

## FRANCHISE DISCLOSURE DOCUMENT



FRANCHISOR  
Tiger Sugar Franchise USA Inc.  
A New York Corporation  
14223 37th Ave., Unit 5A  
Flushing, NY 11354  
Tel: (718)687-2895  
Email: tigersugar.nyc@icloud.com

As a franchisee, you will operate a store offering tea, coffee and juice, along with related products and services under the name "Tiger Sugar."

The total investment necessary to begin operation of a Tiger Sugar franchise business is from \$305,500 to \$542,000. This includes \$166,000 to \$176,000 that must be paid to the franchisor, its affiliates or its Area Representative.

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 the 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 format that is more convenient for you. To discuss the availability of disclosures in different formats, contact PiJye "Calvin" Sun, Tiger Sugar Franchise USA Inc., 14223 37th Ave., Unit 5A, Flushing, NY 11354, Tel: (718)687-2895 Email: tigersugar.nyc@icloud.com

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your 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](http://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.

Issuance Date: **April 29, 2024**

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 6.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit 8 includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Tiger Sugar business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be Tiger Sugar franchisee?</b>	Item 20 or Exhibit 6 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 1.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

### Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in NEW YORK. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in NEW YORK than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from the franchisor, its affiliates, or from suppliers that the franchisor designates at prices that the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.



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# ITEM 1

## THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

### The Franchisor

Tiger Sugar Franchise USA Inc., a New York corporation ("**we**" or "**us**" or "**our**" or "**Tiger Sugar Franchise USA Inc.**") is the franchisor. We and our affiliate have our principal place of business at 14223 37th Ave., Unit 5A Flushing, NY 11354. We were formed on November 18th, 2019. We conduct business under the name and mark "Tiger Sugar" and related names, marks and slogans.

We are a franchising company which promotes and sells franchises for the operation of Tiger Sugar Stores. We do not own or operate a store of the type being franchised, although we have an affiliate that does. We have recruited individuals to serve as our franchise sales and service agent in specific geographic areas, as our "area representative," on the basis that such individuals receive a share of the fees that the franchisees pay to us, under a standard form of contract that is different than the franchise offered under this disclosure document. We have not offered franchises in any other line of business, and we are not engaged in any business other than selling franchises for Tiger Sugar stores. We have offered franchises since January of 2020.

Our agent for service of process is the New York Secretary of State, 162 Washington Street, Albany New York 12231. If we have an agent for service of process in your state, we disclose that agent in Exhibit 1.

### Our Parents, Affiliates and Predecessors

We have no predecessors.

Our parent is Tiger Sugar International Co., Ltd., an International Company incorporated in Samoa ("**Licensor**") that maintains its principal place of business at 5F.-2, No. 14, Dajin St., Nantun Dist., Taichung City 40878 TAIWAN. During 2019 Licensor has granted to us the right to operate, and sub-license to franchisees, the Tiger Sugar business format and system (the "**System**") relating to the establishment and operation of Tiger Sugar stores, which operate at retail locations that display the System interior and exterior trade dress and feature and operate under the **Proprietary Marks** (as defined below) (each a "**Tiger Sugar Store**"). Licensor has the rights to license the Proprietary Marks (as described below) and, as indicated above, has licensed them to us so that we may sublicense them to our franchisees.

Our parent began offering franchises for Tiger Sugar shops in Taiwan during calendar year 2018, and through subsidiaries, affiliates or master franchising is expanding Tiger Sugar shops in Asia. Our parent does not provide any goods or services to our franchisees.

During calendar year 2020, our affiliates Redbubble, Limited, a corporation incorporated in the Republic of Seychelles, and Gain Power, an International Company incorporated in Samoa, each supplied various products to our U.S. franchisees. Each of those affiliates maintain their principal place of business at 5F.-2, No. 14, Dajin St., Nantun Dist., Taichung City 40878 TAIWAN. We have no affiliates that offer franchises in any businesses.

Our parent has a license agreement with an independent party that operates two (2) stores in California. The license agreement is informal, does not give us the controls over the licensee that we have under the franchise agreement, and also does not provide the licensee with marketing and business operations systems comparable to the franchise.

Our parent also has a license agreement with TGS Holding, LLC, a Delaware corporation that is partially owned by Pi-Jye "Calvin" Sun, our Chief Operating Officer and primary representative in the United States of America. TGS Holding, LLC opens Tiger Sugar stores in various states through affiliate entities that it controls, of which there were 14 as of the end of our last fiscal year, December 31, 2021. None of these stores have paid initial franchise fees or royalties to us or to TGS Holding, LLC. For purposes of this disclosure document, these stores are identified as Company-Owned Locations.

None of our affiliates are offering, and have ever offered, franchises in any line of business. We have no other affiliate required to be disclosed in this Disclosure Document.

### **The Franchise Offered**

We are offering franchises for Tiger Sugar Stores to be established and operated using the System. Tiger Sugar Stores offer tea, coffee and juice, along with related products and services. Each Tiger Sugar Store is operated using our proprietary recipes, formulae and techniques ("**Proprietary Products**"), as well as a variety of non-proprietary food, beverage, and other compatible items that we designate from time to time (collectively such non-proprietary and Proprietary Products shall be referred to as "**Products**"). Our interior trade dress is designed to make Tiger Sugar Stores welcoming, comfortable, and easily identifiable for customers. All items offered for sale at a Tiger Sugar Store are subject to our approval.

Tiger Sugar Stores are characterized by our System. Some of the features of our System include (a) exterior and interior design, decor, color schemes, fixtures, and furnishings, (b) recipes, standards and specifications for products, equipment, materials, and supplies, (c) uniform standards, specifications, and procedures for operations, (d) training and operational assistance, and (e) marketing and promotional programs. We may periodically change and improve the System.

You must operate your Tiger Sugar Store in accordance with our standards and procedures, as set out in our Confidential Operations Manuals (the "**Manuals**"). We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically). In addition, we will grant you the right to use our marks, including the mark "Tiger Sugar" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**") We may modify the Proprietary Marks or substitute new Proprietary Marks.

### **Franchise Agreement**

We offer to enter into franchise agreements ("**Franchise Agreements**") (included as Exhibit 3 to this Disclosure Document) with qualified legal entities and persons ("you") that wish to establish and operate Tiger Sugar Stores. (In this Disclosure Document, "you" means the person or legal entity with whom we enter into an agreement. The term "you" also refers to the direct and indirect owners of a corporation, partnership, or limited liability company that signs a Franchise Agreement as the "franchisee")

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Tiger Sugar Store at an agreed-upon specified location (the "**Approved Location**"). (In this Disclosure Document, the term "**Franchised Store**" means the Tiger Sugar Store franchised to you under a Franchise Agreement).

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a ten percent (10%) ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us to assume the responsibilities of general oversight and management of your Franchised Store

(the "**Designated Principal**"). You must also designate either the Designated Principal or a General Manager (subject to our reasonable approval) to assume the full-time responsibility for daily supervision and operation of the Franchised Store. If we determine that your Designated Principal does not have the necessary food service experience to manage the full-time responsibility for daily supervision and operation of the Franchised Store, we will require that you hire a General Manager, subject to our reasonable approval, to assume this role (the "**General Manager**").

### **Area Representatives**

In various parts of the USA, we have agreements with third parties to provide various services on our behalf to our franchisees as our independent agent, in exchange for a share of your initial and ongoing payments to us. These area representatives are not our franchisees, but rather are agents of ours paid on commission. If we have appointed an area representative for the geographic region where you will operate your store, the identity of that agent and of its primary representatives is provided in Exhibit 7 to the Disclosure Document.

### **Non-Use and Non-Disclosure Agreement**

You will be required to sign a Non-Use and Non-Disclosure Agreement prior to receiving information from us we deem to be confidential. This Non-Use and Non-Disclosure Agreement is included as Exhibit 5 to this Disclosure Document.

### **The Market and Competition**

The market for tea, coffee and juice retail stores is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain businesses. These stores compete on the basis of factors such as price, service, store location and beverage quality. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, population and travel patterns.

We may establish other Tiger Sugar Stores in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell Products in your area. Also, we may sell Products (including Proprietary Products) through wholesalers, distributors, grocery or convenience stores, the Internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, whether or not located in your area. To the extent your Franchised Store may be located near another Franchised Store, you may appear to or actually compete with other Tiger Sugar Stores.

### **Industry Specific Regulations**

You must comply with all local, state and federal laws that apply to your Franchised Store operations, including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses and operational licenses. There may be other laws applicable to your business and we urge you to make further inquiries about these laws.

Among the other licenses and permits you may need are: Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Health Permits, Food Handler's Permit, Alarm Permits, County Occupational Permits, Retail Sales Licenses, Wastewater Discharge Permits. There may be other laws, rules or regulations which affect your Franchised

Store, including point-of-sale disclosure regarding nutrition and dietary characteristics (e.g., calories, fat content, etc.) of the food and beverages served at your Franchised Store, laws concerning the protection of customers' credit card numbers and financial data, minimum wage and labor laws along with ADA, OSHA and EPA considerations, as well as The Affordable Care Act.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and Store sanitary conditions. State and local agencies inspect stores to ensure that they comply with these laws and Regulations.

The federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some state and local governments have also adopted, or are considering proposals, that would regulate indoor air quality, including the limitation of smoking tobacco products in public places such as Stores.

We are not obligated to provide you with guidance about these laws and regulations. We recommend that you consult with your attorney for an understanding of these laws.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **MING-TSUNG YANG: President and Chief Executive Officer**

Mr. Yang has been our President and Chief Executive Officer since inception. Since November of 2017, Mr. Yang has been the Chief Executive Officer of various Tiger Sugar related legal entities in Taiwan, the Asia Pacific Region including China, Southeast Asia Region, as well as North America. From 2008 to 2017, Mr. Yang founded and operated dessert stores featuring traditional Taiwanese dessert products in Taiwan.

#### **PY-JYE (CALVIN) SUN: Secretary and Chief Operating Officer**

Mr. Sun has been our Secretary and Chief Operating Officer since inception. From May of 2019 to the present, Mr. Sun has been our principal supervisor of the development and operation of all Tiger Sugar branded stores in North America. Since February of 2021 he also has been the President of TGS Holding, LLC, which is our Area Representative for many of the states in the United States of America and has partial ownership of numerous stores operating in those states. From September 2014 to March of 2019, Mr. Sun was the Section Chief of the Accounting Office of the Taichung Veterans General Hospital in Taiwan.

