

**Patent Granted in China for Allevetix - the Minimal Invasive System for Treatment of Type II Diabetes and Obesity**

The Company hereby announces the grant by the Chinese Patents Office of a patent in respect of the minimally invasive system Allevetix for treatment of type II diabetes and obesity (hereafter – “**the System**”). The patent protects the core technology of the System, which is designed to significantly reduce the absorption of sugars and fats and comprises innovative sleeve and anchoring mechanism.

The System development project is supported by the Singapore-Israel Industrial R&D Foundation (SIIRD). The project is executed in collaboration with the National University of Singapore (NUS) in technological, clinical, regulatory and commercial aspects. The company recently announced a design freeze following successful completion of the development and meeting all the end-points of the large animals’ trials.

In view of the above mentioned, the Company intends to conduct a first in man study towards the end of 2017, provided that all required regulatory approvals are obtained.

The patent, which was named “**Duodenum Implant Fixation And Placement For The Stomach System**” and whose number is CN103987343 B, was registered in accordance with an application filed by NUS.

The patent’s priority date is August 2011 and it is expected to expire in August 2031.

The Company is in the opinion that the approval of the said patent expands its patent protection and reinforces its intellectual property position thereby increasing the commercial potential of the products it markets, which presents significant clinical advantages. This will enable the Company to promote the products in a wide range of markets.

According to a report issued by the World Health Organization, the prevalence of type II diabetes in China has risen far faster than in rest of world<sup>1</sup>. While China’s population constitutes 19% of the world’s population, it had more than 30% of adult diabetes cases in 2014. Nearly one in three diabetes patients in the world is Chinese. The significant increase in the number of patients in the past 25 years is caused, among other things, by increased urbanization, aging population and unhealthy lifestyle.

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<sup>1</sup> <http://www.scmp.com/lifestyle/health-beauty/article/1934513/one-three-worlds-adults-diabetes-china-who-reports>

### **About the target markets – Type II diabetes and obesity**

Over 320 million people around the world suffer from type II diabetes associated with obesity. The annual cost of medical care attributable to obesity in the USA alone is estimated at \$ 147 billion<sup>2</sup>. The global bariatric surgery devices market was estimated at \$1.2 billion in 2011 and is expected to grow at CAGR of 9.7% to \$2.3 billion in 2018<sup>3</sup>.

The Allevetix System offers a unique, non-invasive, reversible, effective and safe alternative to the bariatric surgery solutions (gastric bypass and gastric stapling) . Those procedures are irreversible and often involve serious complications, side-effects and a relatively high recurrence rate.

The Company believes that the potential growth of the System's target market may be even higher in view of new guidelines, which were recently reported by the American Diabetes Association<sup>4</sup>. Those guidelines recommend bariatric surgery as a treatment for diabetes patients with moderate obesity, whereas previously this surgical procedure was recommended only for patients with a BMI index higher than 35.

### **About Allevetix**

The Allevetix System, which is currently in advanced development stages, is designed to significantly reduce the absorption of sugar in the blood by isolating the digested food from the nutrient absorption mechanism. This is achieved by using a unique sleeve – the Gastro Duodenal Sleeve (GDS) – which is attached to the interior wall of the small intestine and anchored into the stomach using an innovative anchoring mechanism. The System combines two principal mechanisms for treatment of obesity and type II diabetes: the GDS contributes to the reduction of sugar absorption in the blood (Mal-Absorptive) and the anchoring mechanism serves as a restrictive component.

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<sup>2</sup> CDC – Center for Disease Control and Prevention

<sup>3</sup> Global Data Report 2012

<sup>4</sup> <http://care.diabetesjournals.org/content/39/6/924>