Traditional Therapy Clinics Limited
ABN 68 603 792 712

ASX Announcement

2 November 2015

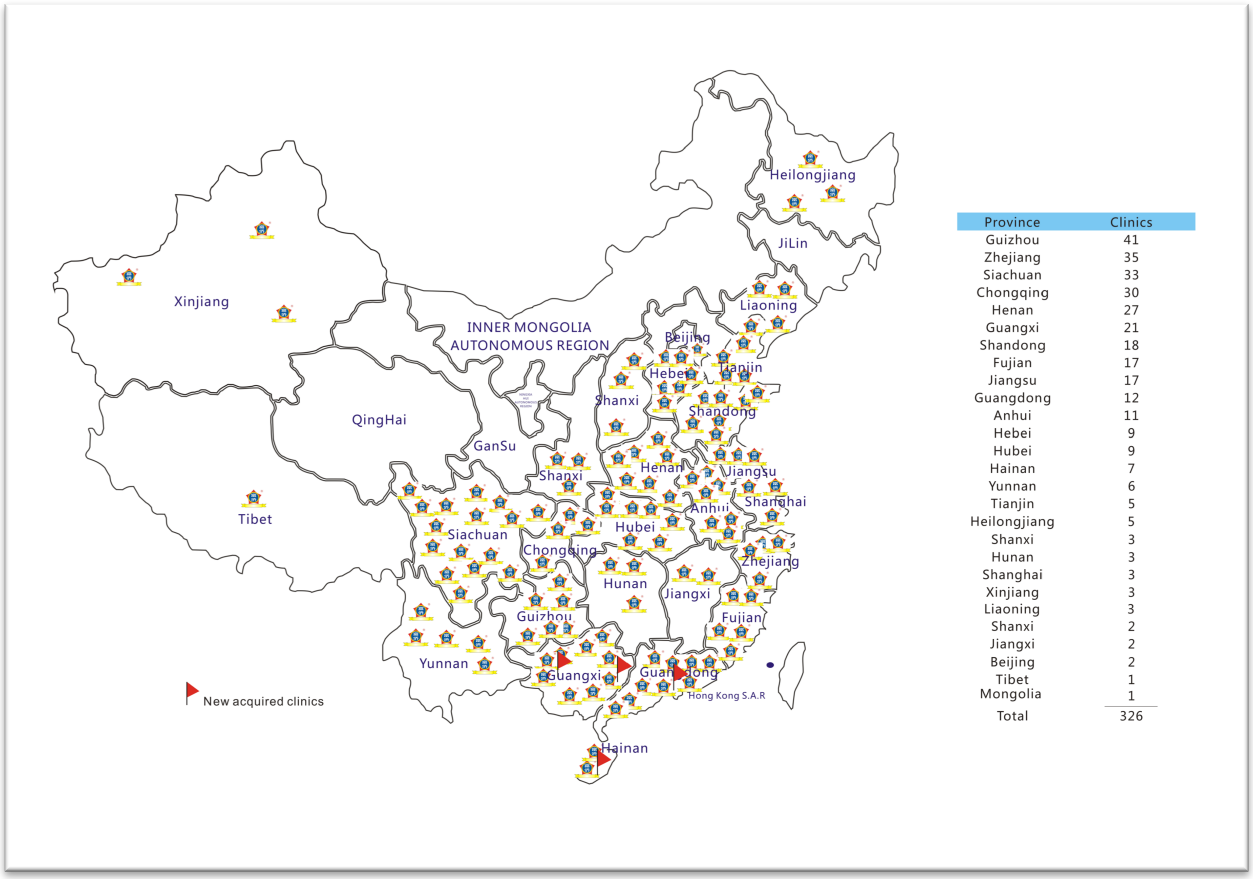
TTC Enters into Contracts to Acquire Four New Clinics in China

Traditional Therapy Clinics Limited (ASX: TTC) has entered into contracts to acquire four clinics from its franchised clinic base in line with its business strategy to grow its owned clinic network and diversify its revenue stream.

The purchase price for all four clinics is RMB 31.7 million which equates to AUD $6.73 million at an exchange rate of 4.71 (AUD:RMB). The purchase price represents an EBITDA multiple of between 2 and 2.3 based on earnings in the 2014 financial year.

The clinics to be acquired are located in Liuzhou, Zhanjiang, Haikou and Nanning cities and will take the number of clinics owned directly by TTC to 15, complementing its 311 franchised clinics throughout China. Settlement of the acquisitions is expected to be complete by the end of November 2015.

Figure 1: Location of TTC's four new clinics.



Province	Clinics
Guizhou	41
Zhejiang	35
Siachuan	33
Chongqing	30
Henan	27
Guangxi	21
Shandong	18
Fujian	17
Jiangsu	17
Guangdong	12
Anhui	11
Hebei	9
Hubei	9
Hainan	7
Yunnan	6
Tianjin	5
Heilongjiang	5
Shanxi	3
Hunan	3
Shanghai	3
Xinjiang	3
Liaoning	3
Shanxi	2
Jiangxi	2
Beijing	2
Tibet	1
Mongolia	1
Total	326

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TTC's Growth Strategy

TTC's multi pronged growth strategy is focused 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.

Since 2011, the average annual growth in the number of TTC franchised clinics has been approximately 40% and the company forecasts a growth rate of franchised clinics of c.12% in the 2015 financial year.

The "owned clinic" model has become a key focus given the ability to generate a greater return on investment and its added advantage of assisting with projecting the company brand and establishing the high standards of service within the TTC network.

TTC is targeting a further 7 clinic acquisitions from its franchised clinic network over the next 2-3 months.

To support this growth, TTC intends to extend its current involvement in training with the establishment of an additional training facility in addition to the current facility it operates in conjunction with Chongqing Municipal Health Bureau. TTC's "control" over the supply of appropriately qualified therapists is considered a durable competitive advantage and a potential barrier for aspiring competitors to provide similar levels of service to TTC.

-End-

For further information, please contact:

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About the TTC Group

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 315 franchise licences granted (4 of which are to be acquired by TTC) and 11 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 more than 730 staff across 26 administrative divisions in China. More information is available at **www.ttc-ltd.com**