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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)

ANNOUNCEMENT

PROPOSED PRIVATISATION OF STONE GROUP HOLDINGS LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 166 OF THE COMPANIES ORDINANCE AND WITHDRAWAL OF LISTING

DESPATCH OF THE SCHEME DOCUMENT

Financial Adviser to Stone Group Holdings Limited



Macquarie Capital (Hong Kong) Limited

**Independent financial adviser to the Independent Board Committee of
Stone Group Holdings Limited**



Anglo Chinese Corporate Finance, Limited

The Scheme Document will be despatched to the Shareholders on Monday, 31 August 2009.

The respective notices of the Court Meeting and the EGM to be held on Wednesday, 23 September 2009 are set out in the Scheme Document.

Independent Shareholders should consider carefully the recommendations of the Independent Board Committee and the factors, reasons and recommendations relating to the Proposal as set out in the letter from Anglo Chinese, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal.

Shareholders, holders of other securities and/or potential investors should be aware that the implementation of the Proposal is subject to the conditions of the Proposal being fulfilled or waived, as applicable, and thus may or may not become effective. Shareholders, holders of other securities and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company.

INTRODUCTION

Reference is made to the announcement dated 25 May 2009 issued by the Company (the “Announcement”), in which the Company announced that the Company intended to put forward a proposal to privatize the Company by way of a scheme of arrangement under Section 166 of the Companies Ordinance, and the announcement dated 17 August 2009 issued by the Company regarding the further delay in despatch of the scheme document.

Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein. All references in this announcement to times and dates are references to Hong Kong times and dates.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document containing, among other things, a letter from the Board, a letter from the Independent Board Committee, a letter of advice from Anglo Chinese, the explanatory statement required under Section 166A of the Companies Ordinance in relation to the Scheme, the expected timetable relating to the Proposal, the Scheme and the notices of the Court Meeting and the EGM, will be despatched to the Shareholders on Monday, 31 August 2009.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND ANGLO CHINESE

The Independent Board Committee, comprising the non-executive Director, Mr. Cheng Fumin, and all three independent non-executive Directors, namely Messrs. Ng Ming Wah, Charles, Andrew Y. Yan and Liu Jipeng, was formed to advise the Independent Shareholders and the Optionholders in connection with the Proposal. Anglo Chinese has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Proposal.

The advice of Anglo Chinese and the recommendations of the Independent Board Committee are set out in the Scheme Document. Independent Shareholders should consider carefully the recommendations of the Independent Board Committee and the factors, reasons and recommendations relating to the Proposal as set out in the letter from Anglo Chinese before making a decision on the Proposal.

MEETINGS

The Court Meeting and the EGM will be held at 10:00 a.m. and 10:30 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) respectively on Wednesday, 23 September 2009, at Room 101-103, Hoi Yat Heen, 3rd Floor, Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong. Notices of those meetings are set out in the Scheme Document. For the purposes of those meetings, trading in the Shares are expected to be suspended from 9:30 a.m. on Wednesday, 23 September 2009 until the release of the results of those meetings, which is expected to be no later than 7:00 p.m. on the same day.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining (i) the Independent Shareholders who are entitled to attend and vote at the Court Meeting and (ii) the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 16 September 2009 to Wednesday, 23 September 2009 (both dates inclusive). During such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting or the EGM, all transfers accompanied by the relevant share certificates (if applicable) must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 September 2009.

If the resolutions to be proposed at the Court Meeting and the EGM are duly approved by the requisite majority of Shareholders attending and voting at the meetings, the last day of dealings in the Shares on the Stock Exchange is expected to be Tuesday, 6 October 2009. The Record Time for the purpose of determining the entitlements of the Independent Shareholders under the Scheme is expected to be 4:00 p.m. on Tuesday, 20 October 2009. In order to qualify for the entitlements under the Scheme, all transfers accompanied by the relevant share certificates (if applicable) must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 12 October 2009.

CONDITIONS OF THE PROPOSAL

Subject to all the conditions of the Proposal being fulfilled or waived (as applicable), it is expected that the Scheme will become effective on Wednesday, 21 October 2009. Details of the conditions of the Proposal are set out in the explanatory statement contained in the Scheme Document.

The listing of the Shares on the Stock Exchange will be withdrawn if the Scheme becomes effective. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

Shareholders, holders of other securities and/or potential investors should be aware that the implementation of the Proposal is subject to the conditions of the Proposal being fulfilled or waived, as applicable, and thus may or may not become effective. Shareholders, holders of other securities and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company.

EXPECTED TIMETABLE

The following timetable takes into account the High Court procedures for the Scheme. The expected timetable is indicative only and is subject to change.

Hong Kong time

Latest time for exercising the Options so that holders of Shares to be issued upon the exercise of the Options shall be able to register their names in the register of members of the Company and be qualified to attend and vote at the Court Meeting and the EGM (*Notes 1 and 2*) 4:00 p.m. on Tuesday, 15 September 2009

Latest time for lodging transfers of Shares to qualify for attending and voting at the Court Meeting and the EGM 4:30 p.m. on Tuesday, 15 September 2009

Closure of the register of members of the Company for determination of entitlements of the Independent Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM from Wednesday, 16 September 2009 to Wednesday, 23 September 2009 (both dates inclusive)

Latest time for lodging forms of proxy in respect of:
the Court Meeting (*Note 3*) 10:00 a.m. on Monday, 21 September 2009
the EGM (*Note 3*) 10:30 a.m. on Monday, 21 September 2009

