

Sino-Global Shipping America, Ltd.  
Form S-3  
February 28, 2014

**As filed with the Securities and Exchange Commission on February 28, 2014**

**Registration No. 333-\_\_\_\_\_**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM S-3**

**REGISTRATION STATEMENT**

***UNDER THE***

***SECURITIES ACT OF 1933***

**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 No.)

**Sino-Global Shipping America, Ltd.**

**CT Corporation System**

**136-56 39th Avenue, Room #305,**

**111 Eighth Avenue**

**Flushing, New York 11354**

**New York, New York 10011**

**(718) 888-1814**

**(800) 624-0909**

**Fax: (718) 888-1148**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices) (Name, address including zip code, and telephone number, including area code, of agent for service)

***With a copy to:***

Anthony W. Basch, Esq.

Kaufman & Canoles, P.C.

Two James Center, 14th Floor

1021 E. Cary St.

Richmond, VA 23219

Facsimile: (804) 771-5777

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by the registrant.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement filed pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer  (Do not check if smaller reporting company)

Smaller Reporting Company

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered (1)(2)	Amount to be Registered (1)(2)(4)	Proposed Maximum Offering Price Per Unit (1)(3)	Proposed Maximum Aggregate Offering Price(1)(3)(4)	Amount of Registration Fee (4)(5)
Shares of Common Stock, without par value per share				
Debt Securities (6)				
Rights (7)				
Units (8)				
Warrants (9)				
Share Purchase Contracts and Share Purchase Units (10)				
Total			\$ 10,000,000	\$ 1,288 (11)

There are being registered hereunder such indeterminate (i) number of shares of common stock, (ii) number of debt securities, (iii) number of share purchase contracts and share purchase units, (iv) number of warrants, (v) number of rights and (vi) number of units, as shall have an aggregate initial offering price not to exceed \$10,000,000 or such lesser aggregate amount permitted under General Instruction I.B.6 to Form S-3 under the Securities Act. Such indeterminate amounts may from time to time be issued at indeterminate prices, in U.S. Dollars or the equivalent (1) thereof denominated in foreign currencies or units of two or more foreign currencies or composite currencies (such as European Currency Units or Euros). Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. This registration statement also includes such presently indeterminate number of securities as may be issuable from time to time upon conversion or upon exercise of, or in exchange for, any such convertible or exchangeable securities registered hereunder or pursuant to the anti-dilution provisions of any such securities.

- Pursuant to Rule 416 under the Securities Act of 1933, the securities offered hereby shall be deemed to cover
- (2) additional securities to be offered to prevent dilution resulting from stock splits, stock dividends or similar transactions.
  - (3) The proposed maximum per unit and aggregate offering prices per security will be determined, from time to time, by the registrant in connection with the issuance by the registrant of the securities registered hereunder.  
The amount to be registered, proposed maximum aggregate offering price per unit and proposed maximum aggregate offering price are not specified as to each class of security pursuant to General Instruction II.D of Form S-3 under the Securities Act. The proposed maximum aggregate offering price is estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.
  - (4) With respect to securities to be offered for sale by the Registrant in the primary offering, the registration fee is calculated in accordance with Rule 457(o) of the Securities Act of 1933.
  - (5) May include senior or subordinated debt.
  - (6) Rights evidencing the right to purchase shares of common stock or debt securities.
  - (7) Each unit may be comprised of one or more of the other securities described in this prospectus in any combination.  
Warrants may entitle the holder to purchase our debt securities, equity securities or any combination thereof.
  - (8) Warrants may be issued independently or together with equity securities, debt securities or any combination thereof, and the warrants may be attached to or separate from such securities.
  - (9) Share purchase contracts to purchase other securities registered hereunder. Share purchase contracts may be issued separately or as share purchase units. Share purchase units may consist of a share purchase contract and debt securities, warrants, other securities registered hereunder or debt obligations of third parties, including U.S. treasury securities, securing the holders' obligations to purchase the securities under the share purchase contracts.
  - (10) Paid herewith.
  - (11)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.**

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, dated February 28, 2014**

**PROSPECTUS**

**\$10,000,000**

**SINO-GLOBAL SHIPPING AMERICA, LTD.**

**Common Stock, Share Purchase Contracts, Share Purchase Units, Debt Securities, Warrants, Rights, Units**

We may offer and sell, from time to time in one or more offerings, any combination of debt securities, shares of common stock, warrants, rights, share purchase contracts, share purchase units or units having an aggregate initial offering price not exceeding \$10,000,000 (or its equivalent in foreign or composite currencies) on terms to be determined at the time of offering.

We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplement may also add, update or change information in this prospectus. Before you invest, we urge you to read carefully this prospectus and any prospectus supplement, as well as the documents incorporated by reference or deemed to be incorporated by reference into this prospectus.

