

**SPARX Group Co., Ltd.
Consolidated Financial Results for
FY2010 (April 2010 – March 2011)**

May 23, 2011



Financial Results for FY2010 & Future Plans

Steady recovery of business and more improvement of cost structure could not make up for the loss due to impairment on PMA's goodwill.

Operating loss: -0.865B JPY, Net loss: 3.698 B JPY
(no dividends three times in a row)



Evident progress toward SPARX's recovery

- ▶ **Increase of AUM**
- ▶ **Recovery of base earnings** +
- ▶ **Increase of performance fee**

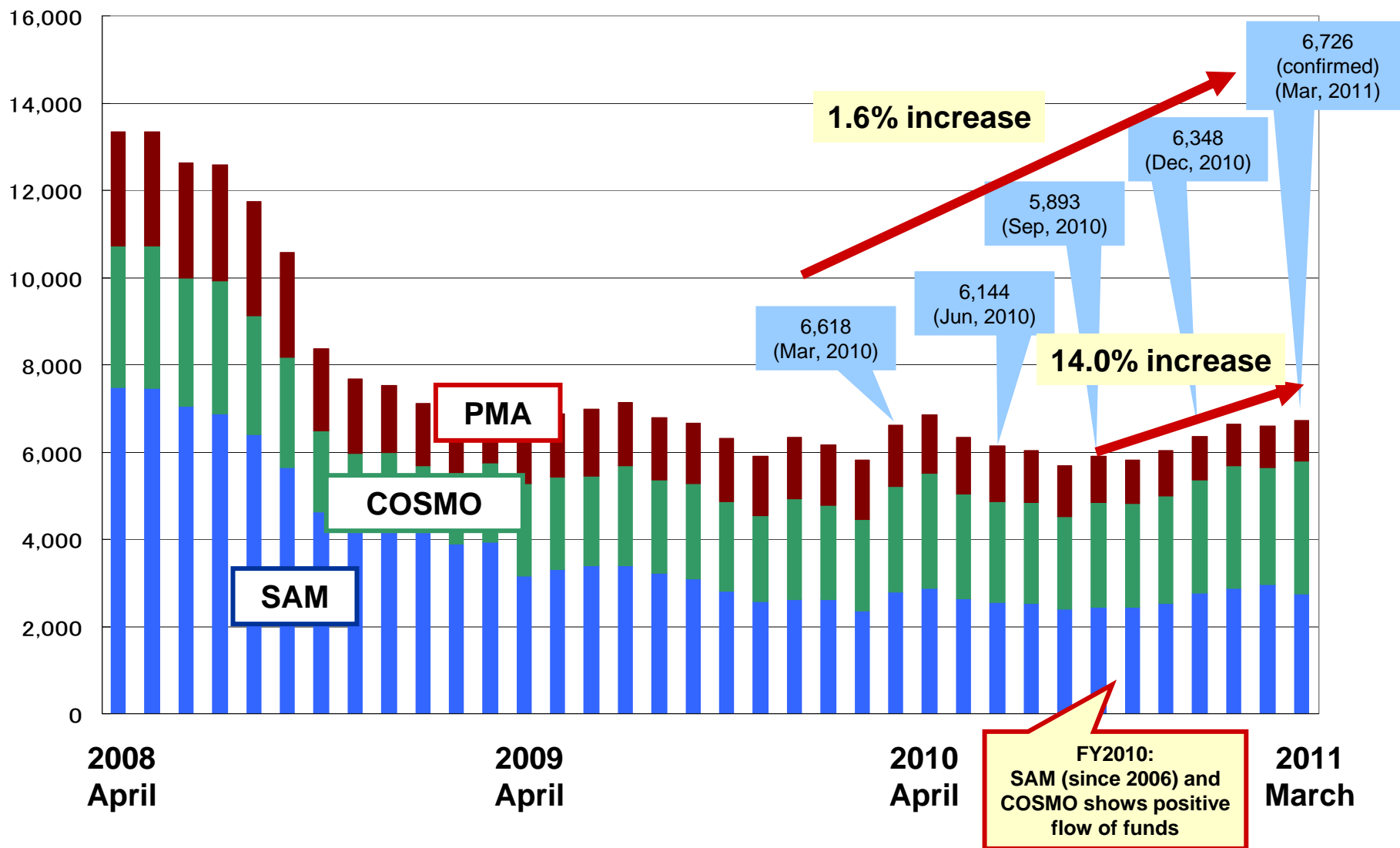
**Expansion of business through
“One Asia-One SPARX system”**

**Expansion of new investment
strategy (i.e. Environment &
Green-Tech. Investment Strategy)**

AUM increased due to the positive flow of funds (net basis)

(Unit: MM JPY)

Movement of AUM



Recovery of “Base Earnings”

Consolidated base earnings: Net management fee revenue vs. Annualized ordinary expense

| | | FY2009 (Full Year) | FY2010 (Full Year) |
|--|--------------|-----------------------|-----------------------|
| Average AUM | (100 MM JPY) | 6,527 | 6,260 |
| Net management fee rate (After the deduction of commissions paid) | (%) | 0.79 | 0.67 |
| Annualized net management fee revenue (After the deduction of commissions paid) | (MM JPY) | 5,135 | 4,199 |
| Annualized ordinary expenses | (MM JPY) | 5,543 | 4,187 |
| Annualized “Base earnings” | (MM JPY) | ▲ 408 | 11 |

