SINO STRATEGIC INTERNATIONAL LIMITED

(Formerly known as 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 2005
Previous corresponding period	31 December 2004

2. Results for announcement to the market

	Compared with the previous corresponding period			
		%		$
2.1 Revenues from ordinary activities	UP	19.4	to	691,856
2.2 Loss from ordinary activities after tax attributable to members	UP	102.2	to	(1,316,633)
2.3 Net loss for the period attributable to members	UP	102.2	to	(1,316,633)
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.				

3. **NTA backing**	Current period	Previous corresponding period
Net tangible assets per security	**$0.16**	($0.028)

4. Details of entities over which control has been gained during the period, including the following:
   - 4.1 Name of the entity – China Entertainment Holdings Limited
   - 4.2 The date of the gain of control – 2 November 2005
   - 4.3 Contribution to net profit (loss)

Current period	Previous corresponding period
(484,890)	–

Please refer to *Note 4* to the attached financial report for the half-year ended 31 December 2005 for further details.

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.

Name of entity	**Percentage of ownership interest held at end of period or date of disposal**		**Contribution to net profit (loss)**	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period	Previous corresponding period
- Pharmasafe Pty Ltd	**40%**	40%	**–**	–
- The Best Mix Entertainment Group Pty Ltd	**50%**	50%	**(432)**	(81)
			(432)	(81)

SINO STRATEGIC INTERNATIONAL LIMITED

(Formerly known as Sino Securities International Limited)

ABN 99 006 620 739

AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

CONTENTS

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 2005 and any public announcements made by Sino Strategic International Limited during this interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors present the interim financial report of Sino Strategic International Limited ("the Parent Entity" or "the Company") and its controlled entities (together "the Consolidated Entity") for the half-year ended 31 December 2005.

CHANGE OF NAME

At the extraordinary general meeting held on 31 October 2005, the shareholders of the Parent Entity approved the change of name of the Parent Entity from "Sino Securities International Limited" to "Sino Strategic International Limited". The change of name was effected as from 2 November 2005.

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. Theodore C T Cheng (appointed on 30 October 2005)
- Mr. Bruce L Mathieson (appointed on 30 October 2005)
- Mr. Peter J Gillooly (appointed on 30 October 2005)
- Mr. Edwin H M Yuen (appointed on 30 October 2005)
- Mr. John C Wu (appointed on 30 October 2005)
- Mr. Man Ban Lee
- Mr. Richard Li
- Mr. Ian Johnston
- Ms. Katherine Cheng (Alternate for Mr. M B Lee)

REVIEW AND RESULTS OF OPERATIONS

For the half year ended 31 December 2005, consolidated revenue from ordinary activities was $691,856 (2004: $579,557) representing an increase of 19 per cent which was attributable mainly to the increase in income generated by the Consolidated Entity's financial services activities and interest income. Consolidated net loss attributable to shareholders was $1,316,633 (2004: $651,274 Loss), up 102 per cent on the previous corresponding half-year. The consolidated net loss for the half year includes a non-cash expense of $384,165 arising from the accounting for the value of options granted to directors and senior management of the Parent Entity during the half year under review, as required under the Australian equivalents to IFRS adopted for the period. Excluding this expense, the Consolidated Entity's consolidated net loss would have been $932,468, an increase of 43 per cent over the previous corresponding half year. The consolidated operating results have incorporated the net loss relating to China Entertainment Holdings Limited ("CEH"), a wholly owned subsidiary acquired by the Parent Entity on 2 November 2005, amounting to $484,890. The operating results have also incorporated the financial results of the Consolidated Entity's 51 per cent interest in GoConnect Limited ("GCN"), a controlled entity, for the interim period ended 31 December 2005. If GCN's results were not consolidated into the Consolidated Entity's results, the Consolidated Entity's net loss for the year would be reduced from $1,316,633 to $1,241,855.

