

**SINO SECURITIES INTERNATIONAL LIMITED**  
**ABN 99 006 620 739**

**APPENDIX 4D**  
**HALF YEAR REPORT**

Please note the following information required under ASX Listing Rule 4.2A.3.

1. Current reporting period                    31 December 2003  
 Previous corresponding period    31 December 2002

**2. Results for announcement to the market**

		Compared with the previous corresponding period			
			%		\$
2.1	Revenues from ordinary activities	UP	41.8	to	1,468,438
2.2	Loss from ordinary activities after tax attributable to members	DOWN	69.9	to	(365,110)
2.3	Net loss for the period attributable to members	DOWN	93.1	to	(55,315)
2.4	No dividends is proposed or paid during the reporting period and the previous corresponding period.				
2.5	Not applicable				
2.6	For explanation relating to item 2.1, 2.2 and 2.3, please refer to "Review of Operations" section in the Directors' Report of the attached Half Yearly Report.				

<b>3. NTA backing</b>	Current period	Previous corresponding period
Net tangible assets per security	\$0.19	\$0.21

4. No entity over which control has been gained or lost during the period.
5. No dividends is proposed or paid during the reporting period and the previous corresponding period.
6. No dividend or distribution reinvestment plan available.
7. Details of Associates and joint venture entities.

<b>Name of entity</b>	<b>Percentage of ownership interest held at end of period or date of disposal</b>		<b>Contribution to net profit (loss)</b>	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Equity accounted associates and joint venture entities				
- Pharmasafe Pty Ltd	40%	40%	-	-
- The Best Mix Entertainment Group Pty Ltd	50%	50%	(5,145)	-
			(5,145)	-

# **SINO SECURITIES INTERNATIONAL LIMITED**

ABN 99 006 620 739

AND CONTROLLED ENTITIES

## **INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2003**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Sino Securities International Limited during this interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# DIRECTORS' REPORT

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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The Directors present the interim financial report of Sino Securities International Limited ("the Parent Entity" or "the Company") and its controlled entities (together "the Consolidated Entity") for the half-year ended 31 December 2003.

### DIRECTORS

The following person were directors of the Parent Entity during the whole of the half year and up to the date of this report:

- Mr. Man Ban Lee
- Mr. Richard Li
- Mr. Ian Johnston
- Ms. Katherine Cheng (Alternate for Mr. M B Lee)

### REVIEW OF OPERATIONS

For the half year ended 31 December 2003, consolidated revenue from ordinary activities increased by 41.8 per cent to \$1,468,438 from \$1,035,584 of the previous corresponding half year. Revenue increase was affected mainly by disposals of share investments during the half year under review. The consolidated net loss attributable to shareholders for the half year under review decreased by 93.1 per cent to \$55,315, compared with a net loss of \$800,593 of the previous corresponding half year. The decrease in the consolidated net loss attributable to shareholders was due to the Consolidated Entity's continuous implementation of a number of cost reduction measures.

If GCN's results were not consolidated into the Sino Group's results, the Sino Group would have reported a net gain of \$440,260 for the half year under review.

### GoConnect Ltd ("GCN")

- After months of planning and development to expand GCN's online media revenue, and working in conjunction with local and international distribution affiliates and content partners, a number of pay subscription video services were introduced via the fixed line GoTrek platform and the mobile m-Vision platform. The operating result of the period reflected the early stage of the development of the additional online media revenue streams. The operating loss was attributable to continuing research and development of the GoTrek technology, development in relation to the extension of GoTrek to the wireless environment for mobile phones, expenses in securing and aggregation of video programs, and the establishment of distribution channels through an international affiliate strategy in accordance with a multiple revenue based media strategy. The 31.4% improvement in the operating loss of GCN at \$805,370 compared to the previous corresponding period of \$1,173,579 was assisted by the reduction of VISP direct network operating costs, and further reductions in employee and other operating costs.
- GCN has successfully extended the distribution of the fixed line Internet GoTrek Technology application to mobile telephony devices for the transmission of video and audio messages to users of these mobile devices. In September 2003, GCN commenced its marketing of a wireless GoTrek subscription service, branded as m-Vision to Pocket PCs and Pocket PC phones that run on the Microsoft Windows Mobile operating platform. The m-Vision video service has also gone live on the Microsoft Smartphone since mid February this year and has already attracted strong attention of the Smartphone user community around the world. The important task ahead of management is to continue to promote m-Vision to become the universally accepted standard system for delivering video infotainment to mobile devices powered by the Windows Mobile operating system. This will then ensure that m-Vision will share the success of Microsoft's penetration of the mobile phone market within the coming months. In line with this strategy, GoConnect Australia Pty Ltd, the wholly subsidiary of GCN, entered into a software distribution agreement with Handango, Inc of Texas, USA in February 2004 with m-Vision now live for distribution on [www.handango.com](http://www.handango.com). More than 8 million mobile users visit the web site of Handango each month.

