

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

December 19, 2008  
Company: SPARX Group Co., Ltd.  
(JASDAQ Code: 8739)

**SPARX ENTERS JOINT VENTURE WITH LOTTE (KOREA)**  
**THROUGH COSMO INVESTMENT MANAGEMENT**

Tokyo (December 19, 2008) – SPARX Group Co., Ltd. (hereafter “SPARX”) announced today that its Board of Directors has passed a resolution to conclude a joint venture agreement with Lotte Group (or “Lotte”), which will involve the transfer of shares in Cosmo Investment Management Co., Ltd. (or “Cosmo”) as outlined below. Subject to the closing of this transaction, SPARX does anticipate capital gains in its consolidated extraordinary profit.

1. Background of the joint venture

Since Cosmo joined SPARX in February of 2005, Cosmo has rapidly expanded its business to alternative asset management business and strengthened its overseas marketing with the expertise of SPARX.

We had recently considered various strategies to expand the Cosmo business since the financial assets of individuals have been increasing, and the asset management business has been growing for pension funds in South Korea. As previously announced on June 9<sup>th</sup>, 2008, SPARX has been engaged in discussions with Lotte about forming a strategic alliance. As a result of intensive discussions between Lotte and SPARX, we have agreed to establish a joint venture through Cosmo, which is designed to make Cosmo one of the leading asset management companies in South Korea. SPARX and Lotte will form an alliance to jointly manage Cosmo.

We can expect to see synergy through the strategic alliance with Lotte by utilizing Lotte’s real estate, excess capital, and distribution channel, as well as by developing financial products with Lotte Insurance Co., Ltd. Furthermore, Mr. Kwon-Uk Choi and the present management team will continue to lead Cosmo by leveraging their experience and expertise in the asset management business.

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2. Transfer of shares in Cosmo

(1) Summary of the subsidiary

(a) Corporate Name	Cosmo Investment Management Co., Ltd. (unlisted)
(b) Major Business	Registered investment advisor and registered discretionary investment advisor
(c) Establishment	June 10, 1999
(d) Head Office	7 <sup>th</sup> Floor, POSCO Center, 892, Daechi 4-Dong, Gangnam-gu, Seoul, Korea
(e) Representative	Kwon-Uk Choi
(f) Capital	KRW 4,366 M (as of March 31, 2008)
(g) Number of Outstanding Shares (as of November 30, 2008)	846,140 shares
(h) Net Asset	KRW 58,760 M (as of March 31, 2008)
(i) Total Asset	KRW 78,168 M (as of March 31, 2008)
(j) Fiscal Year End	March 31
(k) Number of Employees	35 people (as of March 31, 2008)
(l) Major Business Establishment	Seoul, South Korea
(m) Major Shareholder (as of November 30, 2008)	SPARX International Ltd. (80.1 %) Kwon-Uk Choi (9.4 %) Employees and others (10.5 %)
(n) Financial Results	

	FY 2006	FY 2007
Operating Revenue	KRW 27,522 M	KRW 60,114 M
Net Income	KRW 14,368 M	KRW 33,912 M

(2) Summary of the purchaser

Seven companies of Lotte (Lotte Card Co., Ltd., Lotte Shopping Co., Ltd., LOTTE MIDOPA, Lotte Station Building Co., Ltd., Lotte Daesan Petrochemical Corp., KP Chemical Corp., and Lotte Confectionary Co., Ltd.) will be the purchasers. The summary of the major purchaser (the purchaser will own 6.82% of outstanding shares in Cosmo after the transaction.) and the outline of Lotte Group are stated as follows.

(a) Corporate Name	Lotte Card Co., Ltd.
(b) Major Business	Financing, Travel agency, Insurance agency, Mail-order business
(c) Head Office	Samsung-Dong, Gangnam-Gu, Seoul, Korea
(d) Representative	Byung-Koo Lee
(e) Establishment	December 3, 2002

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(f) Capital	KRW 378,209 M (as of September 30, 2008)
(m) Major shareholder	Lotte Shopping Co., Ltd. (92.54 %)
(as of September 30, 2008)	Lotte Capital Co., Ltd. (4.59 %)
	Hotel Lotte Co., Ltd. (1.24 %)
(e) Relationship with SPARX	N.A.

Outline of Lotte Group

Overall condition      Sales revenue in Lotte Group as a whole, including department store, hotel, petroleum & chemical, and etc: KRW 35 trillion or JPY 2.5 trillion (Note: Used the currency rate of KRW 100 = JPY 7.13). Lotte is one of the largest group companies in South Korea, having 50 subsidiaries, over 53,000 employees. Lotte has had many channels to reach consumers. For example, Lotte has 14 million card members, and Lotte.com has 12 million members.

Major group companies

- Lotte Shopping Co., Ltd.
- Hotel Lotte Co., Ltd.
- Lotte Confectionary Co., Ltd.
- Honam Petrochemical Corp.
- Lotte Daesan Petrochemical Corp.
- KP Chemical Corp.
- Lotte Engineering & Construction Co., Ltd.
- etc.

Overseas business

China: Lotte Department Store, Lotte Mart, Lotte Confectionary, etc.

Russia: Lotte Department Store, KP Chemical etc.

Vietnam: Lotte Confectionary, Lotteria, etc.

India: Lotte Shopping, Lotte Confectionary, etc.

Indonesia: Lotte Mart, etc.

(3) Summary of the transaction

(a) Number of shares held before transaction (Number of voting right)	677,557 shares (677,557)	(80.1 % of outstanding shares in Cosmo)
(b) Number of shares to be transferred (Number of voting right)	177,689 shares (177,557)	(Transfer price KRW 62,901 M)

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(c)	Number of shares retained after transaction (Number of voting right)	499,868 shares (499,868)	(59.1 % of outstanding shares in Cosmo)
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3. Time Schedule

December 19, 2008	Resolution of the Board
February, 2008	Date of entry into force (Closing date) (scheduled)

4. Expected impact on financial results

Although SPARX is currently conducting a detailed analysis to measure the financial impact from this transfer, SPARX does anticipate capital gains (stock of affiliated company) of approximately JPY 3.6 B in its extraordinary profit on consolidated income statement. This capital gain is calculated for preparing the consolidated financial statements with the assumption that the stock of affiliated company will be sold at the beginning of the 4<sup>th</sup> quarter of period ending in March 2009. The effect of this profit on our company's performance in term ending in March 2009 will be announced as soon as it is confirmed.

5. Other material issues

Beside the transfer of shares, Lotte will obtain two call options for purchasing Cosmo's shares (1<sup>st</sup> call option: 8.9% of outstanding shares, 2<sup>nd</sup> call option: 21.1% of outstanding shares) with this contract. This scheme was arranged based on the agreement between SPARX and Lotte that Lotte will acquire the Cosmo's shares with phased approach. By exercising these call options, Lotte and SPARX will own 51% and 49% of outstanding shares in Cosmo respectively.

By completing the conditions that includes the approval from Korean governmental agency, the agreement of this transaction will become effective.

*For more information contact:*

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