We may sell these securities directly, through agents, dealers or underwriters as designated from time to time, or through a combination of these methods. See "Plan of Distribution" in this prospectus. We reserve the sole right to accept, and together with our agents, dealers and underwriters reserve the right to reject, in whole or in part any proposed purchase of securities to be made directly or through agents, underwriters or dealers. If our agents or any

dealers or underwriters are involved in the sale of the securities, the applicable prospectus supplement will set forth the names and the nature of our arrangements with them, including any applicable commissions or discounts.

The mailing address of our principal executive offices is 136-56 39th Avenue, Room #305, Flushing, New York 11354, and our telephone number is (718) 888-1814. Our common stock quoted on the NASDAQ Capital Market under the symbol "SINO." On February 27, 2014, the closing price per share of our common stock was \$2.70. Each prospectus supplement will indicate if the securities offered thereby will be listed on the NASDAQ Capital Market or any other securities exchange. Other than our common stock, there is no market for the securities that we may offer. The aggregate market value of our outstanding common stock held by non-affiliates is \$4,103,462.70, based on 4,703,841 shares of outstanding common stock, of which 1,519,801 shares are held by non-affiliates, and a per share price of \$2.70 based on the closing sale price of our common stock as reported by the NASDAQ Capital Market on February 27, 2014. We have not offered any securities pursuant to General Instruction I.B.6 of Form S-3 during the prior 12 calendar month period that ends on and includes the date of this prospectus.

**This prospectus may not be used to offer or sell our securities unless accompanied by a prospectus supplement. The information contained or incorporated in this prospectus or in any prospectus supplement is accurate only as of the date of this prospectus, or such prospectus supplement, as applicable, regardless of the time of delivery of this prospectus or any sale of our securities.**

**Investing in our securities being offered pursuant to this prospectus involves a high degree of risk. You should carefully read and consider the risk factors beginning on page 3 of this prospectus, as well as those included in the periodic and other reports we file with the Securities and Exchange Commission before you make your investment decision.**

**Neither the Securities and Exchange Commission, any United States state securities commission, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is                      , 2014**

## TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
OUR COMPANY	1
GENERAL DESCRIPTION OF THE SECURITIES WE MAY OFFER	3
RISK FACTORS	3
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	11
USE OF PROCEEDS	11
DESCRIPTION OF SHARE CAPITAL	12
DESCRIPTION OF DEBT SECURITIES	13
DESCRIPTION OF WARRANTS	19
DESCRIPTION OF UNITS	21
DESCRIPTION OF SHARE PURCHASE CONTRACTS AND SHARE PURCHASE UNITS	22
DESCRIPTION OF RIGHTS	22
PLAN OF DISTRIBUTION	22
RATIO OF EARNINGS TO FIXED CHARGES	24
LEGAL MATTERS	24
EXPERTS	24
ENFORCEABILITY OF CIVIL LIABILITIES UNDER UNITED STATES FEDERAL SECURITIES LAWS AND OTHER MATTERS	24
WHERE YOU CAN FIND MORE INFORMATION	25
INFORMATION INCORPORATED BY REFERENCE	25

**You should rely only on the information contained or incorporated by reference in this prospectus or any prospectus supplement. We have not authorized any person to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell securities, and it is not soliciting an offer to buy securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any prospectus supplement, as well as information we have previously filed with the SEC and incorporated by reference, is accurate as of the date on the front of those documents only. Our business, financial condition, results of operations and prospects may have changed since those dates.**



## Prospectus Summary

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (SEC) using a “shelf” registration process. Under this shelf registration process, we may offer from time to time, in one or more offerings, securities having an aggregate initial offering price of up to \$10,000,000 (or its equivalent in foreign or composite currencies). This prospectus provides you with a general description of the securities that may be offered. Each time we offer securities under this shelf registration statement, we will provide you with a prospectus supplement that describes the specific amounts, prices and terms of the securities being offered. The prospectus supplement also may add, update or change information contained in this prospectus. You should read carefully both this prospectus and any prospectus supplement together with additional information described below under the caption “Where You Can Find More Information,” before making an investment decision. We have incorporated exhibits into this registration statement. You should read the exhibits carefully for provisions that may be important to you.

You should rely only on the information contained or incorporated by reference in this prospectus or any prospectus supplement. We have not authorized any person to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell securities, and it is not soliciting an offer to buy securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any prospectus supplement, as well as information we have previously filed with the SEC and incorporated by reference, is accurate as of the date on the front of those documents only. Our business, financial condition, results of operations and prospects may have changed since those dates.

