



## ASX Announcement

28 July 2017

### Termination of New Head Office Building Contract

Traditional Therapy Clinics Limited (ASX: TTC) (**TTC** or the **Company**) is pleased to advise that it has entered into an agreement with property developer to terminate the acquisition of a new head office building in Chongqing City's main financial district, as announced to the ASX on 30 December 2016 (**Termination Agreement**). The Board of TTC has carefully considered feedback from its shareholders and the investment community to preserve cash and redirect its working capital to grow owned and franchise clinics, and other growth areas instead.

The new head office building cost was RMB92.53 million which equates to AUD18.46 million at an exchange rate of 5.01 (AUD:RMB) at the time of the announcement. TTC has paid a total of RMB87.90 million to date. According to the Termination Agreement, the property developer will provide full refund to TTC in three tranches. First tranche of RMB35.16 million is refundable to TTC within seven business of signing the Termination Agreement. Second Tranche of RMB26.37 million is refundable to TTC before 25 October 2017. Third and final tranche of RMB26.37 million is refundable to TTC before 30 December 2017.

The current head office and operations are unaffected by the decision to terminate the building contract. The Board of TTC intends to deploy funds originally earmarked for building acquisition towards expanding its owned clinic network through the acquisition of 3 to 5 existing clinics (from third parties or franchisees) and developing 5 to 7 greenfield owned clinics in suitable locations by the end of calendar year 2017. TTC currently operates 35 owned clinics and has 349 franchised clinics across China.

### 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](mailto:geoff.ross@bridgechinaadvisors.com)

Mr Nicholas Ong  
Company Secretary  
Phone: +61 424 598 561  
Email: [nicholas.ong@minervacorporate.com.au](mailto: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 349 franchised clinics and 35 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](http://www.ttc-ltd.com)