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## **SBI HOLDINGS, INC.**

(Incorporated in Japan with limited liability)

(Stock code: 6488)

### **NOTIFIABLE TRANSACTION SUBSCRIPTION OF SHARES IN SUBSIDIARIES**

Reference is made to the announcement of the Company dated 8 August 2013 regarding notice on filing a written pledge to underwrite a capital increase, etc., with HSB group of Korea.

The Company wishes to announce that the Group has decided to subscribe shares to be issued by HSB group at the maximum aggregate consideration of KRW 246.2 billion (approximately JPY 21.7 billion), as HSB group has obtained the approval from the FSC for the management improvement plan, among certain various conditions. The Group will subscribe shares to be issued by HSB1 and HSB4. After that, HSB1 will spend partial funds raised by the subscription in subscribing shares to be issued by HSB3 and HSB4.

During the period from 25 March 2013 to the end of October 2013, the maximum aggregate consideration at which the Group will have to subscribe the shares to be issued by HSB group will be KRW 483.7 billion (approximately JPY 41.8 billion).

The percentage ratios in relation to the aggregate investments in HSB group's shares for the period from 25 March 2013 to the end of October 2013 under Chapter 14 of the Listing Rules will have exceeded 25% but is less than 100%. Accordingly, the aggregate investments in HSB group's shares for the period constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Company wishes to announce that the Group has decided to subscribe shares to be issued by HSB group at the maximum aggregate consideration of KRW 246.2 billion (approximately JPY 21.7 billion), as HSB group has obtained the approval from the FSC for the management improvement plan, among certain various conditions. The Group will subscribe shares to be issued by HSB1 and HSB4. After that, HSB1 will spend partial funds raised by the subscription in subscribing shares to be issued by HSB3 and HSB4

During the period from 25 March 2013 to the end of October 2013, the maximum aggregate consideration at which the Group will have to subscribe the shares to be issued by HSB group will be KRW 483.7 billion (approximately JPY 41.8 billion).

The Group has held 20.9% of equity interest in HSB1 right before the Series of Subscription and will

hold 94.9% of equity interest in it after the Subscription on 29 August 2013. HSB group has been consolidated subsidiaries of the Company since the end of March 2013.

The percentage ratios in relation to the aggregate investments in HSB group's shares for the period from 25 March 2013 to the end of October 2013 under Chapter 14 of the Listing Rules will have exceeded 25% but is less than 100%. Accordingly, the aggregate investments in HSB group's shares for the period constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

#### THE SUBSCRIPTION OF SHARES TO BE ISSUED BY HSB GROUP

Number of shares to be acquired, transaction amount and the number of shares held before and after the Subscription:

	HSB1	HSB2
Number of shares held prior to the Subscription (*1)	40,073,999 (shareholding ratio:89.4%)	11,680,002 (shareholding ratio:94.0%)
Number of new shares to be obtained after the Subscription	Maximum 48,681,400	—
Number of shares to be subscribed by the Group(*2)	48,681,400 (*3) (Transaction amount: KRW 243,407 million)	—
Number of shares to be subscribed by HSB1	—	—
Number of shares held after the Subscription (*4)	88,755,399 (shareholding ratio:94.9%)	11,680,002 (shareholding ratio:94.0%)

	HSB3	HSB4
Number of shares held prior to the Subscription (*1)	16,010,033 (shareholding ratio:100.0%)	9,660,080 (shareholding ratio:60.8%)
Number of new shares to be obtained after the Subscription	16,780,600	Maximum 1,425,200
Number of shares to be subscribed by the Group (*2)	—	558,600 (*3) (Transaction amount: KRW 2,793 million)
Number of shares to be subscribed by HSB1 (*5)	16,780,600 (Transaction amount: KRW 83,903 million)	866,600 (Transaction amount: KRW 4,333 million)
Number of shares held after the Subscription (*4)	32,790,633 (shareholding ratio:100.0%)	11,085,280 (shareholding ratio:64.0%)

\*Note

(1) Including shareholding owned by HSB1

- (2) Excluding existing shareholding owned by HSB1
- (3) Maximum amount of subscription to be underwritten by the Group; in the case that existing shareholders other than the Group do not participate in the subscription of their shares allocated and such allocated shares would be forfeited
- (4) Maximum amount of subscription to be underwritten by the Group, including the above forfeited shares and shareholdings owned by HSB1
- (5) HSB1 will utilize the fund raised for this capital increase by the Group to subscribe shares to be issued by HSB3 and HSB4

### ***Consideration***

HSB1, HSB3 and HSB4 set the subscription price based on the nominal value of the shares.