We may sell securities through underwriters or dealers, through agents, directly to purchasers or through a combination of these methods. We and our agents reserve the sole right to accept or reject, in whole or in part, any proposed purchase of securities. The prospectus supplement, which we will provide to you each time we offer securities, will set forth the names of any underwriters, agents or others involved in the sale of securities and any applicable fee, commission or discount arrangements with them. See the information described below under the heading “Plan of Distribution.”

Except where the context otherwise requires and for purposes of this prospectus only:

- “we,” “us,” “our” and “our company” refer to Sino-Global Shipping America, Ltd. and, except where the context otherwise requires, its affiliates and subsidiaries;
- “Shares” and “common stock” refer to our common stock, without par value per share.
- “China” and “PRC” refer to the People’s Republic of China.
- all references to “RMB” and “¥” are to the legal currency of China and all references to “USD,” “U.S. dollars,” “dollars” and are to the legal currency of the United States.

## Our Company

We are a Virginia corporation with our primary US operations in New York. We provide our customers with comprehensive yet customized shipping agency, shipping and chartering, and inland transportation management services. As a general agent, we serve ships coming to and departing from a number of countries and regions, including China, Australia, South Africa, Brazil, Hong Kong, Canada and the US.

Our principal geographic market has historically been 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 founded by our Chief Executive Officer, Mr. Lei Cao, who is a PRC citizen. Sino-China holds the licenses and permits necessary to provide shipping services in the PRC. Sino-China is headquartered in Beijing and has branches in Qingdao, Xiamen and Fangchenggang. Through Sino-China, we provide general shipping agency services in all commercial ports in the PRC.

Our wholly-owned subsidiary, Trans Pacific Shipping Limited ("Trans Pacific Beijing"), a wholly foreign-owned enterprise, is invested in one 90%-owned subsidiary, Trans Pacific Logistics Shanghai Limited ("Trans Pacific Shanghai"). Trans Pacific Beijing and Trans Pacific Shanghai are referred to collectively as "Trans Pacific"). Trans Pacific Beijing and Sino-China do not have a parent-subsidiary relationship. Trans Pacific Beijing has contractual arrangements with Sino-China and its shareholders that enable us to substantially control Sino-China. Operationally, Trans Pacific Beijing is set up to deliver inland transportation management services for the Company.

To support the Company's integrated international and domestic shipping agency network and broaden our service platform into other related businesses, we have established the following wholly-owned subsidiaries:

***Sino-Global Shipping Australia:*** This entity serves the needs of customers shipping into and out of Western Australia. Through our relationship with Monson Agencies Australia (one of the largest shipping agency service providers in Australia), we are able to provide general shipping agency services to all ports in Australia.

***Sino-Global Shipping Hong Kong:*** This is our control and management center for southern Chinese ports. It gives us the ability to offer comprehensive shipping agency services to vessels going to and from the PRC as well as customized shipping and chartering services. Through our relationship with Forbes & Company Limited ("Forbes"), a listed company on the Bombay Stock Exchange and one of the largest shipping and chartering service providers in India, we are able to provide general shipping agency services to all ports in India.

***Sino-Global Shipping Canada:*** This entity provides services for ships loading commodities at Canadian ports and delivering them to the PRC. It currently provides shipping agency services to Baosteel's vessels in Canada.

***Sino-Global Shipping New York:*** This entity is established to facilitate the development of an integrated international and local shipping agency network and help generate new business referral activities.

Our corporate structure is as set forth below:

We have designed our services to simplify the shipping process for our clients and to keep our clients fully informed about the status of their shipments. To that end, we analyze the information about prospective shipments provided by our clients to determine the most economical and efficient transportation solutions. We are engaged in the delivery of the following services: shipping agency services, shipping and chartering services, and inland transportation management services. Historically, we have been in the business of providing shipping agency services, but during fiscal 2014 (and with the support of our largest shareholder), we have expanded our service delivery platform to include shipping and chartering services (launched during the quarter ended September 30, 2013) and inland transportation management services (launched during the quarter ended December 31, 2013). These new services are part of our strategic initiative to diversify our service offering, broaden our service platform, and improve our operating profit.

Our principal executive offices are located at 136-56 39th Avenue, Room #305, Flushing, New York 11354. Our telephone number at this address is (718) 888-1814. Our common stock is traded on the NASDAQ Capital Market under the symbol "SINO."

Our Internet website, [www.sino-global.com](http://www.sino-global.com), provides a variety of information about our Company. We do not incorporate by reference into this prospectus the information on, or accessible through, our website, and you should not consider it as part of this prospectus. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed with the United States Securities and Exchange Commission (the "SEC") are available, as soon as practicable after filing, at the investors' page on our corporate website, or by a direct link to its filings on the SEC's free website.