Although net management fee rate decreased

by the additional cost-reduction

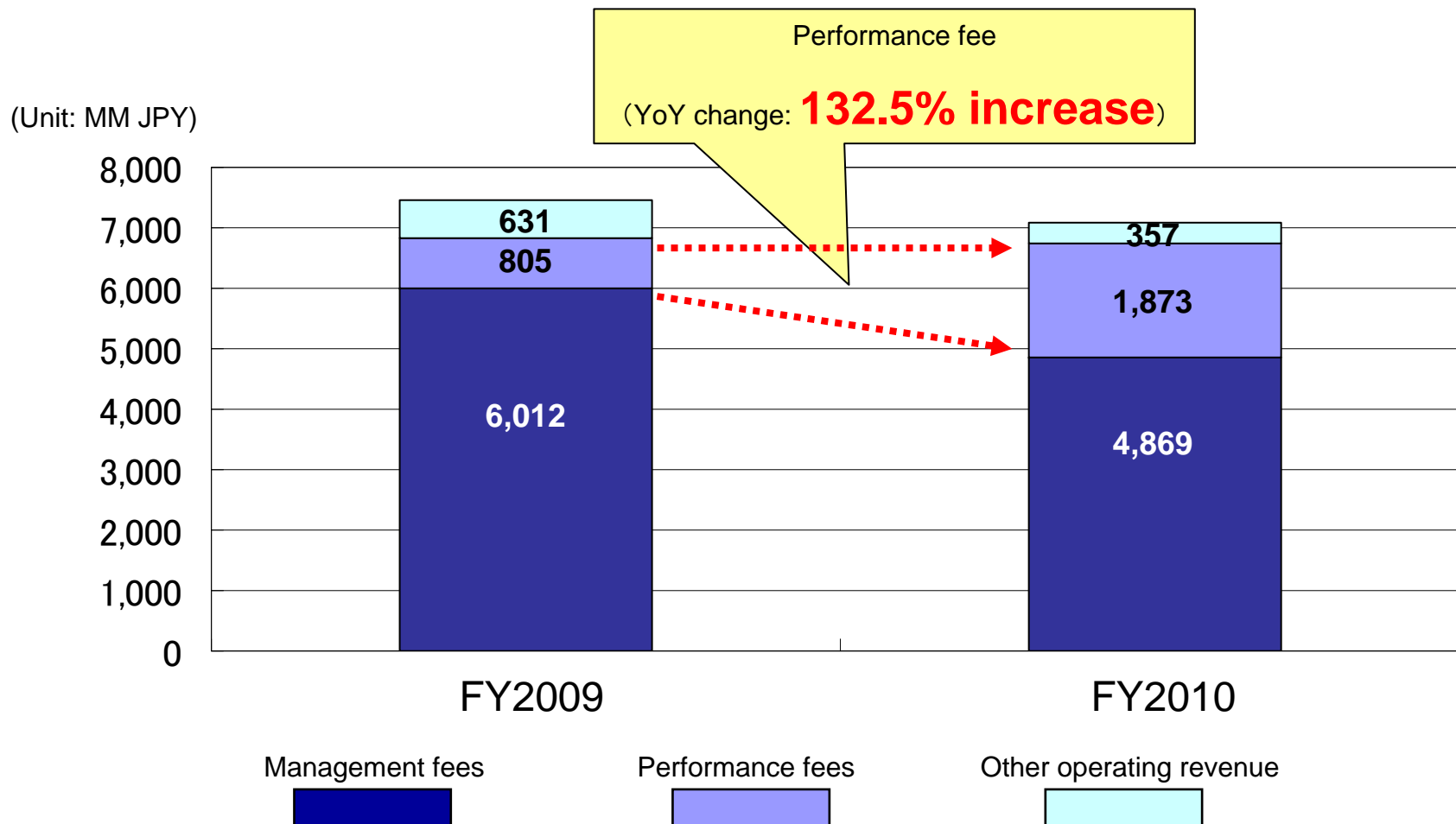
Base earnings has already recovered

(Note)

- The figures above are truncated. As preliminary figures, the “Annualized net management fee revenue” is calculated by multiplying the “Net management fee rate” and the “Average AUM” for the period.
- The “Annualized ordinary expenses” is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses), (3) Severances package for key members of overseas subsidiaries and (4) Amortization of goodwill, from total operating and general administrative expenses.

Performance fee significantly increased due to the recovery of performance.

Movement of management fee / performance fee / other revenue



(Note) The above-mentioned chart does not include the "Losses & gains from selling or buying investment securities".

Operating profit (w/o goodwill amortization) increased.

Financial highlights

| | | FY2009 | FY2010 | YoY change |
|---|-------------|--------|---------------|------------|
| Average AUM | (100MM JPY) | 6,527 | 6,260 | -4.0% |
| Operating Revenue | (MM JPY) | 7,893 | 7,101 | -10.0% |
| Operating & General Administrative Expenses | (MM JPY) | 8,852 | 7,967 | -10.0% |
| Operating Loss | (MM JPY) | -959 | -865 | - |
| Recurring Loss | (MM JPY) | -446 | -998 | - |
| Net Profit | (MM JPY) | 398 | -3,698 | - |
| Number of Employees (as of the period-end) | | 203 | 168 | -17.2% |
| TOPIX (as of the period-end) | | 978.81 | 869.38 | -11.2% |

0.56B JPY:
Operating profit
(w/o goodwill
amortization)

FY2009

43%
increase

0.80B JPY:
Operating profit
(w/o goodwill
amortization)

FY2010

-1.52B JPY: loss
due to
impairment on
PMA's goodwill

(Note)

- The figures above, excluding "YoY change" are truncated. "YoY change" is rounded to the nearest tenth of a percent.
- Number of employees (period-end) shows the figure that does not include the number of "board members".
- AUM figures cited above include those of Korean subsidiary (Cosmo Investment Management Co., Ltd.) and Hong Kong subsidiary (PMA Capital Management Limited). The figures for March 31, 2011 are based on in-house calculations and should be regarded as preliminary.