## **ITEM 3**

### **LITIGATION**

On February 10, 2021 Tiger Sugar International Co., Ltd., our Licensor, entered into a Consent Order with the Maryland Securities Commissioner, entered in the Commissioner's records as file number Maryland 2020-0127. This Consent Order resulted from our Licensor entering into a Cooperation Agreement with a third party authorizing it to operate one Tiger Sugar store using the Marks in Maryland, in advance of the Commissioner granting our application to register our franchise offering in Maryland. The Consent Order states that, by engaging in that activity, "the Commissioner has concluded that Tiger Sugar violated Sections 14-214, 14-216 and 14-223 of the Maryland Franchise Law." Our Licensor agreed to permanently cease and desist from the

offer and sale of franchises in violation of the Maryland Franchise Law; to offer the party operating the Cooperation Agreement store the option to rescind that agreement, avoid any future obligations under it, and receive a refund of certain amounts paid to our affiliates as result of signing the Cooperation Agreement; and to require us to diligently complete our pending application to register our franchise offering in Maryland.

No other litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5**

### **INITIAL FEES**

When you sign the Franchise Agreement you must pay us an initial license fee of \$85,000 (the "**Franchise Fee**"). We will not refund the Franchise Fee to you under any circumstances.

When you sign the Franchise Agreement you also must pay us an Initial Training and Support Fee of \$15,000 (the "**Training Fee**"). The only circumstance in which we would refund the Training Fee is if we or our designee determines, during our initial training program, that you or your designated manager is not suitable to manage the Shop. In that circumstance we will refund that fee in exchange for a full release of claims.

We reserve the right to discount the Franchise Fee if your Store will be located outside of a metropolitan area, in a lower income section of a metropolitan area, or if you commit to open several Shops within proximity to one another. The initial license fee paid during 2023 ranged from \$50,000 to \$60,000, and the initial training fee paid during 2023 ranged from \$0 to \$15,000. Otherwise the Franchise Fee is uniform for all franchisees purchasing under this Disclosure Document.

#### **Other Initial Payments to Us or our Designee**

You must pay us a Design Fee of \$6,000, which will cover the cost for our designated design professional to convert our prototype store design plans into a customized design plan for your Tiger Sugar Shop. We will refund this fee only if you do not obtain a lease or sublease for an approved location within three (3) months of the Effective Date and we opt to terminate this Agreement on that basis. This fee does not cover the cost of hiring a locally licensed architect or design professional, if such a person must certify your plans for construction purposes, nor does it cover governmental filing fees or charges to construct or develop the Shop.

Prior to opening you must purchase from us or from our designee certain Products, which include tea products, certain proprietary paper goods, uniforms, creamer, syrup, certain equipment and certain cookware. The cost of those initial inventory and equipment purchases will range from \$60,000 to \$70,000. Payments made for such inventory and equipment purchases are non-refundable when made.

## ITEM 6

### OTHER FEES

Type of Fee (Note 1)	Amount	Date Due	Remarks
Royalty (" <b>Royalty Fee</b> ")	7% of Net Sales	By the third business day after the close of each Week based on Net Sales for that Week (see Note 2)	"Net Sales" means all revenue related to the Franchised Store (excluding customer refunds and sales taxes collected and remitted to the proper authorities).
Advertising Obligation	1% of Net Sales to the Advertising Fund. You must directly spend an additional 1% of Net Sales on your local advertising.	Same as Royalty Fee	We may change the allocation between the "Advertising Fund", the amount spent on local advertising, and a regional "Cooperative Ad Fund," as described in Item 11. We have the option to require our franchisees to form regional advertising cooperatives in their local markets and contribute into a Cooperative Ad Fund. If this is done, your Cooperative Ad Fund contribution will be credited against the local advertising requirement See Notes 3 and 4.
Local Telephone and On-line Directories	Our cost and expense to advertise in local telephone and on-line directory if you fail to do so.	Upon Demand	We may require you to, or we may on your behalf, advertise your Franchised Store in local directories. You must bear the costs for your Franchised Store, including reimbursements to us.



Type of Fee (Note 1)	Amount	Date Due	Remarks
Additional on-site training and assistance	Our per-diem charge (which is \$500.00, plus our out of pocket costs), per trainer	Upon Demand	If you ask that we (a) provide additional on-site training, or (b) conduct at your Franchised Store any training session that we offer at our headquarters, and we do so, then you will have to pay our \$500.00 per-diem charge for extra training. See Note 5.
Fees related to Computer System and Software	None at this time		We reserve the right to implement a proprietary software system for all franchisees, which may require up-front and maintenance fees See Note 6.
Product/Supplier Testing	Our costs of testing and evaluation	Upon demand, if incurred	See Note 7.
Transfer Fee	An amount equal to 50% of our then-current initial license fee.	At time of transfer	<p>Payable only if you make a transfer (as defined in the Franchise Agreement), which includes any sale or assignment of your franchise or your company. We do not impose a fee for a transfer to a corporation you form for the convenience of ownership.</p> <p>Also, if the transfer will result in the Shop being managed by someone who has not managed any other Tiger Sugar Shop, the transferee also must pay our-then current Initial Training and Support Fee.</p>
Renewal Fee	50% of the Shop's average monthly gross revenues during the period from month 25 through month 48 of the Term	Before renewal	The Franchise Agreement may be renewed after an initial term of 5 years. You will only need to pay this fee if you renew the Franchise Agreement.

<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Charges for "mystery customer" quality control evaluation	Will vary under circumstances, but not to exceed \$ 1,500 per year	Upon demand, if incurred	See Note 8. The mystery customer program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items)
Late Fee and Interest on Overdue Payments	A late fee equal to 5% of your overdue amount, and interest equal to 1.5% per month (but not more than any maximum rate set by law)	At time the Overdue Payments are paid	Only due if you don't pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Dues and Assessments Imposed by a Franchisee Advisory Council	As determined by a franchisee advisory council (if established)  Currently - none	At the times required by a franchisee advisory council	We may form, or require that our franchisees form, a franchisee advisory council. If one is formed, you must become a member if we require, and you must pay the fees and assessments imposed by the council.
Gift Card Program	None at this time	If incurred	You must participate in our Gift Card program when it is established. Gift Cards will be available for sale and redemption at any Tiger Sugar Store in the System.
Store Refurbishment	None at this time	As agreed	We may require you to refurbish your Franchised Store to meet our then-current requirements for decor, layout, etc. We will not require you to refurbish the Franchised Store more frequently than every five years.
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting and legal costs	Upon Demand	Payable only if we audit and the audit discloses an understatement in any statement or report of 3% or more (You will also have to pay the monies owed and interest on the underpayment. (see "interest" above))
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so	Upon Demand	We have the right (but not obligation) to buy insurance coverage if you do not do so.
Securities Offering	Our actual expenses	Upon demand	Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.
Costs and Attorneys' Fees	Our actual costs and expenses	Upon Demand	Due only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the Franchise Agreement.
Indemnification	Our actual costs and expenses	Upon Demand	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Store, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose. Additionally, you must reimburse us if we are sued or held liable for fees, penalties, or damages arising directly or indirectly from our <b>Licensors</b> imposing penalties or fees onto us as a result of your use, offer or sale of unauthorized or unapproved food, beverage, products, premiums, novelty items, clothing, souvenirs or services.

### **Explanatory Notes to Item 6 Table**

1. Except as otherwise noted in this Item 6, we impose and collect all of the fees described above. None of these fees are refundable. All of the fees described above in this Item 6 are uniform for all franchisees, although we reserve the right to reduce the royalty fee in our sole discretion. Some franchisees who purchased franchises before you may be paying lower or different continuing fees than are described in this Franchise Disclosure Document.
2. You must pay your royalties and Advertising Fund contributions by EFT (electronic funds transfer). To make arrangements for EFT, you must sign our current form of Authorization Agreement for Prearranged Payments (Direct Debits), which is an Exhibit to the Franchise Agreement (see Item 22).
3. The chart reflects the current required percentage amount (2%) which you will be required to contribute to the Advertising Fund and/or spend on local advertising (together the "Advertising Obligation"). Our current allocation of the Advertising Obligation is 1% toward the Advertising Fund and 1% spent directly by you toward local advertising. With the exception described in Note 4 below, we cannot require additional advertising, marketing or promotional contributions.
4. We have the option to require our franchisees to form regional advertising cooperatives in their local markets and contribute into a Cooperative Ad Fund for this purpose. If this is done, your Cooperative Ad Fund contribution will be credited against the local advertising requirement. The amount of required Cooperative Ad Fund contributions will be determined by us, unless we authorize the Cooperative Ad Fund to set the amount itself. If the Cooperative Ad Fund is so authorized, members of any Cooperative Ad Fund may agree (by a majority vote) to increase the Cooperative Ad Fund contribution to a rate in excess of the maximum amount that we require. If we operate a company-owned or affiliate-owned Tiger Sugar Store within a region that has formed a Cooperative Ad Fund, the company-owned or affiliate-owned Tiger Sugar Store will contribute to such Cooperative Ad Fund on the same basis as franchisees within this region, each Tiger Sugar Store having one vote. At present, there are no Cooperative Ad Funds in our System.
5. As part of the opening of your Franchised Store, we will conduct pre-opening and opening training and assistance at your Franchised Store. We will bear the costs associated with providing this training, exclusive of expenses related to transportation, lodging, meals, wages, and worker's compensation insurance. However, if you request additional days of on-site training or assistance in connection with your opening, or at a later time, we may charge you our per diem \$500.00 training fee for the additional training provided, and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers. Additionally, we may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If you request that we conduct any additional training sessions (required or voluntary) at your Franchised Store rather than at our headquarters or Tiger Sugar Store(s), and we do so, then we may charge you our per diem \$500.00 training fee for that training we provide, and you will also have to reimburse us for all out of pocket costs and expenses described above. Our per diem charge is \$500 per trainer.
6. As described in Item 11 under the heading "Computer System," we require you to use certain software, hardware and/or support services in connection with the operation of the Franchised Store. Although we do not currently have a software system that is proprietary to Tiger Sugar Stores, we reserve the right to have one in the future. If we develop a proprietary software system, we may require you to pay us an

up-front licensing fee as well as ongoing software maintenance fees. We or our affiliates may be a provider of these services or products.

7. If you desire to purchase unapproved products or equipment, supplies, services, or Products (other than Proprietary Products) from other than approved suppliers, we may require that our representatives be permitted to inspect, from time to time, the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay a charge not to exceed our actual cost of the evaluation and testing.
8. We may use an independent service to conduct a "mystery customer" quality control and evaluation program. You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT

The following table describes the estimated initial investment for a single Tiger Sugar Store under the Franchise Agreement.

