

August 10, 2005

AnGes MG, Inc.

Nikko Principal Investments Japan Ltd.

**Nikko Principal Investments Japan Ltd and AnGes MG Inc**  
**to form an alliance in Pharma/Lifesciences area**  
**~ An Alliance Fund has been jointly established, and the first investment**  
**just completed to a drug development company ~**

Nikko Principal Investments Japan Ltd. (CEO Kido Kazuyuki, hereinafter NPI) and AnGes MG, Inc. (CEO, Ei Yamada, hereinafter Anges) have established an alliance in the area of pharma and lifesciences industry, and have jointly established "Bio-sight Innovation 1st Investment Limited Partnership", which shall invest into Japanese/European and US biotech companies. The first investment through this alliance has been made to Avontec GmbH, which is a German biotech in the field of drug development.

Anges, who is actively developing gene therapy products worldwide, will use its network to get deeply involved from the sourcing stage of each investment, and will also actively support each invested company business wise, even after the investment through this fund. Furthermore, NPI will support the invested companies in financial affairs, and business development activities, in order to increase the corporate value of the invested company.

The size of this joint investment fund is a total of 2.5billion Yen (Anges 1 billion Yen, NPI 1.5 billion Yen). The investment target of this fund are Japanese/European and US biotech companies. The management of the fund including selection of companies will be done by Bio Sight Capital, as an unlimited liability partner.

Anges, a biotech venture company in drug development, is considered to be the leader in the industry, based that it has a gene therapy product in late stage development, and made one of the first IPOs in Japan, in the fast-growing market. For future business development purpose, Anges has already established an office not only in Japan but also in California/US and UK in order to establish a strong network in the industry worldwide. As for this fund, we plan to apply AnGes' experience and network to select appropriate companies, and will fully collaborate with such invested companies in order to increase their value.

NPI, a 100% owned subsidiary of Nikko Cordial Corporation, invests Nikko's own capital, on a mid-to-long term perspective, in both public and private companies. NPI has considerable track records in supporting invested companies, together with their management team, to upgrade its enterprise value. In this joint investment fund, NPI intends to leverage the experience and know-how accumulated by Nikko Principal Investments Limited, NPI's sister company in UK, who signed an agreement with Imperial College of Science, Technology and Medicine in 2002 and has built a portfolio of investments in early-stage research and technology derived companies.

The first project of this fund is the investment in Avontec GmbH a German Oligonucleotide based drug development company, by issuance of new shares (Investment Amount 5 Million Euro, participation of 22%).

Together with this investment, Anges plans to execute a cross license agreement with Avontec regarding its oligonucleotide based products. Through this cross license, Anges and Avontec will mutually share its know-how in oligonucleotide based products leading to a synergy effect between the parties.

For details of the cross license agreement, please refer to the attached press being released today.

## Company Profile

AnGes MG, Inc.

CEO : Ei Yamada

Location : (headoffice) 7-7-15, Saito-Asagi Ibaraki Osaka, 567-0085, Japan

( Tokyo Office) 5-20-14, Shiba, Minato-ku, Tokyo, 108-0014 Japan

Founded : 1999/12/17

Capital: 5,156Million Yen

Activity : Development of gene related therapeutics

Nikko Principal Investments Japan Ltd.

CEO : Kido Kazuyuki

Location : 1-2-2, Uchisaiwai-cho, Chiyoda-ku, Tokyo

Founded : 2000/3/15

Capital: 2,500Million Yen

Activity : Merchant banking business, including private equity investment

Bio Sight Capital

CEO : Masayuki Tani

Location : 7-7-15, Saito-Asagi, Ibaraki, Osaka, 567-0085

(Tokyo Offic) 5-20-14, Shiba, Minato-ku, Tokyo, 108-0014 Japan

Founded : 2002/12/18

Capital: 32Million Yen

Activity : 1.Management of investment funds

2. Incubation business

3.Renting business of R&D facilities

4.Related business to the above

[Contact]

AnGes MG, Inc. (Hayashi) TEL:03-5730-2753

Nikko Principal Investments Japan Ltd. (Sakamoto) TEL:03-3500-0106

Bio Sight Capital (Kitaoka) TEL:072-640-1060

This material is an English translation of a Japanese announcement made on August 10, 2005. 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.