



SINO SECURITIES INTERNATIONAL LIMITED

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Sino GL Pty Ltd (ABN 29 090 447 368)

SSI Nominees Pty Ltd (ABN 31 006 724 956)

Sino Investments Pty Ltd (ABN 47 006 643 143)

Sino Asset Management Pty Ltd (ABN 61 007 282 797)

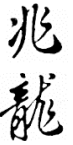
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No of pages: - 1 -
(including this page)

Australian Stock Exchange
Company Announcements Platform

Dear Sir/Madam

Re: Merger of Sino Securities and China Entertainment Holdings

The directors of Sino Securities International Ltd (“SSI”) wish to advise that SSI has entered into an agreement with Best Winning Investment Ltd (“Best Winning”) to acquire 100% of its wholly owned subsidiary, China Entertainment Holdings Ltd (“CEH”), in return for issue of shares in SSI to Best Winning. This agreement is subject to a number of conditions precedent and the obtaining of approval from SSI shareholders. As part of the agreement, Best Winning will also be subscribing for additional shares in SSI for cash at A60 cents per share upon completion of the agreement. The merger of the businesses of SSI and CEH is expected to create a significant ASX listed entity focused on the development of entertainment business opportunities in the People’s Republic of China (“PRC”), as well as Internet media and communications. SSI shareholders will be provided with full details of the transaction together with an Independent Expert Report in the notice of shareholders’ meeting.

CEH is involved in the lottery and keno agency businesses in the city of Shanghai, a city with over 20 million people and is widely regarded as the most commercialized city in the PRC. CEH has secured a number of permits for the administration of keno and lottery businesses. CEH has also access to over 500 retail outlets in Shanghai for the conduct of its businesses.

Despite the early stage of development of the welfare gaming industry in the PRC, in the 5 years to 2002, industry revenue grew at a compound annual rate of over 33%, due only to lottery revenue. The addition of keno, with much higher play frequency, from this year on is expected to lift the Chinese welfare gaming industry revenue and growth rate much further. Due to the mature nature of Australia’s gaming industry, the Australian gaming industry has much to offer to the Chinese welfare gaming industry in terms of operating and management expertise and insight into future industry development opportunities. The Sino Securities group, via its subsidiary GoConnect Ltd, has also access to mobile gaming and Internet media technologies that will further assist the development of CEH’s entertainment businesses in the PRC.

As a result of the proposed acquisition of CEH by SSI, the announced proposed initial public offering of shares in CEH will no longer proceed.

Yours sincerely

Richard Li
Managing Director
Sino Securities International Ltd