

**Healthcare Investment Opportunities Plc**  
(the "Company")

**Proposed Acquisition of Collbio Limited, Change of name to Collagen Solutions plc  
and  
Readmission of the Enlarged Group to AIM**

Healthcare Investment Opportunities plc (AIM: HIO), an investment company focusing on the healthcare sector, is pleased to announce that a circular, comprising an admission document and including a notice of General Meeting, has been posted to shareholders. Defined terms in this announcement have the same meaning as those in the Admission Document.

**Enquiries:**

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*Introduction*

Since its admission to AIM in April 2013, the Company has reviewed thirty different acquisition and investment proposals and is pleased to announce that it has today agreed terms in respect of the acquisition of Collbio Limited ("Collbio"). The acquisition of Collbio is of sufficient size to constitute a Reverse Takeover under the AIM Rules and is therefore subject to the approval of Shareholders at a General Meeting. The maximum consideration payable is £7.07 million; comprising £1.4 million in cash and £2.91 million in New Ordinary Shares. A further £2.76 million will be payable (in cash and New Ordinary Shares) depending on the achievement of certain performance criteria.

A General Meeting of the Company has been convened for 9.00am on 27 December 2013 to be held at the offices of Collbio, 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP.

David Evans is a director of both HIO and Collbio, and both he and Kevin Wilson are Shareholders in both companies. Accordingly, David Evans and Kevin Wilson have not taken part in any of the Board's deliberations concerning the Acquisition, and Malcolm Gillies, the Independent Director, is seeking Shareholders' approval for the Acquisition at the General Meeting. The Acquisition constitutes a Related Party Transaction for the purposes of the AIM Rules.

Following implementation of the Proposals, certain Shareholders of the Enlarged Group who are deemed to be acting in concert will hold 18,579,126 Ordinary Shares, representing 29.09 per cent. of the Enlarged Share Capital pursuant to the terms of the Acquisition and will have the potential to hold up to

33,908,255 Ordinary Shares representing 42.48 per cent. on payment of the Deferred Consideration. Under Rule 9 of the Takeover Code the issue of the Deferred Consideration Shares would normally result in the Concert Party being obliged to make an offer to all Shareholders (other than the Concert Party) to acquire their Ordinary Shares. Following an application by the Concert Party, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders (on a poll) at the General Meeting.

Your attention is drawn to the Rule 9 Waiver section contained in paragraph 7 of Part I of the Admission Document.

#### Information on Collbio

The Collbio facility, based in Glasgow, was until recently run as Angel Biomedical Limited, a division of Angel Biotechnology plc (which was placed into administration on 8 February 2013). The assets of Angel Biomedical Limited were acquired from the administrators in March 2013. Collbio manufactures medical grade collagen components for use in regenerative medicine, medical devices and in-vitro diagnostics. Collbio's capabilities include the development and contract manufacture of collagen-based medical devices and the provision of soluble collagen products. In addition, Collbio assists customers in developing collagen products and processes by providing contract manufacturing and distribution.

The Collbio facility comprises a total of 6,500 sq ft, the majority of which comprises Grade B and Grade C clean room manufacturing areas, with additional laboratory and office space. Collbio currently manufactures the FDA cleared product "Excellagen" for Cardium Therapeutics.

Collbio has entered into an agreement, conditional upon Admission, to acquire the assets and business of Collagen Solutions, which is based in California. The consideration for this transaction will be satisfied partly in cash and partly by the issue by HIO, of the Collagen Solutions Consideration Shares, plus, subject to certain sales targets having been met, the Collagen Solutions Deferred Consideration.

Historical financial information for Collbio is set out in the Admission Document. For the period 26 February 2013 to 30 September 2013 loss from operations and loss before taxation was £197,583. As at 30 September 2013, Collbio had Gross Assets of £140,344.

#### Collagen Solutions

Collagen Solutions, which is based in San Jose, California, was established in January 2012 and provides medical grade bovine collagen, corium and tendon from closed herd and GBR1 countries and customized collagen based on customer requirements. Collagen Solutions' current products range from minimally processed to highly purified collagen. Collagen Solutions also offers research and development services to create and develop devices from concept to clinical trial stage, and also offers consultancy services for technology transfers to outside contract manufacturing facilities. Operating within a biotechnology hub, Collagen Solutions services customers with products that have both gone through, and are going through, FDA approval.

