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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Stone Group Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE TRANSACTION
DISPOSALS OF 21,200,000 H SHARES OF
CHINA CONSTRUCTION BANK CORPORATION

7 June 2006

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
The Disposals	3
Information on China Construction Bank	3
Reasons for and benefits of the Disposals	3
Effect of the Disposals	5
Use of Net Proceeds	5
General	5
Additional information	5
Appendix – General information	6

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“CCB Share(s)”	48,000,000 H share(s) of RMB1.00 each in the share capital of China Construction Bank issued and allotted to the Company on 26 October 2005
“China Construction Bank”	China Construction Bank Corporation, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange
“Company”	Stone Group Holdings Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposals”	collectively the disposals of the Disposed CCB Shares
“Disposed CCB Share(s)”	an aggregate of 21,200,000 CCB Shares disposed by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	2 June, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Companies
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Prospectus”	the prospectus issued by China Construction Bank on 14 October 2005 regarding the Global Offering
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

LETTER FROM THE BOARD



STONE GROUP HOLDINGS LIMITED
四通控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 409)

Directors:

Duan Yongji (*Chairman*)
Shi Yuzhu (*Chief Executive Officer*)
Shen Guojun
Chen Xiaotao
Zhang Disheng
Liu Wei

Registered and principal office:

27th Floor
K. Wah Centre
191 Java Road
North Point
Hong Kong

Independent non-executive Directors:

Ng Ming Wah, Charles
Andrew Y. Yan
Liu Ji
Liu Jipeng

7 June 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
DISPOSALS OF 21,200,000 H SHARES OF
CHINA CONSTRUCTION BANK CORPORATION

INTRODUCTION

On 19 May 2006, the Company announced that during the period from 14 February 2006 to 11 May 2006 the Company disposed an aggregate of 21,200,000 H shares of China Construction Bank, representing approximately 0.00944% of its issued share capital, through the open market at an averaged trading price of approximately HK\$3.5648 per Disposed CCB Share and the aggregate consideration (after deduction of brokerage fee of 0.25%, SFC transaction levy of 0.005%, stamp duty of 0.1% and the Stock Exchange trading fee of 0.005%) received by the Company is approximately HK\$75,301,607 and the aggregate gross consideration is HK\$75,573,672.

LETTER FROM THE BOARD

Since the relevant percentage ratios under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Disposals, when aggregated, constitute a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

The purpose of this circular is to provide you with further details in relation to, among other things, the Disposals.

THE DISPOSALS

On 14 February 2006, 4 May 2006, 9 May 2006, 10 May 2006 and 11 May 2006, the Company respectively disposed of 9,000,000 CCB Shares at the trading price of HK\$3.5262 per Disposed CCB Share, 200,000 CCB Shares at the trading price of HK\$3.4500 per Disposed CCB Share, 5,040,000 CCB Shares at the trading price of HK\$3.5750 per Disposed CCB Share, 5,960,000 CCB Shares at the trading price of HK\$3.6082 per Disposed CCB Share and 1,000,000 CCB Shares at the trading price of HK\$3.6250 per Disposed CCB Share, all through the open market. The aggregated 21,200,000 Disposed CCB Shares represents approximately 0.00944% of the issued share capital of China Construction Bank and the averaged trading price of each Disposed CCB Share is approximately HK\$3.5648. The aggregate consideration (after deduction of brokerage fee of 0.25%, SFC transaction levy of 0.005%, stamp duty of 0.1% and the Stock Exchange trading fee of 0.005%) received by the Company is approximately HK\$75,301,607 and the aggregate gross consideration is HK\$75,573,672.

The purchasers of the Disposed CCB Shares are purchasers through the open market. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the purchasers of the Disposed CCB Shares are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

INFORMATION ON CHINA CONSTRUCTION BANK

China Construction Bank is a commercial bank in the PRC, which principal business activities consist of corporate banking, personal banking and treasury operations. The CCB Shares were allotted and issued to the Company on 26 October 2005 through the global offering conducted by China Construction Bank. Further details are set forth in the announcement of the Company dated 27 October 2005 and the circular of the Company dated 17 November 2005 respectively. The aggregate book value (being acquisition costs) of the Disposed CCB Shares was approximately HK\$50,324,560, as at the dates of the Disposals.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacture, distribution and sale of electronic and electrical products, office equipment, the manufacture, distribution and sales of healthcare products and media-related business.

LETTER FROM THE BOARD

The CCB Shares were acquired by the Company at an offer price of HK\$2.35 per CCB Share on 26 October 2005. The Directors considered the average trading price of the Disposed CCB Shares represents an averaged increase of approximately 52% in the initial trading price since the date of acquisition of the CCB Shares by the Company and the Disposals reflect a significant return from the Company's investment and will increase the cash flow of the Company. Therefore, the Directors consider that the averaged trading price is fair and reasonable and the Disposals are in the best interest of the Company and its Shareholders as a whole.

EFFECT OF THE DISPOSALS

After the Disposals, the remaining CCB Shares being held by the Company is 26,800,000 CCB Shares, representing approximately 0.01193% of the issued share capital of China Construction Bank. If the market condition is favourable, the Company may consider further disposals of the CCB Shares. Further announcement in accordance with the Listing Rules will be made as and when appropriate.

USE OF NET PROCEEDS

The net proceeds of the Disposals amount to approximately HK\$75,301,607 (after deduction of brokerage fee of 0.25%, SFC transaction levy of 0.005%, stamp duty of 0.1% and the Stock Exchange trading fee of 0.005%), which will be used for general working capital of the Group.