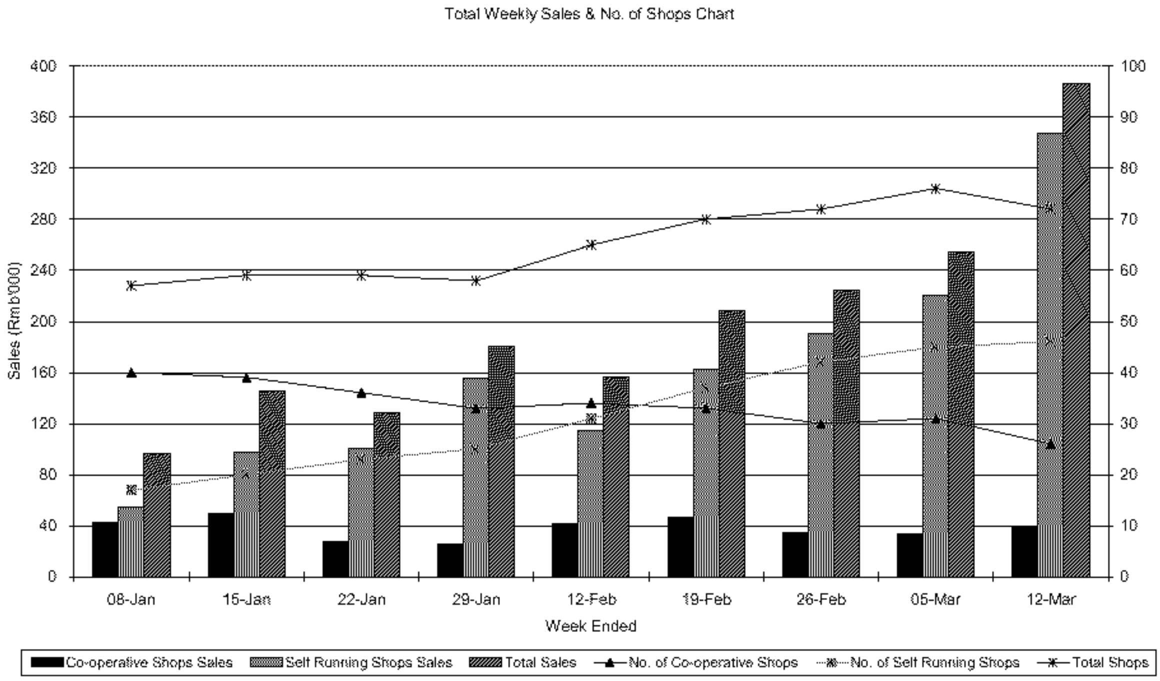
- **Gaming and Entertainment Division**

At the extraordinary general meeting held on 31 October 2005, shareholders approved the Parent Entity's proposed acquisition of 100 per cent interest in China Entertainment Holdings Ltd and its controlled entities ("CEH group") from Best Winning Investment Limited. The operating results for the half year under review incorporated CEH group's operating results for the period from 2 November 2005 to 31 December 2005.

REVIEW AND RESULTS OF OPERATIONS (continued)

- **Gaming and Entertainment Division** (continued)

As at the date of this report, CEH group has 90 Points-of-Sale ("POS") in the City of Shanghai selling lotto and Keno games as agent for the Shanghai Welfare Lottery Issuing Centre. It is expected that another 100 POSs will be in operation shortly. The number of POS is expected to increase rapidly for the balance of the financial year with a target of 750 by the end of 2006. It is pleasing to see that sales of lotto and Keno games at the POSs have been improving weekly on both an aggregate as well as average POS basis.



Weekly sales performance of all Points-of Sale in Shanghai

In December 2005, CEH entered into a sponsorship agreement with Endless Idea Management Ltd ("Endless Idea") to finance the establishment of a TV content production house and on-going production for the Lucky Channel. The production house is established under the auspices of a prospective cooperative joint venture ("JV") Endless Idea established with Shanghai VSAT Network Systems Co. Ltd in return for revenue share with Endless Idea. The Lucky Channel is the only national broadcast channel licensed in China that can distribute gaming related programs via multiple media platforms. Its audience reach upon full production and distribution is expected to be over 400 million people in China. The Lucky Channel is also expected to play a vital role in the dissemination of sports gaming information.

