

**SINO SECURITIES
INTERNATIONAL LIMITED**

ACN 006 620 739

AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

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DIRECTORS' REPORT

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

The Directors present the financial report of Sino Securities International Limited (“the Parent Entity” or “the Company”) and its controlled entities (together “the Economic Entity”) for the half-year ended 31 December 2000.

DIRECTORS

The names of directors who held office during the half-year and until the date of this report are:

- Mr. Bruce Mathieson
- Mr. Richard Li
- Mr. Man Ban Lee

GROUP RESULT

The consolidated operating loss after income tax attributable to members of the Parent Entity amounted to \$18,801,406.

REVIEW OF OPERATIONS

Financial results for the half year to 31 December 2000 were affected by a number of significant factors:-

- a) The listing of GCN on the Australian Stock Exchange (“ASX”) on 22 November 2000, following the successful raising of \$10.6 million of additional equity capital. The Parent Entity’s interest in GCN declined to 61.1 per cent following the listing compared to 86.4 per cent as at 31 December 1999.
- b) The consolidation of GCN’s financial result for the half year to 31 December 2000. GCN reported a loss attributable to members of \$7,351,000 for the half year to 31 December 2000.
- c) A full provision of \$27 million was made against the Economic Entity’s 49.5 per cent investment in China Hotel Holdings Ltd. Following the recent announcement by China Construction Holdings Ltd (“CIH”), that its floating rate note holders have petitioned for the winding up of that company, the Board of the Parent Entity believes that the ability of CIH to provide further funding on the Dalian project is no longer possible. CIH’s funding of the development of the Dalian project was agreed under the agreement dated 26 June 1997 (“the Agreement”) entered into between Sino Business Services Pty Ltd and China Construction Realty Ltd, a wholly owned subsidiary of CIH. In this circumstance, the Board of the Parent Entity believes that the lack of funding for the on-going development of the Dalian project may jeopardize the land use right title of the project and accordingly, it would be prudent to provide fully against the Economic Entity’s investment in the project. Advice received from the Company’s legal advisor supports the view: that CIH’s failure to finance the on-going development of the project represents a breach of the Agreement dated 26 June 1997, that the Economic Entity will have no further liability under the Agreement, and that further consideration is being given to the Economic Entity’s right of action for the recovery from CIH of the \$500,000 deposit lodged with China Construction Realty Ltd.

While the Board of the Parent Entity is disappointed with the financial result of the half year to 31 December 2000, the Board is delighted with the successful re-focus and expansion of the Economic Entity’s activities on telecommunication and the internet which started since early 1998. The Economic Entity now has two major investments in telecommunication and the internet, a 61.1 per cent interest in GCN and a 20 per cent interest in Multelink Australia Pty Ltd (“Multelink”).

GoConnect Ltd

GCN was successfully listed on the ASX on 22 November 2000 and is now also listed on the German stock exchanges under secondary listing. GCN has successfully commercialized a world first technology, the GoTrek technology, which enables the delivery of video content to online users on dial-up broadband

DIRECTORS' REPORT

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

connections with a high quality picture even at connection speed as low as 28.8 kbps. There are currently over 130,000 users of the GoTrek technology in Australia who are members connected to the GCN ISP network. GCN's ISP connected membership has grown by more than 100 per cent since its ASX listing on 22 November 2000. GCN's ISP connected membership provides a viewing audience for its media business.

GCN has further extended its strategy of widening the GoTrek audience by actively licensing the use of GoTrek to portals and other ISPs internationally. GCN has already secured three licensees at the time of this report, one in North America with NASN Licensing Inc, and in Australia with jetNet.com.au Pty Ltd and Sino Finance Portal Pty Ltd. GCN's GoTrek licensing strategy is expected to not only successfully expand the GoTrek audience significantly, but also add to its advertising revenue a new income stream from technology licensing. The GoTrek technology is a proven and commercialised technology which is already delivering a level of effectiveness, measured in click-through rates, to GCN's existing advertising clients up to 20 times more than the average click-through rate of traditional internet banner.

Multelink Australia Pty Ltd

The Company invested in a 20 per cent interest in Multelink for \$3 million in 1998. Since the Company's investment, Multelink's SmartPhone product has undergone rigorous pilot testing up to June 2000 and has since been successfully commercialized. Multelink has in excess of 7,000 subscriber lines connected to the Multelink service, an increase of 180 per cent since October 2000 when the Company last reported on the Multelink activities in the year 2000 Annual Report. Majority of the subscriber lines are from the business sector. Subscriber lines are currently growing at a rapid rate with February 2001 alone adding over 2,200 lines. At this growth rate, Multelink expects to become cashflow positive by May 2001. Multelink has been investigating the possibility of an ASX listing. A due diligence committee is being established and a member firm of the ASX will be selected to act as underwriter for the listing of shares in Multelink on the ASX.