The gain arising from the Disposals will be of approximately HK\$24,977,047, being the difference between the net proceeds from the Disposals of approximately HK\$75,301,607 and the aggregate book value of the Disposed CCB Shares of approximately HK\$50,324,560, as at the dates of the Disposals.

GENERAL

Since the relevant percentage ratios under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Disposals, when aggregated, constitute a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

On behalf of the Board
Stone Group Holdings Limited
DUAN Yongji
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' interests and short positions in securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Director, or chief executive of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Nature of interest	Long positions in the Shares and underlying Shares				Aggregate interest	Approximate percentage of existing issued share capital of the Company
		Interest in Shares	Interest in underlying Shares pursuant to Share options	Interest in underlying Shares pursuant to convertible notes	Interest in underlying Shares pursuant to convertible notes		
Duan Yongji	Personal (Note 1)	45,075,538	3,900,000	182,692,305	231,667,843	14.79	
Shen Guojun	Personal (Note 1)	0	4,000,000	0	4,000,000	0.26	
Chen Xiaotao	Personal (Note 1)	0	8,000,000	0	8,000,000	0.51	
Zhang Disheng	Personal (Note 1)	0	10,400,000	0	10,400,000	0.66	
Shi Yuzhu	Corporate (Note 2)	0	0	492,105,264	492,105,264	31.41	

Notes:

1. Beijing Stone Investment Company Limited together with its associates (as defined in the Listing Rules) holds a total of 407,110,053 Shares in the Company. Beijing Stone Investment Company Limited is owned as to 42.3% by Stone Jiu Guang New Technology Development (Holdings) Company Limited, 6.7% by Stone Group Corporation and 51% by Beijing Stone Investment Company Limited Employees' Shareholding Society. In addition, Stone Group Corporation holds 92,374,413 Shares indirectly and 1,062,000 Shares directly in the Company. Messrs. Duan Yongji, Chen Xiaotao, Shen Guojun and Zhang Disheng (collectively as "the said Directors") are also directors of Stone Group Corporation. So long as the said Directors remain as directors of Stone Group Corporation, each of them together with the other employees collectively own interests in the assets of Stone Group Corporation but none of them has any specific interests in Stone Group Corporation.
2. The interest of Ready Finance Limited is held by it as beneficial owner. Ready Finance Limited is wholly owned by Shi Yuzhu who is deemed under the SFO to be interested in the Shares held by Ready Finance Limited.

Save as disclosed in above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Nature of interest	Long positions in the Shares and underlying Shares				Approximate percentage of existing issued share capital of the Company
		Interest in Shares	Interest in underlying Shares pursuant to the options	Interest in underlying Shares pursuant to convertible notes	Aggregate Interest	
Beijing Stone Investment Company Limited	Corporate (Note 1)	407,110,053	0	0	407,110,053	25.99
Beijing Stone Investment Company Limited	Corporate (Note 2)	407,110,053	0	0	407,110,053	25.99
Employees' Shareholding Society						
Stone Jiu Guang New Technology Development (Holdings) Co. Ltd.	Corporate (Note 2)	407,110,053	0	0	407,110,053	25.99
Shenyang Huguang Group Co. Ltd.	Corporate (Note 2)	407,110,053	0	0	407,110,053	25.99
Stone Group Corporation	Corporate (Note 2)	500,546,466	0	0	500,546,466	31.95
深圳發展銀行深圳人民橋支行	Corporate (Note 3)	230,000,000	0	0	230,000,000	14.68
Ready Finance Limited	Corporate (Note 4)	0	0	492,105,264	492,105,264	31.41
Duan Yongji	Personal (Note 5)	45,075,538	3,900,000	182,692,305	231,667,843	14.79

Notes:

- The shareholding of 407,110,053 Shares comprises the combined shareholdings of Beijing Stone Investment Company Limited and its associates (as defined in the Listing Rules).
- Beijing Stone Investment Company Limited is owned as to 42.3% by Stone Jiu Guang New Technology Development Holdings Co. Ltd., 6.7% by Stone Group Corporation and 51% by Beijing Stone Investment Company Limited Employees' Shareholding Society which are accordingly deemed to be interested in the said 407,110,053 Shares. Stone Jiu Guang New Technology Development Holdings Co. Ltd. is owned as to 56.14% by Shenyang Huguang Group Co. Ltd. which is accordingly deemed to be interested in the said 407,110,053 Shares. In addition, Stone Group Corporation also beneficially held 92,374,413 Shares indirectly and 1,062,000 Shares directly.
- The interest of 深圳發展銀行深圳人民橋支行 is held by it as person having a security interest in shares.

4. The interest of Ready Finance Limited is held by it as beneficial owner. Please also refer to note 2 of paragraph (i) above for further information.
5. The interest of Duan Yongji is held by him as beneficial owner. Please refer to note 1 of paragraph (i) above for further information.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

Save as disclosed above, none of the Directors has or has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2005, being the date to which the latest published audited accounts of the Company were made up.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) has any interest in any business which competes or is likely to compete with the business of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group (excluding contracts expiring or determinable by the Group) within one year without payment of compensation other than normal statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance, and so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Company or any of its subsidiaries.

6. GENERAL

- (a) The company secretary and the qualified accountant of the Company is Hui Yick Lok, Francis, *CPA*.
- (b) The Company's registered and principal office is at 27th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.