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STONE GROUP HOLDINGS LIMITED
四通控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 409)

PROFIT WARNING

This announcement is made by the Company pursuant to the requirements of Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and investors that it is expected that the Group may record material losses in the 2008 Interim Results.

The expected material losses in the 2008 Interim Results are mainly due to a number of factors including (i) the healthcare products business of the Group is experiencing operating losses; (ii) the unrealized losses of the Group's holding in A shares of China Railway Erju as trading securities have arisen as a result of the recent downturn in the equity market in the PRC; and (iii) the recognition of impairment loss on goodwill associated with the acquisition of Cayman MTY in 2005 may be required.

As the Company is still in the process of finalizing the 2008 Interim Results, the information contained in this announcement is only a preliminary estimate prepared by the management of the Company and is not based on figures or information reviewed by the Company's auditors.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the Company pursuant to the requirements of Rule 13.09(1) of the Listing Rules.

The board of directors (the “**Board**”) of Stone Group Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company and investors that it is expected that the Group may record material losses in the unaudited consolidated results of the Group for the six months ended 30 September 2008 (“**2008 Interim Results**”) whilst the Group’s unaudited consolidated results for the six months ended 30 September 2007 recorded a profit and the Group’s audited consolidated results for the year ended 31 March 2008 also recorded a profit.

The expected material losses in the 2008 Interim Results are mainly due to a number of factors including (i) the healthcare products business of the Group is experiencing operating losses; (ii) the unrealized losses of the Group’s holding in A shares of China Railway Erju Co., Ltd. (中鐵二局股份有限公司) (“**China Railway Erju**”) as trading securities have arisen as a result of the recent downturn in the equity market in the People’s Republic of China (the “**PRC**”); and (iii) the recognition of impairment loss on goodwill associated with the acquisition of Me To You Holdings Limited (“**Cayman MTY**”), being an associated company of the Group, in 2005 may be required.

During the six months ended 30 September 2008, the healthcare products business of the Group is experiencing operating losses, as substantial amount of distribution and selling expenses have been incurred to secure and increase its market share in the healthcare products market in the PRC and to promote the sale of its healthcare products in the second half of this financial year.

The bonus issue exercise of China Railway Erju took place in May 2008 in which 6 bonus A shares of China Railway Erju were issued for every 10 existing A shares of China Railway Erju and as a result, the Group’s holding of A shares of China Railway Erju has increased. In the Group’s financial statements, A shares of China Railway Erju and shares of SINA Corporation (“**SINA**”) held by the Group are classified as trading securities and measured at fair value at each balance sheet date. Despite the said increase in the Group’s holding in A shares of China Railway Erju as a result of bonus issue, this reduces the cost of each A share, the unrealized losses of the Group’s holding in A shares of China Railway Erju still have arisen as a result of the recent downturn in the equity market in the PRC.

There are realized profits from the sale of 2,402,274 shares of SINA held by the Group as trading securities during the six months ended 30 September 2008. Such realized profits are sufficient to offset the said unrealized losses.

Cayman MTY has continued to incur losses since the financial year 2006 and due to the recent financial turmoil, the market for its high value consumer products such as GPS navigators, mobile communication service and telematics service shrank. In view of this, the recognition of an impairment loss on goodwill associated with the acquisition of Cayman MTY in 2005 may be required in the 2008 Interim Results.

However, the Board continues to believe in the long-term prospects of Cayman MTY which beneficially owns entire interest of Beijing Me-to-You Information Technology Limited (北京夢天游信息技術有限公司) (“**Beijing MTY**”) which in turn is principally engaged in mobile communication and position information value-added services in the PRC, whose business potential in long run is still immense, especially, the GPS navigators developed by Beijing MTY for use in cars. The recognition of such impairment loss on goodwill associated with Cayman MTY will only affect the accounting profit or loss of the Group whilst the cashflow of the Group would not be affected.

As the Company is still in the process of finalizing the 2008 Interim Results, the information contained in this announcement is only a preliminary estimate prepared by the management of the Company and is not based on information reviewed by the Company’s auditors.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
DUAN Yongji
Chairman

Hong Kong, 6 November 2008

As at the date of this announcement, the board of directors of the Company comprises ten directors of whom Messrs. DUAN Yongji, SHI Yuzhu, SHEN Guojun, ZHANG Disheng, CHEN Xiaotao and LIU Zuwei are executive directors; Mr. CHENG Fumin is non-executive director; and Messrs. NG Ming Wah, Charles, Andrew Y. YAN and LIU Jipeng are independent non-executive directors.