Cost structure has been improved by 25% decrease of ordinary expenses.

Details of Expenses

| (Units: MM JPY) | | FY2009 | | FY2010 | | YoY change |
|---|----------------|--------------|--------------|---------------|--|------------|
| Category | | | | | | |
| Commissions paid | Operating | 960 | 767 | -20.1% | | |
| Personnel exp. | General admin. | 3,379 | 3,413 | 1.0% | | |
| Entrusted fund admin. fees | Operating | 127 | 71 | -43.8% | | |
| Travel exp. | General admin. | 219 | 193 | -11.6% | | |
| Property rent | General admin. | 732 | 474 | -35.1% | | |
| Entrusted business expenses | General admin. | 646 | 366 | -43.3% | | |
| Depreciation on fixed assets | General admin. | 202 | 149 | -26.0% | | |
| Other expenses | General admin. | 1,062 | 858 | -19.2% | | |
| Amortization of goodwill | General admin. | 1,522 | 1,671 | 9.8% | | |
| Total: Operating and general administrative expenses | | 8,852 | 7,967 | -10.0% | | |

Bonus 825MM JPY (FY2009)
Bonus 1,178MM JPY (FY2010)
5.54B JPY (FY2009)
4.18B JPY (FY2010)
Ordinary expenses (25% decrease)

(Note)

1. The figures above, excluding "YoY change", are truncated. "YoY change" is rounded to the nearest tenth of a percent.
2. The "Personnel Expenses" data includes payments for temporary staff, etc.
3. As amortization of negative goodwill, 110MM JPY (FY2009) and 99MM JPY (FY2010) are posted in non-operating income.
4. Other expenses (FY2010) includes "Other expenses (Operating)" and "Other expenses (General admin.)".

For the next three years, approx. 1.5B JPY (per year) will be expensed as goodwill amortization

Outstanding and planned goodwill amortization

- ▶ **PMA: 2.65B JPY (as of the end of Mar 2011), amortization period (10 years)**
 - Approx. 0.51B JPY amortization per year (until FY2015) is expected.
- ▶ **Cosmo: 3.68B JPY (as of the end of Mar 2011), amortization period (5 years)**
 - ◆ The schedule of amortization (until FY2015) is as follows.
 - FY2011/FY2012: approx. 1.03B JPY
 - FY2013: approx. 0.91B JPY
 - FY2014: approx. 0.52B JPY
 - FY2015: approx. 0.18B JPY

(Note)

1. The goodwill of Cosmo is the total of amortized amount of positive goodwill and negative goodwill.
2. By applying new accounting standard, a certain portion of goodwill caused by the additional acquisition is recognized in foreign currency. Therefore, the actual amount will be influenced by the change of exchange rate.
3. Due to the introduction of IFRS, the goodwill might not be amortized on schedule.

SPARX maintained healthy B/S, although total net assets decreased.

Balance sheet summary

| (Units: MM JPY) | Mar. 2010 | Mar. 2011 | YoY change |
|-------------------------------------|---------------|---------------|---------------|
| Current assets | 19,090 | 13,281 | -30.4% |
| Cash and cash equivalents | 15,270 | 8,659 | -43.3% |
| Securities | 726 | 1,959 | 169.7% |
| Fixed assets | 17,684 | 14,629 | -17.3% |
| Goodwill | 7,623 | 6,338 | -16.9% |
| Investment securities | 9,254 | 7,676 | -17.1% |
| Total assets | 36,774 | 27,911 | -24.1% |
| Long-term borrowings due within 1yr | 3,000 | 5,000 | 66.7% |
| Corporate bond | 5,000 | 4,900 | -2.0% |
| Long-term borrowings | 5,000 | - | -100.0% |
| Total liabilities | 15,689 | 11,890 | -24.2% |
| Common stock, Add. Paid in Capital | 26,696 | 26,731 | 0.1% |
| Retained earnings | -3,868 | -7,566 | - |
| Common stock in treasure at cost | -4,438 | -4,438 | - |
| Minority interests | 2,715 | 1,761 | -35.2% |
| Total net assets | 21,084 | 16,021 | -24.0% |

The total of “cash and cash equivalents”, securities and investment securities (approx. 1.83B JPY) exceeds the amount of external liabilities (9.9B JPY).

-Repayment date (Nov. 2011)
-Maturity date (Sep. 2012)

(Note)
1. The figures above, excluding “YoY change”, are truncated. “YoY change” is rounded to the nearest tenth of a percent.
2. The investment securities includes the seed money of SPARX Group funds.