# DIRECTORS' REPORT

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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- GCN is currently reviewing the ISP operation with the objective of adding ADSL broadband and/or wireless broadband to the service mix.
- The growth in audience and pay subscriptions to the Rainbownetwork.TV gay adult video channel has been encouraging. Since joint marketing for this channel commenced in September 2003, the audience attracted to our service now comes from over 140 countries. The preliminary success of this channel has encouraged GCN and its international affiliate, QSoft Media, to plan for Rainbownetwork.TV to become a mainstream online TV network for the global gay community to further expand the audience.
- A new service, Business EV was launched in November 2003 to provide a unique corporate video communications hosting and distribution service for business and government organizations, via the GoTrek and m-Vision online distribution infrastructure. For these organizations, their video communications can now be delivered to their respective customers, shareholders, investors, or any relevant stakeholders, in TV quality, anywhere in the world. For businesses that do not have available corporate videos, the consolidated entity also provides a video interview service with the interview professionally conducted and captured in video format for distribution. This service is being marketed by GCN's sales team as well as by an external sales agent. Additional external sales agents are being recruited to expand the marketing effort.
- In conjunction with ABC TV Asia Pacific, GCN launched in November 2003, the Education EV channel on GoTrek EV. This new online education video subscription service focusing on English learning is made available to the Asia Pacific region. ABC Asia Pacific's "English Bites" program is amongst the most popular of its existing satellite TV program mix, which is currently broadcast to the entire North and South Asia and the Pacific, with an audience reach of 13.5 million households. At A\$5 a month per subscription, the service is priced at a level in order to capture a large subscriber base. This online video subscription service will not only help to extend the satellite TV audience reach for ABC Asia Pacific to the online environment, it will also introduce a new medium for the export of Australian education. ABC Asia Pacific and GCN will also be promoting this online service jointly on the ABC Asia Pacific satellite TV service from the beginning of March 2004.
- During the period under review, GCN continued its re-engineering of "Direct Assist", a self-help telephone directory assistance technology for mobile phones. The development work is close to completion and Direct Assist will be directly marketed to consumers online.
- During this reporting period, GCN completed the 2003 series of TheBestMix online music competition culminating in a finalists' concert held at the National Theatre in Melbourne, called TheBestMix Showcase with 20 finalists performing in front of a large live audience and judges from the music industry. The success of the Showcase in late November 2003 demonstrates to aspiring talents that TheBestMix is a compelling platform for their discovery and for them to gain exposure to an international online audience and the professionals in the industry. Invaluable experience gained from the 2003 series will assist in further expanding the interest of TheBestMix for the 2004 series, which will commence at the beginning of March 2004. Sponsorships for the 2004 series are currently being actively sought. TheBestMix finalists' videos have also been made available GoTrek and m-Vision viewers internationally providing international exposure to these talents which other traditional mediums would not be able to provide.

### **Multelink Australia Ltd**

During the half year under review, Multelink Australia Ltd restructured its balance sheet via a voluntary administration. The company entered into voluntary administration on 27 June 2003 and came out of the administration on 22 September 2003. Trade creditors will be reduced by agreement by \$1.1 million with the remaining trade debt repayable over 18 months. The administration has provided Multelink Australia Ltd with much necessary time and financial relief so as to allow management to continue to grow the revenue. The company continued to trade profitably on an EBITDA basis during the administration

# **DIRECTORS' REPORT**

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SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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despite the suspension of revenue of growth during this period. While unaudited financial results for the six months to 31 December, 2003 indicate an EBITDA loss of \$138,200, after adjusting for the cost of the administration, Multelink would have made a profit of \$147,000 during this period. Since the end of the administration, Multelink's management has commenced an aggressive revenue growth strategy with a number of major prospective customers under advanced negotiation to come on board in the short term.