While establishing its gaming and entertainment business in Shanghai rapidly, CEH is also consolidating its business plan to expand its gaming and entertainment interests nationwide with the Shanghai business acting as the model for nationwide expansion. Discussions are underway to partner with major international gaming companies and financial institutions for co-investing in the Chinese gaming market.

- **Financial Services Division**

Due to a better performance in the overall share market, the Consolidated Entity generated financial services revenue of $129,556 in the period under review (2004: $57,083), an improvement of 127 per cent on the previous corresponding period. The Australian share market performance is expected to remain buoyant for the balance of the financial year and accordingly, this improving trend in our financial services income can be expected to continue.

REVIEW AND RESULTS OF OPERATIONS (continued)

- **Internet Media and Communications Division**

The Consolidated Entity had 51 per cent interest in GoConnect Ltd group ("GCN group"), the Internet Media and Communication division, as at 31 December 2005. GCN group's operating results for the half year under review improved by 2.8% to a net loss of $713,697, compared to a net loss of $734,405 in the previous corresponding half year. The operating loss was attributable to developmental nature of the online and mobile media business, continuing research and development of the GoTrek technology, expenses in securing and aggregation of video programs, and the establishment of additional international distribution channels. GCN group has a global multiple revenue media strategy.

GCN group's subscription revenue from the ISP service fell during the reporting period, which reflected the shift in the Internet market from dialup connections to broadband. This negative trend is expected to be addressed with the launch of a marketing campaign for the ADSL broadband service and the incorporation of GoTrek VoIP to this service. GCN group believes the ability to combine GoTrek IPTV push video infotainment with Internet communications in both voice and text is a world first.

In September 2005, GCN group reached agreement with the Times Group of India regarding the adoption and marketing of the patented GoTrek IPTV technology for the Indian market. The extension will see the Bollywoodzone TV video channel also offered to the fixed line Internet users and be marketed by Times Group. to its vast customer base. This breakthrough is expected to increase GCN group's subscriber base significantly.

While working closely with The Times Group, GCN group is further expanding its efforts in the Indian market to take advantage of the low level of broadband penetration in the country. GoTrek IPTV has particular significance for the Indian Internet market, which consists of 99.5% dialup connections. The ability of GoTrek to deliver broadband video quality regardless of connection speeds in an Internet world which is finding increasing popularity with videos, presents GCN group with a unique commercial window to establish its presence in India together with its content and distribution partners. Negotiations are also at an advanced stage to secure an additional major content and distribution partner in India for GoTrek IPTV.

GCN group has been working closely with the Parent Entity to establish a presence for its GoTrek IPTV platform in the Chinese market. With over 100 million Internet users in China and the Parent Entity's control over the provision of content to the only licensed gaming broadcast channel in China, the Lucky Channel, GoTrek IPTV is well placed to assist the Parent Entity's gaming strategy in China with the distribution of the Lucky Channel to the massive Chinese Internet population.

GCN group is now firmly focused on marketing its portfolio of media products, Direct Assist, and ADSL broadband to lift operational revenue. Continuing efforts are made in establishing the GoTrek IPTV and m-Vision platforms, Direct Assist and the mobile gaming technology in the international market in particular in both India and China.

- **Pharmasafe Pty Ltd**

In August 2005, Pharmasafe entered into an agreement with GCN for GCN to develop and maintain the Pharmasafe website located at www.pharmasafe.com.au, and for GCN to act as exclusive online distribution agent for Pharmasafe's products with first product being Liver Bioguard. Liver Bioguard, a product already approved by the Australian Therapeutic Goods Administration ("TGA") for sale. Subject to satisfaction of certain post approval procedures, Liver Bioguard will be available for sale via www.pharmasafe.com.au.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in *Note 2* of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 of this report for the half year ended 31 December 2005.

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

RICHARD LI
MANAGING DIRECTOR

Dated in Melbourne this 16th day of March 2006.

