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

April 2, 2018

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

On the Decline of Shareholder Proposals to TEIKOKU SEN-I (3302 JP)

—To continue to engage the company in constructive dialog and to aim the realization of the proposals—

Tokyo (April 2, 2018) –On March 29, two shareholder proposals requested by SPARX Asset Management Co., Ltd., a wholly-owned subsidiary of SPARX Group Co., Ltd. (hereinafter collectively referred to as "SPARX"), were rejected at the 92nd fiscal year ordinal general shareholders' meeting of TEIKOKU SEN-I (hereinafter referred to as "TEIKOKU SEN-I" or "Company"). Shuhei Abe, president & CEO of SPARX, comments on the decline as follows:

"We were disappointed to learn that our shareholder proposals were rejected. After the public announcement of our shareholder proposals, we were fortunate enough to have opportunities to explain our intentions to many institutional investors. Through that process, we learned that many of these institutional investors recognize the importance of engagement activities. Nevertheless, at the same time, they are wary of what they see as irrational management at some listed companies, especially with regard to fiscal inefficiency. SPARX got 20.3 % approval rate in proposal No.3 （Dividends from Related Earnings） and got 28.4 % approval rate in proposal No.4 (Shorten the term of office for board members), Taking consideration of SPARX about 6 % ownership ratio, SPARX got additional about 14 points support on proposal No.3 and about 22 points support on proposal No.4, which encourages us.

We believe that the questions we raised in this process constitute a small step toward addressing those concerns. Considering the globalization of Japan's market, and the market and economic situation, we firmly believe that the tides have already turned shareholders toward actively raising issues and having constructive dialog with firms, and that this trend will continue to grow stronger. Going forward, SPARX will continue to strive toward a better approach to stewardship and corporate governance in order to continue to make better investments.

Our expectations with regard to TEIKOKU SEN-I remain completely unchanged, and we intend to continue to engage the Company in constructive dialog in our role as a shareholder. With the support from lots of investors and public opinion, We hope that management at TEIKOKU SEN-I will come to understand our proposal and the arguments for it, and eventually put it into action."

This was the second time in the past eleven years that SPARX has made a shareholder proposal to a listed company. The proposals are as follows:

1. Dividends from Retained Earnings (Proposal No.3)
   Set dividends at ¥90 per share for the fiscal year ending December 2017
   (At the time of proposal, The Company's management projects ¥30 per share)

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2. Partial Modification of the Articles of Incorporation (Proposal No.4)
   Shorten the term of office for board members from "up to two years from appointment" to "up to one year from appointment"

Please refer to the following explanatory materials regarding these shareholder proposals.

URL: https://www.sparx.co.jp/opinions/pdf/stewardship-j_20180119.pdf (Japanese)
URL: https://www.sparx.co.jp/opinions/pdf/stewardship-e_20180119.pdf (English)

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