



FRANCHISE DISCLOSURE DOCUMENT

Chatime USA, LLC
A Delaware Limited Liability Company

1209 Orange Street
Wilmington, DE 19801
302-658-7581
kent@lakaffa.com.tw

The franchise offered is to operate a Chatime food service establishment offering gourmet coffees and teas, coffee or tea-based beverages, bubble tea, compatible food products, coffee and tea makers and related supplies, accessories and gifts

If you sign a single Chatime restaurant franchise agreement, the total investment necessary to begin operation of a Chatime restaurant is US\$170,000 to US\$710,000, depending on the size of the restaurant. This includes between US\$100,000 to US\$138,000 that must be paid to the franchisor or its affiliate(s), as applicable.

If you choose to develop 3 or more Chatime restaurants, you may be eligible to sign a master franchise agreement with us. If you sign a master franchise agreement, you will pay a minimum area development fee equal to the sum of US\$200,000 plus a minimum of US\$20,000 licensing and design fee for each Chatime restaurant to be developed under the master franchise agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement with, or making any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different format, contact the Franchise Department at Chatime USA, LLC, 2F, No. 239 Ziqiang 5th Rd, Zhubei City, Hsinchu County 30264, Taiwan, 886-988-050-818, chatime_sales@lakaffa.com.tw

The term of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also

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visit the FTC's home page at www.ftc.gov for additional information Call your state agency or visit your public library for other sources of information on franchising

There may also be laws on franchising in your state Ask your state agencies about them

EFFECTIVE DATE March 21, 2014

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrators listed in Exhibit D for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT INCLUDES A PROVISION FOR LIQUIDATED DAMAGES IN THE AMOUNT OF US\$20,000 FOR BUYING AN UNAUTHORIZED SUPPLIER AND US\$10,000 FOR ALL OTHER VIOLATIONS. THESE PROVISIONS MAY NOT BE ENFORCEABLE IN THE STATE YOU ARE DOING BUSINESS.
2. YOU MUST MODIFY OR DISCONTINUE USE OF A CHATIME TRADEMARK AT YOUR OWN EXPENSE IF CHATIME MODIFIES THE TRADEMARK OR DISCONTINUES ITS USE.
3. THE FRANCHISE AGREEMENT HAS A TERM OF 3 YEARS. YOU MAY BE ASKED TO SIGN A RENEWAL AGREEMENT WITH MATERIALLY DIFFERENT TERMS AND YOU MUST PAY A RENEWAL FEE THAT SHALL NOT EXCEED 80% OF THE INITIAL FRANCHISE FEE OR APPROXIMATELY US\$54,400.
4. THIS IS A DEVELOPMENT STAGE COMPANY WHICH ENTAILS ADDITIONAL RISK OF FINANCIAL LOSS.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Our own agent for service of process is the Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801.

LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AGREEMENT PROVISIONS. CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS DISCLOSURE DOCUMENT.

In accordance with the requirements of the Federal Trade Commission, the effective date of this disclosure document is March 21, 2014. Certain states require franchisors to make additional disclosures related to the information contained in this disclosure document. If applicable, these additional disclosures will be furnished to you in an addendum.

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