



ASX Announcement

11 January 2018

Refund of Head Office Building Payment

Traditional Therapy Clinics Limited (ASX: TTC) (**TTC** or the **Company**) is pleased to advise that it has received the full refund of the amount previously paid for the proposed acquisition of a head office building, being RMB87.90 million or AUD17.27 million (at an exchange rate of 5.09 RMB:AUD). As announced on 28 July 2017, the Company has cancelled the acquisition of a new head office building in Chongqing City's main financial district, following 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 refund has further strengthened the Company's strong balance sheet. TTC will continue to operate from its existing premises for the foreseeable future.

TTC is maintaining its current strategy of building its own greenfield clinics, as the medium to long term cost-return benefits of building its own greenfield clinics now outweigh the returns generated from the acquisition of existing franchise clinics, and establishing further franchise clinics. Through careful site selection and demographic analyses, TTC will be able to efficiently project its brand and the high standards of quality of services within the TTC network. As at 31 December 2017, TTC operates 35 owned clinics and has 350 franchised clinics across China, plus the construction of the new greenfield clinics currently underway. TTC expects that all of these new greenfield clinics will commence operations in 2018.

The Company reviews its working capital requirements on an on-going basis. The Company is pursuing its announced growth strategy that will require the on-going reinvestment of capital to pursue greater revenue and profitability. At this time, the situation on the repatriation of profits is unchanged from the previous announcement.

The essence of health-preservation is people-oriented. The Company gives high priority to the professional and technical personnel training. The Company not only owns and manages its own vocational training school in Chongqing, but also it has also set up additional specialised courses in colleges and technical secondary schools in Guizhou, Sichuan, and Chongqing. The Company has an excellent training system which teaches students the characteristics of physical therapy and health care technology. All of the Company-owned clinics and franchised clinics are managed by professional teams which have accredited professional training and provide customers with the highest quality pedicure and physical care services.

Traditional Therapy Clinics Limited

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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 350 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

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