

FREQUENTLY ASKED QUESTIONS

Q: What is the franchise fee for PHO24?

A: **The current franchise fee per store is as follows:**

- **S\$20,000.00 for a food kiosk/Food stall**
- **S\$35,000.00 for a standalone restaurant with seating capacity of less than 100 or area size of less than 1500 sqft**
- **S\$50,000.00 for a standalone restaurant with seating capacity of more than 100 or area size of more than 1500 sqft**

During the awareness period(Oct 2007 – June 2008), 20% of the franchising fee can be used to offset the cost of material purchase from us

Q: What do I get for my franchise fee?

A: **The franchise fee covers the following:**

- **Training cost of you or your management people, your designated manager and your initial staff. Additional training can be provided at a nominal sum**
- **RTU license for 10 years, renewable for another 10 years at 50% of the franchising fee. RTU includes use of the PHO24 logo and other trademarked items of PHO24, the ability to purchase proprietary items necessary for the offering of food dishes in your premises and the support necessary in the opening of a new outlet(management fee might applies)**
- **Includes your store for any promotional dishes designed by our chef and any advertising and marketing events(marketing fee might be payable)**

Q: What kind of training program do you have?

A: **The training program that we introduced in Singapore is to ensure that you know the operation of a retail outlet, preparation method of all food products in your retail store, staff scheduling and roles displacement as well as familiarization of the Vietnamese culture. The training period range from 10 -15 days classroom and on-site trainings.**

Q: Do you assist in site selection?

A: **Yes. Our experts will advise and approve your final prospective site and assist you, if necessary, in negotiating a lease.**

Q: How much are the royalty fees (monthly fees)?

A: **Royalty fees are paid monthly at the rate of 5% of gross sales.**

Q: How much is the marketing fee?

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A: At the moment we charge 0.5% on monthly gross sales to cover the development of marketing materials.

Q: Can I purchase more than one franchise?

A: Yes. We can enter into a one-store Franchise Agreement or an area development Franchise License.

Q: Do I have to actively work in the business?

A: We offer 2 types of franchising model:

- a) The franchisee is an active owner in the business and are involved in all aspect of the business operation from fittings of the store, procuring of the equipments, staffing, food quality control, procurement of core food items from us as well as liaison and market development.**
- b) The franchisee looks upon this as a viable investment, but wants to be hands-off in the operation. We would provide management expertise and have a management expert in helping you do a day-to-day operation, staffing, procurement of core food items and food quality control. However, you are still responsible for securing the premises, lease agreement, financial to tie in for an initial 6 months and the P&L of the operations.**

Q: What are the investment cost and the ROI? What can I expect in monthly returns?

A: Based on the 2 types of franchising model, below are the financial figures

a) Active franchising operator:

- Initial investment of between 180K to 280K, depending on the location and the size of the premises. Cost includes franchise fee, fitting out, staffing, leasing cost and cash flow for 6 months.**
- The breakeven in operation cost would be between 4-6months time, depending on location and you can expect to recover your investment in less than 24 months.**
- Gross profits range between 10K-25K per month, depending on the location and the size of the premises.**

b) Passive investment operator:

- Initial investment of between 220K to 320K, depending on the location and the size of the premises. Cost includes franchise fee, fitting out, staffing, leasing cost , management fee and cash flow for 6 months.**
- The breakeven in operation cost would be between 6-10 months time, depending on location and you can expect to recover your investment in less than 30 months.**
- Gross profits range between 6K-18K per month, depending on the location and the size of the premises.**

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Q: I'm new to the food business and have no prior experience preparing food. Do I need to be a chef to operate this franchisee ?

A: All the food items are cooked and prepare in our central kitchen to ensure that the quality and consistency are achieved. Operators are not required to have prior experience in food industry, although basic food handling and operation experience in F&B retail would be an advantage. There would be random audit by our food quality controller to ensure that the freshness and serving process are strictly adhered to.

Q: What is the cost of goods over the revenue?

A: The estimated COGS would be less than 30% of the selling price. We would give you the unit costing of the food products supply by us once you signed the franchising agreement.

Q: Can we select any area as the premises to operate?

A: We want to ensure that we have the right coverage of the retail store in Singapore so that the brand awareness and the profitability of all the stores are taken into consideration. As such, below are the venues we are open for franchisee to consider in the first and 2nd phase:

a) 1st phase:

- CBD area like Shenton Way, Robinson road, Central, ChinaTown
- Bukit Timah Road, Chun Tin Road
- Clementi, West Coast Area
- Orchard Road

b) 2nd phase:

- North area like Sembawang, Woodlands, Yishun
- North East new town like Hougang Mall, Compass point, Punggol
- East town like Upper East Coast, Changi Airport, Pasir Ris Mall
- West area like Jurong

Q: What is the first step I need to take?

A: At this point, you need to read all the materials available from PHO24 and on franchises in general and decide if buying a franchise is the right career for you. If you've already done your homework, you can fill out the form provided by us and send it, with you resume to our franchising Office.