#### General Description of the Securities We May Offer

We may offer shares of our common stock, share purchase contracts, share purchase units, debt securities, warrants, rights or units, with a total value of up to \$10,000,000 from time to time under this prospectus at prices and on terms to be determined by our board of directors and based on market conditions at the time of any offering. This prospectus provides you with a general description of the securities we may offer. Each time we offer a type or series of securities under this prospectus, we will provide a prospectus supplement that will describe the specific amounts, prices and other important terms of the securities, including, to the extent applicable:

- Designation or classification;
- Aggregate offering price;
- Rates and times of payment of dividends, if any;
- Redemption, conversion, exercise and exchange terms, if any;
- Restrictive covenants, if any;
- Voting or other rights, if any;
- Conversion prices, if any; and
- Material U.S. federal income tax considerations.

The prospectus supplement and any related free writing prospectus that we may authorize to be provided to you may also add, update or change information contained in this prospectus or in documents we have incorporated by reference. However, no prospectus supplement or free writing prospectus will offer a security that is not registered and described in this prospectus at the time of the effectiveness of the registration statement of which this prospectus is a part.

#### Risk Factors

*Before making an investment decision, you should carefully consider the risks described under “Risk Factors” in the applicable prospectus supplement and (to the extent we are required or elect to discuss risk factors in such filings) in our then most recent Annual Report on Form 10–K, and in our updates to those risk factors in our Quarterly Reports on Form 10–Q, together with all of the other information appearing in this prospectus or incorporated by reference into this prospectus and any applicable prospectus supplement, in light of your particular investment objectives and financial circumstances. Please see “Where You Can Find More Information” on how you can view our SEC reports and other filings. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment.*

### Risks Related to Our Business

We are substantially reliant on a single customer for a majority of our business.

In prior years, we have relied heavily on Beijing Shou-Rong Forwarding Service Co., Ltd. (“Shourong”), an affiliate of Capital Steel, a steel company in China, for a substantial percentage of our agency fees. We have not provided any new services to Shourong in fiscal 2014 and could not determine the extent of services we would deliver to Shourong in the near future. More recently, we have begun to provide services to companies controlled by one of our affiliates. In April 2013, our shareholders approved the issuance of 1,800,000 shares of common stock to Mr. Zhong Zhang. At the same time, Mr. Zhang agreed to cause companies he controls, TEWOO Chemical & Light Industry Zhiyuan Trade Co., Ltd and TianJin Zhi Yuan Investment Group Co., Ltd (together “Zhiyuan”) to direct such shipping needs as they may have to our company to perform.

During the first half of fiscal 2014, a majority of our overall revenues came from shipping and chartering services as well as inland transportation management services provided to Zhiyuan. Moreover, all of our shipping and chartering and inland transportation management services were from Zhiyuan. If we ceased to provide services to Zhiyuan, our business could be materially harmed. We cannot guarantee that we would be able to replace this customer with one or more new customers of equal size.

We have recently entered the shipping and chartering services and the inland transportation management services businesses and cannot guarantee that we will be able to compete effectively in these business areas.

Our company has provided shipping agency services since 2001, but we have only provided (i) shipping and chartering services since the first quarter of fiscal 2014 ended September 30, 2013 and (ii) inland transportation management services since the second quarter of fiscal 2014 ended December 31, 2013. As we are a new entrant into these two business segments, we do not have a significant market presence. Indeed, as described in the prior risk factor, we currently serve only one customer, Zhiyuan, in both market segments. We cannot guarantee that we would have been successful in providing services to Zhiyuan in the absence of the investment by Mr. Zhang, and we cannot guarantee that we will be successful in locating and securing ship chartering services and inland transportation management to other customers on acceptable terms, if at all.

We operate in a very competitive industry and may not be able to maintain our revenues and profitability.

Since 2003, China has qualified over 1,400 shipping agencies. Our potential competitors include three major shipping agencies, which together account for approximately 85% of China's shipping agency revenues. These competitors have significantly greater financial and marketing resources and name recognition than we have.

In addition, our competitors may introduce new business models, and if these new business models are more attractive to customers than the business models we currently use, our customers may switch to our competitors' services, and we may lose market share. We believe that competition in China's shipping agency industry may become more intense as more shipping agencies, including Chinese/foreign joint ventures, are qualified to conduct business. We cannot assure you that we will be able to compete successfully against any new or existing competitors, or against any new business models our competitors may implement. In addition, the increased competition we anticipate in the shipping agent industry may also reduce the number of vessels for which we are able to provide shipping agency services, or cause us to reduce agency fees in order to attract or retain customers. All of these competitive factors could have a material adverse effect on our revenues and profitability.

*The PRC owns part of our three largest competitors.*

The Chinese government's ownership of our three largest competitors disadvantages our company in a number of ways.