## **Pharmasafe Pty Ltd**

Since the debacle of Pan Pharmaceutical Ltd in Australia, The Therapeutic Goods Administration ("TGA"), which regulates and approves applications for complementary medicine, has significantly tightened its rules in relation to its approval of applications for registration of complementary medicine. This has affected the company's application along with all other applications before the TGA. Accordingly, there has been no significant progress with Pharmasafe Pty Ltd during the period under review. The company's application to the TGA is still under review and we will advise shareholders of any progress when appropriate.

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

**RICHARD LI**  
**MANAGING DIRECTOR**

Dated in Melbourne this 27<sup>th</sup> day of February 2004.

# CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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	<i>Notes</i>	<i>Half year ended</i>	
		<i>31 December</i>	<i>31 December</i>
		<i>2003</i>	<i>2002</i>
		<i>\$</i>	<i>\$</i>
Revenue from operating activities		1,460,242	716,886
Revenue from outside the operating activities		8,196	318,698
<b>Revenues from ordinary activities</b>		<b>1,468,438</b>	<b>1,035,584</b>
Internet Service network operating expense		(144,859)	(353,647)
Employee benefits expense		(1,039,559)	(1,128,403)
Sharebroking and underwriting expense		(23,525)	(19,208)
Depreciation		(196,164)	(234,507)
Other Expenses from ordinary activities		(424,296)	(512,418)
Share of net losses of associates accounted for using the equity method		(5,145)	—
<b>Profit (Loss) from ordinary activities before income tax expense (income tax benefit)</b>	2	<b>(365,110)</b>	<b>(1,212,599)</b>
Income tax expense (Income tax benefit) relating to ordinary activities		—	—
<b>Net profit (loss) from ordinary activities after income tax expense (income tax benefit)</b>		<b>(365,110)</b>	<b>(1,212,599)</b>
Net profit (loss) attributable to outside equity interests		(309,795)	(412,006)
<b>Net profit (loss) attributable to members of the Parent Entity</b>		<b>(55,315)</b>	<b>(800,593)</b>
<b>Total revenues, expenses and valuation adjustments attributable to members of the Parent Entity and recognised directly in equity</b>		<b>—</b>	<b>—</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(55,315)</b>	<b>(800,593)</b>
<i>Basic earnings (loss) per share</i>		<i>(0.37) cents</i>	<i>(5.4) cents</i>
<i>Diluted earnings (loss) per share</i>		<i>(0.37) cents</i>	<i>(5.4) cents</i>

The accompanying notes form part of this financial report.

# CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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	<i>As at 31 December 2003 \$</i>	<i>As at 30 June 2003 \$</i>
<b>Current assets</b>		
Cash assets	11,185	69,779
Receivables	162,996	146,255
Other financial assets	3,076,611	3,076,611
Other	49,090	46,815
<b>Total current assets</b>	<b>3,299,882</b>	<b>3,339,460</b>
<b>Non-current assets</b>		
Other financial assets	—	—
Investments accounted for using the equity method	973	6,118
Property, plant and equipment	329,377	523,456
<b>Total non-current assets</b>	<b>330,350</b>	<b>529,574</b>
<b>Total assets</b>	<b>3,630,232</b>	<b>3,869,034</b>
<b>Current liabilities</b>		
Payables	774,611	622,512
Provisions	337,128	346,756
<b>Total current liabilities</b>	<b>1,111,739</b>	<b>969,268</b>
<b>Non-current liabilities</b>		
Provisions	6,920	6,721
<b>Total non-current liabilities</b>	<b>6,920</b>	<b>6,721</b>
<b>Total liabilities</b>	<b>1,118,659</b>	<b>975,989</b>
<b>Net assets</b>	<b>2,511,573</b>	<b>2,893,045</b>
<b>Equity</b>		
- Contributed equity	11,248,753	11,248,753
- Reserves	16,643,873	16,643,873
- Retained profits (Accumulated losses)	(24,999,068)	(24,943,753)
Parent Entity interest	2,893,558	2,948,873
Outside equity interest	(381,985)	(55,828)
<b>Total equity</b>	<b>2,511,573</b>	<b>2,893,045</b>

The accompanying notes form part of this financial report.

# CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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	<i>Half year ended</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2002</i>
<i>Notes</i>	<i>\$</i>	<i>\$</i>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	639,603	614,351
Cash payments in the course of operations	(1,452,479)	(1,865,479)
Interest received	1,237	12,305
Interest and cost of finance paid	(1,919)	–
<b>Net cash provided by (used in) operating activities</b>	<b>(813,558)</b>	<b>(1,238,823)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of share investments	856,357	144,985
Payment for share investments	(122,392)	–
Payment for property, plant and equipment	(4,001)	(10,633)
<b>Net cash provided by (used in) investing activities</b>	<b>729,964</b>	<b>134,352</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	–	490,350
Proceeds from borrowings	25,000	41,000
<b>Net cash provided by financing activities</b>	<b>25,000</b>	<b>531,350</b>
Net increase (decrease) in cash held	(58,594)	(573,121)
Cash at the beginning of the accounting period	69,779	951,330
Cash at the end of the accounting period	11,185	378,209

The accompanying notes form part of this financial report.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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### NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Sino Securities International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### NOTE 2 – PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX

	<i>Half-year ended</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2002</i>
	\$	\$

Profit (loss) from ordinary activities after related income tax expense (revenue) includes the following items of revenue and expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half-year:

(i) *Revenue from ordinary activities*

Gain on reduction of equity interest in a controlled entity	–	307,534
Proceeds on disposal of share investments	<b>873,311</b>	144,985
R & D Tax offset rebate	<b>239,207</b>	228,735
Export market development grant	<b>39,899</b>	–

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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### NOTE 3 – SEGMENT INFORMATION

#### (a) Primary reporting – Business segments

	<i>Investment Banking</i>		<i>Equity Investments</i>		<i>Internet Media</i>		<i>Elimination</i>		<i>Consolidated Entity</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>										
Operating revenue										
derived from external customers	134,651	37,409	789,653	144,985	535,938	514,988	–	–	1,460,242	697,382
Other revenue	7,154	20,515	–	–	1,042	9,741	–	–	8,196	30,256
Inter-segment revenue	–	25,018	19,612	–	–	–	(19,612)	(25,018)		
<b>Total segment revenue</b>	<b>141,805</b>	<b>82,942</b>	<b>809,265</b>	<b>144,985</b>	<b>536,980</b>	<b>524,729</b>	<b>(19,612)</b>	<b>(25,018)</b>		
Unallocated revenue									–	307,946
<b>Total revenue</b>									<b>1,468,438</b>	<b>1,035,584</b>
<b>Results</b>										
Segment result	(335,646)	(322,315)	776,306	1,039	(805,370)	(1,173,579)	–	(25,018)	(364,710)	(1,519,873)
Unallocated expenses									(400)	(672)
Unallocated revenue									–	307,946
<b>Net loss</b>									<b>(365,110)</b>	<b>(1,212,599)</b>

Segment information for the previous corresponding period ended 31 December 2002 was reclassified to reflect changes in the basis for identifying segments and changes in the basis for allocation revenues and expenses to segments for the half year ended 31 December 2003.

#### (b) Secondary reporting – Geographical segments

The Consolidated Entity operates solely in Australia.

### NOTE 4 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent assets or contingent liabilities since the last annual reporting date.

### NOTE 5 - SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature, likely, the opinion of the directors of the Consolidated Entity, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

# DIRECTORS' DECLARATION

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## SINO SECURITIES INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

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In accordance with a resolution of the directors of Sino Securities International Limited, I state that:

in the opinion of the directors:

- (1) the financial statements and notes of the Consolidated Entity, as set out on pages 4 to 8, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (b) complying with Accounting Standard AASB 1029: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

**RICHARD LI**  
MANAGING DIRECTOR

Dated in Melbourne this 27<sup>th</sup> day of February 2004.

**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF SINO SECURITIES INTERNATIONAL LIMITED**

**SCOPE**

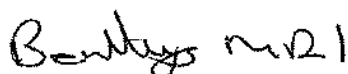
We have reviewed the financial report of Sino Securities International Limited ("the Company") for the half-year ended 31 December 2003 as set out on pages 4 to 9. The financial report includes the consolidated financial statements of the Consolidated Entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the 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: *Interim Financial Reporting* 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 and Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of company personnel and analytical review 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**

As a result of 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 Limited is not in accordance with:

- (1) the *Corporations Act 2001*, including
  - (a) giving a true and fair view of the Company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (b) complying with Accounting Standard AASB 1029: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) other mandatory professional reporting requirements in Australia.



**BENTLEYS MRI**  
CHARTERED ACCOUNTANTS  
114 WILLIAM STREET  
MELBOURNE VIC 3000



**SCOTT PHILLIPS**  
PARTNER

Dated in Melbourne this 27<sup>th</sup> day of February 2004