<b>Type of Expenditure (Note 1)</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (Note 2)	\$85,000	Lump sum	When you sign the Franchise Agreement	Us
Initial Training and Support Fee	\$15,000	Lump sum	When you sign the Franchise Agreement	Us
Store Design Fee	\$6,000	Lump sum	When you sign the Franchise Agreement	Us
Business Licenses & Permits (Note 3)	\$6,000 to \$20,000	As arranged	As incurred	Local and other State & Government agencies
Leasehold Improvements (Note 4)	\$50,000 to \$180,000	As arranged	As arranged	Independent contractors Lessor
Fixtures, Furnishings & Equipment (Note 5)	\$45,000 to \$50,000	As arranged	As incurred	Us or our Designee for certain equipment Otherwise, Approved Suppliers

<b>Type of Expenditure (Note 1)</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Computer and Point of Sale System (Note 6)	\$3,000 to \$5,000	As arranged	As incurred	Approved Suppliers
Architect/ Engineering Fees (Note 7)	\$0 to \$14,000	As arranged	As arranged	Locally licensed professionals
Rent, Security Deposits and Utility Deposits (Note 8)	\$5,000 to \$20,000	As arranged	As arranged	Lessor, Utility companies
Other Professional Fees (Note 9)	\$1,000 to \$5,000	As arranged	As arranged	Various service providers
Insurance Deposit (Note 10)	\$1,000 to \$2,000	As arranged	As arranged	Insurance providers
Initial Inventory Of Food, Beverage, Paper Supplies and Small wares (Note 11)	\$25,000 to \$30,000	As arranged	As incurred	Us or our Designee
Training Expenses (Note 12)	\$500 to \$5,000	As arranged	No Payment Required	Approved Suppliers and your employees
Grand Opening Advertising (Note 13)	\$3,000 to \$5,000	As arranged	As arranged	Approved Suppliers
Additional Funds (for the initial 3 months of operations) (Note 14)	\$60,000 to \$100,000	As arranged	As needed	Us, Approved Suppliers, employees and other creditors
TOTAL ESTIMATED INITIAL INVESTMENT	\$305,500 to \$542,000			

## **Explanatory Notes to Item 7 Table**

**1 General** - We do not impose or collect the fees or costs described in this Item 7, except for the items noted with "Us" in the column labeled "To Whom Paid." Except as described below, all fees and amounts that you must pay to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third party suppliers. We do not offer our franchisees financing for any part of the initial investment (see Item 10 for additional information). Our estimates in this Item 7 are based on our current prototype for Tiger Sugar Stores, our experience in developing and operating our affiliate-owned Tiger Sugar Stores, and our knowledge of business practices and conditions in the general marketplace. They are, however, only estimates and by their nature may change from time to time and may vary from location to location. The figures do not provide for your cash needs to cover financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Store.

**2. Franchise Fee** - The Franchise Fee is non-refundable. We do not provide financing for any of these fees.

**3 Business Licenses and Permits** - These are general estimates for permits and licensing that may be required by local and state governments. Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a Tiger Sugar Store. You will pay these fees to governmental authorities before starting business. You are solely responsible for obtaining all appropriate licenses and permits.

**4 Leasehold Improvements** - You will need to employ a qualified licensed general contractor to construct the improvements to, or "build out," the premises who is acceptable to us. Our estimates are based on the assumption that the location is a free-standing building approximately 500 to 1,500 square feet, and includes, at a minimum, a level concrete floor suitable for floor covering, air-conditioning, electricity, gas, sewers, bathroom facilities, and water and plumbing suitable for a retail business. Among other things, you will probably need to arrange for the following items to meet our standard plans and specifications proper wiring and plumbing, floor covering, wall covering, partitions, lighting and fixtures, storefront modifications, painting, cabinetry, and the like costs will vary depending upon various factors, including whether the Approved Location is a first generation Store site or a second generation Store/conversion site, the geographic location of your business, the size of the premises, the availability and cost of labor and materials, and the condition of the premises and the work that the lessor will do as a result of the lease negotiations. Lessors may, instead of constructing or installing some of the improvements itself, provide you with credits towards your future rent payments and/or a tenant improvement allowance. Our estimates do not account for any rental credits or tenant improvement allowance.

**5 Fixtures, Furnishings & Equipment** - As described in Item 8, you must purchase all fixtures, furnishings, equipment, signage and supplies that we specify as required for a Tiger Sugar Store. For *Fixtures Furnishings and Equipment*, this estimate includes fixtures and equipment required for a Tiger Sugar Store, including (without limitation) coolers and refrigeration equipment, preparation tables, serving counters, customer tables, coffee equipment, tea equipment, seating, stereo, televisions, various trade dress and decor items, small wares, and other fixtures, furnishings and equipment. This estimate also includes the cost of your office furniture, filing cabinet and miscellaneous office supplies, and equipment. We or our affiliate will supply certain equipment specific for making Tiger Sugar products. For *Signage*, this estimate includes the costs for interior and exterior signage. The cost of signage may vary significantly depending on the location of your Franchised Store, market conditions and local codes. In some instances, the use of additional or larger signage may be possible, with our prior written approval. The costs of these optional items are not included in the line item total above.

**6 Computer and Point of Sale System**- You must purchase or lease specified computers and related hardware, along with required third party software necessary to operate the Franchised Store. The estimate includes the costs for the items that we currently require. We may periodically require franchisees to update their computer systems to our then-current standards.

**7 Architect/Engineering Fees** -In addition to paying the Design Fee to cover our designated store designer's preparation of custom plans for you location, you may be required by laws, regulations or building codes where your Shop is located to hire a locally licensed architect, engineer or design professional in connection with your development of the Shop. This estimate covers that possible cost.

**8 Rent, Security Deposits and Utility Deposits** - If you do not own a location for your Franchised Store, you must purchase or lease a space. Locations for Tiger Sugar Stores will typically need approximately 500 to 1,500 square feet. The estimate in the chart above includes your first month's rent payment, security deposits and utility deposits (for example, telephone, electricity, gas and water). We have assumed the security deposit to your landlord will equal one month's rent, although this may vary from landlord to landlord. The estimates assume that rent commences upon the Franchised Store's opening. You, however, will need to lease a space in advance to build-out the Franchised Store. However, you may attempt to negotiate an abatement from the lessor for this period.

We anticipate that Tiger Sugar Stores will typically be located in either traditional in-line shopping center sites or non-traditional sites, although free standing locations will be considered as long as they are in areas of high traffic in urban and suburban areas, and preferably near large residential communities, office buildings and other commercial areas. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the site for the Franchised Store, the terms of the lease, the desirability of the location, and your ability to negotiate with your lessor.

The estimates assume that you will lease the premises for your Franchised Store and, therefore, do not include costs related to the purchase of land or the construction of any buildings. If you decide to purchase the property for the location of your Franchised Store, you will incur additional costs that we cannot estimate.

**9 Professional Fees** - The estimate assumes that you will employ an attorney to help you negotiate your lease for the Franchised Store premises. In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Franchised Store. In addition, you may also form a corporation or other entity to operate the business. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the licensing requirements that may apply to your Franchised Store.

**10 Insurance Deposit** - The estimate represents an initial deposit for the coverage necessary to operate the business and represents approximately three months of coverage. Insurance costs will vary depending upon factors such as the size and location of the Franchised Store.

**11 Initial Inventory of Food, Beverage, Paper Supplies and Small wares** - These expenses include an initial inventory of Products, as well as an initial inventory of paper supplies and certain small wares. You will need to replenish your initial inventory on an as needed basis as food items and other supplies are used. The amount



and cost of your initial and subsequent orders for all of these items will vary depending on various factors, including the size and anticipated volume of your Franchised Store's sales and the frequency of your orders.

**12 Training Expenses** - You will incur expenses associated with our training program. For this training program, we provide instructors and instructional materials at no charge for up to two (2) persons, but you must pay for transportation, lodging, meals, wages, and worker's compensation insurance (if you send any employees) for your trainees. As to the amounts shown, the low end of the estimate assumes that the trainees are within driving distance to the training location, and the high end assumes that other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training.

**13 Grand Opening Advertising** - This advertising and marketing promotion is intended to provide initial awareness and momentum for your new Franchised Store. You must spend a minimum of \$3,000 on this advertising.

**14 Additional Funds** - You will need additional capital to support on-going expenses, such as payroll, rent and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount shown in the chart above will be sufficient to cover on-going expenses for the start-up phase or initial period of the business, which we calculate to be three months. Such amounts are the minimum recommended levels and are only estimates. There is no assurance that additional working capital will not be necessary during this initial period or after. Your actual costs may vary considerably, depending, for example, on factors such as local economic conditions, the local market for the Products, the prevailing wage rate, competition, the sales level achieved during the initial period of operation, and your management and training experience, skill, and business acumen. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Store in strict conformity with the methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing.

#### **Products and Purchases**

You must purchase certain Products that you will use to produce menu items and operate your Tiger Sugar shop solely from us or our affiliates, unless your store will be in New Jersey, Pennsylvania, Maryland, Virginia and District of Columbia, where our affiliate will sell the Products to your Area Representative and it will resell those products to you at a profit. Those Products include tea products, certain proprietary paper goods, uniforms, creamer, syrup, certain equipment and certain cookware, among other items. We may add or delete items from this list of Products from time to time. Our affiliate derives revenue through the sale and distribution of these Products, directly or indirectly, to our franchisees.

During calendar year 2023, we derived \$3,000 in revenues from our provision of store design services to our franchisees. In addition, our affiliates derived the following revenue from sales to our franchisees of the types of items specified in the prior paragraph: Red Bubble Limited, \$1,922,483.29, and Gain Power, \$1,310,338.00.

All Products sold or offered for sale at the Franchised Store must meet our then-current standards and specifications and be approved by us. You must purchase, install, and use all fixtures, furnishings, equipment, decor, supplies, computers and communications hardware and software, signs and materials as we may reasonably require in the Manuals or other written materials (collectively, "Store Items"). You must purchase all additional Products and other Store Items solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing. You may not purchase, offer or sell any Products, or use at your Franchised Store any Products or Store Items, that we have not previously approved as meeting our standards and specifications. We have the right to be an approved supplier of some items. We may disapprove of Products and suppliers so we can consolidate System purchases through fewer suppliers. We may designate a single supplier, which may be us or one of our affiliates, for any products, equipment, supplies, or services, in which event you must purchase such items exclusively from the designated supplier.

If you desire to purchase unapproved products, or Products (except for Proprietary Products, which are discussed below) or Store Items from other than approved suppliers, you must submit to us a written request to approve the proposed product or supplier, together with such evidence of conformity with our specifications as we reasonably require. We will have the right to require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay a charge, not to exceed the reasonable cost of the evaluation and testing. We will use our best efforts to complete our review within six months. If we do not give our written approval within this six month period, we will be deemed to have disapproved the proposed new supplier. We may, from time to time, revoke our approval of particular Products, Store Items or suppliers if we determine, in our sole discretion, that the Products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved product and/or cease to purchase from any disapproved supplier.