First, the Chinese government prevents direct foreign investment in certain industries, such as telecommunication services, online commerce and advertising. In fact, when the PRC government founded Penavico, it closed the shipping agency industry to a number of foreign shipping agents that had provided services in China prior to that time. Although the PRC has removed these restrictions in our industry in recent years, there can be no guarantee that the PRC will not re-nationalize the shipping agency industry in the future, especially since approximately 85% of the shipping agency industry in China is already owned, in part, by the Chinese government. See "Risk Factors – The Chinese government could change its policies toward private enterprise or even nationalize or expropriate private enterprises, which could result in the total loss of our investment in that country."

Second, because our three largest competitors, Penavico, China Shipping and Sinoagent, are state-owned, they may have advantages over our company in dealing with local government officials and leverage over local companies that we, as a wholly privately-owned company, do not have. These relationships may limit our ability to compete with Penavico, China Shipping and Sinoagent.

Third, due to their relationship with the Chinese government, our largest competitors may have access to funding that is not available to us. This access may allow them to grow their businesses at a rate we are not able to match. If we are unable to expand at a comparable rate with these competitors, we may lose market share or be unable to generate profits.

***Our customers are companies engaged in the shipping industry, and, consequently, our financial performance is dependent upon the economic conditions of that industry.***

We have derived most of our revenues to date from providing (a) shipping agency services to Chinese and international shipping companies that seek to ship materials to and from China; and (b) shipping and chartering as well as inland transportation management services to Zhiyuan. Our customers' success is intrinsically linked to economic conditions in the shipping industry in general and trade with China in particular. The shipping industry, in turn, is subject to intense competitive pressures and is affected by overall economic conditions. Although we believe our services can assist shipping companies in a competitive environment, demand for our services could be harmed by instability or downturns in the shipping industry, which may cause customers to forego shipping agency services by attempting to provide such services in-house. There can be no assurance that we will be able to continue our historical revenue growth or sustain our profitability on a quarterly or annual basis or that our results of operations will not be adversely affected by continuing or future downturns in the shipping industry.

***We may be required to assume liabilities for our clients in the future.***

An increasing number of companies that require shipping agency services have pressured shipping agents to guarantee their principals' liabilities. Some companies have required shipping agents, as a condition of doing business, to pay directly for tariffs, port charges, and other fees, to be reimbursed at a later date by the companies. Other companies have sought to include agents as parties in voyage charter agreements, leading to potential liability for shipping agents in the event of a breach by another party. We expect that these pressures on shipping agents to accept more liability will increase as competition among shipping agencies intensifies. While we do not currently pay these liabilities and have no present intention to begin doing so in the future, the assumption of any of these or other new liabilities could have a material adverse effect on our operations.

***We are heavily dependent upon the services of experienced personnel who possess skills that are valuable in our industry, and we may have to actively compete for their services.***

Our company is much smaller than Penavico, China Shipping and Sinoagent, and we compete in large part on the basis of the quality of services we are able to provide our clients. As a result, we are heavily dependent upon our ability to attract, retain and motivate skilled personnel to serve our clients. Many of our personnel possess skills that would be valuable to all companies engaged in the shipping agency industry. Consequently, we expect that we will have to actively compete with other Chinese shipping agencies for these employees. Some of our competitors may be able to pay our employees more than we are able to pay to retain them. Our ability to profitably operate is substantially dependent upon our ability to locate, hire, train and retain our personnel. Although we have not experienced difficulty locating, hiring, training or retaining our employees to date, there can be no assurance that we will be able to retain our current personnel, or that we will be able to attract, assimilate other personnel in the future. If we are unable to effectively obtain and maintain skilled personnel, the quality of our shipping agency services could



be materially impaired.

*We are substantially dependent upon our key personnel, particularly Mr. Lei Cao, our Chief Executive Officer.*

Our performance is substantially dependent on the performance of our executive officers and key employees. In particular, the services of:

Mr. Lei Cao, Chief Executive Officer;

Mr. Anthony S. Chan, Acting Chief Financial Officer; and

Mr. Zhikang Huang, Chief Operating Officer;

would be difficult to replace. We do not have in place “key person” life insurance policies on any of our employees. The loss of the services of any of our executive officers or other key employees could substantially impair our ability to successfully implement our existing supply chain management software and develop new programs and enhancements.

*We may not pay dividends.*

We have not previously paid any cash dividends, and we do not anticipate paying any dividends on our common stock. We cannot assure you that our operations will continue to result in sufficient revenues to enable us to operate at profitable levels or to generate positive cash flows. Furthermore, there is no assurance our Board of Directors will declare dividends even if we are profitable. Dividend policy is subject to the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements and other factors. If we determine to pay dividends on any of our common stock in the future, we will be dependent, in large part, on receipt of funds from Trans Pacific and Sino-China.

We are obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

Each year we are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting and, if we cease to be a “smaller reporting company,” a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting.