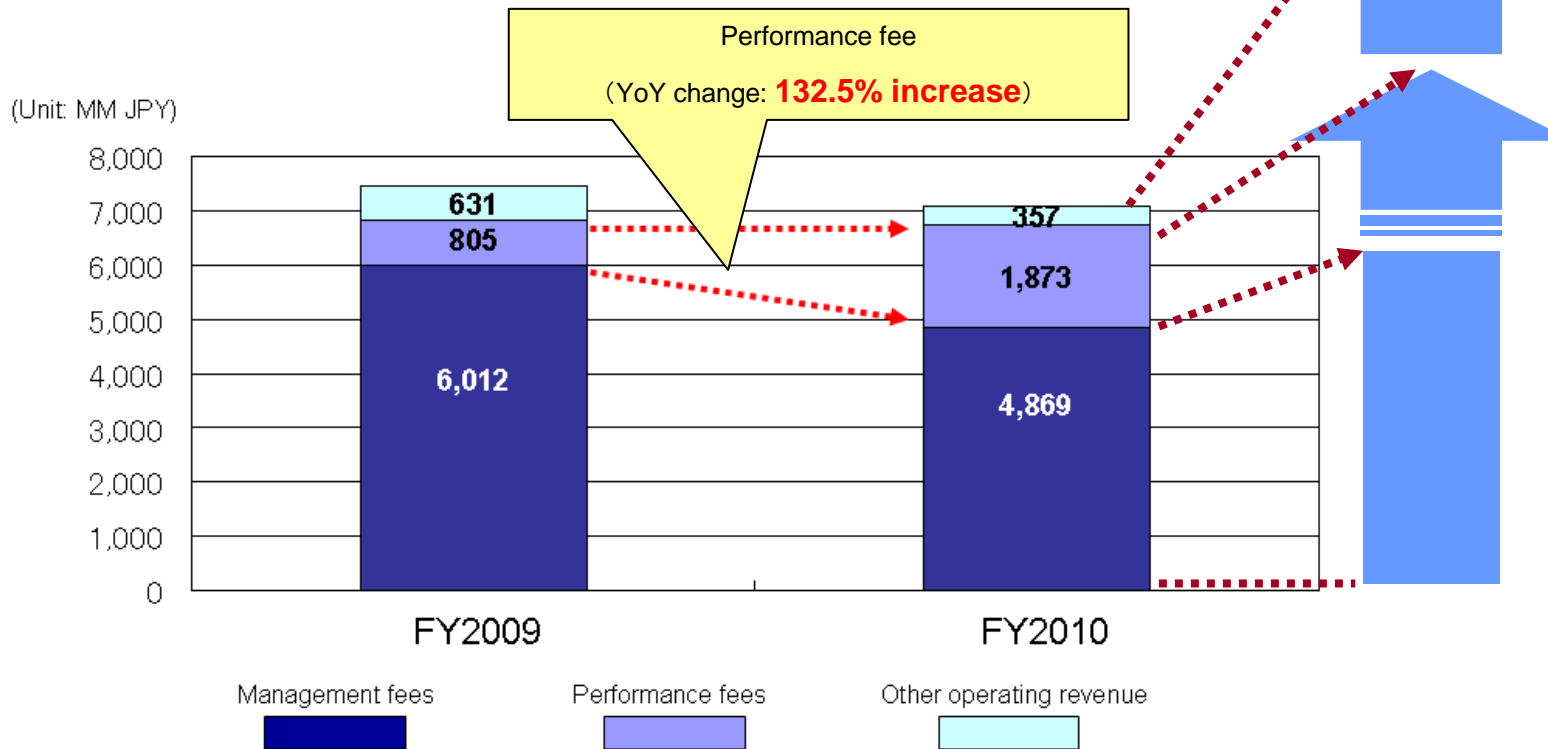
SPARX will accelerate the recovery of existing business. SPARX will show the positive number of net profit (consolidated basis) and will achieve the resumption of dividend.

- Implementing the unification as one group and making a quantum leap by launching new investment strategies
 - Maintain/Enhance the competitiveness of localized players and speed up the unification of marketing and operation
 - Launch “One-Asia Long-Short investment strategy” and “One-Asia Long-Only investment strategy”
 - Expand “Environment & Green-Tech. investment strategy”

Expansion of “New Business” and Acceleration of “Recovery of Existing Business” as One Group



Movement of management fee / performance fee / other revenue



Expansion of New Business

- SPARX’s unique products by the collaboration of each entities (One-Asia equity investment strategy, etc.)

Acceleration of “Recovery of Existing Business”

- Enhancement of marketing activity as one group (Recovery of AUM)
- Maintain competitive performance
 - Increase of performance fee
 - Recovery of AUM

(Note) The above-mentioned chart does not include the “Losses & gains from selling or buying investment securities”.

Topics (SAM): “Rising Sun” Has Received Morningstar’s 2010 Outstanding Performance Award of Japan Equity Fund



SPARX Japan Small Cap Fund (or, “Rising Sun”) managed by SPARX Asset Management Co., Ltd., a wholly-owned subsidiary of SPARX Group., Ltd., received the Morningstar 2010 Outstanding Performance Award of Japan Equity Fund two years in a row.

References to any specific securities do not constitute an offer to buy or sell securities. Those awarded funds based upon the past performance cannot guarantee their future performance. Data or statements are obtained from sources Morningstar Japan K.K believed to be reliable but are not guaranteed as to accuracy or completeness.

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Taking every factor into consideration, Morningstar Japan K.K. has selected funds for Morningstar Award “Fund of the Year 2010” in each divisions from open-end mutual fund based upon its unique quantitative and qualitative analysis. Awarded funds in the Domestic Stock Fund Division have been selected from 657 funds that have more than 1-year performance at the end of December 2010.

Topics (SAM): “Rising Sun” Has Received the Best Performance Fund of LIPPER FUND AWARDS JAPAN.



LIPPER FUND AWARDS 2011 JAPAN

SPARX Japan Small Cap Fund (or, “Rising Sun”) managed by SPARX Asset Management Co., Ltd., a wholly-owned subsidiary of SPARX Group., Ltd., received the Best Performance Fund of LIPPER FUND AWARDS JAPAN (5 year, Japanese Mid & Small Cap.).