Our specifications either (1) are contained in the Manuals, or (2) will be provided to you upon Request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specification and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some Products, equipment, or services to some or all of the Tiger Sugar Stores in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all Products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Tiger Sugar Stores. There are currently no purchasing or distribution cooperatives in our System

We and our affiliate may receive payments, rebates or other compensation from suppliers on account of the suppliers' dealings with us, you, or other Tiger Sugar Stores in the System. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase Products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

The Proprietary Products that are or may be offered and sold in Tiger Sugar Stores are manufactured in accordance with our Licensor's proprietary recipes, formulae and specifications. In order to maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Tiger Sugar Stores in the System, you must purchase Proprietary Products only from us or the suppliers and distributors that we designate in our sole discretion, and you may not offer or sell any Proprietary Products that have not been purchased from us or our designated supplier at or from the Franchised Store. We will have the right to periodically introduce additional Proprietary Products, or to withdraw Proprietary Products.

We provide no material benefits to franchisees based on their use of suppliers or sources we approve. With the exception of our officers' interest in us and our affiliate, no officer of ours owns an interest in any approved supplier. No persons affiliated with us are currently approved suppliers.

We estimate that your purchases of products and services from us, our affiliates, our approved suppliers or pursuant to our specifications will represent approximately 20% to 47% of your total purchases in establishing the Franchised Store, and approximately 50% to 60% in the continuing operation of the Franchised Store (including labor costs). We did not begin selling franchises until the date of the Disclosure Document.

### **Computer System**

You will need to acquire (either by purchase or lease) the computer hardware and software system that we may specify from time to time. The computer hardware and software system refers to cash register or point of sale systems, hardware, software for the management and operation of the Franchised Store and for reporting and sharing information with us, and communication systems (including modems, cables, etc).

### **Insurance**

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Store. Required insurance will include, but not be limited to, comprehensive general liability coverage, including employment practices coverage, personal injury coverage, automobile coverage, including underinsured or uninsured coverage, business interruption insurance, and property damage coverage. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Tiger Sugar Stores. If we do so, we may require that you obtain your insurance through the designated carrier(s).

Presently we require you to maintain the following minimum insurance amounts (1) builder's risk insurance during any periods of construction or renovation, (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Franchised Store, (3) worker's compensation and employer's liability insurance, as well as any other insurance required by law, (4) comprehensive general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 general aggregate, including the following coverages personal injury (employee and contractual inclusion deleted), employment practices, products/completed operation, assault and battery, terrorism, and tenant's legal liability, (5) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least \$1,000,000 combined single limit, (6) excess liability coverage over general liability,

automobile liability, and employer's liability, with at least \$4,000,000 per occurrence, (7) insurance coverage required by your lease or sublease, or as we may otherwise require, and (8) business interruption insurance for actual losses sustained of no less coverage than \$1,000,000 per occurrence.

We do not derive revenue as a result of our franchisees purchasing insurance coverage from designated earners. We provide no material benefits to franchisees based on their use of an approved insurance carrier.

### **Leases**

If you will occupy the premises of your Franchised Store under a lease, then you must, before executing the lease, submit the lease to us for our review and approval, which will not be unreasonably withheld. Your lease or sublease (or rider to the lease or sublease) must contain the lease terms and conditions that we may reasonably require in writing, a current list of which is included as an Exhibit to the Franchise Agreement. We do not derive revenue or other material consideration as a result of our franchisees leasing space for the Franchised Store. We provide no material benefits to franchisees for leasing any particular space for the Franchised Store.

### **Design and Construction**

You must hire a licensed architect to prepare all required construction plans and specifications to suit the shape and dimensions of the site. We have the right to designate one or more suppliers of design and/or architecture services to perform these services for our system. During any period that we have designated a design or architecture firm prior to the time you begin to develop your Franchised Store, you must employ this designated supplier to prepare all designs and plans for the Franchised Store. If we have not designated suppliers for design and architecture services for your geographic area, you must locate and employ a qualified design consultant and architect who are licensed in your jurisdiction and who are reputable and experienced in providing design and architecture services.

You must hire a qualified licensed general contractor, who is acceptable to us, to construct the Franchised Store.

We do not derive revenue or other material consideration as a result of our franchisees using a designated architect or contractor. We provide no material benefits to franchisees based on their use of a designated architect or contractor.

### **Advertising**

As noted in Item 11 below, we will have the right to review and approval all marketing plans and promotional materials that you propose to use. You may not implement any marketing plan or use any promotional material without our prior written consent.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	Section 5	7, 8 and 11
(b) Pre-opening purchases/leases	Section 5	7, 8 and 11
(c) Site development and other pre-opening requirements	Section 5	7, 8 and 11
(d) Initial and ongoing training	Section 6	6, 7 and 11
(e) Opening	Section 5	7, 8 and 11
(f) Fees	Section 4 and 13	5 and 6
(g) Compliance with standards and policies/Operating Manual	Section 8, 10 and 13	8, 11, and 14
(h) Trademarks and proprietary information	Section 8.8, 8.11, 9 and 10.2	13 and 14
(i) Restrictions on products/services offered	Section 1.3, 8.6, 8.7 and 8.8	5, 8 and 16
(j) Warranty and customer service requirements	Section 8.9 and 23	16
(k) Territorial development and sales quotas	Section 1 Exhibit A	12
(l) On-going product/service purchases	Section 8	8
(m) Maintenance, appearance and remodeling requirements	Section 5 and 8	8
(n) Insurance	Section 14	7 and 8
(o) Advertising	Section 13	6, 7, 8 and 11
(p) Indemnification	Section 21.4	None

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(q) Owner's participation / management and staffing	Section 8.3 and 8.4	15
(r) Records/reports	Section 12	6
(s) Inspections/audits	Section 8.10	6 and 11
(t) Transfer	Section 15	17
(u) Renewal	Section 2.2	17
(v) Post-termination obligations	Section 17 and 18.3	17
(w) Non-competition covenants	Section 18	17
(x) Dispute resolution	Section 27	17
(y) Liquidated Damages	None	

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

## ITEM 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as listed below, we are not required to provide you with any assistance**

#### **Pre-opening Obligations**

Before you open your Franchised Store,

- 1 We will approve or deny your proposed site for each Franchised Store (Franchise Agreement, Section 5.1).
- 2 We will provide you with our standard initial training program for up to three (3) persons including one manager (Training is also discussed below in this Item 11 under the subheading "Training"). We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement (Franchise Agreement, Sections 3.2, 6).
- 3 We will provide you or the approved design firm and/or architect with our prototype plans and specifications for the construction of a Tiger Sugar Store and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs. You must pay our Design Fee of \$6,000 to have our prototype plans customized to adapt the plans to your site (with our approval as described below under the heading "Construction and Layout of Store"). Depending on local building codes, you may also need to hire an architect licensed in your state to approve the plans. You must hire a licensed contractor to build the Franchised Store in accordance with those approved plans. You are also responsible for compliance with all local and other requirements relating to the plans, including for example, zoning, building code, and compliance with the Americans with Disabilities Act (Franchise Agreement, Sections 3.1, 5.3).
- 4 We have the right to inspect and approve the Franchised Store for opening before the initial opening. You may not start operation of your Franchised Store until receiving our approval to do so (Franchise Agreement, Section 5.3, 5.4).
- 5 We will provide on-site pre-opening and opening supervision and assistance (Franchise Agreement, Section 3.3).
- 6 We will lend you, for the duration of the Franchise Agreement, copies of the Manual (Franchise Agreement, Section 3.4).
- 7 We will assist you in developing a Grand Opening Advertising Program, you will be responsible for the cost of this program (Franchise Agreement, Sections 3.6, 13.5)
- 8 We will provide you a list of our then-current designated or approved suppliers (Franchise Agreement, Section 3.9)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Store.

## **Continuing Obligations**

We are required by the Franchise Agreement to provide certain assistance and service to you during the operation of your Franchised Store:

1 We will conduct, using such methods and in such frequency as we deem advisable, periodic inspections of the Franchised Store and may provide evaluations of the Products sold and services rendered at the Franchised Store (Franchise Agreement, Sections 3.8, 8.7.2, 8.7.3).

2 We will make available additional training programs, as we deem appropriate (Franchise Agreement, Sections 6.4, 6.7).

3 We will give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Store, as we deem advisable (Franchise Agreement, Section 3.7).

4 We will have the right, in our sole discretion, to establish and administer the Advertising Fund as stated in the Franchise Agreement and as described below in this Item 11 (Franchise Agreement, Section 13.2).

5 While we are not obligated to do so, to the extent permitted legally we may establish specific prices for menu items, or a range of acceptable prices, or minimum advertised pricing that you must comply with (Franchise Agreement, Section 8.12).

If you live in a state where we have contracted with an Area Representative, then the Area Representative will provide you with many of the pre-opening and ongoing services specified above. See Exhibit 7 for information about our various area representatives.

## **Site Selection**

If you do not already possess a location that we find acceptable for a Tiger Sugar Store when you sign our Franchise Agreement, we will provide you with procedures for locating, evaluating, and obtaining our approval of a site. You will have three (3) months in which to find and secure a suitable site (through lease or purchase) for your Tiger Sugar Store within the area that we designate as your site selection area. In the event you do not find and secure a suitable site within this time frame we may terminate the Franchise Agreement and you will receive no refund of any fees paid. In order for us to review a proposed site for approval, you must submit to us a completed *site approval package* in a form specified by us, which includes a trade area and site marketing research analysis (prepared by a company approved in advance by us), an option contract, letter of intent or other evidence satisfactory to us that describes your favorable prospects for obtaining such site, photographs of the site, demographic statistics, and other such other information or materials that we may reasonably require (collectively, the "**SAP**"). We will have 21 days after we receive the SAP from you to approve or disapprove, in our sole discretion, the proposed location for the Franchised Store. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the approved site. The lease or purchase agreement must be submitted to us for our approval prior to its signing. Under any of the above circumstances, you must be opened and operating the earlier of six (6) months following the execution of the Franchise Agreement or four (4) months following the time you leased or acquired the Approved Location. In the event you do not open within this time frame, we may terminate the Franchise Agreement and you will receive no refund of any fees paid.

We will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. In approving a location for a Franchised Store, we consider the location, neighborhood, traffic patterns,



visibility, parking facilities, size, lease, and zoning. If you do not locate and secure an acceptable site within the required time frames, you will be in default of your agreement with us for which we may terminate your Agreement. Our failure to agree with you on a site or to reach agreement in a timely manner can result in your inability to open a Franchised Store for business within six months after the date of your franchise agreement, which can result in the termination of your agreement.

Our approval (or failure to disapprove) of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Store or for any other purpose, or as to any expected level of sales, revenues or profits. Approval by us of the site indicates only that the site meets the minimum requirements for a Tiger Sugar Store location.