We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective.

If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

## **Foreign Operational Risks**

*We do not have business interruption, litigation or natural disaster insurance.*

The insurance industry in China is still at an early state of development. In particular PRC insurance companies offer limited business products. As a result, we do not have any business liability or disruption insurance coverage for our operations in China. Any business interruption, litigation or natural disaster may result in our business incurring substantial costs and the diversion of resources.

***Negative perceptions about the quality of Chinese goods could reduce demand for Chinese exports and our shipping agency services.***

Recent news of concerns about imported products from China, including such items as pet food, toys, toothpaste and cell phone batteries, may have harmed public perception of the general quality of goods produced by Chinese manufacturers. Whether or not concerns about the quality of Chinese products are justified, continued perception of problems with Chinese products could cause importers and consumers to seek similar products from other countries and could harm China's shipping industry. A weakened shipping industry would in turn also harm China's shipping agency industry and negatively impact our company.

***Trans Pacific's contractual arrangements with Sino-China may result in adverse tax consequences to us.***

As a result of our corporate structure and contractual arrangements between Trans Pacific and Sino-China, both revenues generated by Sino-China's operations in China and revenues derived from Trans Pacific's contractual arrangements with Sino-China shall be subject to PRC tax. Moreover, we could face material and adverse tax consequences if the PRC tax authorities determine that Trans Pacific's contractual arrangements with Sino-China were not made on an arm's length basis and adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could result in a reduction, for PRC tax purposes, of adjustments recorded by Sino-China, which could adversely affect us by increasing Sino-China's tax liability without reducing Trans Pacific's tax liability, which could further result in late payment fees and other penalties to Sino-China for underpaid taxes.

***Trans Pacific's contractual arrangements with Sino-China may not be as effective in providing control over Sino-China as direct ownership of Sino-China.***

We conduct substantially all of our operations, and generate substantially all of our revenues, through contractual arrangements with Sino-China that provide us, through our ownership of Trans Pacific, with effective control over Sino-China. We depend on Sino-China to hold and maintain contracts for shipping agency services with our customers. Sino-China also owns substantially all of our intellectual property, facilities and other assets relating to the operation of our business, and employs the personnel for substantially all of our business. Neither our company nor Trans Pacific has any ownership interest in Sino-China. Although we have been advised by Beijing Jintai (Tianjin) Law Firm, our PRC legal counsel, that each contract under Trans Pacific's contractual arrangements with Sino-China is valid, binding and enforceable under current PRC laws and regulations, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations governing the enforcement and performance of such contractual control over Sino-China. If the PRC government determines that these contractual arrangements as a whole do not comply with applicable regulations, our business could be substantially adversely affected. In addition, these contractual arrangements may not be as effective in providing us with control over Sino-China as direct ownership of Sino-China. Furthermore, Sino-China may breach the contractual arrangements. For example, Sino-China may decide not to pay consulting or marketing fees to Trans Pacific, and consequently to our company, in accordance with the existing contractual arrangements. In event of any such breach, we would have to rely on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC

legal system.

6

***Uncertainties with respect to the PRC legal system could adversely affect us.***

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business, or the enforcement and performance of our contractual arrangements with Sino-China and its shareholders.

We conduct our business primarily through Trans Pacific and Sino-China. These entities are generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign-owned enterprises. We and Trans Pacific are considered foreign persons or foreign invested enterprises under PRC law. As a result, we and Trans Pacific are subject to PRC law limitations on foreign ownership of Chinese companies. These laws and regulations are relatively new and may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance by foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively.

In addition, we depend on Sino-China to honor its agreements with Trans Pacific. Almost all of these agreements are governed by PRC law. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

The PRC government has broad discretion in dealing with violations of laws and regulations, including levying fines, revoking business and other licenses and requiring actions necessary for compliance. In particular, licenses and permits issued or granted to us by relevant governmental bodies may be revoked at a later time by higher regulatory bodies. We cannot predict the effect of the interpretation of existing or new PRC laws or regulations on our businesses. We cannot assure you that our current ownership and operating structure would not be found in violation of any current or future PRC laws or regulations. As a result, we may be subject to sanctions, including fines, and could be required to restructure our operations or cease to provide certain services. Any of these or similar actions could significantly disrupt our business operations or restrict us from conducting a substantial portion of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

***The shareholders of Sino-China have potential conflicts of interest with us, which may adversely affect our business.***