Lipper Japan host Lipper Fund Awards Japan as part of the Lipper Fund Awards program which highlights funds that have excelled in delivering consistently strong risk-adjusted performance, relative to peers in 21 cities in Asia, Europe, Middle East, and the Americas*. The Lipper Fund Awards Japan are awarded to on-shore and off-shore funds registered for sale in Japan and Consistent Return measure is used to designate award-winning funds and asset management firms. The Consistent Return of “Lipper Leader Rating System” is applied for determining the winner of fund awards.

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Topics: Cosmo/PMA

Cosmo

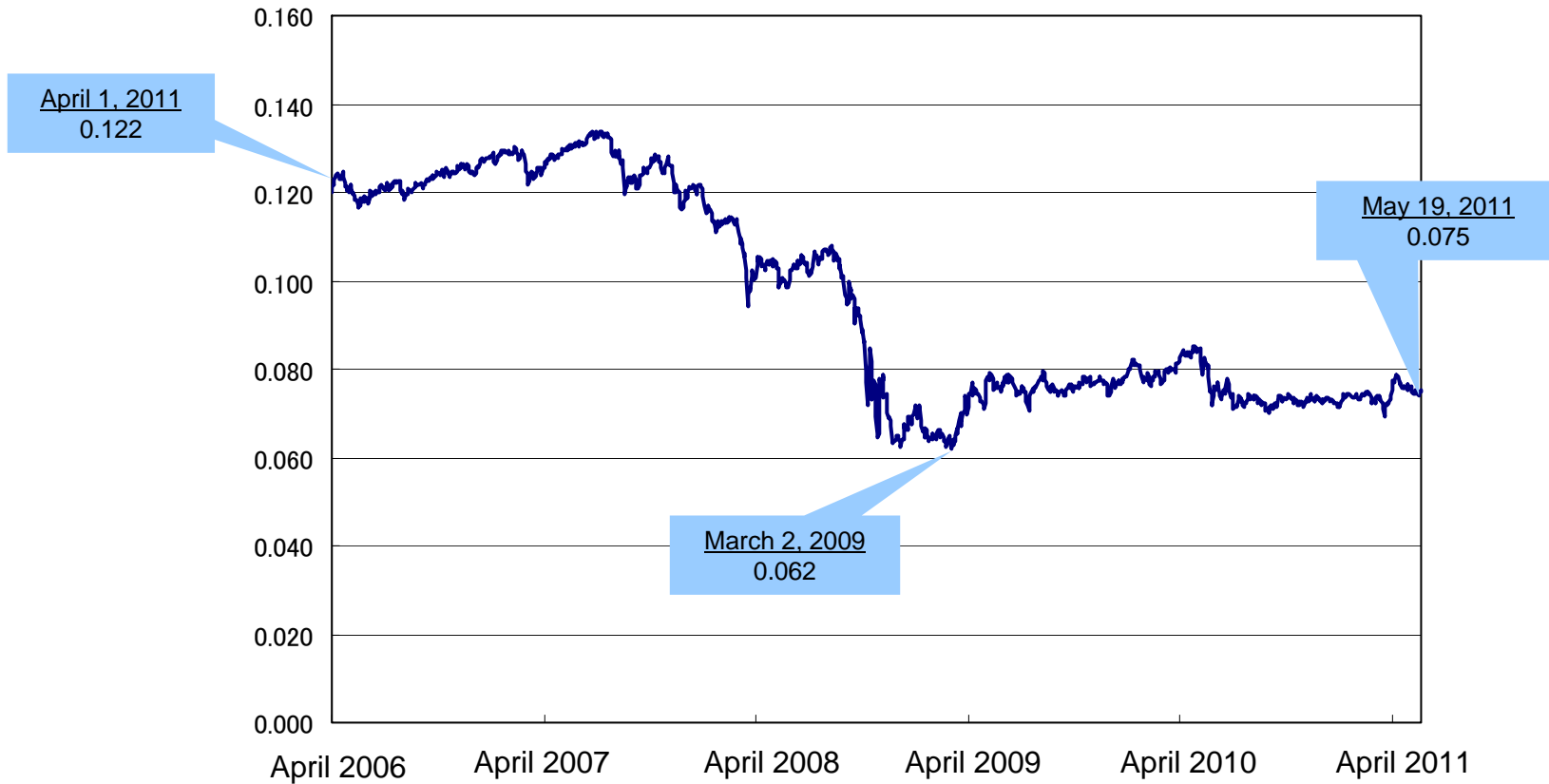
- New record for high AUM value
 - The AUM (4.0 trillion KRW, as of the end of Mar 2011): 47.0% increase (YoY change), 4.3 trillion KRW (as of the end of Apr 2011)
- Achieved good investment performance continuously
 - The performance fee of Cosmo (Apr 2010 – Mar 2011) shows approx. 180% increase (YoY change).
- For covering the insufficient subscriptions from overseas investors, SPARX enhanced its marketing capability as one group. The process of collaboration with Korean domestic banks will be accelerated.
- Developed the organization for mutual fund business

PMA

- In terms of product development and selling as “OneAsia” strategy, PMA will play major roles in investment / operation / marketing platform.
 - The investment professionals were transferred from SAM and Cosmo in early of March 2012.
 - Group COO who stays in Hong Kong was assigned.
- PMA will change its brand (from PMA brand to SPARX brand) and will expand its business.

