The following is an English version of the official Japanese announcement, which has been given to the JASDAQ and the media in Tokyo, Japan.

July 31, 2017

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

Notice Regarding to Introduction of "Stock-Granting ESOP Trust"

TOKYO (July 31, 2017) - SPARX Group Co., Ltd. (hereinafter, the "Company") hereby announces that at its Board of Directors meeting held today it resolved to introduce an employee incentive plan (hereinafter, the "Plan") for employees of the Company and its three subsidiaries (SPARX Asset Management Co., Ltd., SPARX Green Energy & Technology Co., Ltd. and SPARX Asset Trust & Management Co., Ltd.) (hereinafter, "Group Employees") as specified below. Also, introduction of the Plan is approved at each subsidiary's Board of Directors meeting held today.

1. Introduction of the Plan

(1) The Company introduces the Plan in order to enhance the Company's medium- to long-term corporate value by giving Group Employees further motivation toward improving corporate performance and increasing the share price of the Company.

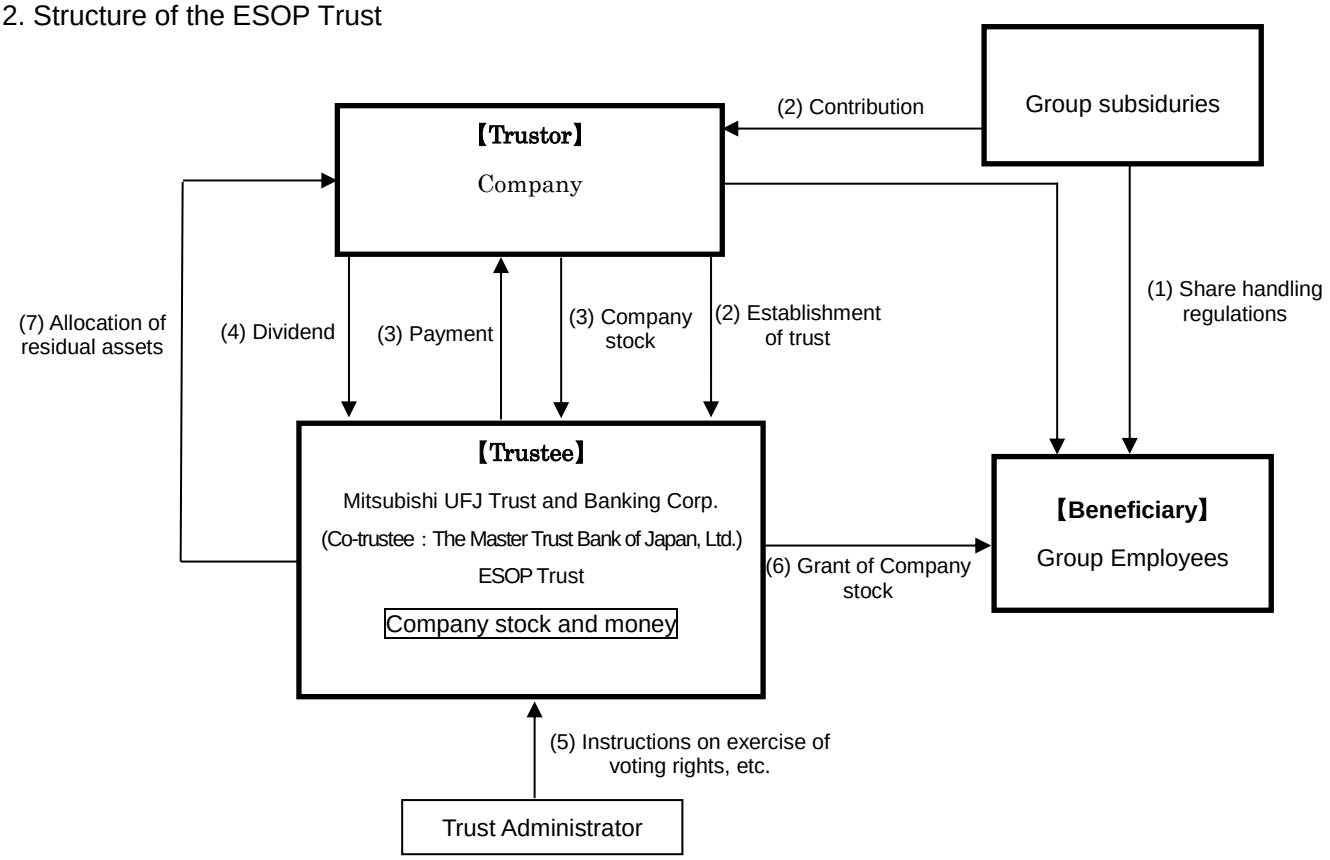
(2) The Plan will adopt a structure known as a Stock-Granting ESOP (Employee Stock Ownership Plan) Trust (hereinafter, "ESOP Trust"). The ESOP Trust is a trust-type employee incentive plan based on ESOP plans in the U.S., and the Company stock acquired by the ESOP Trust (Note) will be granted to Group Employees while in service based on the level of achievement of operational goals and qualifications and the like. As the Company and its subsidiaries will contribute all funding for acquisition of the Company stock by the ESOP Trust, Group Employees do not bear any costs.