Neither we nor Trans Pacific owns any portion of the equity interests of Sino-China. Instead, we and Trans Pacific rely on contractual obligations to enforce our interest in receiving payments from Sino-China. Conflicts of interest may arise between Sino-China's shareholders and our company if, for example, their interests in receiving dividends from Sino-China were to conflict with our interest requiring Sino-China to make contractually-obligated payments to Trans Pacific. As a result, we have required Sino-China and each of its shareholders to execute irrevocable powers of attorney to appoint the individual designated by us to be his attorney-in-fact to vote on their behalf on all matters requiring shareholder approval by Sino-China and to require Sino-China's compliance with the terms of its contractual obligations. We cannot assure you, however, that when conflicts of interest arise, Sino-China's shareholders will act completely in our interests or that conflicts of interests will be resolved in our favor. In addition, Sino-China's shareholders could violate their agreements with us by diverting business opportunities from us to others. If we cannot resolve any conflicts of interest between us and Sino-China's shareholders, we would have to rely on legal proceedings, which could result in the disruption of our business. In addition, these contractual relationships are governed by PRC law, which may result in uncertainty as to application and enforcement.

***We rely on dividends paid by our subsidiary for our cash needs.***

Although our company generates some revenues from operations in the United States, we also rely on dividends paid by Trans Pacific for our cash needs, including the funds necessary to pay dividends and other cash distributions, if any, to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities organized in China is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Our subsidiary in China is also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to reserve fund and other funds required by PRC law. The PRC government also imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of China. We may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency.

Pursuant to the PRC enterprise income tax law and its implementation rules that were effective on January 1, 2008, dividends payable by a foreign investment entity to its foreign investors are subject to a withholding tax of up to 10%. Meanwhile, the United States and China are signatories to the 1984 People's Republic of China-United States Income Tax Agreement, which would allow our company to claim a deemed-paid credit, which is an indirect tax credit, on any taxes paid to China by Trans Pacific. To the extent we were not eligible to receive or were unable to use the credit, this tax could have an adverse effect on our company.

***Governmental control of currency conversion may affect the value of your investment.***

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive the majority of our revenues in Renminbi. Under our current corporate structure, our income is derived from dividend payments from Trans Pacific and income from our activities in the United States. Shortages in the availability of foreign currency may restrict the ability of Trans Pacific to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends, if any, in foreign currencies to our shareholders.

***Fluctuation in the value of the Renminbi may have a material adverse effect on your investment.***

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an appreciation of the Renminbi against the U.S. dollar. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar. We rely largely on payments from Trans Pacific and Sino-China. While we charge our fees in U.S. dollars, Sino-China and Trans Pacific nevertheless operate within China and will rely heavily on Renminbi in their operations. Any significant revaluation of Renminbi may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our common stock in U.S. dollars. For example, an appreciation of Renminbi against the U.S. dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes.

***Changes in China's political and economic policies could harm our business.***

China's economy has historically been a planned economy subject to governmental plans and quotas and has, in certain aspects, been transitioning to a more market-oriented economy. Although we believe that the economic reform and the macroeconomic measures adopted by the Chinese government have had a positive effect on the economic development of China, we cannot predict the future direction of these economic reforms or the effects these measures may have on our business, financial position or results of operations. In addition, the Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, or OECD. These differences include:



economic structure;

level of government involvement in the economy;

level of development;

level of capital reinvestment;

control of foreign exchange;

methods of allocating resources; and

balance of payments position.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the Chinese economy were similar to those of the OECD member countries.

Since 1979, the Chinese government has promulgated many new laws and regulations covering general economic matters. Despite this activity to develop a legal system, China's system of laws is not yet complete. Even where adequate law exists in China, enforcement of existing laws or contracts based on existing law may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. The relative inexperience of China's judiciary, in many cases, creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. Our activities in China will also be subject to administration review and approval by various national and local agencies of China's government. Because of the changes occurring in China's legal and regulatory structure, we may not be able to secure the requisite governmental approval for our activities. Although we have obtained all required governmental approval to operate our business as currently conducted, to the extent we are unable to obtain or maintain required governmental approvals, the Chinese government may, in its sole discretion, prohibit us from conducting our business. .."

***The Chinese government could change its policies toward private enterprise or even nationalize or expropriate private enterprises, which could result in the total loss of our investment in that country.***

Our business is subject to significant political and economic uncertainties and may be adversely affected by political, economic and social developments in China. Over the past several years, the Chinese government has pursued

economic reform policies including the encouragement of private economic activity and greater economic decentralization. The Chinese government may not continue to pursue these policies or may significantly alter them to our detriment from time to time with little, if any, prior notice.

Changes in policies, laws and regulations or in their interpretation or the imposition of confiscatory taxation, restrictions on currency conversion, restrictions or prohibitions on dividend payments to shareholders, devaluations of currency or the nationalization or other expropriation of private enterprises could have a material adverse effect on our business. Nationalization or expropriation could even result in the total loss of our investment in China and in the total loss of your investment in us.

