

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



March 30, 2005

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

**Notice Regarding the Establishment of Indirect Subsidiary and
Change in Capital Relationship**

At an extraordinary meeting of the Board of Directors held on March 30, 2005, SPARX Asset Management Co., Ltd. (the "Company") has resolved to establish a wholly-owned subsidiary of SPARX International Limited, itself a subsidiary of the Company. In a separate resolution, the Board has also decided to change the capital relationship with another indirect subsidiary. Details of the resolutions follow.

I. Establishment of Indirect Subsidiary

1. Objective

To bolster investment management of offshore funds and Multi-Manager Alternative Investment Strategy (or "fund of funds" business), the Company decided to establish SPARX International (Hong Kong), Ltd. (tentative name), as a wholly-owned subsidiary of SPARX International Limited, which is itself a subsidiary of the Company. The indirect subsidiary is expected to begin operation in August this year, assuming the requisite licensing is obtained from the local authorities. SPARX International (Hong Kong), Ltd. will be positioned as the hub of SPARX Group's Asian strategy, and will play a key role in its development.

2. Outline

- | | |
|-----------------------------------|--|
| (1) Trade name | SPARX International (Hong Kong), Ltd. (tentative name) |
| (2) Date of foundation | April 2005 (scheduled) |
| (3) Location | Hong Kong |
| (4) Capital | 10,000,000 HK\$ (scheduled initially) |
| (5) Shareholder | 100% owned by SPARX International Limited |
| (6) Relationship with the Company | |
| Capital relationship | It will be an indirect subsidiary, as a wholly-owned subsidiary of SPARX International Limited, itself a subsidiary. |
| Personnel relationship | Key directors and employees will be dispatched from the Company and its subsidiaries. |
| Business relationship | It will primarily conduct the investment management of SPARX Group's offshore funds. |

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

- | | |
|---------------------------------------|---|
| (7) Number of directors and employees | Approximately 5 (initially planned) |
| (8) Date of commencement of operation | August 2005 (planned, assuming that licensing is granted by the local authorities.) |

II. Change in Capital Relationship

Summary and reason for the change

To streamline the administrative management of overseas subsidiaries, all shares of SPARX Overseas, Ltd., an indirect subsidiary of the Company, which are currently held by SPARX Finance, S.A., a subsidiary of the Company, will be assigned to SPARX International Limited, another subsidiary of the Company. This change will not have significant impact on the Company's earnings.