HSB1 resolved the issuance of new shares to existing shareholders and the Company decided to let the Group subscribe shares allocated. Moreover, in the case that existing shareholders other than the Group do not participate in the subscription of their shares allocated and such allocated shares would be forfeited; the Company decided to let the Group subscribe all such forfeited shares as well. Where the shares allocated to existing shareholders other than the Group are forfeited, it follows that the maximum number of HSB1's new shares to be held by the Group and the maximum amount of subscription to be underwritten by the Group would be 48,681,400 shares and KRW 243.4 billion respectively (shareholding ratio: 94.9% at maximum). The consideration would be satisfied in cash on 29 August 2013. According to the unaudited financial statements of HSB1, the negative net assets were KRW 125 billion as of 31 March 2013.

HSB4 resolved the issuance of new shares to existing shareholders and the Company decided to let HSB1 and the Group subscribe shares allocated. Moreover, in the case that existing shareholders other than HSB1 do not participate in the subscription of their shares allocated and such allocated shares would be forfeited; the Company decided to let the Group subscribe all such forfeited shares as well. Where the shares allocated to existing shareholders other than HSB1 are forfeited, it follows that the maximum number of HSB4's new shares to be held by HSB1 and the Group, and the maximum amount of subscription to be underwritten by HSB1 and the Group would be 1,425,200 shares and KRW 7.1 billion respectively (shareholding ratio: 64.0% at maximum). The consideration would be satisfied in cash in October 2013. According to the unaudited financial statements of HSB4, the net assets were KRW 19 billion as of 31 March 2013.

HSB3 resolved the issuance of new shares to existing shareholders and the Company decided to let HSB1 subscribe shares allocated. The number of HSB3's new shares to be held by HSB1 and the amount of subscription to be underwritten by HSB1 would be 16,780,600 shares and KRW 83.9 billion respectively (shareholding ratio: 100%). The consideration would be satisfied in cash on 30 August 2013. According to the unaudited financial statements of HSB3, the negative net assets were KRW 19 billion as of 31 March 2013.

If the above-mentioned situation changes; or upon completion of the Series of Subscription, further announcement will be made by the Company.

### ***Expected Timetable***

Signing on the share subscription agreement of HSB1 by the Group 28 August 2013

Payment of the share subscription, signing on the share subscription (forfeited shares) agreement of HSB1 and payment by the Group 29 August 2013 (tentative)

Signing on the share subscription agreement of HSB3 and payment by HSB1	30 August 2013 (tentative)
Signing on the share subscription agreement of HSB4 by HSB1	5 September 2013 (tentative)
Signing on the share subscription (forfeited shares) agreement of HSB4 by the Group	6 September 2013 (tentative)
Filing of share subscription of HSB4 to FSC by the Group	6 September 2013 (tentative)
Approval of share subscription of HSB4 from FSC	October 2013 (tentative)
Payment for share subscription of HSB4 by HSB1 and the Group	October 2013 (tentative)

## **REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION**

As a result of an assessment conducted by the FSC, HSB group was requested to reinforce their financial bases in accordance with the standards as of March 2013. Following this step, legal restrictions have been currently placed on new business activities of HSB group. The Group had made a definite promise to underwrite a capital increase of KRW 246.2 billion possibly around the end of August 2013 to enable HSB group to proactively push forward with new business activities in the future.

The Group decided to underwrite a capital increase as HSB group has obtained the approval from the FSC for the management improvement plan, among certain various conditions on 14 August 2013. Through the capital increase, HSB group plans to powerfully proceed with measures to enhance profitability, including the launch of new products.