(Reference) Movement of exchange rate (JPY/KRW)

(JPY/KRW Exchange rate)



Source: WM Reuters Spot Rate(MID)

Expansion to new business: further growth stage (1)

By maximizing and aggregating the power and resources of SAM (Tokyo), Cosmo (Seoul) and PMA (Hong Kong), the principle of "Center for Asia Investment Intelligence" will be substantiated.

▶ Investment hypothesis

- Based on the intangible assets obtained through Japanese equity investment business, the hypothesis (how the "Asian Dynamism" (World's Factory & Mass Consumer Markets) will work for real markets.) will be introduced.

▶ Product development

- "One Asia Long-Short" investment strategy, "One-Asia Long-Only" investment strategy
- Environment & Green-Tech. investment strategy
- "Value creation"-type investment strategy

▶ Investment / research system

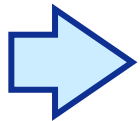
- Already created the investment/research team selected from group-wide people
- Based on the analytical skills of Japanese companies that SAM generated in long-term, Cosmo and PMA will act as "One-Asia" investment team with combining their intelligence and network .
- The base for their activities transferred to Hong Kong from Tokyo.

Expansion to new business: further growth stage (2)

- ▶ Management
 - Create the new management system (Group Executive Board and Group COO) for realizing “One-Asia” strategy

- ▶ Marketing
 - Develop the business based on “SPARX” brand
 - Accelerate to launch the mutual funds in Japan and plan to create the core organization of group-wide global marketing activities

- ▶ Operation
 - Implement the standardization of Information Technology (i.e. The operation of “off-shore” business will be centralized in Hong Kong.)



By establishing the “One-Asia” operation and by recovering its profitability, SPARX plans to build up Asian-wide network (Japan, South Korea, Hong Kong and other Asian regions)

SPARX's goal for FY2011

- ▶ SPARX shows the positive number of net profit (consolidated) and achieves the resumption of dividend.

- ▶ Expansion of Group AUM

- ▶ Implementation of SPARX OneAsia
 - ◆ Integrated management of three SPARX group entities
 - ◆ Integrated investment toward Asian market, including Japan market

Big Theme Going Forward: One Asia Growth

The Best and Strongest Asia Investment Company

- ▶ Unify the strengths of SPARX, PMA, & Cosmo to become the best of breed investment company in Asia
- ▶ Be the thought leader by delivering Asia Investment Intelligence to the global investors
- ▶ Develop new products based on One Asia Growth Hypothesis

SPARX One Asia Growth Hypothesis

- ▶ Stronger ties will develop between the Asian countries
- ▶ Presence of Asia will grow within the world economy
- ▶ The 21st century will be a century of growth led by One Asia Growth

To be the Best and the Strongest Asia Investment Company

- ▶ Strengthen Group Management Framework to Manage Asia as One Business Unit
- ▶ Create Organizational Structure to Enhance Speed of Action
- ▶ Enhance Management Control and Regulatory Compliance
- ▶ Clarify Ownership, Responsibility, and Accountability for Cross-border Initiatives.



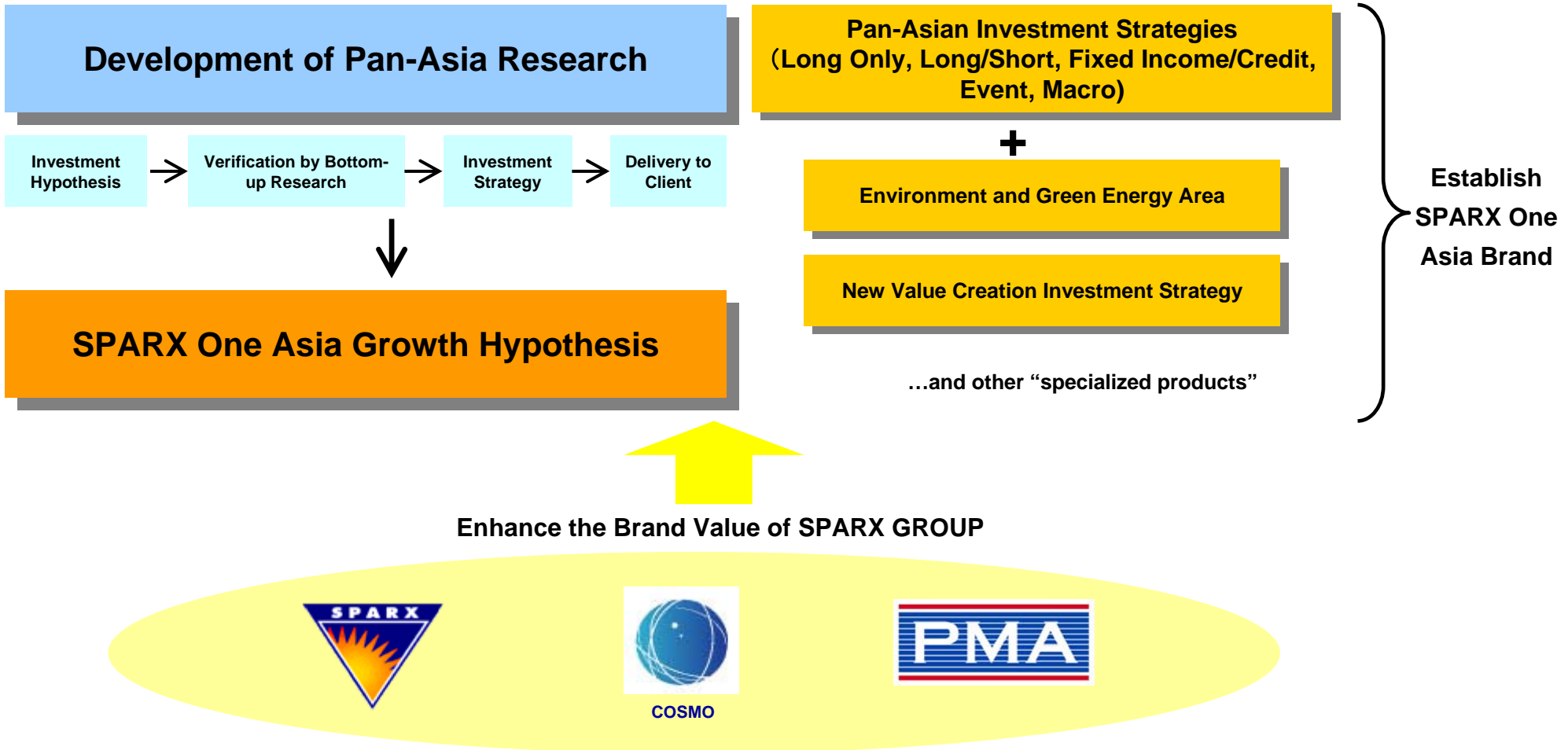
Management by Non-hierarchical and Multi-Cultural Executive Board Led by the Group CEO

