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SPAR Group Receives Approval from Chinese Government to Launch Joint Venture Agreement

Company to Offer Specialized Marketing Services to Retailers and Manufacturers Throughout China

TARRYTOWN, N.Y., Aug 22, 2005 -- SPAR Group, Inc. (SGRP) today announced it has received approval from the Chinese government to establish a Wholly Owned Foreign Enterprise as a direct investment of the SPAR joint venture company with SIMS Trading Company Limited, a division of CITIC Pacific Limited.

SPAR Group said it will hold a 50% ownership interest in the new entity, which will be headquartered in Shanghai and operate under the name, SPAR (Shanghai) Field Marketing Company Ltd.

The company said SPAR (Shanghai) Field Marketing can offer a wide array of specialized marketing services, including in-store merchandising, data collection and in-store demonstration for retailers and manufacturers throughout China, covering more than 50 cities, including Shanghai, Suzhou, Hangzhou, Nanjing, Ningbo, Beijing, Dalian, Chengdu, Chungqin, Guangzhou, Shenzhen and the Pearl River Delta.

"Plans have been under way since early this year to launch the new company, so we are happy and excited to have received Chinese government approval," said Robert G. Brown, SPAR Group's chairman and chief executive officer. "In anticipation, we have been working diligently on all of our systems, which have been converted to Chinese and are now fully operational. Demonstrating SPAR Group's hallmark of innovation, we have developed a unique system that allows simultaneous use of Chinese and English to assure full usability and clear communications from any location.

"The new joint venture represents a huge opportunity for SPAR, as well as for retailers, manufacturers and Chinese consumers," Brown said. "SPAR (Shanghai) Field Marketing will operate all of its new dual-language systems and provide reports to its customers in real time, 24/7, throughout the world. We believe our services will help manufacturers and retailers gain significant market penetration and establish lasting brand value in a market where the ability to get products on shelves and gain sales and marketing insight has heretofore been challenging.

"We are confident that with our superior systems and outstanding local partner, we will experience great success," Brown added.

SPAR Group has been expanding its international presence, having initiated operations in India, Turkey and South Africa last year and more recently, in Romania since establishing its first joint venture in Japan in 2001. SPAR also has a wholly owned subsidiary in Canada.

SPAR Group, Inc. is a diversified international marketing services company, providing a broad array of services to help companies improve their sales, operating efficiency and profits at retail worldwide. The company provides in-store merchandising, in-store event staffing, RFID and other technology, as well as research, to manufacturers and retailers covering all product classifications and all classes of trade, including mass market, drug store, electronic store, convenience store and grocery chains, throughout the United States and internationally.

Certain statements in this news release are forward-looking, including, but not limited to, the rollout and success of its new China joint venture and further benefits to be derived from its international expansion program. The company's actual results, performance and trends could differ materially from those indicated or implied by such statements as a result of various factors, including (without limitation) the continued strengthening of SPAR Group's selling and marketing functions, continued customer satisfaction and contract renewal, new product development, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, success and availability of acquisitions, availability of financing and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information regarding certain of these and other factors that could affect future results, performance or trends are discussed in SPAR Group's annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings made with the Securities and Exchange Commission from time to time.

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