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL

Bentleys mri
Thinking ahead

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SINO STRATEGIC INTERNATIONAL LIMITED

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2005, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Bentleys MRI

BENTLEYS MRI
CHARTERED ACCOUNTANTS

SCOTT PHILLIPS
PARTNER

Dated in Melbourne on the 16th day of March 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

SINO STRATEGIC INTERNATIONAL LIMITED (FORMERLY KNOWN AS SINO SECURITIES INTERNATIONAL LIMITED) AND CONTROLLED ENTITIES

	Note	CONSOLIDATED ENTITY	
		31 December 2005 $	*31 December 2004 $*
Revenues from ordinary activities		**691,856**	579,557
Internet service network operating expense		**(86,491)**	(115,236)
Employee benefits expense		**(1,176,550)**	(974,739)
Sharebroking and underwriting expense		**(88,542)**	(29,449)
Depreciation expense		**(73,940)**	(84,571)
ISP infrastructure expense		**(86,491)**	(115,236)
Occupancy expense		**(230,916)**	-
Rental expense		**(67,380)**	(65,905)
Expense of share-based payments		**(384,165)**	-
Other expenses from ordinary activities		**(464,000)**	(217,382)
Share of net losses of associates		**(432)**	(81)
Loss before income tax	*3*	**(1,967,051)**	(1,023,042)
Income tax expense (benefit)		**–**	–
Loss for the period		**(1,967,051)**	(1,023,042)
Loss attributable to minority equity interests		**(650,418)**	(371,768)
Loss attributable to members of the Parent Entity		**(1,316,633)**	(651,274)
Basic earnings (loss) per share (cents per share)		***(4.40)***	*(4.35)*
Diluted earnings (loss) per share (cents per share)		***(4.05)***	*(4.35)*

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

SINO STRATEGIC INTERNATIONAL LIMITED (FORMERLY KNOWN AS SINO SECURITIES INTERNATIONAL LIMITED) AND CONTROLLED ENTITIES

	CONSOLIDATED ENTITY	
	31 December 2005 $	*30 June 2005 $*
ASSETS		
Current assets		
Cash and cash equivalents	**7,583,143**	38,588
Trade and other receivables	**2,503,674**	124,308
Financial assets	**162,000**	162,000
Other current assets	**125,394**	34,978
Total current assets	**10,374,211**	359,874
Non-current assets		
Investments accounted for using the equity method	**1,391**	1,823
Intangible assets	**99,881,335**	-
Property, plant and equipment	**1,016,623**	88,899
Total non-current assets	**100,899,349**	90,722
Total assets	**111,273,560**	450,596
LIABILITIES		
Current liabilities		
Trade and other payables	**846,583**	1,100,512
Short term provisions	**223,434**	396,085
Total current liabilities	**1,070,017**	1,496,597
Non-current liabilities		
Long term provisions	**203,263**	117
Total non-current liabilities	**203,263**	117
Total liabilities	**1,273,280**	1,496,714
Net assets/(Net liabilities)	**110,000,280**	(1,046,118)
EQUITY		
Issued capital	**123,306,253**	11,248,753
Reserves	**17,037,322**	16,643,873
Accumulated losses	**(29,874,947)**	(28,558,314)
Parent Entity interest	**110,468,628**	(665,688)
Minority equity interest	**(468,348)**	(380,430)
Total equity/(Deficiency)	**110,000,280**	(1,046,118)