The Directors believe that the terms thereof are fair and reasonable and in the interests of the shareholders as a whole.

## **FINANCIAL EFFECTS OF THE SUBSCRIPTION**

The Company has already consolidated HSB group since its preceding fiscal year. The Subscription will not have any material impact on its financial results.

## **INFORMATION OF THE GROUP**

The Company is a holding company incorporated under laws of Japan in July 1999 and was listed on the former Tokyo Stock Exchange (First section) and the former Osaka Securities Exchange (First section) in February 2002 and November 2002, respectively. These two exchanges have been integrated and are now called “Tokyo Stock Exchange (First section)”. The Company listed its Hong Kong depositary receipts (by way of secondary listing) on the Main Board of the Stock Exchange of Hong Kong Limited on 14 April 2011. The Group consists of four business segments as follows:

- (i) Financial service business, which offers various financial related services and provides information of the financial products. It primarily involves the securities business, banking business and insurance services;
- (ii) Asset management business, which primarily involves the operation of investment funds;
- (iii) Biotechnology business, which involves developing and offering medical products, health foods and cosmetics;

- (iv) Other businesses.

## INFORMATION OF HYUNDAI SWISS SAVINGS BANK GROUP

HSB1 commenced operations in October 1971 and its core business is provision of financial products, such as deposit products and lending services. HSB group consists of HSB1 as a leading bank, HSB2 (HSB1's shareholding ratio: 24.1%), HSB3 (HSB1's shareholding ratio: 100.0%), and HSB4 (HSB1's shareholding ratio: 60.8%) as of 30 June 2013. And it is the largest savings bank in Korea with KRW 4.8 trillion of aggregate amounts of each total assets as of the end of March 2013 and owns operation network nationwide excluding Busan and Gyeongsang-do.

According to the audited consolidated financial statements of HSB1, the net loss before and after tax for the fiscal year ended 30 June 2011 were approximately KRW 85,453 million and KRW 61,818 million respectively. The net loss before and after tax for the fiscal year ended 30 June 2012 were approximately KRW 13,424 million and KRW 60,688 million respectively.

## GENERAL

**The Holders of HDRs of the Company and potential investors are reminded that regardless to the contents of this announcement, care should be exercised when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context indicates or specifies otherwise, the following defined expressions have the following meanings:

“Company”	SBI Holdings, Inc., a company incorporated in Japan with limited liability
“FSC”	Financial Services Commission of Korea
“Group”	The Company and its subsidiaries except HSB group
“HSB1”	Hyundai Swiss Savings Bank, a company incorporated in Korea with limited liability and the corporate name will be changed into “SBI Savings Bank” on and after 1 September 2013.
“HSB2”	Hyundai Swiss 2 Savings Bank, a company incorporated in Korea with limited liability and the corporate name will be changed into “SBI 2 Savings Bank” on and after 1 September 2013.
“HSB3”	Hyundai Swiss 3 Savings Bank, a company incorporated in Korea with limited liability and the corporate name will be changed into “SBI 3 Savings Bank” on and after 1 September 2013.
“HSB4”	Hyundai Swiss 4 Savings Bank, a company incorporated in Korea with limited liability and the corporate name will be changed into “SBI 4 Savings Bank” on and after 1 September 2013.
“HSB group”	HSB1, HSB2, HSB3 and HSB4

“Korea”	The Republic of Korea
“KRW”	Korean Won, the lawful currency of the Republic of Korea
“Series of Subscription”	The Subscriptions done in the period from 25 March 2013 to the end of October 2013
“Subscription”	Both subscription of new shares allotted to the Group and HSB1; and subscription of other shareholders’ forfeited shares by the Group in HSB1 and HSB4
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“%”	Per cent

On behalf of the Board  
**SBI Holdings, Inc.**  
**Yoshitaka Kitao**  
*Representative Director,*  
*President & Chief Executive Officer*

Japan, 28 August 2013

*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. Masato Takamura, Mr. Hiroshi Tasaka and Mr. Teruhide Sato and the independent non-executive Directors are Mr. Masaki Yoshida, Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki and Mr. Masanao Marumono.*