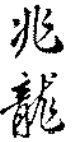




# SINO STRATEGIC INTERNATIONAL LIMITED



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19 December 2005

Australian Stock Exchange  
Company Announcements Platform

Dear Sir/Madam

**Re: China Entertainment Holdings' gaming and entertainment nationwide expansion in China**

The directors of Sino Strategic International Ltd ("SSI") are pleased to advise that SSI has made substantial progress in its business plan for nationwide expansion of the Company's welfare gaming and entertainment business in the People's Republic of China ("PRC").

China Entertainment Holdings Ltd ("CEH"), a wholly owned subsidiary of SSI, has entered into a sponsoring agreement ("Agreement") with Endless Idea Management Ltd ("Endless Idea") to finance the establishment of and on-going productions of the cooperative joint venture ("JV") between Endless Idea and Shanghai VSAT Network Systems Co. Ltd ("Shanghai VSAT") in return for revenue share with Endless Idea. The formation of the JV is subject to the approval by appropriate authorities in Beijing based on their assessment of the professional and financial qualification of Endless Idea.

This JV will lead to the establishment of the first specialized gaming content production house ("Production House") in the PRC. The Production House will be a national gaming content provider for traditional and digital channels in the PRC. These channels are expected to have a combined audience reach of over five hundred million people. The Agreement provides CEH with a number of national access platforms to the Chinese market on a timely basis, on top of the traditional Points of Sale being developed. These national platforms include IPTV, satellite TV, digital pay TV, free to air TV, mobile TV and, Digital Multimedia Broadcasting ("DMB"). It is expected that the Production House will establish strategic alliances with a number of major channel partners in operating each of these platforms.

Endless Idea is a Hong Kong entertainment marketing company and content provider for various broadcast media, (including content for TV, stage and video production). Mr. Philip Chan, managing director and founder of Endless Idea, is the former CEO of Metro Broadcast Limited, a major commercial radio broadcaster in Hong Kong. He was also the General Manager of Capital Artist Limited, an artist and event management company, and founding director of the Hong Kong listed entertainment company, Star East Group.

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Shanghai VSAT is the official gaming information service provider and out-sourced data centre of Shanghai Welfare Lottery Issuing Centre. Shanghai VSAT has secured for the Production House the first channel partner, Chinavnet, an Internet portal owned by China Telecom. Shanghai VSAT will act as the exclusive gaming service provider to Chinavnet through the development of a dedicated gaming program “Sky Long Cai” and an Internet gaming portal, [www.skylc.com](http://www.skylc.com). The program will be produced by the Production House and delivered to Chinavnet subscribers via China Telecom’s Internet network. It is expected that, over time, [www.skylc.com](http://www.skylc.com) will be highly popular amongst the PRC’s 100 million plus Internet users while GoConnect Ltd’s GoTrek IPTV technology would also contribute to the development of a high quality narrowband IPTV market in China. Users of Chinavnet will soon be able to watch gaming content as well as purchase lotto games initially, and eventually also Keno games, via the [www.skylc.com](http://www.skylc.com) site. Shanghai China Telecom, a branch of China Telecom and a shareholder of Shanghai VSAT, will begin to sell and distribute prepaid betting cards, under a joint brand name between China Telecom and Sky Long Cai, via its Shanghai retail network in early 2006. Customers in cities other than Shanghai will also be able to use China Telecom prepaid phone cards distributed in these cities to subscribe to online betting services on [www.skylc.com](http://www.skylc.com). Keno and lottery prizes can be collected from any of China Telecom’s retail stores throughout China. CEH, via Endless Idea, will be entitled to a share of the agency revenue derived from the sale of Keno and lotto games from [www.skylc.com](http://www.skylc.com).

The Board of SSI is pleased that CEH has made such significant progress. As additional major content channel partners are secured for the Production House, CEH’s nationwide expansion strategy for its gaming and entertainment business will be further consolidated. Further announcements will be made when additional partners are secured.

Yours sincerely

Richard Li  
Managing Director  
Sino Strategic International Ltd