***As most of our officers, directors and assets are outside the United States, it will be extremely difficult to acquire jurisdiction and enforce liabilities against us and our officers, directors and assets based in China.***

Most of our directors and officers reside outside the United States. In addition, many of our assets will be located outside the United States. As a result, it may be difficult or impossible to effect service of process within the United States upon our directors or officers and our subsidiaries, or enforce against any of them court judgments obtained in United States courts, including judgments relating to United States federal securities laws. Furthermore, because the majority of our assets are located in China and PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgment of courts., it would also be extremely difficult to access those assets to satisfy an award entered against us in United States court.

***Our international operations require us to comply with a number of U.S. regulations.***

In addition the Chinese laws and regulations with which we must comply, we must also comply with the Foreign Corrupt Practices Act (“FCPA”), which prohibits U.S. companies or their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity or obtain any unfair advantage. Any failure by us to adopt appropriate compliance procedures and ensure that our employees and agents comply with the FCPA and applicable laws and regulations in foreign jurisdictions could result in substantial penalties and/or restrictions in our ability to conduct business in certain foreign jurisdictions. The U.S. Department of the Treasury’s Office of Foreign Asset Control (“OFAC”) administers and enforces economic and trade sanctions against targeted foreign countries, entities and individuals based on U.S. foreign policy and national security goals. As a result, we are restricted from entering into transactions with certain targeted foreign countries, entities, and individuals except as permitted by OFAC, which may reduce our future growth.

## **Risks Associated with this Offering**

*The market price for our common stock may be volatile, which could result in substantial losses to investors.*

The market price for our common stock is likely to be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operating results;
- changes in the Chinese shipping industry or shipping agency industry;
- changes in the Chinese economy;
- changes in political relationships, both within China and between China and other countries;
- announcements by our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- fluctuation of the Renminbi against the U.S. Dollar and other currencies; or
- potential litigation.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. As a result, to the extent shareholders sell our shares in negative market fluctuation, they may not receive a price per share that is based solely upon our business performance. We cannot guarantee that shareholders will not lose some of their entire investment in our common stock.

*If our financial condition deteriorates, we could be delisted by the NASDAQ Capital Market and our shareholders could find it difficult to sell our shares.*

The NASDAQ Capital Market requires companies to fulfill specific requirements in order for their shares to continue to be listed. In order to qualify for continued listing on the NASDAQ Capital Market, we must meet the following criteria:

(i) Our shareholders' equity must be at least \$2,500,000; OR (ii) the market value of our listed securities must be at least \$10,000,000; OR (iii) our net income from continuing operations in our last fiscal year (or two of the last three fiscal years) must have been at least \$500,000;

•The market value of our shares held by non-affiliates must be at least \$500,000;

•The market value of our shares must be at least \$1,000,000;

•The minimum bid price for our shares must be at least \$1.00 per share;

•We must have at least 300 shareholders;

•We must have at least 2 market makers; and

We must have adopted NASDAQ-mandated corporate governance measures, including a Board of Directors comprised of a majority of independent directors, an Audit Committee comprised solely of independent directors and the adoption of a code of ethics among other items.

If our shares are delisted from the NASDAQ Capital Market in the future, our shareholders could find it difficult to sell our shares. Indeed, in 2013, we failed to meet the requirement that our shareholders' equity be at least \$2,500,000 and were at risk of being delisted from the NASDAQ Capital Market. Although we were able to return to compliance with this requirement, we cannot guarantee that we will remain in compliance with this standard in the future.

If our common stock is delisted from the NASDAQ Capital Market at some later date, we may apply to have our common stock quoted on the Bulletin Board maintained by NASDAQ or in the "pink sheets" maintained by the National Quotation Bureau, Inc. The Bulletin Board and the "pink sheets" are generally considered to be less efficient markets than the NASDAQ Capital Market. In addition, if our common stock is not so listed or is delisted at some later date, our common stock may be subject to the "penny stock" regulations. These rules impose additional sales practice requirements on broker-dealers that sell low-priced securities to persons other than established customers and institutional accredited investors and require the delivery of a disclosure schedule explaining the nature and risks of the penny stock market. As a result, the ability or willingness of broker-dealers to sell or make a market in our common stock might decline. If our common stock is not so listed or is delisted from the NASDAQ Capital Market at some later date or were to become subject to the penny stock regulations, it is likely that the price of our shares would decline and that our shareholders would find it difficult to sell their shares.



*Our classified board structure may prevent a change in our control.*

Our board of directors is divided into three classes of directors. The current terms of the directors expire in 2015, 2016 and 2017. Directors of each class are chosen for three-year terms upon the expiration of their current terms, and the shareholders elect one class of directors each year. The staggered terms of our directors may reduce the possibility of a tender offer or an attempt at a change in control, even though a tender offer or