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## **SBI HOLDINGS, INC.**

(Incorporated in Japan with limited liability)

(Stock code: 6488)

### **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached copy of the Announcement.

On behalf of the Board

**SBI Holdings, Inc.**

**Yoshitaka Kitao**

*Representative Director,*

*President & Chief Executive Officer*

Japan, 27 December 2012

*As of the date of this announcement, the executive Directors are Mr Yoshitaka Kitao, Mr Taro Izuchi, Mr Takashi Nakagawa, Mr Tomoya Asakura, Mr Shumpei Morita, Mr Noriaki Maruyama and Mr Peilung Li, the non-executive Directors are Mr Yasutaro Sawada, Mr Hiroyoshi Kido, Mr Noriyoshi Kimura, Mr Hiroshi Tasaka and Mr Takashi Okita and the independent non-executive Directors are Mr Masaki Yoshida, Mr Kiyoshi Nagano, Mr Keiji Watanabe, Mr Akihiro Tamaki and Mr Masanao Marumono.*

25 December 2012  
SBI Holdings, Inc.  
(TOKYO: 8473 / Hong Kong: 6488)

## **SBI Biotech Converts Quark Pharmaceuticals into a Wholly-owned Subsidiary**

SBI Holdings, Inc. (“SBIH”) hereby announces that its consolidated subsidiary SBI Biotech Co., Ltd. (Head office: Minato-ku, Tokyo; President: Ken-ichi Arai; “SBI Biotech”) has converted Quark Pharmaceuticals, Inc. (Head office: California, U.S.; Chairman & CEO: Daniel Zurr; “Quark”), another consolidated subsidiary of SBIH, into a wholly-owned subsidiary by acquiring all of the shares of Quark.

The conversion was conducted using a method by which SBI Biotech acquired almost all of the shares of Quark through a contribution in kind from the latter’s former shareholders, while SBI Biotech allotted its common shares to those shareholders as a consideration for the acquisition and purchased odd-lot shares of Quark that were not included in the contribution in kind.

### 1. Purposes of converting Quark into a wholly-owned subsidiary

SBI Biotech, which has become the parent company of Quark, is a firm engaged in R&D on pharmaceuticals under the umbrella of SBIH. It develops treatments for intractable illnesses, such as cancer and immune diseases, and innovative new drugs, taking advantage of a worldwide network of researchers. SBI Biotech focuses particularly on R&D related to multiple antibody pipelines of plasmacytoid dendritic cells (pDCs), which are drawing attention for their important role in natural immunity, (the intellectual property right necessary for developing and selling therapeutic agents for autoimmune diseases, such as ILT7, has been granted to MedImmune, LLC of the U.S.), as well as multiple pipelines of DNA-type nucleic acid (GNKG168: under clinical development in the U.S. concerning its application for the treatment of chronic and acute lymphatic leukemia; GNKS356: a therapeutic agent for autoimmune disease) in the nucleic acid pharmaceutical field.

Quark, a bioventure firm headquartered in California, U.S., leads the world in R&D on siRNA pharmaceuticals, and has a number of siRNA pipelines at clinical development levels. The global distribution rights of Quark’s primary product under development, PF-665, a potential therapeutic agent for age-related macular degeneration diseases and diabetic macular edema, have been transferred to Pfizer, Inc. of the U.S., and development of PF-665 has entered the latter stage of Phase II clinical trials. The priority negotiating rights for the worldwide distribution rights of another of Quark’s primary products under development, QPI-1002, a potential therapeutic agent for acute nephropathy and delayed graft function, are held by Novartis International AG of Switzerland, and development of QPI-1002 is now in Phase II clinical trials. Furthermore, Quark is independently conducting Phase II clinical trials for a potential therapeutic agent used to treat non-arteritic anterior ischemic optic neuropathy.

As stated in the press release “SBIH to Turn Quark Pharmaceuticals into a Consolidated Subsidiary” dated 15 November 2012, the SBI Group, considering biotechnology to be one of its mainstay businesses, will reorganize the businesses of SBIH in steps from the perspectives of developing them further and improving efficiency. In line with this policy, the Group made Quark a consolidated subsidiary, regarding it as the core company for reorganizing its biotechnology-related businesses. We believe that by converting Quark into a wholly-owned subsidiary of SBI Biotech, in the biotechnology-related businesses, the two parties will be able to strengthen R&D capabilities and improve operating efficiency by producing synergies and integrating management resources, as well as accelerate R&D on pipelines, etc., of both companies. Such pipelines are expected to

contribute greatly to SBIH’s biotechnology-related businesses in the medium to long term.

SBI Biotech is currently preparing for a listing within fiscal 2014, with an eye toward raising funds from the capital markets and further developing its businesses.

2. Outline of the Wholly-owned Subsidiary

(1) Corporate name	Quark Pharmaceuticals, Inc.
(2) Location	6501 Dumbarton Circle, Fremont, California, USA
(3) Name and title of representative	Daniel Zurr, Chairman & CEO
(4) Business description	Research and development of siRNA pharmaceuticals

3. Outline of the Wholly-owning Parent Company

(1) Corporate name	SBI Biotech Co., Ltd.
(2) Location	Shirokanedai ST Bldg. 7F, 4-7-4 Shirokanedai, Minato-ku, Tokyo
(3) Name and title of representative	Ken-ichi Arai, President/CEO
(4) Business description	Pharmaceuticals research and development

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For further information, please contact:

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