



ASX Announcement

19 Jan 2017

Acquisition of Three Franchise Clinics

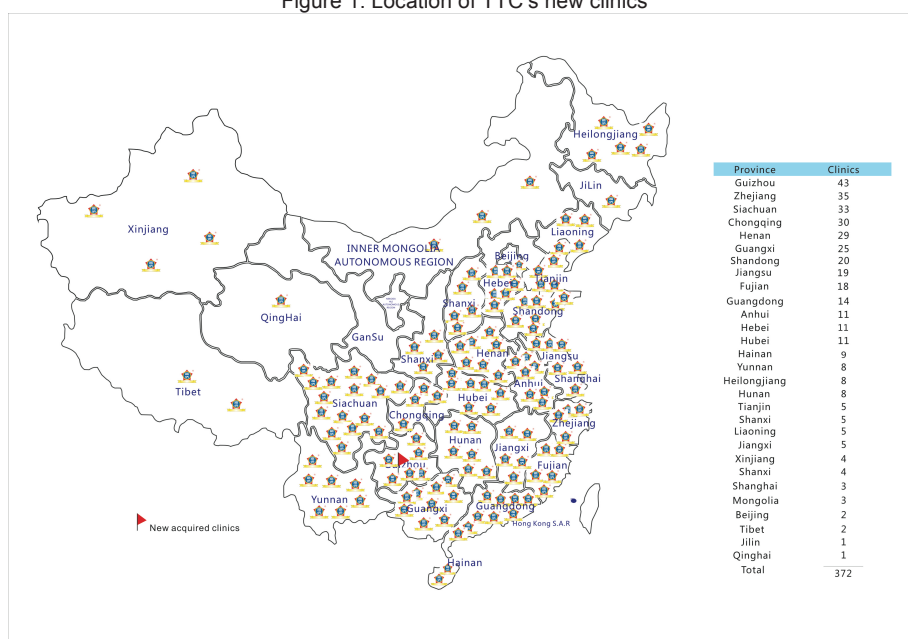
Traditional Therapy Clinics Limited (ASX: TTC) through its wholly owned subsidiary, Fujiao (Chongqing) Holdings Co. Limited, has entered into agreements to acquire three franchise clinics located in the city of Guiyang in Guizhou Province. These new acquisitions, together with three other clinics acquired in December 2016, are in line with a key element of the business strategy which is to grow its owned clinic network and increase revenues and profit.

The combined purchase price for these new clinics will be paid in cash by TTC and totals RMB 21.5 million which equates to AUD 4.15 million at an exchange rate of 5.18 (AUD:RMB). The total purchase price represents an average EBITDA multiple of 3.2 times based on the clinics' earnings in the 2016 financial year. Operational functions of these new clinics will be transferred to TTC in February 2017.

Guizhou area has a population 35.08 million and it is an area where TTC is focusing on building its market position by expanding its owned clinic network. Signing of these contracts takes the number of clinics acquired by TTC since listing on the ASX in September 2015, to 18 and the total number of owned clinics to 29. The total number of franchised and owned clinics and new franchise licenses granted and clinics acquired by TTC during 2015 and 2016 calendar years is shown below:

TTC Clinics	Franchised Clinics	Owned Clinics
Total number of franchised / owned clinics at 31 December 2014	286	11
Newly franchised / acquired in CY2015	36	8
Newly franchised / acquired in CY2016	38	7
Newly franchised / acquired in CY2017 (at 19 th Jan 2017)	0	3
Acquired from the franchised clinics from CY2015 to CY2017 (at 19 th Jan 2017)	(17)	-
Total	343	29

Figure 1: Location of TTC's new clinics





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TTC's Growth Strategy

TTC's multi-pronged growth strategy includes focusing on:

- Growing its number of franchised clinics; and
- Expanding its owned clinic network through the acquisition of existing clinics (from third parties or franchisees) or developing Greenfield owned clinics in suitable locations.

The "owned clinic" model is one key focus of the company given the ability to generate a greater return on investment and its added advantage of assisting with projecting TTC's brand and further demonstrating the high standards of quality and service within the TTC network.

For further information please contact:

Traditional Therapy Clinics Limited

Mr Geoff Ross
Chairman
Phone: +61 407 780 683
Email: geoff.ross@bridgechinaadvisors.com

Mr Nicholas Ong
Company Secretary
Phone: +61 424 598 561
Email: nicholas.ong@minervacorporate.com.au

Traditional Therapy Clinics Limited is a franchisor and the owner of one of the largest chains (by number of clinics) of traditional therapeutic health and wellness clinics in China. It currently has 343 franchised clinics and 29 owned clinics in operation. It is a well established business with a strong growth profile, employing a repeatable and scalable business model. TTC has a highly recognised and respected brand, having received the prestigious Chinese Well-Known Trademark designation from the State Administration for Industry and Commerce. It operates within a strongly regulated industry sector of significant scale, which offers opportunity for further growth.

TTC is an ASX listed company employing around 1,000 staff across 27 of the 33 administrative divisions in China. More information is available at www.ttc-ltd.com