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MATSUNICHI COMMUNICATION HOLDINGS LIMITED

松日通訊控股有限公司

(incorporated in Hong Kong with limited liability)
(Stock code: 283)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange.

The Board was recently informed by the Stock Exchange that on the basis of information provided by the SFC, that there was a concentration of Shares in the hands of a small number of shareholders as at 16 March 2007. **In view of the high concentration of Shares in the hands of a small number of shareholders, the price of the Shares could fluctuate substantially even with a small number of Shares traded.**

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The board of directors (the "Directors") of Matsunichi Communication Holdings Limited (the "Company") has recently been informed by the Stock Exchange that on the basis of information provided by the Securities and Futures Commission (the "SFC"), the SFC had conducted a review of the shareholding distribution of the Company as at 16 March 2007. Its analysis had revealed that the Company's three substantial shareholders (as defined under the Securities and Futures Ordinance, Chapter 571) ("SFO"), namely, Mr. Pan Su Tong ("Mr. Pan"), Atlantis Investment Management Ltd ("Atlantis Investment") and Baring Asset Management Limited ("Baring Asset Management"), collectively held an interest totalling 609,596,894 shares of the Company ("Shares"), representing approximately 77.38% of the issued share capital of the Company. Another 12 entities in aggregate held 128,346,818 Shares, representing 16.29% of the issued share capital of the Company. Mr. Pan, Atlantis Investment, Baring Asset Management and the 12 entities in aggregate held 737,943,712 of the Shares, representing 93.67% of the total issued share capital of the Company. This implies that only approximately 6.33% of the Company's issued share capital were in the hands of other investors.

The SFC also noted that during the period from 1 February 2007 to 15 February 2007, the Company's share price surged sharply by approximately 98% from HK\$3.20 to HK\$6.32 with a high average daily turnover of approximately 8.5 million Shares, as compared with an average daily turnover of 720,187 Shares for the 10 trading days prior to 1 February 2007. Following the announcement on a proposed acquisition of property interests in Tianjin and resumption of trading on 1 March 2007, the share price of the Company shed 9.8% to HK\$5.70 and gradually stabilized at around HK\$4.70 to HK\$5.10. The last traded price of the Shares was at HK\$4.87 on 30 April 2007.

The Board wishes to clarify that as the information is provided by the SFC, the Company is not in a position to verify or comment on the accuracy of such information except that the shareholding interest of Mr. Pan, who is also the chairman of the Company.

The Company has reviewed the shareholders register of the Company as of 16 March 2007 and noted that other than HKSCC Nominees Limited, there was no registered shareholder which held more than 5% of the issued share capital of the Company as at 16 March 2007. The Company has also reviewed the report from the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited ("CCASS Report") as of 4 May 2007 and noted that other than two stockbrokers, there was no registered shareholder which held more than 5% of the issued share capital of the Company as at 4 May 2007. The Company is unable to identify the beneficial owners of the respective shareholding through the CCASS Report, which only shows the shareholdings of such stockbrokers and/or custodian accounts.

According to the latest notifications received by the Company in respect of disclosure of interests under the SFO and having made all reasonable enquires with the Directors and the connected persons (within the meaning under Rule 1.01 of the Listing Rules) of the Company, as at 4 May 2007, to the best knowledge of the Company, the Company confirms that the public float in respect of the Shares is maintained and the shareholding structure of the Company is as follows:–

Shareholders	Number of Shares	Approximate Shareholding Percentage
Pan Su Tong	2,446,000	0.31%
Jade Forest Limited (<i>Note 1</i>)	439,422,894	55.78%
Atlantis Investment	105,700,000	13.42%
Public Shareholders		
– Northern Trust Fiduciary Services (Ireland) Limited (<i>Note 2</i>)	62,028,000	7.87%
– Other public shareholders	178,227,789	22.62%
Total	<u><u>787,824,683</u></u>	<u><u>100.00%</u></u>

Notes:

1. Jade Forest Limited is 100% owned by Mr. Pan.
2. According to a disclosure of interest notice filed by Northern Trust Fiduciary Services (Ireland) Limited on 17 January 2007, the 62,028,000 Shares were held by Northern Trust Fiduciary Services (Ireland) Limited as trustee for Baring Hong Kong China Fund. According to a disclosure of interest notice filed by Baring Asset Management on 17 January 2007, it was deemed to be interested in the 62,028,000 Shares as an investment manager.

In view of the high concentration of Shares in the hands of a small number of shareholders, the Company would like to inform shareholders and potential investors of the Company that the price of the Shares could fluctuate substantially even with a small number of Shares traded.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

By order of the Board
Matsunichi Communication Holdings Limited
Pan Su Tong
Chairman

Hong Kong, 14 May 2007

As at the date of this announcement, the board of the Directors comprises two executive Directors, being Mr. Pan Su Tong and Professor Huang Xiaojian, and three independent non-executive Directors, being Mr. Lai Chi Kin, Lawrence, Dr. Ng Lai Man, Carmen and Dr. Cheng Kwan Wai.

Please also refer to the published version of this announcement in The Standard.