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

SINO STRATEGIC INTERNATIONAL LIMITED (FORMERLY KNOWN AS SINO SECURITIES INTERNATIONAL LIMITED) AND CONTROLLED ENTITIES

		CONSOLIDATED ENTITY	
	Note	***31 December 2005 $***	*31 December 2004 $*
Cash flows from operating activities			
Receipts from customers		**485,185**	444,272
Payments to suppliers and employees		**(2,787,244)**	(1,584,648)
Receipt of government grants		**239,693**	246,033
Interest received		**106,248**	6,380
Interest and cost of finance paid		**(34,369)**	(183)
Net cash provided by (used in) operating activities		**(1,990,487)**	(888,146)
Cash flows from investing activities			
Proceeds from disposal of share investments		**13,717**	31,843
Proceeds from disposal of non-current assets		**18,000**	-
Payment for share investments		**-**	(100,883)
Advances to other entities		**(840)**	-
Advances repaid by other entities		**232,294**	-
Payment for property, plant and equipment		**(193,501)**	(1,286)
Net cash inflows resulting from acquisition of a controlled entity	4	**1,269,430**	-
Net cash provided by (used in) investing activities		**1,339,100**	(70,326)
Cash flows from financing activities			
Proceeds from issue of shares by the Parent Entity		**7,647,325**	-
Proceeds from issue of shares by a controlled entity		**562,500**	630,181
Repayment of borrowings		**(6,071)**	(70,000)
Proceeds from borrowings		**-**	15,465
Net cash provided by financing activities		**8,203,754**	575,646
Net increase (decrease) in cash held		**7,552,367**	(382,826)
Cash at the beginning of the accounting period		**38,588**	506,188
Effect of exchange rates on cash holdings in foreign currencies		**(7,812)**	-
Cash at the end of the accounting period		**7,583,143**	123,362

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Attributable to members of the Parent Entity						
			Reserves				
	Share capital ordinary	Accumulated losses	General	Forfeited shares	Total	Minority equity interests	Total
	$	$	$	$	$	$	$
Balance at 1 July 2004	11,248,753	(27,659,313)	16,641,873	2,000	233,313	45,156	278,469
Profit (Loss) for the period	-	(651,274)	-	-	(651,274)	(371,768)	(1,023,042)
Total income / expense for the period	11,248,753	(28,310,587)	16,641,873	2,000	(417,961)	(326,612)	(744,573)
Increase in Minority Interest in a controlled entity's share capital	-	-	-	-	-	33,188	33,188
Balance at 31 December 2004	**11,248,753**	**(28,310,587)**	**16,641,873**	**2,000**	**(417,961)**	**(293,424)**	**(711,385)**

	Attributable to members of the Parent Entity								
			Reserves						
	Share capital ordinary	Accumulated losses	General	Forfeited shares	Foreign currency translation	Equity benefits	Total	Minority equity interests	Total
	$	$	$	$	$		$	$	$
Balance at 1 July 2005	11,248,753	(28,558,314)	16,641,873	2,000	-	-	(665,688)	(380,430)	(1,046,118)
Currency translation differences	-	-	-	-	9,284	-	9,284	-	9,284
Total income and expense for the period recognised directly in equity	11,248,753	(28,558,314)	16,641,873	2,000	9,284	-	(656,404)	(380,430)	(1,036,834)
Profit (Loss) for the period	-	(1,316,633)	-	-	-	-	(932,468)	(650,418)	(1,582,886)
Total income / expense for the period	11,248,753	(29,874,947)	16,641,873	2,000	9,284	-	(1,588,872)	(1,030,848)	(2,619,720)
Issue of share capital	112,057,500	-	-	-	-	-	112,057,500	-	112,057,500
Cost of share-based payment	-	-	-	-	-	384,165	384,165	-	384,165
Increase in Minority Interest in a controlled entity's share capital	-	-	-	-	-	-	-	562,500	562,500
Balance at 31 December 2005	**123,306,253**	**(29,874,947)**	**16,641,873**	**2,000**	**9,284**	**384,165**	**110,468,628**	**(468,348)**	**110,000,280**

The accompanying notes form part of these financial statements.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting*, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Sino Strategic International Limited ("the Parent Entity") and its controlled entities (together "the Consolidated Entity") during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, the comparatives for the half-year ended 31 December 2004 and full year ended 30 June 2005 have been reviewed for any necessary restatement. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2. A summary of the significant accounting policies under Australian equivalents to IFRS has been included below.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The Consolidated Entity experienced operating losses and negative operating cash flows during the half-year ended 31 December 2005. The directors, however, are confident that the Consolidated Entity will be successful in generating revenue and cash flows by:

- generating revenue from existing and future corporate advisory/underwriting and private client services and investment activities,
- generating advertising and sponsorship sales from existing and future projects,
- establishing revenue from the current projects for subscription services online and to mobile devices and other revenue generating activities,
- generating commission revenue from gaming and entertainment division,
- accessing additional capital.

Accordingly, the directors have prepared the financial report on a going concern basis.