- One Asia corporate management platform
- One Asia operating platform
- One Asia marketing platform
- One Asia research/investment platform

We have already initiated Pan-Asia research by creating a team comprised of members from SPARX, Cosmo, and PMA.

SPARX is Back! – Growth through One Asia Growth

SPARX One Asia: Build and Enhance Brand



Appendix

Breakdown of Operating Revenue & Percentage of AUM Eligible to Earn Performance Fees



| Breakdown of Operating Revenue | | FY2009 | FY2010 | |
|---|--------------------|-------------------|---------------------|-----------------|
| | | Apr 09 - Mar 2010 | Apr 2010 - Mar 2011 | YoY change (%) |
| Management fees | (MM JPY) | 6,012 | 4,869 | -19.0% |
| Net management fee rate | (%) | 0.79% | 0.67% | -0.12 |
| Performance fees | (MM JPY) | 805 | 1,873 | 132.5% |
| Losses & gains from selling or buying investment securities | (MM JPY) | 442 | - | - |
| Other operating revenue | (MM JPY) | 631 | 357 | -43.4% |
| Total operating revenue | (MM JPY) | 7,893 | 7,101 | -10.0% |
| | | | | |
| Percentage of AUM eligible to earn performance fees | | FY2009 | FY2010 | |
| | | Apr 09 - Mar 2010 | Apr 2010 - Mar 2011 | YoY change (%) |
| SPARX Asset Management Co., Ltd. | (100MM JPY) (%) | 1,203 43.1% | 870 31.8% | -27.7% -11.4 |
| Cosmo Investment Management Co., Ltd. | (100MM JPY) (%) | 2,037 84.2% | 2,558 83.8% | 25.5% -0.4 |
| PMA Capital Management Limited | (100MM JPY) (%) | 918 64.9% | 461 49.6% | -49.8% -15.2 |
| Total | (100MM JPY) (%) | 4,159 62.8% | 3,888 57.9% | -6.5% -4.9 |

(Note)

- The figures stated above are truncated excluding "YoY change," "Net management fee rate(%)," and "Percentage of AUM eligible to earn performance fees(%)." "YoY change" is rounded to the nearest tenth of a percent. "YoY change" of "net management fee rate" and "percentage of AUM eligible to earn performance fees(%)" shows the amount of decrease/increase instead of percentage of change.
- Net management fee rate = (management fee - related commissions and charges) ÷ average AUM
- The figures for March 31, 2011 are based on in-house calculations and should be regarded as preliminary.

Flow of funds (March 31, 2010 – March 31, 2011)

(Units: 100MM JPY)

| Companies | March 31, 2010 | Subscription | Redemption | Net | Appreciation etc. | March 31, 2011 |
|---------------------------------------|----------------|--------------|------------|------|-------------------|----------------|
| SPARX Asset Management Co., Ltd. | 2,783 | 737 | -735 | 2 | -45 | 2,740 |
| Cosmo Investment Management Co., Ltd. | 2,419 | 1,000 | -880 | 119 | 512 | 3,051 |
| PMA Capital Management Limited | 1,415 | 205 | -573 | -368 | -118 | 929 |
| SPARX Group Co., Ltd. (Total) | 6,618 | 1,942 | -2,188 | -245 | 348 | 6,721 |

Notes:

1. The figures stated above are truncated. "Redemption" includes mandate terminations.
2. "Appreciation, etc." contains any gains and losses from the exchange rate differential between March 31, 2010 and March 31, 2011.
3. The figures for March 31, 2011 are based on in-house calculations and should be regarded as preliminary.