### **Construction and Layout of Store**

You are responsible for developing your Franchised Store. We will provide our standard plans and specifications for a prototype Tiger Sugar Store, including interior design and layout, to you or to the design firm or architect that we have designated or approved (as described below). These plans and layouts are not intended, with respect to your particular location, to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities. We may from time to time change our prototypes and plans (including our specifications for the interior and exterior appearances) of Tiger Sugar Stores, and develop or approve variations on our prototypes and plans to reflect locations with differing sizes, structural elements, visibility and other relevant factors.

In exchange for your payment of the \$6,000 Design Fee, our designated design company will customize our prototype plans for use to prepare your chosen location for operation as a Tiger Sugar Shop. If required by law of the location where you will operate your Tiger Sugar Shop, you also must hire an architect or design profession licensed in your state, and who is reputable and experienced in providing design and architecture services, to prepare all required construction plans and specifications to suit the shape and dimensions of the site. You will be responsible for paying for all design and architecture services beyond the initial customization of our prototypes covered by the Design Fee.

You will be solely responsible for ensuring that such plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. You must submit final plans and specifications to us for approval before construction of the Franchised Store begins. Our review is not designed to assess compliance with federal, state or local laws and regulations and is limited to review of such plans to access compliance with our design standards for Tiger Sugar Stores, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Tiger Sugar Stores. Additionally, prior to opening the Franchised Store (and prior to renovating it after the initial opening), you must sign and deliver to us an ADA Certification (in the form that is attached as an Exhibit to the Franchise Agreement) certifying to us that the Franchised Store and any proposed renovations comply with the ADA.

### **Opening of Franchised Store**

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately four (4) to six (6) months. Factors that may affect this time period include your ability to obtain financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures and signs. Unless we agree in writing otherwise, you must conduct the

opening of your Franchised Store by the earlier of six (6) months following the execution of the Franchise Agreement or four (4) months following the time you leased or acquired the Approved Location. In the event you do not open within this time frame we may terminate the Franchise Agreement and you will receive no refund of any fees paid.

### **Computer System**

You will need to acquire (either by purchase or lease) the computer hardware and software system (a "Computer System") that we may specify from time to time (Franchise Agreement, Section 7.1). The term Computer System refers to cash register or point of sale systems, hardware, software for the management and operation of the Franchised Store and for reporting and sharing information with us, and communication systems (including modems, cables, etc.). Our requirements may fluctuate as does the price and availability of new computer technology.

The current cost for purchasing the Computer System is approximately \$3,000 to \$5,000. The hardware and software that we currently use is not proprietary to us, but is proprietary property to the vendor and you may be required to sign a license or maintenance agreement in order to obtain and use the proprietary program. Should we develop a proprietary point of sale system or program in the future, we may require you to sign a license or maintenance agreement in order to obtain and use our proprietary program. We currently do not require that you maintain contracts for hardware and software maintenance, support and upgrade services for the communications and information systems. You will be required to maintain a high-speed internet connection at all times (i.e., T1 line, DSL, cable modem).

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Tiger Sugar Stores. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System.

You must provide us with access to your Computer System in the form and manner that we may request. We reserve the right to download sales, other data and communications from your Computer System. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System. We will have the right to use such data in any manner that we deem appropriate without compensation to you. We will have independent access to the information generated and stored in your Computer System.

We will also have the right to establish a website or other electronic system providing private and secure communications (e g, an extranet or intranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the extranet or intranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign (Franchise Agreement, Section 7.5)

## Advertising

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, we reserve the right to require that you spend certain amounts on advertising and promotion each year during the term of the Franchise Agreement (the "**Advertising Obligations**"). The primary source of advertising will be in-house.

We will determine what proportion of the Advertising Obligations you must (1) contribute to a fund for the system-wide advertising, promotion and marketing of the System (the "**Advertising Fund**"), (2) contribute to a regional or market advertising fund (if one is established for your region (a "**Cooperative Ad Fund**")), or (3) spend on "**local advertising and promotion.**" No matter how we determine to split your Advertising Obligations, the total amount we may require you to pay or spend on all Advertising Obligations may not exceed 2% of the Net Sales of your Franchised Store, if the Cooperative Ad Fund you must contribute to chooses a contribution that would cause your Advertising Obligations to exceed 2% (Section 13.1 of Franchise Agreement). Our affiliate-owned Tiger Sugar Stores may, but are not obligated to, contribute to the Advertising Fund or Cooperative Ad Fund on the same basis as franchisees in the System, generally, are required to contribute.

## Advertising Fund

As of the date of this Disclosure Document, we have not yet established the Advertising Fund, and as such no advertising funds have been collected or spent as of the last fiscal year. When the Advertising Fund is implemented, we expect that we will typically disseminate advertising in one or more of digital, print, radio, television or other electronic media.

We (or our designee, which might be a corporate subsidiary, an advertising agency or consulting firm, or the Area Representative for your region, will maintain and administer the Advertising Fund, as follows:

(a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The Advertising Fund is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund.

(b) The Advertising Fund, and all contributions to and earnings from the Advertising Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System. This includes, among other things, the costs of preparing and conducting media advertising campaigns, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining our Website (except for the portion, if any, specifically relating to soliciting franchisees), employing advertising or public relations agencies, purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs, and providing promotional and other marketing materials and services to the Tiger Sugar Stores operated under the System.

(c) You must contribute to the Advertising Fund by EFT (electronic funds transfer) at the same time as the Royalty Fee is due. All sums you pay to the Advertising Fund will be maintained in an account separate from our other monies. The Advertising Fund is not and will not be our asset, and we or our

designee will maintain separate bookkeeping accounts for the Advertising Fund. We will have the right to charge the Advertising Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for you and the System (for example, salaries, costs of our personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs). The Advertising Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises.

(d) We may make available to franchisees, from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the Advertising Fund. Additionally, we may sell such items to franchisees in the System at a reasonable price, and any proceeds from any those sales will be contributed to the Advertising Fund.

(e) If all of the money in the Advertising Fund is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been spent for advertising or promotional purposes.

(f) Upon request, we will make available to you an annual accounting of the Advertising Fund receipts and disbursements. We do not audit the Advertising Fund.

#### Cooperative Ad Fund

We will have the right, as we see fit, to establish a Cooperative Ad Fund for your region, or we may approve of a Cooperative Ad Fund that has been organized by franchisees in a region. The purpose of a Cooperative Ad Fund is to conduct advertising campaigns for the Tiger Sugar Stores located in that region. The size or membership of a cooperative shall be determined by us, on a case by case basis, in our sole discretion. Factors we consider are demographic statistics and the number of Tiger Sugar Stores operating in a particular area, among other things. Contributions to a Cooperative Ad Fund will not exceed the total Advertising Obligation unless the Cooperative votes to exceed such amount. Any amounts paid to a Cooperative Ad Fund will count as part of your local advertising and promotion requirement. As of the date of this Disclosure Document, there are no Cooperative Ad Funds in existence.

If a Cooperative Ad Fund for your area was established before you began to operate your Franchised Store, then when you open your Franchised Store, you must immediately join that Cooperative Ad Fund. If a Cooperative Ad Fund for your area is established after you begin to operate your Franchised Store, then you will have 30 days to join the new Cooperative Ad Fund. An individual Tiger Sugar Store will not be required to be a member of more than one Cooperative Ad Fund. If we (or an affiliate) contribute to a Cooperative Ad Fund, we will have the same voting rights for our Tiger Sugar Stores as do our franchisees with respect to their Stores.

The following provisions will apply to each Cooperative Ad Fund (if and when organized):

(a) Cooperative Ad Funds will be established, organized, and governed in the form and manner that we have approved in advance in writing. The activities carried on by each Cooperative Ad Fund shall be decided by a majority vote of its members. Any Tiger Sugar Store that we operate in the region shall

have the same voting rights as those owned by Franchisees. Each Tiger Sugar Store franchisee shall be entitled to cast one (1) vote for each Tiger Sugar Store it operates that belongs to the Cooperative Ad Fund.

(b) Cooperative Ad Funds will be organized according to written governing documents for the exclusive purpose of administering regional advertising programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion. Such governing documents are currently not available for review.

(c) Cooperative Ad Funds may not use advertising, promotional plans, or materials without our prior written approval, as described below under the heading "Local Advertising and Promotion."

(d) You must submit your required contribution to the Cooperative Ad Fund according to the schedule we designate for the Cooperative Ad Fund. At the same time, you will have to submit the reports that we or the Cooperative Ad Fund require. We may require you to submit this payment by EFT or by check. We also may require that your payments and reports to the Cooperative Ad Fund be made to us for distribution to the Cooperative Ad Fund. The Cooperative shall be required to prepare annual financial statements available for our and member's review.

(e) We maintain the right to terminate any Cooperative Ad Fund. A Cooperative Ad Fund will not be terminated, however, until all monies in that Cooperative Ad Fund have been expended for advertising or promotional purposes, unless there are no remaining Tiger Sugar Stores in the Cooperative Ad Fund, in which event, we will transfer the remaining monies to the Advertising Fund.

#### Local Advertising and Promotion

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You, or any Cooperative Ad Fund, may not use any advertising or promotional plans that we have not approved in writing. If you wish to use your own advertising materials or promotional plans, you must submit to us samples of all proposed plans and materials. If we do not give our written approval within five days, we will have been deemed to have disapproved the plans or materials.

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision (The requirements in this paragraph, as well as in the previous paragraph, will also apply to any Cooperative Ad Funds).

As discussed in Item 7, in addition to (and not in place of) the Advertising Obligations, you must prepare and conduct a grand opening advertising program (the "**Grand Opening Advertising Program**"), in accordance with our specifications for that program. All materials used in the Grand Opening Advertising Program will be subject to our prior written approval, as described above. The Grand Opening Advertising Program is considered "local advertising and promotion" and is therefore subject to the restrictions described below. We will work with you to develop your Grand Opening Advertising Program for your market.

We, our affiliates or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term "local advertising and promotion" refers to advertising and promotion related directly to the Franchised Store, and unless otherwise specified, consists only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as we, in our sole discretion, may specify. Local advertising and promotion does not, however, include any of the following: salaries and expenses of your employees, charitable, political, or other contributions or donations, and the value of discounts given to customers.

### **Advisory Council**

We may, in our discretion, form an advisory council made up of franchisees and franchisor Representatives. Franchisees will be chosen to participate in the council based on, in part, performance and length of time in the System. The advisory council will act in an advisory capacity only and will not have decision making authority. Once an advisory council has been formed we reserve the right to change or dissolve it at any time.