(a) Principles of Consolidation

A controlled entity is any entity the Parent Entity has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Parent Entity. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased. Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(b) Income Tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation and amortisation

Depreciation is provided on all property, plant and equipment from the time the assets are held ready for use at rates calculated to allocate their cost against revenue over their estimated economic lives.

	Effective life	*Depreciation method*
Motor vehicles	6 ⅔	Diminishing value
Office and computer equipment	2 – 5	Straight line
Furniture and fittings	8	Straight line
Staff amenities	7 ⅔	Straight line

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is provided on all property, plant and equipment from the time the assets are held ready for use at rates calculated to allocate their cost against revenue over their estimated economic lives.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(c) Property, Plant and Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Consolidated Entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Consolidated Entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Consolidated Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Consolidated Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(e) Financial Instruments (continued)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Consolidated Entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(f) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies. The equity method of accounting recognises the Consolidated Entity's share of past acquisition reserves of its associates.

(h) Interests in Joint Ventures

The Consolidated Entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position.

The Consolidated Entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a definite life and are carried at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(j) Foreign Currency Transactions and Balances (continued)

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(k) Employee Benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(l) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1 – BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Government grants

Government grants are recognised as revenue when received.

(s) Share-based payment transactions

The Consolidated Entity provides benefits to directors and senior management (together "the employees") of the Consolidated Entity in the form of share-based payment transactions in order to secure the employees' interest in the Consolidated Entity and as an incentive for good performance.

The cost of these equity-settled transactions with the employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the number of share options that, in the opinion of the directors of the Consolidated Entity, will ultimately vest.

This opinion is formed based on the best available information at balance date. No expense is recognised for the share options that do not ultimately vest, except for share options where vesting is conditional upon a market condition. Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the equity-settled transaction is recognised immediately.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2 – FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	CONSOLIDATED ENTITY		
	Previous GAAP at 1.7.2004	*Adjustments on introduction of Australian equivalents to IFRS*	*Australian equivalents to IFRS at 1.7.2004*
Reconciliation of Equity at 1 July 2004	*$*	*$*	*$*
ASSETS			
Current assets			
Cash and cash equivalents	506,188	-	506,188
Trade and other receivables	636,477	-	636,477
Financial assets	163,611	-	163,611
Other current assets	44,498	-	44,498
Total current assets	1,350,774	-	1,350,774
Non-current assets			
Investments in associates	222	-	222
Property, plant and equipment	198,753	-	198,753
Total non-current assets	198,975	-	198,975
Total assets	1,549,749	-	1,549,749
LIABILITIES			
Current liabilities			
Trade and other payables	912,283	-	912,283
Short term provisions	351,968	-	351,968
Total current liabilities	1,264,251	-	1,264,251
Non-current liabilities			
Long term provisions	7,029	-	7,029
Total non-current liabilities	7,029	-	7,029
Total liabilities	1,271,280	-	1,271,280
Net assets	278,469	-	278,469
EQUITY			
Issued capital	11,248,753	-	11,248,753
Reserves	16,643,873	-	16,643,873
Accumulated losses	(27,659,313)	-	(27,659,313)
Parent Entity interest	233,313	-	233,313
Minority equity interest	45,156	-	45,156
Total equity	278,469	-	278,469

NOTE 2 – FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

	CONSOLIDATED ENTITY		
Reconciliation of Equity at 31 December 2004	*Previous GAAP at 31.12.2004 $*	*Adjustments on introduction of Australian equivalents to IFRS $*	*Australian equivalents to IFRS at 31.12.2004 $*
ASSETS			
Current assets			
Cash and cash equivalents	123,362	-	123,362
Trade and other receivables	118,918	-	118,918
Financial assets	162,000	-	162,000
Other current assets	47,383	-	47,383
Total current assets	451,663	-	451,663
Non-current assets			
Investments in associates	141	-	141
Property, plant and equipment	115,468	-	115,468
Total non-current assets	115,609	-	115,609
Total assets	567,272	-	567,272
LIABILITIES			
Current liabilities			
Trade and other payables	912,563	-	912,563
Short term provisions	366,011	-	366,011
Total current liabilities	1,278,574	-	1,278,574
Non-current liabilities			
Long term provisions	83	-	83
Total non-current liabilities	83	-	83
Total liabilities	1,278,657	-	1,278,657
Net liabilities	(711,385)	-	(711,385)
EQUITY			
Issued capital	11,248,753	-	11,248,753
Reserves	16,643,873	-	16,643,873
Accumulated losses	(28,310,587)	-	(28,310,587)
Parent Entity interest	(417,961)	-	(417,961)
Minority equity interest	(293,424)	-	(293,424)
Total equity	(711,385)	-	(711,385)