Collagen Solutions supports a range of medical device and life science customers manufacturing a wide range of products made from, or containing, collagen and other active ingredients. The success of this business since incorporation has largely been the result of the significant experience of its two employees, Diane Mitchell and Jacqueline Schroeder (who will join the Group post acquisition), in

collagen and materials science. This expertise has enabled Collagen Solutions to process and select opportunities with customers which dovetail with its own capabilities. This high value-added business is also conveniently located with regard to market access of and proximity to existing and potential customers on the west coast of the US.

For the 9 months to 30 September 2013, Collagen Solutions had Adjusted Retained Profits of £84,573 and turnover of £384,655 and as at 30 September 2013 had Net Assets of £184,757 including a net cash balance of £110,076.

#### Board

Upon Admission, Dr. Stewart White will be appointed to the Board of Directors as Chief Executive Officer.

An agreement dated 9 December 2013 between (1) the Company and (2) Dr Stewart White whereby Dr White was appointed, conditional upon Admission, as Chief Executive of the Company. The agreement shall continue for a period of 12 months from the date of the agreement and thereafter may be terminated by six months' notice by either party on the other.

The agreement contains provisions for early termination inter alia in the event of serious or repeated breach by Dr White of his obligations to the Company. The agreement provides for a salary of £75,000 per annum plus a discretionary bonus as determined by the Remuneration Committee. Dr White's salary may be reviewed annually by the Remuneration Committee.

#### Rationale for the Acquisitions

The rationale for the Acquisition is to unite the research and development capabilities of Collagen Solutions with the manufacturing asset base and expertise of Collbio. Some of the team within the Enlarged Group have previously worked together to develop and manufacture the FDA cleared product "Excellagen", which is owned by Cardium Therapeutics and is manufactured by Collbio.

The Enlarged Group's activities will include the provision of functional collagen biomaterials, the development of collagen formulations and products, and the contract manufacture of collagen-based medical devices.

The Enlarged Group will immediately have sales in both the US and Europe, with facilities in both these locations providing a strong foundation on which to base the Enlarged Group's strategy to build a global biomaterials business.

The Directors believe that the Enlarged Group will be well placed to respond to the changing and challenging requirements of healthcare systems and patient demographics. The Enlarged Group will seek to build upon its expertise by:

- using its access to safe and certified raw materials;
- providing scientific knowledge to convert these raw materials into functional formulations; and
- providing the expertise and investment in clean room manufacturing that such products and regulatory agencies require.

The Enlarged Group will also immediately be able to provide a suite of collagen formulation products which can be used across a range of applications, such as wound care, tissue scaffolds, bone grafts, haemostats, vascular grafts, diagnostics and as reagents in research applications.

#### Related Party Transaction and Whitewash

The Acquisition is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules. Malcolm Gillies, the independent director, having consulted with Zeus Capital, considers the Acquisition to be fair and reasonable and in the best interest of Shareholders and the Company as a whole.

Under Rule 9 of the Takeover Code the issue of the Deferred Consideration Shares would normally result in the Concert Party being obliged to make an offer to all Shareholders (other than the Concert Party) to acquire their Ordinary Shares. Following an application by the Concert Party, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders (on a poll) at the General Meeting.

#### Change of Name

The Directors believe that it is appropriate, conditional upon Admission, to change the name of the Company to Collagen Solutions plc.

#### Recommendation

The Independent Director considers, having consulted with the Nominated Adviser to the Company, Zeus Capital, the terms of the Acquisition to be fair and reasonable insofar as Shareholders are concerned.

The Independent Director having been so advised by Cairn Financial Advisers LLP, pursuant to Rule 3 of the Takeover Code, considers the Proposals to be fair and reasonable and in the best interests of the independent Shareholders and the Company as a whole.

Accordingly, the Independent Director recommends that Shareholders vote in favour of all of the Proposals at the General Meeting as he will himself.

The Admission Document is available on the Company's website, <http://www.healthcareinvestmentopps.co.uk>. A General Meeting of the Company has been convened for 9.00am on 27 December 2013 to be held at the offices of Collbio, 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP.