

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 administrator listed in in the addendum hereto 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

Special Risk Factors

THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISAGREEMENTS BE SETTLED BY ARBITRATION IN THE HOME COUNTY (LOS ANGELES COUNTY, CALIFORNIA) OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE

THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE THE RETAIL LOCATION IS LOCATED GOVERNS THE AGREEMENT

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date _____ 2014

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ITEM 1 THE FRANCHISOR AND ANY PARENTS PREDECESSORS AND AFFILIATES

The Franchisor

To simplify the language in this disclosure document, the words "**We**", "**Us**" and "**Our**" mean the franchisor, Korean Red Ginseng Corporation "**You**" or "**Your**" means the person, corporation or partnership buying a franchise from Us Bold face is used for ease of reference only

We do business under the name Korean Red Ginseng Corporation and are a California corporation formed on 1/20/09(hereinafter sometimes referred to as "KGC US") to franchise Korea Ginseng Corp **Cheong Kwan Jang Retail Locations** ("Locations") KGC US, however, is merely the U S -based franchising company for the Korena-based headquarters company, which can trace its history back to Sam-Jeong-Gwa (Ginseng Management Division) established in 1899 within the royal palace of Korea's Daehan Empire The Ginseng Division transferred to the Bureau of Taxation, Ministry of Finance in 1908 when the Korean Red Ginseng Monopoly law was enacted The brand "Cheong-Kwan-Jang" was first used in 1940 and the Korea Ginseng Corporation was re-established in 1999 following the abolishment of the Red Ginseng Monopoly law in 1996

The principal business address and telephone number for Us is 12750 Center Court Drive, Ste 100, Cerritos, CA 90703, tel (562) 860-2323, fax (562) 860-2324

Name Jinhan Park

D O B 1971 12 1

Address 2118 Arnold Way, Fullerton, CA 92833

The Franchise Business

Korea Ginseng Corp Cheong Kwan Jang retail locations will primarily consist of retail units that are opened in areas with Korean populations, especially in connection, or near, a Korean market KGC may also grant franchise opportunities to non-traditional retail models, including locations within other establishments A typical location is approximately 700 square feet or more

A franchised Location will each follow a system of layout, design, marketing, and sales (the "**System**") developed by Us The System includes an inventory of specialty ginseng items and related products, a training program which includes instructions in the marketing and sales of Our products, suggested sales presentations and techniques, distinctive interior designs, advertising artwork and other materials and other business procedures together with a Location Operations Manual (the "**Manual**")

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