

News Release

May 18, 2007

Nikko Principal Investments Japan Ltd.

**Concerning Restructuring of the Internal Control Systems of
Nikko Principal Investments and Resumption of Investing Activities**

Nikko Principal Investments Japan Ltd. ("NPI") has completed the restructuring of its internal control systems and hereby gives notice of the resumption of its investing activities.

To make clear NPI's responsibility as the origin of the recent series of events, NPI not only has made major changes in its management team, but also implemented a thorough restructuring of its internal control systems to prevent recurrence of similar events in the future. As part of this restructuring, NPI has reviewed its compensation system and taken various thoroughgoing measures to heighten the awareness of compliance issues among its management and staff.

Nikko Cordial Corporation ("NCC"), NPI's parent company, has verified the content of measures and confirmed the effectiveness of various measures taken to improve NPI'S internal control systems. In addition, to confirm the absence of problems, investigations have been made at Nikko Principal Investments Ltd. ("NPIL") and Nikko Principal Investments Australia PTY Limited ("NPIA"), fellow subsidiaries engaging in business activities similar to NPI, in United Kingdom and Australia. The validity of remedial measures was confirmed by relevant departments at NCC and outside consultants to provide a third-party perspective on the effectiveness of the reform measures.

NPI, NPIL, and NPIA (collectively "the Companies") suspended their investment activities beginning in January this year. Following NCC's confirmation on the restructuring of internal control systems at NPI and other subsidiaries, the Companies have decided to resume their investment activities.

Looking forward, NPI will continue to take initiatives to steadily and conscientiously implement improvement measures and strive to restore public trust.

We would like to take this opportunity to once again express our deepest apologies for the recent incident and ask for your continuing support and guidance going forward.

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This material is an English translation of a Japanese announcement made on May 18, 2007. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed and thus you are encouraged to refer to the original Japanese document.