acquired a 40% interest in Sino-Global Shipping Agency Development Co., Ltd. in Beijing.

The Company is listed on the Nasdaq Capital Market as a result of its Initial Public Offering (IPO) on May 20, 2008.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of presentation

The accompanying condensed 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.

Sino-China is considered a variable interest entity (“VIE”), and the Company is the primary beneficiary. On November 14, 2007, 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 condensed 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 as discussed above as though the 2007 agreements were in effect from the inception of Sino-China, 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.

### (b) Fair Value of Financial Instruments

The carrying amounts reported in the condensed consolidated financial statements for current assets and current liabilities approximate fair value due to the short-term nature of these financial instruments.

### (c) Use of Estimates

The preparation of the condensed 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 condensed 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.

(d) 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 US dollars (“\$”) while Sino-China reports its financial position and results of operations in Renminbi (“RMB”). The accompanying condensed 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 condensed 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 shareholders’ equity of the Company and also included in Non-controlling interest.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise 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.

(f) 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.

## (g) 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 \$30,707 for the nine months and three months ended March 31, 2010.

Summarized financial information for Development Co is as follows:

## Condensed Balance Sheet

|  | As of March 31, 2010<br>US\$ |
|--|------------------------------|
| Current Assets                             | 157,424                      |
| Noncurrent Assets                          | 72,167                       |
| Total Assets                               | 229,591                      |
| Current liabilities                        | 13,399                       |
| Noncurrent liabilities                     | -                            |
| Total Liabilities                          | 13,399                       |
| Shareholders' equity                       | 216,192                      |
| Total Liabilities and shareholders' equity | 229,591                      |

## Results of Operations

|                     | For the three and nine months<br>ended March 31, 2010<br>US\$ |
|---------------------|---|
| Net Sales           | -   |
| Costs of goods sold | -   |
| Gross profit        | -   |
| Operating loss      | (76,766)  |
| Net loss            | (76,766)  |

## (h) 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.

In accordance with ASC 405-45, 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.

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(i) 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 collectibility of individual balances. In evaluating the collectibility 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. Because of the worldwide financial crisis, the Company has difficulties in collecting cash from some of its customers. In accordance with the accounting policies, management has determined that an allowance of \$763,460 and \$723,640 was required at March 31, 2010 and June 30, 2009, respectively. Accounts are written off after exhaustive efforts at collection.

(j) 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 bases of assets and liabilities and their reported amounts in the condensed consolidated financial statements.

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.

Income tax returns for the year prior to 2005 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. Sino-China and Trans Pacific are registered in PRC and governed by the Enterprise Income Tax Laws of the PRC. Their taxable incomes were subject to an enterprise income tax rate of 25% in accordance with the amendment of the Enterprise Income Tax Law of the PRC that became effective on January 1, 2008.

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 has complied with ASC 405-50 and reports its revenues net of PRC's business tax and surcharges for all the periods presented in the condensed consolidated statements of operations.

(k) Earnings (loss) per share

Earnings (loss) per share is calculated in accordance with ASC 260-10, "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-dilutive.

The following table reconciles weighted average common shares outstanding with denominator used in the calculation of diluted per share information for the nine months ended March 31, 2010:

Denominator:

|   |           |
|---|-----------|
| Weighted average common shares outstanding                    | 2,917,337 |
| Dilutive effect of stock options and warrants                 | 277,032   |
| Weighted average common shares outstanding, assuming dilution | 3,194,369 |

(l) Recent Accounting Pronouncements

The Emerging Issues Task Force issued "Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary", which is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. The consensus shall be applied to outstanding instruments as of the beginning of the fiscal year in which this Issue is initially applied. The fair value of an outstanding instrument that was previously classified as an asset or liability shall become its net carrying amount at that date (that is, its current fair value). The net carrying amount shall be reclassified to non-controlling interest. Gains or losses recorded during the period that the instrument was classified as an asset or liability shall not be reversed. The adoption of this pronouncement did not have a material impact in the Company's consolidated financial statements.

In April 2010, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-13. This Update addresses the classification of a share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. Topic 718 is amended to clarify that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades shall not be considered to contain a market, performance, or service condition. Therefore, such an award is not to be classified as a liability if it otherwise qualifies as equity classification. The adoption of this pronouncement did not have a material impact in the Company's consolidated

financial statements.

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In January 2010, the FASB issued Accounting Standards Update (“ASU”) No. 2010-06, “Improving Disclosures about Fair Value Measurements” (the “Update”). The Update provides amendments to FASB Accounting Standards Codification (“ASC”) 820-10 that require entities to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. In addition the Update requires the entities to present separately information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). The disclosures related to Level 1 and Level 2 fair value measurements are effective for the Company in 2010 and the disclosures related to Level 3 fair value measurements are effective for the Company in 2011. The new disclosure requirements apply to interim and annual reporting periods beginning after December 15, 2009, with one exception: The new rules regarding purchases, sales, issuances and settlements associated with Level 3 measurements will be effective for fiscal year beginning after December 15, 2010, and for the interim periods with those fiscal years. The Update requires new disclosures only, and will have no impact on our consolidated financial position, results of operations, or cash flow.

In June 2009 the FASB issued an amendment to ASC 810-10. This amendment requires an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct the activities of a VIE that most significantly effect the entity’s economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. ASC 810-10, as amended, requires an ongoing reconsideration of the primary beneficiary, and amends the events that trigger a reassessment of whether an entity is a VIE. This statement is effective as of the beginning of a reporting entity’s first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. Retrospective application is optional. We are currently evaluating the effects, if any, that ASC 810-10 will have on the Company’s consolidated financial statements.