New Sino Finance Portal

Since 1998, the Company has had an information website under the domain name of www.sino.com.au. With the successful commercialization of GCN's GoTrek technology, the Company will be revamping the www.sino.com.au site, incorporating the GoTrek technology. A legal term sheet has been signed by Sino Finance Portal Pty Ltd ("SFP"), a wholly owned subsidiary of the Parent Entity, and GoTrek Pty Ltd ("GTP"), a wholly owned subsidiary of GCN for the licensed use of the GoTrek technology by SFP.

SFP has negotiated with a number of content providers to provide finance news and research information for the new Sino Finance Portal. The new portal is expected to go live in May this year. Visitors to the portal will be able to download a Sino Finance GoTrek software. Upon installation, the GoTrek users will be able to watch television style finance interviews to be produced by the Company.

As GCN will be publishing advertising to all GoTrek members including those from portal licensees, and sharing the advertising revenue with the licensees, SFP will gain an extra source of income for the Economic Entity while GCN will gain additional GoTrek audience members for distribution of its advertising.

Launching of the new Sino Finance Portal incorporating GoTrek represents another important step in the Economic Entity's continuing strategy to develop its internet investment banking business.

This report is signed in accordance with a resolution of the Board of Directors.

DIRECTORS' REPORT

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

RICHARD LI
MANAGING DIRECTOR

Dated in Melbourne this 16th day of March 2001.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

		<i>Economic Entity</i>	
		<i>2000</i>	<i>1999</i>
	<i>Note</i>	<i>\$</i>	<i>\$</i>
Revenues from ordinary activities	3	3,923,132	235,931
Expenses from ordinary activities			
- Sharebroking and underwriting expense		463,742	130,627
- ISP Infrastructure expense		1,705,854	-
- Research and development expense		156,596	-
- Salaries and employee benefits expense		1,150,235	268,227
- Depreciation and amortisation expense		145,613	37,349
- Rental expense		52,833	38,028
- Other expenses from ordinary activities	4	23,065,220	643,891
Profit (Loss) from ordinary activities before income tax expense (Income tax benefit)		(22,816,961)	(882,191)
Income tax benefit (Income tax expense) relating to ordinary activities	5	-	-
Net profit (loss)		(22,816,961)	(882,191)
Net profit (loss) attributable to outside equity interests		(4,015,555)	(30,453)
Net profit (loss) attributable to members of the Parent Entity		(18,801,406)	(851,738)
Increase (Decrease) in asset revaluation reserve		(8,982,348)	2,591,555
Total revenues, expenses and valuation adjustments attributable to members of the Parent Entity and recognised directly in equity		(8,982,348)	2,591,555
Total changes in equity other than those resulting from transactions with owners as owners		(27,783,754)	1,739,817

The accompanying notes form part of this financial report.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

	<i>Economic Entity</i>		
	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2000</i>	<i>2000</i>	<i>1999</i>
	\$	\$	\$
CURRENT ASSETS			
Cash assets	8,747,305	2,208,347	2,686,560
Receivables	440,337	58,819	60,249
Other financial assets	109,324	74,382	202,774
Other	3,357,028	7,661,322	795,287
TOTAL CURRENT ASSETS	12,653,994	10,002,870	3,744,870
NON-CURRENT ASSETS			
Other financial assets	3,000,000	30,161,576	30,161,576
Property, plant and equipment	1,109,907	1,107,900	172,504
TOTAL NON-CURRENT ASSETS	4,109,907	31,269,476	30,334,080
Total Assets	16,763,901	41,272,346	34,078,950
Current Liabilities			
Payables	1,539,984	587,485	42,772
Provisions	262,464	217,594	125,962
Other	-	-	387
Total Current Liabilities	1,802,448	805,079	169,121
Non-Current Liabilities			
Provisions	20,734	16,658	37,369
Total Non-Current Liabilities	20,734	16,658	37,369
TOTAL LIABILITIES	1,823,182	821,737	206,490
NET ASSETS	14,940,719	40,450,609	33,872,460
EQUITY			
Contributed equity	10,828,753	10,693,753	10,678,753
Reserves	15,432,137	21,013,956	11,576,316
Retained profits (Accumulated losses)	(15,773,008)	6,428,926	11,237,300
Parent entity interest	10,487,882	38,136,635	33,492,369
Outside equity interest	4,452,837	2,313,974	380,091
TOTAL EQUITY	14,940,719	40,450,609	33,872,460

The accompanying notes form part of this financial report.

STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

	<i>Economic Entity</i>	
	<i>2000</i>	<i>1999</i>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	80,588	219,905
Cash payments in the course of operations	(3,756,342)	(1,883,256)
Amount due from clients	(6,489)	(1,680)
Interest received	108,455	27,273
Dividends received	6	6
Interest and other costs of finance paid	(7,266)	(4,083)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,581,048)	(1,641,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of share investments	(95,480)	-
Proceeds from disposal of share investments	270,000	4,868
Payment for purchase of property, plant and equipment	(172,707)	(43,790)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,813	(38,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	10,118,193	4,252,105
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,118,193	4,252,105
Net increase (decrease) in cash held	6,538,958	2,571,348
Cash at the beginning of the accounting period	2,208,347	115,212
Cash at the end of the accounting period	8,747,305	2,686,560

The accompanying notes form part of this financial report.

NOTES

TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

NOTE 1 - CORPORATE INFORMATION

Sino Securities International Ltd is a company limited by shares and is incorporated and domiciled in Australia. The Company has prepared a consolidated half-year financial reports incorporating the entities that it controlled during the half-year ended 31 December 2000.

The registered office of the Company is located at:
Level 3, 43-51 Queen Street
Melbourne, Victoria, 3000

During the half-year ended 31 December 2000, the principles activities of the Economic Entity were the provision of a range of expert investment and related services with a strong focus on the Internet and telecommunication.

The Economic Entity employed 30 employees as of 31 December 2000. (1999: 10 employees)

NOTE 2 - STATEMENT OF ACCOUNT POLICIES

This general purpose half-year consolidated financial report has been prepared in accordance with the Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2000 and any public announcements made by Sino Securities International Limited and controlled entities during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Law.

The accounting policies have been consistently applied by the entities in the Economic Entity and are consistent with those of the previous financial year and corresponding half-year.

For the purpose of preparing this half-year consolidated financial report, the half-year has been treated as a discrete reporting period.

NOTES

TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

	<i>Economic Entity</i>	
	<i>2000</i>	<i>1999</i>
	\$	\$
NOTE 3 - REVENUES FROM ORDINARY ACTIVITIES		
Sharebroking and underwriting fees	67,901	197,157
Advertising sales and e-commerce commission	37,125	-
Gain on reduction of equity interest in a controlled entity	3,400,528	-
Proceeds on disposal of share investments	270,000	4,994
Interest income	108,590	33,688
Other income	38,988	92
	3,923,132	235,931

The Directors are of the opinion that the gain of \$3,400,528 made by the Parent Entity on its reduction of equity interest in GoConnect Ltd, a controlled entity, be brought into the calculation of the Economic Entity's operating results in order to reflect the significant contribution from GoConnect Ltd, a successful establishment of the Economic Entity's internet business. The gain arose as a result of the issue of shares by GoConnect Ltd to interests outside Sino group at a price which was considerably in excess of the price at which the investment had been acquired by the entities within Sino group.

NOTE 4 - EXPENSES FROM ORDINARY ACTIVITIES

Significant Item

Loss from ordinary activities before income tax expense includes the following expense whose disclosure is relevant in explaining the financial performance of the Economic Entity:

- Provision for diminution in prepayment	3,825,000	-
- Provision for diminution in equity investment	18,179,229	76,372

(a) As a result of GoConnect group's uncertainty regarding the recoverability of security held in respect of prepaid advertising and marketing expenses, a provision of \$3,825,000 was made for the half year ended 31 December 2000.

(b) A full provision of \$27 million including a write-off of \$8.9 million against Asset Revaluation Reserve was made for the Economic Entity's 49.5 per cent investment in China Hotel Holdings Ltd. Refer to *Note 6* to the report for further details.

NOTE 5 - INCOME TAX EXPENSE

The Economic Entity adopts the liability method of tax-effect accounting. The Economic Entity has provided for income tax at 31 December 2000, if any, even though the Economic Entity is only required to pay tax on its respective taxable entities' taxable income at year end. The circumstances in calculating the tax liability for the first half-year may change during the half-year period to 30 June 2001.