### **Websites**

Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Franchised Store, Proprietary Marks, us, or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

### **Training**

Before your Franchised Store opens, you must complete all of our initial training requirements. You (or, if you are other than an individual, your Designated Principal) and, if applicable, the General Manager must attend and successfully complete, to our satisfaction, the initial training program that we offer at a location designated by us. Additionally, we may also require that other persons, up to a total of three (3) individuals (including the Designated Principal and General Manager), attend and successfully complete the initial training program. We will bear the cost of all training (instruction and required materials) for the initial training program and all other training, except as described below regarding additional training and assistance that we provide at your Franchised Store. You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance. If we require that additional or replacement managers attend and complete the initial training program, we reserve the right to require you to pay our per diem training charges.

If you (or the Designated Principal) or the General Manager cease active employment in the Franchised Store, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program promptly following cessation of employment of said individual, provided that you may train General Managers in accordance with Section 6.3 of the Franchise Agreement. You must maintain a minimum of one

certified manager in the Franchised Store at all times. The replacement Designated Principal and any required managers shall complete the initial training program as soon as is practicable, but in no event later than any time periods we specify from time to time in the Manuals and otherwise in writing. Replacements managers must be trained according to our standards and you may be permitted to provide such training directly, provided you meet our then-current standards for qualifying as a training facility. We have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

As part of the opening of your Franchised Store, we will conduct pre-opening training and opening assistance at your Franchised Store. We will bear the costs associated with providing this training. We will provide one or more of our representatives for the purpose of facilitating the opening of your Franchised Store. Prior to the time our representative(s) arrives at your Franchised Store, you must have hired and substantially completed the training of your initial staff of employees. During this preopening training and opening assistance, our representative will assist you in establishing and standardizing procedures and techniques essential to the operation of a Tiger Sugar Store and will assist in training personnel. We will not be responsible for training or offering guidance with respect to compliance with any laws, ordinance or other legal matters. If you request additional days of on-site training in connection with your opening, or at a later time, we may charge you our per diem training fee for the additional training provided, and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers.

The subjects covered in the initial training program are described below Initial training programs are scheduled throughout the year on an as needed basis. We may change the duration and content of our training program.

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Company Introduction and Business Concept	1 Hour		Virtual through videoconferencing
Management Principles	1 Hour		Virtual through videoconferencing
Kitchen Preparation Work		10 to 15 Hours	Tiger Sugar Store of our affiliate or Area Representative
Drink Building		15 to 20 Hours	Tiger Sugar Store of our affiliate or Area Representative
POS/Cashier		10 to 15 Hours	Tiger Sugar Store of our affiliate or Area Representative
Customer Service/ Response Training		2 Hours	Tiger Sugar Store of our affiliate or Area Representative
<b>Totals</b>	2 hours	37 to 52 hours	

The initial training, as described above, is conducted at a Tiger Sugar Store controlled either by our affiliate or by our Area Representative for your region. Pre-opening training and opening assistance will also be conducted on-site at your Franchised Store for a period of time as is deemed required by us. The initial training must be completed at least 30 days in advance of the scheduled opening of your Franchised Store.

Additionally, we may require that you or your Designated Principal and General Manager attend such refresher courses, seminars, and other training programs as we may require from time to time, provided that required refresher and additional training will not exceed (a) four days (per trainee) each year at our headquarters and/or our affiliate-owned Store(s), and (b) three days (per trainee) each year to attend a convention for the franchise system. We may also offer voluntary training programs. If these refresher and additional training programs are conducted at our headquarters in Flushing, New York, or at our affiliate-owned Tiger Sugar Store, we will bear the costs associated with providing these training programs, not including the costs of transportation, lodging, meals, wages, and worker's compensation insurance. However, if you request that we provide any of this training at your Franchised Store, and we do so, we may charge you our per diem training fee for the additional training provided, and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangement of the trainers.

Currently, our training is primarily provided by the Area Representatives as described in Exhibit 7 of this Disclosure Document. We will use additional instructors on our training staff to conduct our training programs. Our additional instructors generally have substantial operations experience, with strong abilities in training and development. They have demonstrated successful operations and performance with our affiliate-owned operations.

**Gift Card Program**

We may institute a program for all franchisees to sell or otherwise issue gift cards or certificates (together "Gift Cards"). When the Gift Card program is made a part of the System, you must participate by offering Gift Cards to your customers and honoring all. Gift Cards presented to you as payment for products, regardless of whether the Gift Card was issued by you or another Tiger Sugar Store.

**Manuals**

You will be required to comply with all of the specifications, procedures, and standards set out in our Manuals, which Manuals are subject to change in our discretion. Currently the table of contents to our Manuals is as follows:

I.	Boil Tea Chart-----	Page 1
II.	Instructions on Beverage Making-----	Page 2 to 5
III.	Inventory Management-----	Page 6
IV.	Measuring for Beverage Making-----	Page 7



## ITEM 12

### TERRITORY

The following describes how Territories are determined, and the rights that you and we have under the Franchise Agreement with regard to doing business within the Territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your Franchise Agreement will specify the site that will be the Approved Location for your Franchised Store. However, as a result of our reserved rights described below, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your Franchise Agreement will specify a protected territory ("**Territory**") unless your Franchised Store is located in a Non-Traditional Site, as described below, or at a very prominent location in a major city (such as in Manhattan, New York City, or in Beverly Hills, California). The geographic definition of the Territory, if awarded, will be contained in the Franchise Agreement and will be determined based upon various factors such as (a) whether the Approved Location is an urban area or a suburban area, (b) the number of residents living in the area, (c) the number of people working in the area, and (d) the number of competitive Stores in the area, among other factors. The Territory is not the same area as, and will be smaller than, the site selection area in which you will be looking for a site. If your Franchised Store will be located at a Non-Traditional Site (as described below, such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events), you will not be granted a Territory.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Tiger Sugar Store in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Territory may be altered prior to expiration or termination of the Franchise Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Franchise Agreement.

You are permitted to provide catering services with our consent only within your Territory and are prohibited from providing catering services outside of your Territory, unless we allow you to do so by providing you with written permission.

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Store, or if the Franchised Store is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials required in order to consider your request, including information concerning the proposed new location for the Franchised Store and our fee (see Item 6). You must also meet certain other requirements, including but not limited to being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Tiger Sugar Store and is located within your Territory, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new Franchise Fee when you sign the new Franchise Agreement (Franchise Agreement, Section 8.25)

You may sell our Proprietary Products, Products and related products to retail customers and prospective retail customers who live anywhere but who choose to visit your Tiger Sugar Store. You may not engage in any promotional activities or sell the Proprietary Products, Products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common earner electronic delivery system (collectively, the "Electronic Media"), through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell the Proprietary Products or Products to any business or other customer for resale purposes.

Although we have not done so, we and our affiliates may sell Products under the Proprietary Marks within and outside your Territory through any method of distribution other than a Tiger Sugar Store, including sales through such channels of distribution as wholesalers, distributors, grocery or convenience stores or through outlets that are primarily retail in nature, mail order, toll free numbers, the Internet, catalog sales, telemarketing or other direct marketing sales (together, "**alternative distribution channels**"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution Channels.

We have not yet established other franchises or company-owned or affiliate-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Neither we nor any affiliate has established, or presently intends to establish, other franchised or company-owned Stores which sell the Proprietary Products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Our reserved rights are further described under the heading "Reserved Rights," beginning on the next page.

#### *Our Reserved Rights*

We and our affiliates retain all the rights that we do not specifically grant to you in the franchise agreement. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

- (1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Tiger Sugar Stores operating under the Proprietary Marks and the System selling the Products at any location outside your Territory regardless of their proximity to, or potential impact on your Territory or Franchised Stores.
- (2) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Store, at any location within or outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Store.
- (3) We may own, acquire, establish, and/or operate, and license others to establish and operate, Tiger Sugar Stores under the Proprietary Marks at Non-Traditional Sites (as defined below) at any location

within or outside the Territory. "**Non-Traditional Sites**" means outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

(4) We may sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through wholesalers, distributors, grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing our Proprietary Marks, provided that distribution within the Territory shall not be from a Tiger Sugar Store established under the System that is operated from within the Territory.

Additionally, during the term of your Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, Tiger Sugar Stores then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Store, and we may (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Tiger Sugar Store under the System at any location. If we operate and/or license others to operate any Acquired Business, then the following terms apply:

(1) If you are in compliance with your agreements with us, then for any Acquired Business that is both located within your Territory and is purchased by us for operation by us or our affiliates, we may, in our discretion, offer you the option to purchase and operate, as a Tiger Sugar Store, those Acquired Business(es). We will provide you with written notice of our purchase of such Acquired Business(es), the terms and conditions applicable to your option to purchase such Acquired Business(es), and such other information that we deem necessary to include in the notice. The terms and conditions offered to you will include, without limitation, the following (a) the purchase price for such Acquired Business will be determined using a ratio equal to the sales of such Acquired Business during the prior year, as compared to the total sales during such year of all Acquired Businesses that we purchased in the same transaction, and (b) the requirement that you enter into our then-current form of System franchise agreement for the Acquired Business, provided that you will not be required to pay an initial franchise fee for an Acquired Business. If you do not elect to purchase, or fail to complete the purchase of, an Acquired Business, we shall have the right to operate the Acquired Business ourselves, or through its affiliates or third party licensees or franchisees, under any trade name or trademarks including the Proprietary Marks.

(2) If an Acquired Business is part of a system of retail businesses that we acquire (an "Acquired System"), you will have no right to purchase, and we will not be obligated to offer you any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. We may license such unit to be operated under any trade name or trademarks, including the Proprietary Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Territory.

## ITEM 13

### TRADEMARKS

The Franchise Agreement will grant you rights to use the Proprietary Marks in connection with your Franchised Store. Our affiliate company TIGERSUGAR INTERNATIONAL ENTERPRISE CO., LTD., a Taiwan Limited Liability Company, has registered and exclusively licensed to our parent the following Proprietary Mark, along with all required affidavits, on the Principal Register of the United States Patent and Trademark Office.

Proprietary Mark

Registration Number

Registration Date



5,795,702

July 02, 2019

Our **Licensors** has the rights to license the Proprietary Marks and, as described in Item 1, has licensed them to us so that we may sublicense them to our franchisees.

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court. There is no pending infringement, opposition or cancellation proceeding. There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state.

We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If there is any litigation due to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

There are no agreements currently in effect which limit our rights to use or license the use of any Proprietary Mark. We reserve the right to substitute different proprietary marks for use in identifying the System and businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable period of time after receiving notice. We will not be obligated to reimburse you for any cost attributable to or associated with any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

## ITEM 14

### PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

#### **Patents**

No patents are material to the operation of your Franchised Store.

#### **Copyrights**

We claim copyright protection covering various materials used in our business and the development and operation of Tiger Sugar Stores, including the Manuals, advertising and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted Materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may from time to time require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

#### **Confidential Information**

Except for the purpose of operating the Franchised Store under a Franchise Agreement you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Franchised Store that may be communicated to you or that you may learn by virtue of your operation of a Tiger Sugar Store. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Store. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to

you, or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, you must require your Designated Principal, other owners, managers, and your employees with access to confidential information to sign confidentiality agreements or obligate themselves to covenants that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Store. You also must make reasonable efforts to enforce such covenants to protect the confidentiality of the information that we provide to you.