Flow of funds (March 31, 2010 – March 31, 2011)

(Units: 100 MM JPY)

| SPARX Asset | March 31, 2010 | Subscription | Redemption | Net | Appreciation etc. | March 31, 2011 |
|---|----------------|--------------|-------------|----------|-------------------|----------------|
| Long-short strategy | 759 | 51 | -141 | -90 | 33 | 702 |
| Strategic (or "Focused") investment strategy | 205 | 15 | -39 | -24 | -62 | 118 |
| Multi-manager alternative investment strategy | 173 | 0 | -135 | -135 | -37 | - |
| All Cap strategy | 339 | 48 | -107 | -58 | -22 | 257 |
| Mid-small cap strategy | 1,253 | 238 | -239 | -1 | -21 | 1,230 |
| Environment & Green-tech. investment strategy | - | 216 | 0 | 216 | 34 | 251 |
| Others | 51 | 167 | -70 | 96 | 31 | 179 |
| Total | 2,783 | 737 | -735 | 2 | -45 | 2,740 |

| COSMO | March 31, 2010 | Subscription | Redemption | Net | Appreciation etc. | March 31, 2011 |
|--------------------------------------|----------------|--------------|-------------|------------|-------------------|----------------|
| Korean index-relative strategy | 1,622 | 555 | -249 | 305 | 426 | 2,355 |
| Korean active strategy | 407 | 437 | -387 | 50 | -13 | 444 |
| Korean long-short strategy | 162 | 0 | -97 | -96 | 71 | 136 |
| Korean strategic investment strategy | 120 | 6 | -37 | -31 | 24 | 114 |
| Others | 104 | 0 | -108 | -108 | 3 | - |
| Total | 2,419 | 1,000 | -880 | 119 | 512 | 3,051 |

| PMA | March 31, 2010 | Subscription | Redemption | Net | Appreciation etc. | March 31, 2011 |
|------------------------------|----------------|--------------|-------------|-------------|-------------------|----------------|
| Asian equity strategy | 386 | 1 | -180 | -178 | -2 | 206 |
| Asian/Europe credit strategy | 582 | 24 | -264 | -240 | -86 | 254 |
| Asian macro strategy | 153 | 86 | -62 | 23 | -52 | 124 |
| Others | 292 | 92 | -65 | 27 | 23 | 343 |
| Total | 1,415 | 205 | -573 | -368 | -118 | 929 |

Notes:

1. The figures stated above are truncated.
2. "Appreciation etc." contains any gains and losses from the exchange rate differential between March 31, 2010 and March 31, 2011.
3. The figures for March 31, 2011 are based on in-house calculations and should be regarded as preliminary.



SAM: Annualized performance by strategy since inception

(Annualized)

(From Composite Start Date to March 31, 2011)

| | Long-only Active (Commingled funds) | Mid & Small Caps | Long - Short (USD, Lev.2) | Long - Short | Strategic Investment |
|-----------------|---|------------------|------------------------------|--------------|-------------------------|
| Composites | 6.64% | 2.27% | 13.07% | 2.96% | 4.05% |
| Reference Index | -2.36% | -0.20% | -0.33% | -3.73% | -2.80% |
| Excess Return | 9.00% | 2.47% | 13.40% | 6.69% | 6.85% |

| Reference Index | TOPIX dividend included | Russell/Nomura Mid-Small Cap Index | TOPIX | Reference Index | TOPIX dividend included |
|---|----------------------------|--|-----------|-----------------|----------------------------|
| Start Date | May 1997 | Jan. 2000 | Aug. 1997 | Jun. 2000 | Jul. 1999 |
| Volatility of Composite Return (Annualized) | 23.19% | 18.49% | 11.02% | 6.77% | 21.23% |

1. The figures in the table above are calculated using the composite performance data of the major investment strategies and are based on the internal data. The "Reference index" is shown to facilitate comparisons and is not necessarily a representative of the "benchmark" indexes requested by clients.
2. The calculation methods used for the annualized returns above are as follows: the modified Dietz method (pre-deduction of management related fees) is applied to Long-only Active (Commingled funds), Mid & Small Caps, Long-Short (USD, Lev.2) and Strategic Investment. The NAV per share method (management fee deducted) is applied to the Long-Short (JPY, Lev.1). The above figures are rounded to the nearest tenth of a percent.
3. "TOPIX dividend included, USD hedged" is calculated by using the fully hedged month-end USD forward rate.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of March 31, 2011.



SAM: Annualized performance by strategy

1. Each composite includes portfolios managed by companies of the SPARX group, excluding Cosmo and PMA.
2. Investment strategies of each composite are described below.

| <u>Name of Composite</u> | <u>Type of investment strategy</u> |
|--|--|
| Active Long-only (Commingled funds) | Investment strategy of active, long-only portfolio management of commingled funds. The universe of this strategy includes all of the listed equity securities on Japanese exchanges. |
| Mid & Small Caps | Investment strategy of investing companies in the medium and small cap stock universe. |
| Long-Short (USD Lev.2) | Investment strategy combining long and short positions. Leveraged within twice NAV, and aims to achieve stable absolute returns. |
| Long-Short (JPY, Lev.1) | Investment strategy combining long and short positions. Leveraged within NAV, and aims to achieve stable absolute returns. |
| Strategic (or “Focused”) Investment | Investment strategy identifying and investing in undervalued companies through a concentrated portfolio. |

3. Investment strategy performance appendix (annual returns for the past five fiscal years)

| | <u>FY2006</u> | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Active Long-only (Commingled funds) | -14.57% | -28.93% | -34.48% | 34.27% | -5.74% |
| Mid & Small Caps | -11.86% | -28.95% | -25.64% | 33.32% | -1.87% |
| Long - Short (USD, Lev.2) | -3.74% | -14.43% | 5.95% | 8.77% | 8.23% |
| Long – Short (JPY, Lev.1) | -7.50% | -11.31% | -4.13% | 6.03% | 4.00% |
| Strategic Investment | -18.71% | -10.14% | -25.67% | 23.14% | -1.76% |

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The term the “Firm” was redefined effective 15 October 2009 and 30 November 2010 where SPARX Investment & Research, USA, Inc. (“SIR”) and SPARX International (Hong Kong) Limited (“SIHK”) have been excluded, respectively, due to the dissolution of SIR and the transfer of SIHK’s shares to a third-party.

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