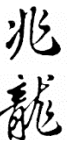




# SINO STRATEGIC INTERNATIONAL LIMITED



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Sino GL Pty Ltd (ABN 29 090 447 368)

Sino Investments Pty Ltd (ABN 47 006 643 143)

19 October 2010

Australian Securities Exchange  
Company Announcements Platform

**Re: Sino Strategic International Limited (“SSI” or “the Company”)  
Findings of the Financial Reporting Panel on the accounting of Intangibles on  
Acquisition of China Entertainment Holdings (CEH) in 2005.**

In August 2010, the Australian Securities Investment Commission (ASIC) referred to the Financial Reporting Panel (the Panel) the financial report of SSI with the claim that the Company’s financial statements for the half-year ended 31 December 2009 were not in compliance with AASB3 Business Combinations.

The December 2009 financial statements of SSI reflected a business combination with CEH that took place in 2005. This transaction was accounted for with SSI as the acquirer of CEH, and Intangibles of Goodwill and Gaming Rights were recognized based on independent expert valuation of CEH. The presentation of SSI’s accounts have also been in accordance with the legal ownership structure of the SSI Group, meaning SSI-CEH-Shanghai Kelo.

The Panel found that the transaction should had been accounted for as a Reverse Take Over under the relevant provisions of AASB3, i.e. for accounting report purposes CEH (the legal acquiree) was the Acquirer, and SSI (the legal acquirer) was the Acquiree.

Under the Panel’s recommendation, SSI is required to account for a “prior period error” in its next set of financial statements as set in AASB108. Despite SSI management’s concern that such accounting presentation would be confusing to shareholders, SSI has elected to comply with the decision and recommendation of the Panel.

In brief, adoption of the resultant adjustment would eliminate Goodwill of \$28.4M and Gaming Rights of \$38.6M brought forward from 30 June 2009. Although there would be some Goodwill based on the deemed CEH equity interest in SSI and a valuation of SSI as at 2005 less any subsequent impairment, such would be immaterial in comparison.

The Company shall advise the market further as soon as further information warrants.

Yours faithfully

Edward Li  
Company Secretary  
Sino Strategic International Limited