### **Confidential Manuals**

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manuals. We will lend you one set of our Manuals for the term of the Franchise Agreement, which you must return to us at the expiration or termination of the Franchise Agreement. The Manuals may consist of multiple volumes of printed text, computer disks, other electronic stored data, videotapes, and periodic updates or bulletins that we issue to franchisees and others operating under the System. You must treat the Manuals, all supplements and revisions to the Manuals, including bulletins and the information contained in them, as confidential, and must use best efforts to maintain this information (whether in written or electronic format) as secret and confidential. You must not reproduce these materials (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as such) or otherwise make them available to any unauthorized person. The Manuals will remain our sole property. You must keep them in a secure place on the Franchised Store premises.

We may revise the contents of the Manuals, and you must comply with each new or changed standard. We will notify you in writing of revisions to the Manuals. You must ensure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copies that we maintain at our home office will control.

ITEM 15  
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE  
FRANCHISE BUSINESS

If the Designated Principal or your General Manager fails to satisfactorily complete our initial training program or if your General Manager is no longer an employee, you must designate a replacement Designated Principal or General Manager as soon as is practical, who is acceptable to us and who satisfactorily completes our training program. We may require you to reimburse our training costs.

Under the Franchise Agreement, you (or, if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Franchised Store. Additionally, you must designate either yourself, your Designated Principal (if you are an entity) or a General Manager (subject to our reasonable approval) to assume the full-time responsibility for daily supervision and operation of the Franchised Store. If we determine that you or your Designated Principal does not have the necessary food service experience to manage the full-time responsibility for daily supervision and operation of the Franchised Store, we will require that you hire a General Manager, subject to our reasonable approval, to assume this role. We will have the right to rely upon the Designated Principal and/or your General Manager to have the responsibility and decision-making authority regarding your business and operations.

If you are other than an individual, we may require that your owners personally sign a guaranty, indemnification and acknowledgement (in the forms included as Exhibit C to the Franchise Agreement) guaranteeing and acknowledging the legal entity's covenants and obligations under that agreement. Additionally, your store manager may be required to sign agreements to maintain confidentiality and not compete with businesses under the System (our current form for this agreement is included in Exhibit E to the Franchise Agreement).

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that we have approved in writing and which conform to our standards and specifications. We have the right, without limit, to change the types of authorized products and services. You must carry and sell all Products that we approve and specify to be offered by all Tiger Sugar Stores, unless we otherwise provide our written approval.

You may only sell to retail customers at or from the Approved Location. All sales must be (1) face-to-face, for customer consumption on the premises of the Franchised Store, and (2) face-to-face, for customer carry-out or take-away consumption. If you wish to engage in off-premises catering activities, you may apply in writing for our approval to do so. If we provide our approval, you may engage in these activities provided that you comply with the programs, policies terms, and conditions that we may establish from time to time. Additionally, you may not engage in any other type of sale, offer to sell, or distribution of Products, except with our prior written consent. For example, you may not sell products by catalog, mailing, toll free numbers, or by use of the Internet.

You must not use the Franchised Store for any other business or operation or for any other purpose or activity at any time without first obtaining our prior written consent. You must keep the Franchised Store open and in normal operation for the minimum hours and days as we may specify. You must operate the Franchised Store in strict conformity with the methods, standards, and specifications as we prescribe in the Manuals or in writing.



## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

#### THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Franchise Agreement	Summary
(a) Length of the franchise term	Section 2.1	5 years
(b) Renewal or extension of the term	Section 2.2	One renewal term of 5 years
(c) Requirements for franchisee to renew or extend	Section 2.2	<p>Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, pay renewal fee, and others, see Sections 2.2.1 - 2.2.10 in Franchise Agreement</p> <p>If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and different territorial rights.</p>
(d) Termination by franchisee	None	The franchisee may terminate the Franchise Agreement under any grounds permitted by state law.
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Section 16	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds, see Section 16 of the Franchise Agreement. Under the U S Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing.

<b>Provision</b>	<b>Section(s) in Franchise Agreement</b>	<b>Summary</b>
(g) "Cause" defined - defaults which can be cured	Sections 16.3 and 16.4	All other defaults not specified in Sections 16.1 and 16.2 of the Franchise Agreement.
(h) "Cause" defined - non-curable defaults	Sections 16.1 and 16.2	Bankruptcy, abandonment, conviction of felony, and others, see Section 16.2 of the Franchise Agreement (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing).
(i) Franchisee's obligations on termination /non-renewal	Section 17	Cease operating the Franchised Store, payment of amounts due, and others, see Section 17.1 - 17.11 of the Franchise Agreement
(j) Assignment of contract by franchisor	Section 15.1	There are no limits on our right to assign the Franchise Agreement.
(k) "Transfer" by franchisee defined	Section 15.2	Includes transfer of any interest
(l) Franchisor approval of transfer by franchisee	Section 15.2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee.
(m) Conditions for franchisor approval of transfer	Sections 15.3 and 15.4	Release, signature of new Franchise Agreement, payment of transfer fee, and others, see Sections 15.3.1- 15.3.11 and 15.4 of the Franchise Agreement.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 15.6	We can match any offer
(o) Franchisor's option to purchase franchisee's business	None	
(P) Death or disability of franchisee	Sections 15.7 and 15.8	Your estate must transfer your interest in the Franchised Store to a third party we have approved, within a year after death or six months after the onset of disability.

<b>Provision</b>	<b>Section(s) in Franchise Agreement</b>	<b>Summary</b>
(q) Non-competition covenants during the term of the franchise	Sections 18.2 and 18.5	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others, see Section 18.2 of the Franchise Agreement(subject to state law).
(r) Non-competition covenants after the franchise is terminated or expires	Sections 18.3 and 18.5	Includes a two year prohibition similar to "q" (above), at the Approved Location (subject to state law).
(s) Modification of the agreement	Section 25	Must be in writing signed by both parties.
(t) Integration/merger clause	Section 25	Only the final written terms of the Franchise Agreement are binding(subject to state law). Any representations or promises outside the Disclosure Document Franchise Agreement (or other agreement) may not be enforceable. The integration/merger clause does not disclaim the representations in this disclosure document.
(u) Dispute resolution by arbitration or mediation	Section 27.2 and 27.3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then current principal place of business (Currently in Flushing, New York)(subject to state law).
(V) Choice of forum	Section 27.4	All mediations, arbitrations and litigation proceedings must be conducted in the city of our then current principal place of business (Currently in Flushing, New York) (subject to state law).
(w) Choice of law	Section 27.1	New York (subject to state law)

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 USC Section 101 et seq.).

See Exhibit 2, the State Specific Addendum, for special state disclosures.

## ITEM 18

### PUBLIC FIGURES

We do not use any public figure to promote our franchise.

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make this representation either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting MING-TSUNG YANG, Tiger Sugar Franchise USA Inc., 14223 37th Ave., Unit 5A, Flushing, NY 11354, Tel: (718)687-2895 Email: [tigersugar.nyc@icloud.com](mailto:tigersugar.nyc@icloud.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

# ITEM 20

## OUTLETS AND FRANCHISEE INFORMATION

**Table No 1**

**Systemwide Outlet Summary  
For years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2021	7	19	+12
	2022	19	27	+8
	2023	27	47	+20
Company-Owned or Affiliate-Owned	2021	4	14	+10
	2022	14	19	+5
	2023	19	17	-2
Total Outlets	2021	11	33	+22
	2022	33	46	+13
	2023	46	64	+18

**Table No 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2021 to 2023**

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

**Table No 3**  
**Status of Franchised Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlet Opened	Outlet Reacquired From Franchisee	Outlet Closed	Outlet Sold to Franchisee	Outlet at the end of the Year
Arizona	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	1	1
California *	2021	2	3	0	0	0	5
	2022	5	1	0	0	0	6
	2023	6	0	0	0	0	6
Colorado	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	1	1
Delaware	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	1	1
District of Columbia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Florida	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	2	0	0	2	4
Georgia	2021	0	2	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	2	0	0	0	4
Guam	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlet Opened	Outlet Reacquired From Franchisee	Outlet Closed	Outlet Sold to Franchisee	Outlet at the end of the Year
Kentucky	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Louisiana	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Maryland	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Massachusetts	2021	0	2	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
Michigan	2021	0	0	0	0	0	0
	2022	0	0	0	0	1	1
	2023	1	1	0	0	0	2
Nevada	2021	1	2	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
New Jersey	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
	2023	3	0	0	0	0	3
New Mexico	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Ohio	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	2	0	0	0	2

State	Year	Outlets at Start of Year	Outlet Opened	Outlet Reacquired From Franchisee	Outlet Closed	Outlet Sold to Franchisee	Outlet at the end of the Year
Oklahoma	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Pennsylvania	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Texas	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	3	0	0	0	5
Virginia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Washington	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	7	12	0	0	0	19
	2022	19	7	0	0	1	27
	2023	27	15	0	0	5	47

\* The stores in California operate under an agreement entered into by our parent company with JESCD LLC, pursuant to which JESCD LLC and its subsidiaries purchase product from our affiliates but otherwise do not pay fees on an ongoing basis to us or our parent.



**Table No 4**  
**Status of Company-Owned or Affiliate-Owned Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlet Opened	Outlet Required From Franchisee	Outlet Closed	Outlet Sold to Franchisee	Outlet at the end of the Year
Arizona	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	1	0
Colorado	2021	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2023	1	0	0	0	1	0
Delaware	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
Florida	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	2	0
Hawaii	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Illinois	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Michigan	2021	0	1	0	0	0	1
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
Minnesota	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlet Opened	Outlet Required From Franchisee	Outlet Closed	Outlet Sold to Franchisee	Outlet at the end of the Year
New York	2021	4	1	0	0	0	5
	2022	5	1	0	0	0	6
	2023	6	3	0	0	0	9
Oregon	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Rhode Island	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Utah	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	4	10	0	0	0	14
	2022	14	6	0	0	1	19
	2023	19	3	0	0	5	17

**Table No 5**  
**Projected Openings as of December 31, 2023**

<b>State</b>	<b>Franchise Agreements Signed but Outlets Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year</b>
California	0	1	0
Colorado	0	1	0
Delaware	0	1	0
Florida	0	1	0
Indiana	1	0	0
Nevada	0	1	0
New Jersey	0	1	0
New York	0	0	2
North Carolina	1	0	0
Pennsylvania	1	0	0
Texas	0	1	0
Virginia	0	1	0
<b>Total</b>	<b>3</b>	<b>8</b>	<b>2</b>

All numbers are as of December 31st for each year.

