

THE LO HONG KA STORY

A Passion for Health and Beauty

Welcome to Lo Hong Ka; a company rich with tradition and passion. Our timely franchise opportunity offers you a business venture like no other.



It was the inspired creation and successful bottling of the Bird's Nest Concentrate by Mr. Lee Seng Siew that led to the birth of Lo Hong Ka. This was in 1998 when the first of many Lo Hong Ka specialty outlets started in Hong Kong, and then in Malaysia, Taiwan, and Singapore.

Lo Hong Ka instant bird's nest concentrate is the first 100% pure instant bird's nest in the world. Being a signature product, our bird's nest is meticulously produced without any excess water, preservatives or artificial additives, in-line with our high standard in maintaining the authenticity of its traditional quality. Lo Hong Ka's philosophy towards creating a healthy lifestyle has inspired the research and development of new product ranges such as, Pearl Anew, the Aloe Vera Series and ginseng based products which were later introduced to customers.



Lo Hong Ka's pioneering and innovative approach in products development is fast gaining recognition from industry experts and consumers. To date, Lo Hong Ka has received numerous prestigious awards across the region including 2002 Enterprise 50 Award in Malaysia, 2004 Hong Kong Superbrands Award and The 1999 Taiwan Consumer Association's Excellent Award, just to name a few.

Today, Lo Hong Ka is the largest bird's nest retail network across the region with more than 100 specialty stores established in Hong Kong, Macau, Taiwan, Malaysia, Indonesia and Singapore. Lo Hong Ka's franchise concept is designed as part of our dedication in contributing towards the celebration of life, health and well being of society. **Explore the rich tradition and passion of our business legacy. Lo Hong Ka may just be the best franchise opportunity for you!**





THE LO HONG KA SUPPORT SYSTEM

Our efficient business system and continuous support will nurture your entrepreneurship talent and help you access outstanding opportunities. The excellent franchise owner support services you'll receive include:

The Lo Hong Ka System

You'll be sharing the use of our Lo Hong Ka name, logo, and all of our marks. They represent our highly regarded brand in the health and beauty industry, as well as our commitment to customer service and the highest standards of excellence.

Site Selection

Identifying the appropriate location is our top priority. We will provide you with detailed guidelines for choosing your site, and will perform detailed evaluations before approving a final location.

Hands-on Training

Comprehensive classroom training takes place at our corporate training center and will include administrative, operational, sales/marketing and relevant matters. Just prior to and immediately following your store's grand opening, we will provide on-site training to help you achieve a smooth business launch.

Continual Reference & E-Training

This is an outstanding guidebook, containing your daily operational procedures in an easy-to follow format. It's an invaluable tool, one that will help keep your Lo Hong Ka franchise unit running smoothly and efficiently...for years to come. You may also access our online Knowledge Base system to up date the latest information

Marketing Support

We'll supply you with attractive, highly professional marketing and advertising materials, as well as promotional ideas, which you can implement in different media. Also, we'll show you how to utilize effective publicity to help you gain outstanding visibility and attract customers.

Ongoing Service and Support

The lines of communication will remain open – we're just a phone call or e-mail away. As a valued member of our franchise network, you'll receive outstanding business advice and support. And you'll be visited, on a periodic basis, by a Lo Hong Ka field representative.

YOUR INVESTMENT

Lo Hong Ka franchise opportunities are available for the following estimated costs.

Single Unit Franchise: The Franchisee has the right to develop one store. The franchise fee is **RM100,000**

TOTAL INVESTMENT

	Low (RM)	High (RM)
Franchise Fee	100,000	100,000
Initial Investment	75,900	154,500
Working Capital:	50,000	70,000
Inventory	30,000	40,000
Cash	20,000	30,000
	225,900	324,500

Initial Investment	Low (RM)	High (RM)
Deposits:	3,000	27,000
Rental	2,000	20,000
Utility	1,000	2,000
Other	-	5,000
Leasehold Improvements:	40,000	85,600
Air Conditioner	4,000	5,000
Tiling Work	6,000	12,000
Electrical Work	2,400	4,800
Furniture	4,500	15,000
Partition	3,000	6,000
Cabinet	9,000	18,000
Painting	3,500	10,000
Racking	3,000	6,000
Pantry & Other	4,200	8,400
Renovation Insurance	400	400
Furniture, Fixtures & Equipment:	12,700	14,500
Chiller & Stand Cooler	9,700	11,500
Alarm System	3,000	3,000
Computer Equipment	5,400	5,400
Signage	1,800	3,000
Grand Opening	5,000	8,000
Business Incorporation	3,500	3,500
Training	4,500	7,500
	75,900	154,500

- Please understand that these are estimates only and will vary with location.
- The difference between low or high investment levels exists because of varying store sizes and real estate costs & expenses.
- The low amount of working capital given represents estimated expenses to maintain minimum operations without any sales for two months, where the high-end represents four months of a more conservative estimate.



YOUR NEXT STEPS

We are looking to award franchises to a select group of qualified individuals. You might be among them. To discover more about the Lo Hong Ka franchise family, just follow these easy steps:

1. Ask Questions

After you have read the materials in this package, make a list of questions concerning our franchise program. Please call us to review any questions you may have, and to further discuss bringing a Lo Hong Ka franchise to your area. You may find more information on our website at www.lohongka.com

2. Complete the Application

Complete the enclosed Confidential Franchise Application (CFA) form and return it to our office in the enclosed envelope. The CFA provides essential information that will be used to assist you in the process of investing in our franchise opportunity. We will review your application and contact you with recommendations on how to proceed with your decision.

3. Attend Discovery Day

After your CFA has been approved, we invite you to visit an outlet in person, or to attend a Discovery Day to learn first-hand about our company. While there, you will see an operating Lo Hong Ka unit and you will learn the many facets of our franchise system.

4. Make Your Decision

Seek assistance in making your decision. Consider talking to the current Lo Hong Ka franchisees, a franchise solicitor, or an accountant familiar with franchising – outsiders who can provide you with facts and figures about our industry or about starting a business. When you have done your homework, make your decision. To join us as a Lo Hong Ka franchisee, simply complete and sign the Franchise Agreement and remit your franchise fee. We are available to help you through this entire process and will help you open your new franchise unit successfully.



Frequently-Asked Questions

Q : Do I need any experience in health and beauty industry to own a Lo Hong Ka franchise?

A : You don't need to have any experience in health and beauty industry to become a Lo Hong Ka franchisee. However people with retail, distributorship or direct marketing background in selling health and beauty products will be considered a plus. At Lo Hong Ka, you will receive step-by-step training in all important aspects of your outlet operational procedures.

Q : How much money can I expect to earn?

A : Lo Hong Ka does not provide estimates of profits or revenue because the actual results of individual franchisee are based on factors that are not within the control of Lo Hong Ka. However you will be consulted with Lo Hong Ka Franchise Development Associates and review the disclosure document.

Q : What is the franchise fee used for?

A : The franchise fee is a "price" for franchisee to use the Lo Hong Ka trademark, business system and the support on operational, marketing, training and research and development.

Q : Are there any ongoing fees after I pay the initial franchise fee?

A : Yes. You pay an ongoing royalty of 4% of gross sales on a monthly basis.

Q : Does Lo Hong Ka assist me in finding a location?

A : Yes. We will help you with all phases of site selection and analysis. By doing so, we can help to ensure that your location has the potential to become successful.

Q : Am I given a protected territory?

A : You are not given a protected territory so that you can enjoy easy expansion of business. However if Lo Hong Ka determines that a new franchise should be granted and the location is near an existing franchise location, the existing franchise will have the first right of refusal.