

## **SBIH Enters Drug Creation Business through SBI Biotech Co., Ltd.**

- **Aims to become the world's first joint drug creation bio venture firm, with partners in Japan, the U.S. and China -**

SBI Holdings, Inc. ("SBIH") has reached a basic agreement for starting a drug creation business through its subsidiary SBI Biotech Co., Ltd. ("SBI Biotech"). To keep its drug development pipeline filled, SBI Biotech will receive drug creation seeds based on alliances with biotechnology firms in three countries: ODC Therapy, Inc. in the U.S. ("ODC"), Changchun Huapu Biotechnology Co., Ltd. in China ("Changchun Huapu") and Ginkgo Biomedical Research Co., Ltd. in Japan ("Ginkgo").

SBI Biotech was founded as a preparatory company under an agreement based on a proposition made by Dr. Kenichi Arai, Japan's foremost expert in molecular biology, Dr. Jacques Banchemereau, Director of the Baylor Institute for Immunology Research in the U.S., and Dr. Yong Jun Liu, Director of the Center for Cancer Immunology Research at the M.D. Anderson Cancer Research Center in the U.S. To lay the groundwork for its business activities, SBI Biotech sold ¥1.9 billion of newly issued stock through a private placement to SBIH and funds operated by the SBI Group. In addition, a basic agreement has been reached concerning the provision of drug creation seeds to SBI Biotech, through ODC, Changchun Huapu and Ginkgo. Commencing deliberations for establishing equity-based alliances with ODC and Changchun Huapu, along with a comprehensive alliance with Ginkgo.

Historically, small Japanese drug creation firms have difficulty maintaining a constant stream of drug creation seeds even after successfully developing one drug, which poses a major barrier to sustainable growth. Problems concerning access to seeds also hinders publicly owned biotechnology companies from earning a proper valuation from investors. SBI Biotech plans to solve this problem by forging alliances with prominent bio venture firms in three countries. With regard to both fundamental drug creation research and the development of drug products, SBI Biotech has become the world's first joint drug creation firm backed by partners in Japan, the U.S. and China, and it expects to achieve rapid growth by taking advantage of these strengths.

The SBI Group, through the operation of its venture capital funds, has invested in and supported the development of numerous companies for many years, primarily in the IT and biotechnology sectors. Specifically in the biotechnology sector, the group is currently operating the BIOVISION Life Science Fund No. 1 and the SBI Bio Life Science Investment Partnership, and is currently in the process of establishing the SBI Life Science Technology Investment Partnership.

Through the alliance established by SBI Biotech, the SBI Group will continue to invest venture fund assets in biotechnology companies and also to play a more direct role in the growth of these companies. The ultimate goal is to make a greater contribution to the development of Japan's biotechnology market.