### 3. EMPLOYEE LOANS RECEIVABLE

The employee loans receivable represent receivables from employees other than executive officers for three automobiles sold to these employees during the fiscal year ended June 30, 2009. 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.

Employee loans receivable consist of the following:

|   | March 31,<br>2010<br>US\$<br>(Unaudited) | June 30,<br>2009<br>US\$ |
|---|--|--------------------------|
| Loans to employees, secured by their personal assets, receivable in monthly installments of approximately \$1,386 bearing no interest through August 2014 | 72,720                                   | 85,131                   |
| Less : Current maturities   | (16,640)                                 | (16,627)                 |
|   | 56,080                                   | 68,504                   |

#### 4. PROPERTY AND EQUIPMENT

Property and equipment are as follows:

|  | March 31,<br>2010<br>US\$<br>(Unaudited) | June 30,<br>2009<br>US\$ |
|--|--|--------------------------|
| Land and building                                | 72,828                                   | 72,768                   |
| Motor vehicles                                   | 864,575                                  | 863,866                  |
| Computer equipment                               | 99,345                                   | 113,556                  |
| Office equipment                                 | 34,259                                   | 30,419                   |
| Furniture & Fixtures                             | 37,031                                   | 22,545                   |
| System software                                  | 122,643                                  | 120,347                  |
| Leasehold improvement                            | 62,437                                   | 70,606                   |
| <b>Total</b>                                     | <b>1,293,118</b>                         | <b>1,294,107</b>         |
| Less : Accumulated depreciation and amortization | 476,284                                  | 321,176                  |
| <b>Property and equipment, net</b>               | <b>816,834</b>                           | <b>972,931</b>           |

#### 5. NON-CONTROLLING INTEREST

Non-controlling interest consists of the following:

|                                       | March 31,<br>2010<br>US\$<br>(Unaudited) | June 30,<br>2009<br>US\$ |
|---------------------------------------|--|--------------------------|
| <b>Sino-China:</b>                    |  |                          |
| Original paid-in capital              | 356,400                                  | 356,400                  |
| Additional paid-in capital            | 1,044                                    | 1,044                    |
| Accumulated other comprehensive loss  | (30,247)                                 | (29,364)                 |
| Accumulated deficit                   | (1,586,478)                              | (873,378)                |
| Other adjustments                     | 5,487                                    | 2,818                    |
|                                       | (1,253,794)                              | (542,480)                |
| Trans Pacific Logistics Shanghai Ltd. | 67,870                                   | -                        |



|       |             |           |
|-------|-------------|-----------|
| Total | (1,185,924) | (542,480) |
|-------|-------------|-----------|

6. COMMITMENTS AND CONTINGENCY

(a) Office leases

The Company leases certain office premises and apartments for employees under operating leases through December 31, 2011. Future minimum lease payments under operating leases agreements were as follows:

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Amount  
US\$

|                       |         |
|-----------------------|---------|
| Year ending March 31, |         |
| 2011                  | 210,078 |
| 2012                  | 44,271  |
|                       | 254,349 |

## (b) Contingency

The Labor Contract Law of the People's Republic of China, effective as of January 1, 2008, 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 March 31, 2010, the Company has estimated its severance payments of approximately \$92,000, which has not been reflected in its condensed consolidated financial statements.

## 7. TREASURY STOCK

On May 20, 2008, the Company completed its initial public offering ("IPO") of 1,229,032 ordinary shares at \$7.75 offering price and realized gross proceeds of \$10,775,000 before cash offering costs of \$1,602,684. Following the IPO, the Company announced it would repurchase up to 10% of its outstanding common shares for a period of 12 months beginning in October 2008. On September 19, 2009, the Company's board of directors approved the extension of the repurchase of the common shares for a period of six months ending April 2010. As of March 31, 2010, the Company repurchased 121,191 shares from the open market at an average price of \$2.96 per share including trading expenses for the total cost of \$358,356.

## 8. INCOME TAXES

The income tax provision for the nine months ended March 31, 2010 and 2009 and the three months ended March 31, 2010 and 2009 are as follows:

|                                 | For the nine months ended |             | For the three months ended |             |
|---------------------------------|---------------------------|-------------|----------------------------|-------------|
|                                 | March 31,                 | March 31,   | March 31,                  | March 31,   |
|                                 | 2010                      | 2009        | 2010                       | 2009        |
|                                 | US\$                      | US\$        | US\$                       | US\$        |
|                                 | (Unaudited)               | (Unaudited) | (Unaudited)                | (Unaudited) |
| <b>Current</b>                  |                           |             |                            |             |
| USA                             | (442,151)                 | (223,407)   | (140,000)                  | (1,466)     |
| China                           | -                         | (4,361)     | -                          | (6)         |
|                                 | (442,151)                 | (227,768)   | (140,000)                  | (1,472)     |
| <b>Deferred</b>                 |                           |             |                            |             |
| Allowance for doubtful accounts | (7,000)                   | -           | 7,000                      | -           |
| Net operating loss carryforward | 35,000                    | -           | 10,000                     | -           |
| Valuation allowance             | -                         | -           | 2,000                      | -           |
| Net deferred                    | 28,000                    | -           | 19,000                     | -           |
| Total                           | (414,151)                 | (227,768)   | (121,000)                  | (1,472)     |

## 9. MAJOR CUSTOMERS

For the nine months ended March 31, 2010 and 2009, approximately 64% and 51% respectively, 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.

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