(3) The Plan will allow Group Employees to receive economic benefits when the Company stock price moves up. As such, it will encourage Group Employees to adopt a stock price-conscious mindset in the performance of their duties, and is also expected to boost employee morale. In addition, the Plan is designed to reflect the will of Group Employees as candidate beneficiaries in the exercise of the voting rights concerning the Company stock that are trust assets of the ESOP Trust. This will make it an effective plan for corporate value enhancement that encourages employee participation in company management.

(Note) Regarding to the Plan, disposal of 3,000,000 shares (642,000,000 yen) through the ESOP Trust has been approved at the same Board of Directors meeting, which is out of 6,737,210

treasury shares (as of March 31, 2017). Please refer to “Notice of Disposal of Treasury Stock through a Third-Party Allocation” announced today for further information.

2. Structure of the ESOP Trust



(1) The Company and its subsidiaries enact share handling regulations for introduction of the Plan.

(2) The Group subsidiaries contribute the money for the Plan to the Company. The Company funds the contributed money from its subsidiaries and establishes the ESOP Trust for qualified Group Employees.

(3) The ESOP Trust will use the money contributed by the Company in (2) above to purchase, in accordance with instructions from the trust administrator, the number of shares of the Company stock that are expected to be granted to beneficiaries during the term of the trust.

(4) The ESOP Trust will receive distributions of dividend as a shareholder of the Company.

(5) The ESOP Trust will exercise, in accordance with the instructions from the trust administrator, voting and other rights to the Company stock held in the trust as a shareholder during the term of the trust.

(6) The Company stock shall be granted to Group Employees of the Company who fulfill certain requirements in accordance with the Company's and its subsidiaries’ share handling regulations.

(7) When liquidating the ESOP Trust, after all required distributions to beneficiaries, residual assets, which are within a certain limit, shall belong to the Company as a holder of a vested right.

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* If the ESOP Trust is depleted of all the Company stock due to granting of the Company stock to Group Employees who meet the beneficiary requirements, the ESOP Trust shall expire before its scheduled expiration date. The Company may make additional contribution to the ESOP Trust for acquisition of the Company stock.

(Reference)

[Overview of Trust Agreement]

(1) Type of trust: Money trust other than a specified individually managed money trust (Third party beneficiary trust)

(2) Purpose of trust: Granting of incentives to Group Employees

(3) Trustor: The Company

(4) Trustee: Mitsubishi UFJ Trust and Banking Corporation. (Co-trustee: The Master Trust Bank of Japan, Ltd.)

(5) Beneficiaries: Group Employees who meet the beneficiary requirements

(6) Trust administrator: A third-party professional trust administrator that has no conflict of interest with the Company (certified public accountant)

(7) Date of trust agreement: August 18, 2017

(8) Trust term: From August 18, 2017 to the end of August 2023 (scheduled)

(9) Start of the Plan: August 18, 2017

(10) Exercise of voting rights: The trustees will exercise the voting rights of the Company stock in accordance with the instructions of the trust administrator, which reflects the will of candidate beneficiaries.

(11) Classification of shares to be acquired: Common stock of the Company

(12) Total amount of shares to be acquired: 642,000,000 yen

(13) Share acquisition method: To acquire the Company's treasury stock through a third -party allocation

[Overview of Administration of trust and stock]

(1) Trust-related administration: Administrative tasks related to the trust will be performed by Mitsubishi UFJ Trust and Banking Corporation. and The Master Trust Bank of Japan, Ltd., which are the trustees of the ESOP Trust.

(2) Share-related administration: Administrative tasks related to the granting of the Company stock to beneficiaries will be performed by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. based on an entrustment agreement on such tasks.

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■ Contact Information

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