

IVX TO SPINOUT RESPIRATORY ASSETS AND ADVANCE CLINICAL DEVELOPMENT IN CHINA

- **Invion to demerge respiratory assets into stand-alone company, Chronic Airway Therapeutics Limited (CAT)**
- **CAT to focus on development of respiratory assets in China, expediting advancement into Phase 3 clinical trials**
- **Eligible Invion shareholders will, on completion of the demerger, receive one share in Chronic Airway Therapeutics Limited for each Invion share they hold**

Melbourne, Australia and Delaware, United States, 5 September 2018: Invion Limited (ASX: IVX, "Invion" or "Company") will spin off its two assets aimed at treating chronic airway disease into a new public unlisted company, which will develop the products in China, with plans to advance into Phase 3 clinical trials in 2019.

The two respiratory assets are INV102 (nadolol) and INV104 (zafirlukast).

If the demerger is completed, Invion will transfer all of its shares in subsidiary, Invion Inc., as well as respiratory assets held in Invion to a newly established Australian public, unlisted company, Chronic Airway Therapeutics Limited (**CAT**).

Eligible Invion shareholders will be entitled to one CAT share for each Invion share they hold as at the record date, while retaining their existing Invion shareholding. Invion will continue to be listed on the ASX, however there is no current intention to list CAT on any stock exchange.

The demerger is intended to maximise potential value for Invion shareholders, by providing a separate structure for each entity to fund and advance its clinical development programs, establish stand-alone teams to focus on the development of its respective assets, and benefit from the upside gained as each company delivers on milestones related to clinical development and regulatory clearance.

Invion completed feasibility, preclinical and clinical studies on its respiratory assets over three years to the end of 2015, and has been seeking to out-license or sell the assets to a commercial partner without success.

CAT has been established to advance the development of the two assets for the Chinese market, with intentions to file an Investigational New Drug (IND) application with the Chinese Food and Drug Administration (CFDA) within 12 months.

The Cho Group from Hong Kong which, with associates, owns a 68.16% shareholding in Invion, has agreed to fund via a loan of no less than \$200,000 the initial overhead and operating costs of CAT to enable the new company to establish a pathway with the CFDA and appoint key service providers including a clinical research organisation.

Through its R&D services agreement with Invion, The Cho Group also provides non-dilutive funding to Invion for the clinical trials and related development of the Photosoft™ product suite.

"This is a positive development for Invion's shareholders. Invion has a promising asset for the treatment of various cancers which we expect will enter into clinical trials in 2019, and uniquely, our license partner The Cho Group will fund the global research and development costs for these programs," said Dr Greg Collier, Managing Director and CEO of Invion.

"The demerger of Invion's respiratory assets will ensure the Invion team can be singularly focused on the Photosoft™ technology, and at the same time, will provide an opportunity for the onward development and potential regulatory approval and commercial success of the respiratory assets in the key China market.

"The demerger also provides a separate structure to fund and develop the respiratory assets which we believe have great promise and could deliver value to shareholders in their own right. CAT has a clear

strategy for development in China where chronic respiratory disease, including COPD, is a major healthcare issue.”

Board and Management

Dr Mitchell Glass, currently Chief Medical Officer and an Executive Director of Invion, will be appointed as Executive Director of CAT, and lead its development program. Upon completion on the demerger, Dr Glass will retire from his position on the Board of Invion Limited to focus on the further development of nadolol and zafirlukast.

The remaining members of the CAT Board will be Mr Thian Chew, as non-executive Chair (in addition to his role as non-executive Chair of Invion) and Dr Greg Collier, as non-Executive Director (in addition to his role as Managing Director of Invion).

Demerger structure and indicative timing

The demerger will create two independent groups:

- Invion Limited
- Chronic Airway Therapeutics Limited and Invion Inc.

The demerger will be implemented by way of an equal capital reduction satisfied by an in-specie distribution of shares in CAT. Existing Invion shareholders will retain their shares in Invion. If the demerger is approved and implemented, eligible Invion shareholders will be entitled to receive one CAT share for each Invion share held on the record date for the demerger. The demerger is subject to a number of conditions precedent, including amongst other things:

- the approval of Invion shareholders who are expected to vote on the matter at the Company’s annual general meeting;
- Invion obtaining a draft tax ruling from the Australian Tax Office in respect of demerger relief for Invion shareholders; and
- other relevant regulatory approvals.

Ineligible shareholders, being Invion shareholders as at the record date who are not residents of Australia, New Zealand, Hong Kong, Switzerland, Singapore or the United States of America, will not be eligible to receive CAT shares. The CAT shares that would otherwise have been distributed to them will instead be transferred to a nominee and sold on a best endeavours basis. Ineligible shareholders will receive the sale proceeds (if any) from the sale, less any applicable costs and withholding taxes.

Other than voting at the Annual General Meeting, eligible Invion shareholders do not have to take any action or pay any cash to receive CAT shares.

Subject to the conditions being met, it is anticipated that the demerger will complete in late October 2018. An indicative timetable is set out below.

Additional information on the demerger, including the indicative timetable, will be set out in the Notice of Annual General Meeting expected to be lodged with ASX and despatched to shareholders next week. Shareholders are encouraged to carefully consider the contents of the Notice of Annual General Meeting.

Investor Conference Call

An Investor Conference Call will be held at a time to be confirmed subsequent to the lodgement of the Annual General Meeting Notice of Meeting.

About Invion

Invion is a clinical-stage life-sciences company that is leading the global clinical development of the Photosoft™ technology for the treatment of cancers. Invion has been appointed exclusive distributor and licensee in Australia and New Zealand of Photosoft™. The appointment has been made by

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technology licensor, The Cho Group, a Hong Kong based group that has funded and successfully commercialised a number of unique and advanced technologies. Via an R&D services agreement between the two entities, the research and clinical trials of Photosoft™ are funded by The Cho Group. Invion has an alliance with leading Australian medical research institute, Hudson Institute of Medical Research, for the Photosoft™ research program. Invion is listed on ASX (ASX:IVX).

Investor enquiries

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Important notices

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Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representations, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by Invion Limited, Chronic Airway Therapeutics Limited or by any other person. In particular, no representation, warranty or assurance (express or implied) is given that any of the events expressed or implied in any forward-looking statement in this announcement will actually occur. While Invion Limited and Chronic Airway Therapeutics Limited believe there is a reasonable basis for the making of any forward-looking statements as at the date of this announcement, actual results, performance or financial positions may be affected by a range of variables which could cause actual results to differ materially from any forward-looking statements and the assumptions on which those statements are based.