NOTE 2 – FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

	CONSOLIDATED ENTITY		
Reconciliation of Equity at 30 June 2005	*Previous GAAP at 30.6.2005*	*Adjustments on introduction of Australian equivalents to IFRS*	*Australian equivalents to IFRS at 30.6.2005*
	$	*$*	*$*
ASSETS			
Current assets			
Cash and cash equivalents	38,588	-	38,588
Trade and other receivables	124,308	-	124,308
Financial assets	162,000	-	162,000
Other current assets	34,978	-	34,978
Total current assets	359,874	-	359,874
Non-current assets			
Investments in associates	1,823	-	1,823
Property, plant and equipment	88,899	-	88,899
Total non-current assets	90,722	-	90,722
Total assets	450,596	-	450,596
LIABILITIES			
Current liabilities			
Trade and other payables	1,100,512	-	1,100,512
Short term provisions	396,085	-	396,085
Total current liabilities	1,496,597	-	1,496,597
Non-current liabilities			
Long term provisions	117	-	117
Total non-current liabilities	117	-	117
Total liabilities	1,496,714	-	1,496,714
Net liabilities	(1,046,118)	-	(1,046,118)
EQUITY			
Issued capital	11,248,753	-	11,248,753
Reserves	16,643,873	-	16,643,873
Accumulated losses	(28,558,314)	-	(28,558,314)
Parent Entity interest	(665,688)	-	(665,688)
Minority equity interest	(380,430)	-	(380,430)
Total equity	(1,046,118)	-	(1,046,118)

NOTE 2 – FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Reconciliation of Profit or Loss for the half-year 31 December 2004	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
	$	$	$
Revenues from ordinary activities	579,557	-	579,557
Internet service network operating expense	(115,236)	-	(115,236)
Employee benefits expense	(974,739)	-	(974,739)
Sharebroking and underwriting expense	(29,449)	-	(29,449)
Depreciation expense	(84,571)	-	(84,571)
ISP infrastructure expense	(115,236)	-	(115,236)
Rental expense	(65,905)	-	(65,905)
Other expenses from ordinary activities	(217,382)	-	(217,382)
Share of net loss of associates	(81)	-	(81)
Loss before income tax	(1,023,042)	-	(1,023,042)
Income tax expense (benefit)	-	-	-
Loss for the period	(1,023,042)	-	(1,023,042)
Loss attributable to minority equity interests	(371,768)	-	(371,768)
Loss attributable to members of the Parent Entity	**(651,274)**	**-**	**(651,274)**

Reconciliation of Profit or Loss for the full year to 30 June 2005			
Revenues from ordinary activities	1,012,520	-	1,012,520
Internet service network operating expense	(203,174)	-	(203,174)
Employee benefits expense	(1,985,444)	-	(1,985,444)
Sharebroking and underwriting expense	(55,091)	-	(55,091)
Marketing expense	(37,007)	-	(37,007)
Depreciation expense	(115,142)	-	(115,142)
Other expenses from ordinary activities	(803,011)	-	(803,011)
Share of net profits of associates	1,601	-	1,601
Loss before income tax	(2,184,748)	-	(2,184,748)
Income tax expense (benefit)	-	-	-
Loss for the period	(2,184,748)	-	(2,184,748)
Loss attributable to minority equity interests	1,285,747	-	1,285,747
Loss attributable to members of the Parent Entity	(899,001)	-	(899,001)

NOTE 3 – PROFIT (LOSS) FROM ORDINARY ACTIVITIES

	CONSOLIDATED ENTITY	
	31 December 2005	*31 December 2004*
	$	*$*
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
(i) *Revenue from ordinary activities*		
Proceeds on disposal of share investments	-	31,843
R & D Tax offset rebate	**239,693**	246,033

NOTE 4 – ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND RESTRUCTURING

On 2 November 2005, the Parent Entity acquired 100% interest in China Entertainment Holdings Limited and its controlled entities from Best Winning Investment Limited ("Best Winning"). The purchase was satisfied by the issue of 32.15 million fully paid ordinary shares in the Parent Entity to Best Winning.

The purchase price was allocated as follows:

Purchase consideration	
- Value of shares issued (based on the closing market price of the Parent Entity's shares on the Australian Stock Exchange - $3.05 per share)	98,057,500
- Costs directly attributable to the combination including professional fees	143,182
Cash consideration	-
	98,200,682
Assets and liabilities acquired at acquisition date:	
- Cash and cash equivalent	1,269,430
- Prepayment	51,060
- Receivables	2,542,784
- Property, plant and equipment	788,807
- Payables	(6,332,734)
	(1,680,653)
Intangible recognised on consolidation	71,000,000
Goodwill on consolidation	28,881,335
Total	98,200,682

The assets and liabilities arising from the acquisition are recognised at fair value which are equal to their carrying value at acquisition date.

Net loss relating to China Entertainment Holdings Limited and its controlled entities amounting to $484,890 is included in the consolidated income statement for the half-year ended 31 December 2005.

NOTE 5 – SEGMENT INFORMATION

Primary reporting – Business segments

	Financial Services		*Equity Investments*		*Internet Media*		*Gaming & Entertainment*		*Elimination*		Consolidated Entity	
	2005	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*	*2005*	*2004*
	$	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*$*
Revenue												
Revenue from ordinary activities	**161,718**	80,874	**94,053**	31,843	**419,340**	466,840	**16,745**	-			**691,856**	579,557
Inter-segment revenue	**396,500**	-	**15,066**	9,527	**-**	-	**-**	-	**(411,566)**	(9,527)	**-**	-
Total segment revenue	**558,218**	80,874	**109,119**	41,370	**419,340**	466,840	**16,745**	-	**(411,566)**	(9,527)		
Unallocated revenue											**-**	-
Total revenue from ordinary activities											**691,856**	579,557
Results												
Segment result	**8,365**	(274,199)	**4,260**	(14,014)	**(713,697)**	(734,405)	**(484,890)**	-	**(396,500)**	-	**(1,582,462)**	(1,022,618)
Unallocated expenses											**(384,589)**	(424)
Unallocated revenue											**-**	-
Profit (Loss) before income tax											**(1,967,051)**	(1,023,042)
Income tax expense											**-**	-
Profit (Loss) after income tax											**(1,967,051)**	(1,023,042)

NOTE 6 –CONTINGENT LIABILITIES

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

NOTE 7 – 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

SINO STRATEGIC INTERNATIONAL LIMITED (FORMERLY KNOWN AS SINO SECURITIES INTERNATIONAL LIMITED) AND CONTROLLED ENTITIES

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 23:
    a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
    b. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2005 and of its performance for the half year ended on that date.
2. In the directors' opinion 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 16th day of March 2006.

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL

Bentleys mri
Thinking ahead

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF SINO STRATEGIC INTERNATIONAL LIMITED

Scope

We have reviewed the financial report of Sino Strategic International Limited for the half-year ended 31 December 2005 as set out on page 6 to page 24. The company's directors are responsible for the financial report. 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. 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 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity'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/Australian Stock Exchange Limited.

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 given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF SINO STRATEGIC INTERNATIONAL LIMITED
(CONT'D)

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 Strategic International Limited is not in accordance with:

a. the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

b. other mandatory professional reporting requirements in Australia.

Bentleys MRI

BENTLEYS MRI
CHARTERED ACCOUNTANTS

SCOTT PHILLIPS
PARTNER

Dated in Melbourne on the 16th day of March 2006