

The following is a translation summary of the official announcement given to the JASDAQ and the media in Tokyo, Japan.



May 25, 2005

Company: SPARX Asset Management Co., Ltd
(JASDAQ Code: 8739)

SPARX Asset Management Establishes Subsidiary

SPARX Asset Management Co., Ltd. (President & Representative Director: Shuhei Abe) is pleased to announce that a meeting of the Board of Directors held on May 25, 2005 approved the start of procedures to establish a wholly-owned subsidiary. Details are provided below.

1. Objective of the Subsidiary

SPARX Asset Management will begin procedures to establish SPARX Capital Partners Co., Ltd. (tentative name), which will operate an investment business using internal funds to grow the shareholders' equity of the Group. Operations are slated to commence in July this year. The subsidiary will participate in deals involving long-term investments in unlisted companies, deals involving the delisting of public companies, and overseas investment deals. It will also invest in funds managed by the Group and by other companies. New investment techniques will be developed to facilitate cooperation with other investors and financial institutions.

2. Profile of the Subsidiary

- | | |
|--|--|
| (1) Trade name | SPARX Capital Partners Co., Ltd. (tentative name) |
| (2) Date of establishment | June 2005 (planned) |
| (3) Location | Shinagawa ward, Tokyo |
| (4) Capital stock | 450 million yen (planned initially) |
| (5) Shareholder | SPARX Asset Management Co., Ltd. |
| (6) Capital, human and trading relationships with SPARX Asset Management Co., Ltd. | |
| Capital relationship | The subsidiary will be established as a wholly owned subsidiary of SPARX Asset Management Co., Ltd. |
| Human relationship | The key officers and staff of the subsidiary will be dispatched from SPARX Asset Management Co., Ltd. and its other subsidiaries. |
| Trading relationship | The subsidiary will contribute to the growth of the shareholders' equity of the Group using funds held by SPARX Asset Management Co., Ltd. |
| (7) Number of officers and staff | About four (planned initially) |
| (8) Commencement of operations | July 2005 (plan) |