Suspension of trading in the Shares 9:30 a.m. on Wednesday,
23 September 2009

The Court Meeting (*Note 4*) 10:00 a.m. on Wednesday,
23 September 2009

The EGM (*Note 4*) 10:30 a.m. on Wednesday,
23 September 2009
or as soon thereafter as the
Court Meeting shall have
been concluded or adjourned

Announcement of the results of the Court Meeting and
the EGM posted on the website of the Stock Exchange no later than 7:00 p.m. on
Wednesday, 23 September 2009

Resumption of trading in the Shares 9:30 a.m. on Thursday, 24 September 2009

High Court hearing of the summons for directions
in respect of the capital reduction Tuesday, 29 September 2009

Last day of dealings in the Shares
on the Stock Exchange Tuesday, 6 October 2009

Latest time for exercising the Options so that the Shares
to be issued shall be qualified as Scheme Shares
under the Proposal (*Note 5*) 4:00 p.m. on Monday,
12 October 2009

Latest time for lodging transfers of Shares to qualify
for entitlements of the Independent Shareholders
under the Scheme 4:30 p.m. on Monday,
12 October 2009

Closure of the register of members of the Company
for determination of entitlements of
the Independent Shareholders under the Scheme from Tuesday, 13 October 2009 to
Tuesday, 20 October 2009
(both dates inclusive)

High Court hearing of the petition to sanction the Scheme Tuesday, 20 October 2009

Record Time 4:00 p.m. on Tuesday, 20 October 2009

Announcement of the results of the High Court hearing of
the petition to sanction the Scheme no later than 7:00 p.m. on
Tuesday, 20 October 2009

Effective Date (*Note 6*) Wednesday, 21 October 2009

Lapse of the Options (*Notes 1 and 5*) Wednesday, 21 October 2009

Withdrawal of the listing of the Shares on
the Stock Exchange becomes effective after close of business on
Wednesday, 21 October 2009

Announcement of the Effective Date and withdrawal of
listing of the Shares on the Stock Exchange Wednesday, 21 October 2009

Cheques for cash payment under the Scheme and
the Option Proposal to be dispatched on or before Wednesday,
28 October 2009

Shareholders should note that the above timetable, which is dependent on all Conditions being fulfilled and/or otherwise waived (as the case may be) and the availability of the dates of the High Court to hear the proceedings for the sanctioning of the Scheme, is subject to change. Further announcement(s) will be made in the event that there is any such change.

Notes:

1. Under the terms of the Share Option Scheme and as a result of the Proposal, all Options will lapse and will cease to be exercisable upon the Scheme becoming effective or two months after the date of the giving of the notice of the Court Meeting to consider the Scheme, whichever is the earlier. If the Scheme lapses, the Options will cease to be exercisable on or about 30 October 2009 subject to and in accordance with the terms of the Share Option Scheme.

2. Holders of the Options should note that in case they wish to exercise their subscription rights attaching to the Options in accordance with the terms of the Share Option Scheme so that holders of the Shares to be issued upon exercise of the Options shall have sufficient time to register their names in the register of members and be qualified to attend and vote at the Court Meeting and at the EGM, they must exercise their subscription rights attaching to the Options on or before 4:00 p.m. on Tuesday, 15 September 2009 and have their names registered before the close of the register of members for the purpose of determining the Shareholders who are qualified to attend and vote at the Court Meeting and at the EGM at 4:30 p.m. on Tuesday, 15 September 2009.
3. Forms of proxy should be deposited at the registered office of the Company at 27th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong as soon as possible and by the times and dates stated above. The forms of proxy in respect of the Court Meeting may be handed to the Chairman of the Court Meeting if it is not so lodged. A vote cast by proxy shall not be invalidated by the revocation of the appointment of the proxy or of the authority under which the appointment was made unless notice in writing of such revocation shall have been received by the Company at 27th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong, not later than 24 hours before, or by the company secretary of the Company or the chairman of the meeting on the day and at the place, but before commencement, of the meeting. In the case of any beneficial owner of Shares whose Shares are held upon trust by and registered in the name of a nominee, trustee, depository or any other authorised custodian or third party, or in the case of any beneficial owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, your attention is drawn to the paragraph headed “Shareholders who hold their Shares through trust or CCASS” in the Explanatory Statement.
4. Both the Court Meeting and the EGM will be held at Room 101-103, Hoi Yat Heen, 3rd Floor, Harbour Plaza North Point, 665 King’s Road, North Point, Hong Kong at the time and dates specified above.
5. Holders of the Options should note that in case they have not exercised their subscription rights attaching to the Options for the purpose of qualifying as a Shareholder to attend and vote at the Court Meeting and at the EGM, and wish to exercise their subscription rights attaching to the Options in accordance with the terms of the Share Option Scheme so as to enjoy their entitlement as Independent Shareholders, they must exercise their subscription rights attaching to the Options on or before 4:00 p.m. on Monday, 12 October 2009 and have their names registered before the close of the register of members for the purpose of determining payment to the Independent Shareholders at 4:30 p.m. on Monday, 12 October 2009.
6. The Scheme will become effective upon all the Conditions being fulfilled and/or otherwise waived (as the case may be).

OVERSEAS SHAREHOLDERS

The making of the Proposal to persons who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such persons are located. Such persons should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of any overseas person wishing to accept the Proposal to satisfy itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

By Order of the Board
Stone Group Holdings Limited
DUAN Yongji
Chairman

Hong Kong, 31 August 2009

As at the date of this announcement, the Board of the Company comprises ten Directors, of which Messrs. DUAN Yongji, SHI Yuzhu, SHEN Guojin, CHEN Xiaotao, ZHANG Disheng and LIU Zuowei 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.