DEMERGER OF RESPIRATORY ASSETS TO CHRONIC AIRWAY THERAPEUTICS LIMITED-UPDATE

Melbourne, Australia, 21 December 2018: Further to the Company's update to the market on 29 November 2018, the Company wishes to advise that the Company has received an appropriate draft class ruling from Australian Taxation Office (**ATO**) in relation to the proposed equal capital return satisfied by the in-specie distribution of all CAT shares (**Proposed Transaction**).

The draft class ruling issued by the ATO has confirmed that the tax implications to Invion shareholders who hold their shares on capital account are expected to be as follows:

- No part of the in-specie distribution of the CAT shares to Invion shareholders will be treated as a dividend for income tax purposes.
- To the extent the amount of the in-specie distribution to the Invion shareholder is less than the cost base of the shareholder's Invion share, the cost base and reduced cost base of the Invion share are reduced by the amount of the in-specie distribution.
- Invion shareholders will make a capital gain if the amount of the in-specie distribution to the Invion shareholders in respect of the Invion shares they owned at the time of the in-specie distribution is more than the cost base of the shareholder's Invion share. The amount of the capital gain is equal to that excess.
- Invion Australian resident shareholders who are individuals or trusts may apply the capital gain tax (**CGT**) 50% discount to this capital gain where certain conditions are satisfied.
- Invion foreign resident shareholders should be able to disregard this capital gain on the basis that their shares in the Company are not taxable Australian property.

The proposed amount of capital returned to Invion shareholders will remain unchanged at $0.0003159 per Invion share.

The final class ruling will be published by the ATO after the Proposed Transaction has been completed.

Invion shareholders should consult their own professional advisors to confirm their specific tax implications as they may vary depending on individual circumstances.

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 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.

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