

FRANCHISE DISCLOSURE DOCUMENT



Yang Ming Yu Braised Chicken USA Group
A California corporation, 17800 Castleton Street,
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Tel: (714) 731-7777
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www.ymyusa.com

The franchise that we offer is for a Yang's Braised Chicken Rice fast casual restaurant serving a specialized menu of authentic Chinese braised chicken and rice prepared with our signature broth and sauces, and other menu items (each, a "Franchised Business" or "Restaurant"). We offer individual unit Restaurant franchises and area development franchises for the development of multiple Restaurants within a designated territory.

The total investment necessary to begin operation of a Restaurant under a franchise agreement is \$311,500 to \$538,500. This includes \$35,000 that must be paid to us or our affiliate for the initial franchise fee. The total investment necessary to begin operation of a Restaurant under a development agreement depends on the number of Restaurants that you are authorized to develop and ranges from \$359,500 to \$754,500. This includes \$35,000 that must be paid to us or our affiliate for the initial franchise fee for your first Restaurant and a development fee of \$24,000 for each additional Restaurant that you are authorized to establish under the development agreement. Under a development agreement, the minimum number of Restaurants that you may be authorized to develop is three and the maximum number of Restaurants that you may be authorized to develop is ten.

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 calendar-days before you sign a binding agreement with, or make 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 form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Xinyu Zhang, Yang Ming Yu Braised Chicken USA Group, 17800 Castleton Street, Suite 468 City of Industry, CA 91748.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract 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, DC 20580. You can also 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.

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Yang Ming Yu Braised Chicken USA Group FDD 4.15.2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administration 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 Exhibit A to this Franchise Disclosure Document for information about the franchisor, about other franchisors, 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 AND DEVELOPMENT AGREEMENT PERMIT YOU TO SUE THE FRANCHISOR ONLY IN THE STATE OF CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE THE FRANCHISOR IN THE STATE OF CALIFORNIA.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS EACH AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU SHOULD COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$311,500 TO \$754,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017 IS \$311,380.
5. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
6. THE FRANCHISOR IS AT AN EARLY STATE OF DEVELOPMENT AND HAS LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
7. THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED. IF THE FRANCHISOR'S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS

FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR. THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES YOU OFFER.

8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/yangs-braised-chicken-rice>