NOTES

TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

	<i>Economic Entity</i>	
	<i>2000</i>	<i>1999</i>
	\$	\$

NOTE 6 - OTHER FINANCIAL ASSETS

Current

Investments in corporations listed on a prescribed stock exchange, at cost	919,802	919,676
<i>Less:</i> Provision for diminution	(810,478)	(718,083)
	109,324	201,593
Investments in unlisted options in corporations listed on a prescribed stock exchange, at cost	-	1,181
	109,324	202,774

Non-Current

Investments in other corporations		
- China Hotel Holdings Ltd (at directors' valuation)	27,161,576	27,161,576
<i>Less:</i> Provision for diminution	(27,161,576)	-
	-	27,161,576
- Multelink Australia Pty Ltd (at cost)	3,000,000	3,000,000
	3,000,000	30,161,576

Included in the above "Investments in other corporations" are a 49.5 per cent interest in China Hotel Holdings Ltd ("CHH") which holds a 92 per cent indirect interest in the resort project in Dalian through its controlled entity, Golden Pebble Beach Development Ltd, a company incorporated in the British Virgin Islands and a 20 per cent interest in Multelink Australia Pty Ltd.

A full provision of \$27 million was made against the Economic Entity's 49.5 per cent investment in China Hotel Holdings Ltd. Following the recent announcement by China Construction Holdings Ltd ("CIH"), that its floating rate note holders have petitioned for the winding up of that company, the Board of the Parent Entity believes that the ability of CIH to provide further funding on the Dalian project is no longer possible. CIH's funding of the development of the Dalian project was agreed under the agreement dated 26 June 1997 ("the Agreement") entered into between Sino Business Services Pty Ltd and China Construction Realty Ltd, a wholly owned subsidiary of CIH. In this circumstance, the Board of the Parent Entity believes that the lack of funding for the on-going development of the Dalian project may jeopardize the land use right title of the project and accordingly, it would be prudent to provide fully against the Economic Entity's investment in the project. Advice received from the Company's legal advisor supports the view: that CIH's failure to finance the on-going development of the project represents a breach of the Agreement dated 26 June 1997, that the Economic Entity will have no further liability under the Agreement, and that further consideration is being given to the Economic Entity's right of action for the recovery from CIH of the \$500,000 deposit lodged with China Construction Realty Ltd.

NOTES

TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

NOTE 7 - NON-CASH FINANCIAL AND INVESTING ACTIVITIES

There were no transactions or events during the half-year which affects assets and liabilities and did not result in cash flows.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES

Pursuant to the dealer's licence requirements of a controlled entity, the Economic Entity's bankers have issued an irrevocable guarantee to the Australian Securities and Investments Commission for \$20,000. This guarantee is secured by a \$20,000 refundable deposit held by National Australia Bank Ltd.

Apart from the above there were no other commitments or contingencies as at 31 December 2000.

NOTE 9 - EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2000, no events have arisen that would be likely to materially affect the operations of the Economic Entity or the state of affairs of the Economic Entity, except as disclosed in the Economic Entity's financial statements.

DIRECTORS' DECLARATION

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

The Directors of the Parent Entity declare that:

- (1) The financial statements and notes, as set out on pages 3 to 9:
 - (a) comply with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and the Corporations Regulations; and
 - (b) give a true and fair view of the Economic Entity's financial position as at 31 December 2000 and its performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Parent Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

RICHARD LI
MANAGING DIRECTOR

Dated in Melbourne this 16th day of March 2001.

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF SINO SECURITIES INTERNATIONAL LIMITED

SINO SECURITIES INTERNATIONAL LIMITED ACN 006 620 739 AND CONTROLLED ENTITIES

SCOPE

We have reviewed the financial report of Sino Securities International Limited (“the Company”) for the half-year ended 31 December 2000 as set out on pages 2 to 10. The financial report includes the consolidated financial statements of the Economic Entity comprising the Company and the controlled entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sino Securities International Ltd is not in accordance with:

- (1) the Corporations Law, including
 - (a) giving a true and fair view of the Company's financial position at 31 December 2000 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029: Half-year Accounts and Consolidated Accounts and the Corporations Regulations; and
- (2) other mandatory professional reporting requirements.

CLARKE BENTLEYS MRI
CHARTERED ACCOUNTANTS

Dated in Melbourne this 16th day of March 2001

GEOFFREY J KELLY
PARTNER