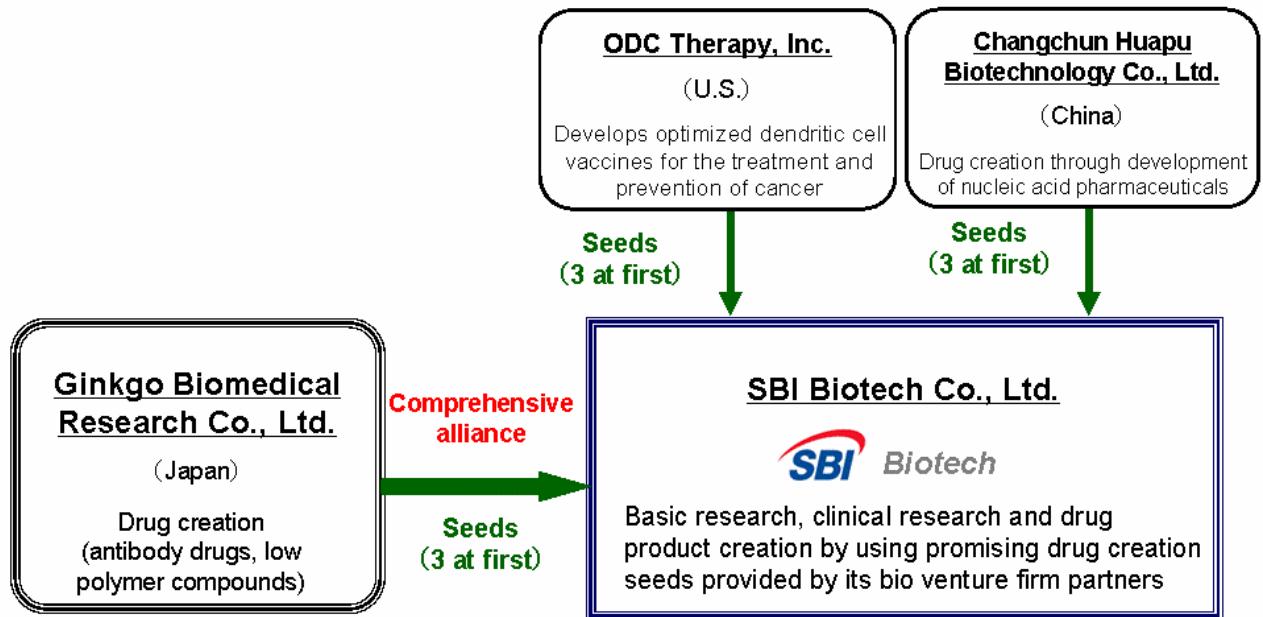
### **1. Profile of SBI Biotech**

- (1) Name SBI Biotech Co., Ltd. (formerly SBI Immunotherapy Planning Co., Ltd.)
- (2) Executives Yoshitaka Kitao, Chairman and Director  
Kenichi Arai, President and Representative Director
- (3) Address 1-6-1 Roppongi, Minato-ku, Tokyo

- (4) Capital            Common stock: ¥990 million  
                           Capital surplus:    ¥950 million (as of January 29, 2007, after sale of stock)
- (5) Shareholders    SBI Holdings, 53.61%  
                           SBI Bio Life Science Investment Partnership, 46.39%

**2. Alliances Between SBI Biotech and Overseas Partners**

Initially, each alliance partner in Japan, the U.S. and China will provide SBI Biotech with three drug creation seeds. In addition, the three companies are commencing deliberations to establish an equity-based alliance with SBI Biotech.



**<Supplementary Information>**

**Profile of ODC Therapy, Inc.**

Address            3310 Live Oak Street, Suite 401, Dallas, Texas 75204, USA  
 CEO                Dr. Karen Hargreaves  
 Established        February 25, 2004  
 Activities          A biotechnology company founded by the Baylor Health Care System, in Dallas, Texas that develops optimized dendritic cell vaccines to stimulate cell-mediated immune responses against tumors. Holds exclusive rights to use certain intellectual property of Baylor Research Institute (Dallas, Texas).  
 URL                <http://www.odctherapy.com/index.html>

**Profile of Changchun Huapu Biotechnology Co., Ltd.**

Address            Changchun, Jilin Province, China  
 CEO                Weimin Xu  
 Established        February 8, 2002  
 Activities          Chinese biotechnology firm that uses nucleic acids to develop therapeutic drugs and preventive drugs in the fields of cancer and immunology. Firm originates from the Jilin University Medical School (Jilin Province, China). Receives support from scientists belonging to the M.D. Anderson Cancer Center (Houston, Texas) and Massachusetts Institute of Technology.

**Profile of Ginkgo Biomedical Research Co., Ltd.**

Address 8th Floor, ST Building, 4-7-4 Shiroganedai, Minato-ku, Tokyo  
CEO Kimimasa Yamada  
Established March 30, 2001  
Activities Drug seeds identification business: Identification of drug creation seeds in fields of cancer and immunology, management of intellectual property  
Drug creation R&D business: Selection and evaluation of promising seeds from the identification business and internal development activities  
The company receives the support of many prominent scientists, particularly Dr. Kenichi Arai (Japan's leading expert in molecular biology, former director of the Institute of Medical Science University of Tokyo and former director and research adviser at the Tokyo Metropolitan Institute of Medicine Science) and Dr. Yon Jun Liu (professor at the M.D. Anderson Cancer Center)

**About the SBI Group and SBI Holdings, Inc.**

The SBI Group operates its business through five core business: (1) Asset Management; (2) Brokerage and Investment Banking; (3) Financial Services; (4) Housing and Real Estate; and (5) Lifestyle Networks business. SBI Group companies provide an array of innovative financial services mainly through SBI Investment Co., Ltd, one of the largest venture capital firms in Japan; SBI E\*TRADE SECURITIES Co., Ltd., the largest online securities company in Japan; and SBI Mortgage Co., Ltd., which provides long-term fixed-interest securitization housing loans.

Internationally, SBI Holdings, Inc. (TSE 1st Section: 8473) has formed a joint China partnership with Temasek Holdings, and recently entered into a joint venture relationship with the investment banking subsidiary of State Bank of India, as well as the asset management subsidiary of Tsinghua University, a China's first-class university. SBI Holdings also plans to launch Japan's first full-service Internet bank in the near future, in concert with Sumitomo Trust & Banking, as well as a new non-life insurance company with Aioi Insurance Co., LTD. and an online life insurance business with AXA Japan Holding Co., Ltd.

SBI Holdings corporate website: <http://www.sbigroup.co.jp/english/index.html>

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