

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



May 30, 2007

Company: SPARX Group Co., Ltd.
(Registration Code: 8739)

SPARX Group Rescinds Shareholder Proposal Regarding PENTAX Corp.

TOKYO (May 30, 2007) – SPARX Group Co., Ltd. (hereafter “SPARX”) announced today that it has rescinded a proposal which it had planned to put forward through its asset management subsidiaries at PENTAX Corp.’s 77th Annual General Meeting (AGM) of shareholders. SPARX had previously announced on April 25th, 2007 its intent to proffer the proposal regarding the selection of PENTAX directors and auditors at that company’s AGM for shareholders, which is scheduled for late June.

I. Background for Rescindment:

The reasons for the decision to rescind the planned shareholders’ meeting proposal are as follows:

- (1.) SPARX is now prepared to accept PENTAX’s planned board structure as a result of assurances that it can be trusted to work on behalf of shareholders to improve corporate value. This came in the aftermath of the April 25th, 2007 announcement of intent to submit the proposal and as a result of a series of frank discussions with PENTAX’s senior management.
- (2.) In regard to the proposal for selection of directors, former PENTAX President Urano and Senior Managing Director Mori will accept responsibility for several months of managerial confusion as both have given word that they plan to withdraw their candidacies.

Right from the start, the purpose of SPARX’s proposal has been to restore PENTAX management’s credibility, which was tarnished during the turmoil in recent weeks. We have asked only for the company’s management to proactively endeavor once again to improve PENTAX’s corporate value. After all, SPARX recognizes that senior management must be entrusted to carry out day-to-day efforts to increase corporate value. Our original intent was not to pick a fight with the current management of PENTAX, but rather to ask for the creation of a better management structure with which to benefit the company’s many stakeholders.

In regard to SPARX’s acceptance of PENTAX’s forthcoming managerial structure, we hope the incoming senior management team will pay due respect to the trust placed in them by the company’s shareholders.

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SPARX's faith in the abilities of the withdrawn board candidates, Mr. Urano and Mr. Mori, has not changed whatsoever. However, as their intent to withdraw their candidacies is very strong, we will respect their wishes in the matter. What's more, as Mr. Saida has also withdrawn his candidacy for auditor, SPARX will similarly respect his decision. The three executives—whose candidacies SPARX had invited—all have exhibited exceptional passion for managing PENTAX and to that we would like to appreciate their cooperation.

We also acknowledge the difficult decision made by PENTAX's current senior management to resign en masse. Above all, SPARX expresses its appreciation for the final decision made by PENTAX President Watanuki, who suddenly took over the management responsibility under nearly two months of managerial turmoil.

II. Summary of Rescindment of Shareholder Proposal

SPARX Group Co., Ltd., acting on behalf of funds managed by its asset management subsidiaries (hereafter "Funds"), had accumulated a position over the past six months of 8,469,000 regular shares (equal to 8,469 shareholder votes) of PENTAX. SPARX now rescinds formal shareholder proposal documentation dated April 25th, 2007 via the HSBC Fund Services unit of HSBC (Located at 1 Queen's Road, Central, Hong Kong) regarding the selection of directors and auditors slated for PENTAX's 77th Annual General Meeting of Shareholders, subject to the fulfillment of conditions specified below.

It should be noted that while HSBC Fund Services is named custodian of other SPARX funds, the rescindment applies only to the shares held by HSBC Fund Services on behalf of the Fund. Furthermore, the rescindment applies only to shares owned by the Fund and should not be construed to express the aims, intent or viewpoint of any other funds managed by SPARX or affiliated entities.

Conditions for Rescindment:

1. The agenda concerning the appointment of directors, which includes Mr. Nobuaki Tanishima (current PENTAX's executive officer), Mr. Ko Torigoe (current the PENTAX's senior executive officer), Mr. Yuji Nishiura (Alix Partners Asia LLC, Managing Director and Japan representative), and Mr. Hidenao Toyoshima (attorney-at-law, former Fukuoka High Public Prosecutor's Office, superintending public prosecutor) as the slate of directors, shall be decided to be a proposal for the 77th AGM, and shall be stated or recorded in the convocation notice and papers for reference for the 77th AGM.
2. The agenda concerning the appointment of statutory auditor, which includes Mr. Wataru Nakamura (certified public accountant) as the slate of statutory auditor, shall be decided to be a proposal for the 77th AGM, and shall be stated or recorded in the convocation notice and papers for reference for the

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3. No agenda concerning the appointment of director or statutory auditor which includes any persons, who are incumbent directors of PENTAX as of the date hereof, as the slate of directors or statutory auditors shall be decided to be a proposal for the 77th AGM.

For more information contact:

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