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SPAR Group Enters China with Joint Venture Agreement; Company to Offer Retail Marketing, Merchandising Services, Introduce Branded Products Throughout Country

TARRYTOWN, N.Y., Feb 17, 2005 -- Further expanding its international penetration, SPAR Group, Inc. (SGRP) today announced it will enter the China market through a joint venture agreement with the SIMS Trading Company Limited a division of CITIC Pacific Co. Ltd., which has offices and coverage in over 50 cities including Shanghai, Beijing and Guangzhou, as well as Hong Kong.

SPAR Group said it will hold a 50% ownership interest in the new entity, which will operate under the SPAR name and will provide merchandising and related marketing services to manufacturers and retailers throughout China and Hong Kong.

"We believe our organization is the only one of its kind in China offering a truly national merchandising service, giving SPAR Group and our clients in China and throughout the world a strategic advantage in one of the world's fastest growing economic regions," said Bob Brown, SPAR Group's chairman and chief executive officer. "We already are in discussions with a number of large, global companies to help them improve the in-store presence of their well-recognized branded products to the Chinese marketplace.

"The importance of China to the international consumer package goods manufacturers and to the large international retailers is well known and represents an area of tremendous growth opportunity," Brown said. "With SPAR Group's ability to operate all systems and reports in Chinese and English, and report real time, 24/7, throughout the world, we believe we will be able to help manufacturers and retailers gain significant market penetration and establish lasting brand value in a market where an ability to get products on shelves is very difficult."

Mr Glenn Smith, CEO of Sims Trading, the partner in the Joint Venture, said, "We are excited to be partnering with SPAR Group, which is a proven, international leader in our industry. Our joint venture now allows us to offer SPAR Group's state-of-the-art merchandising services, reporting and technology which will result in a much higher level of retail execution in a rapidly changing economic landscape."

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

SPAR Group is a diversified international marketing services company, providing a broad array of productivity enhancing in-store services including the use of RFID for in-store services to help Fortune 1000 companies and retailers improve their sales, operating efficiency and profits. The company provides in-store merchandising, in-store demonstrations, technology, and research to manufacturers and retailers covering all product classifications and all classes of trade including mass market, drug 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 company's and its joint venture's ability to successfully penetrate the China market. 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 successful implementation of the joint venture agreement, the economy in China, the continued strengthening of SPAR Group's selling and marketing functions, continued customer satisfaction and contract renewal, new product development, continued technological superiority over its competitors, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, success and availability of acquisitions, and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information respecting certain of these and other factors that could effect 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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