A list of the names, addresses and telephones numbers of all franchisees are provided in Exhibit 6 to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit 7 to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There is no trademark-specific franchisee organization associated with us.

## ITEM 21

### FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit 8 are our audited balance sheets for December 31, 2023, December 31, 2022, and December 31, 2021, and the related statements of operations, changes in stockholder's equity, and cash flows for the year ended December 31, 2023, December 31, 2022, and December 31, 2021.

Our fiscal year ends on December 31.

## ITEM 22

### CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit 3 - Franchise Agreement, including the following agreements

- Guaranty (as Exhibit C)
- Authorization for Prearranged Payments (as Exhibit D)
- Non-Disclosure and Non-Compete Agreement for Employees (as Exhibit E)
- Telephone Number Assignment and Power of Attorney (as Exhibit F)
- ADA Certification (as Exhibit G)
- Franchisee Disclosure Acknowledgment Statement (as Exhibit I)

**EXHIBIT 1**  
**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

<p><b>CALIFORNIA</b></p> <p>Department of Business Oversight  320 West 4th Street, Suite 750  Los Angeles, CA 90013  (213) 576-7500 Toll Free (866) 275 2677</p> <p>1515 K Street, Suite 200  Sacramento, CA 95814  (916) 445-7205</p> <p>1350 Front Street  San Diego CA 92101  (619)525-4233</p> <p>One Sansome Street, Suite 600  San Francisco CA 94105  (415) 972-8559</p> <p>Agent  California Commissioner of Business Oversight</p>	<p><b>CONNECTICUT</b></p> <p>State of Connecticut  Department of Banking  Securities &amp; Business Investments Division  260 Constitution Plaza  Hartford CT 06103 1800  (860) 240-8230</p> <p>Agent  Banking Commissioner</p>
<p><b>HAWAII</b></p> <p>Commissioner of Securities  Department of Commerce and Consumer Affairs  335 Merchant Street  Honolulu, Hawaii 96813  (808) 586 2744</p> <p>Agent  Commissioner of Securities of the Department  of Commerce and Consumer Affairs</p>	<p><b>ILLINOIS</b></p> <p>Franchise Division  Office of Attorney General  500 South Second Street  Springfield, Illinois 62706  (217) 782 4465</p> <p>Agent  Illinois Attorney General</p>
<p><b>INDIANA</b></p> <p>Franchise Section  1 Indiana Securities Division  Room E-111  302 West Washington Street  Indianapolis, Indiana 46204  (317) 232 6681</p> <p>Agent  Indiana Secretary of State</p>	<p><b>MARYLAND</b></p> <p>Office of the Attorney General  Securities Division  200 St Paul Place  Baltimore, Maryland 21202-2020  (410) 576-6360</p> <p>Agent</p>

Indiana Securities Division 201 State House 200 West Washington Street Indianapolis IN 46204 (317) 232-6531	Maryland Securities Commissioner
<b>MICHIGAN</b>  Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177  Agent Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909	<b>MINNESOTA</b>  Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul Minnesota 55101-2198 (651)296-6328  Agent Minnesota Commissioner of Commerce
<b>NEBRASKA</b>  Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln Nebraska 68509-5006	<b>NORTH CAROLINA</b>  Department of the Secretary of State P.O. Box 29622 Raleigh NC 27626-0622
<b>NEW YORK</b>  Bureau of Investor Protection and Securities New York State Department of Law 23rd Floor 120 Broadway New York New York 10271 (212)416-8211  Agent New York Secretary of State 162 Washington Street Albany New York 12231 (518) 474-4750	<b>NORTH DAKOTA</b>  Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck North Dakota 58505 (701)328 2910  Agent North Dakota Securities Commissioner
<b>OREGON</b>  Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem Oregon 97310	<b>RHODE ISLAND</b>  Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue, Bldg. 69-2 Cranston, Rhode Island 02920

<p>(503) 378-4387</p> <p>Agent Director of Oregon Department of Insurance and Finance</p>	<p>(401) 462-9527</p> <p>Agent Director of Rhode Island Department of Business Regulation</p>
<p><b>SOUTH DAKOTA</b></p> <p>Division of Securities c/o 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013</p> <p>Agent Director of South Dakota Division Securities</p>	<p><b>TEXAS</b></p> <p>Secretary of State P O Box 12887 Austin, Texas 78711</p>
<p><b>VIRGINIA</b></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804)371-9051</p> <p>Agent Clerk of the State Corporation Commission Agent</p>	<p><b>WASHINGTON</b></p> <p>Director Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760</p> <p>Securities Administrator, Director of Department of Financial Institutions General Admin Bldg 3rd Floor 210-11th Avenue, SW Olympia, Washington 98504</p>
<p><b>WISCONSIN</b></p> <p>Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, Wisconsin 53703 (608) 266 3431</p> <p>Agent Wisconsin Commissioner of Securities</p>	

**EXHIBIT 2**  
**STATE SPECIFIC ADDENDUM**

**ADDENDUM TO THE TIGER SUGAR FRANCHISE USA INC. FRANCHISE  
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS**

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced operating Franchisee's first Tiger Sugar Shop. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Item 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE  
RESOLUTION**

The following subsection of Item 17 will apply to Illinois franchises:

V. Choice of forum	FA: Section 27.4	FA: Litigation will be in Illinois
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## **EXHIBIT 2**

### **STATE SPECIFIC ADDENDUM**

#### **ADDENDUM TO THE TIGER SUGAR FRANCHISE USA INC.**

#### **FRANCHISE DISCLOSURE DOCUMENT**

#### **REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et seq. (2010 Repl. Vol. and Supp. 2013), the Franchise Disclosure Document of **TIGER SUGAR FRANCHISE USA INC.** for use in the State of Maryland shall be amended as follows:

1. Item 5 – INITIAL FRANCHISE FEE

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Items 17(c) and 17(m), for each chart, under the headings, "Requirements for Franchisee to Renew or Extend" and "Conditions for Franchisor Approval of Transfer," shall be supplemented by adding the following language at the end of each Item:

However, a general release required as a condition of approval will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17.v., for each chart, under the heading "Choice of Forum", shall be supplemented by adding the following language:

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Items 17(w), for each chart, under the heading entitled "Choice of Law," shall be supplemented by adding the following language:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. No Statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE FRANCHISE DISCLOSURE  
DOCUMENT OF TIGER SUGAR FRANCHISE USA, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required. Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provision of this Addendum only applies if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**I received the foregoing.**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Individually and as an officer, partner or member of  
the following business entity:

\_\_\_\_\_, a

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

## STATE OF NEW YORK

### ADDENDUM TO THE TIGER SUGAR FRANCHISE USA INC DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York

and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:  
You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
TIGER SUGAR FRANCHISE USA, INC.  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

ITEM 17.h of the Disclosure Document is amended to add the following:

It is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him or her by any provision contained in the franchise.

ITEM 17.t. of the Disclosure Document is amended to add the following:

No Statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**EXHIBIT 3**  
**FRANCHISE AGREEMENT**



## **TIGER SUGAR FRANCHISE USA INC. FRANCHISE AGREEMENT**

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FRANCHISEE

---

APPROVED LOCATION

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EFFECTIVE DATE OF AGREEMENT

**TIGER SUGAR FRANCHISE AGREEMENT  
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## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into on \_\_\_\_\_ (the "**Effective Date**"), by and between

- Tiger Sugar Franchise USA Inc, a New York corporation, whose principal place of business is 4010 Main St #A Flushing, NY 11354 ("**Franchisor**"), and
- \_\_\_\_\_, an \_\_\_\_\_ Corporation whose principal place of business is \_\_\_\_\_ ("**Franchisee**").

## BACKGROUND

A. Franchisor is a licensee of Tiger Sugar International Co., Ltd., an International Company incorporated in Samoa ("**Licensor**"). **Licensor** has granted to Franchisor the right to operate, and sublicense to franchisees, the Tiger Sugar business format and system (the "**System**") relating to the establishment and operation of stores, which operate at retail locations that display the System interior and exterior trade dress and feature and operate under the Proprietary Marks (as defined below) (each a "**Tiger Sugar Store**"). Tiger Sugar Stores offer tea, coffee and juice, along with related products and services, and operate using System proprietary recipes, formulae and techniques ("**Proprietary Products**"), as well as other non-proprietary food, beverage, and other compatible items designated from time to time (collectively, "**Products**").

B. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings, recipes, standards and specifications for products, equipment, materials, and supplies, uniform standards, specifications, and procedures for operations, purchasing and sourcing procedures, procedures for inventory and management control, training and assistance, and marketing and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, including applications and/or registrations therefor, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Tiger Sugar" and other marks (the "**Proprietary Marks**"). The rights to the Proprietary Marks are owned by **Licensor** and have been licensed to Franchisor so that Franchisor may sublicense them to its franchisees.

D. Franchisee desires to enter into the business of operating a Tiger Sugar Store under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith.

E. Franchisee acknowledges that it has read this Agreement and the Franchisor's Franchise Disclosure Document and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the Licensor's and Franchisor's high standards of quality and service and the uniformity of those standards at all Tiger Sugar Stores in order to protect and preserve the goodwill of the Proprietary Marks.

F. Franchisee has applied for a franchise to own and operate a Tiger Sugar Store at the location identified in Exhibit A, and such application has been approved by the Franchisor in reliance upon all of the representations made herein.

NOW, THEREFORE, the parties agree as follows:

## 1. GRANT

1.1 **Grant and Acceptance.** Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, upon the terms and conditions set forth in this Agreement to (a) establish and operate a Tiger Sugar Store (the "**Franchised Store**"), (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Licensor and/or Franchisor, and (c) operate the Franchised Store only at the Approved Location (as defined in Section 1.2 below) in accordance with this Agreement.

1.2 **Site Selection Area.** Franchisee shall locate and secure, through lease or purchase, subject to Franchisor's approval, the Approved Location (as defined below) for the Franchised Store within the area described in Exhibit A (the "**Site Selection Area**"). Franchisee shall be limited to locating and securing a site for the Franchised Store within this Site Selection Area. Franchisee agrees and acknowledges that the Site Selection Area is solely for the purpose of locating a site, and shall in no way be considered an exclusive or protected area for the Franchised Store. In the case that another franchisee of Franchisor has been granted franchise rights to operate a Tiger Sugar Store within the Site Selection Area, Franchisee's Approved Location must not encroach upon such franchisee's specified territory.

1.3 **Approved Location.** Franchisee shall develop and operate the Franchised Store only at the site specified in Exhibit A to this Agreement as the "**Approved Location**." The Approved Location shall be described in Exhibit A subsequent to the execution of this Agreement, upon Franchisor's approval of the location and execution of the related lease or purchase agreement. Franchisee shall not relocate the Franchised Store without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 8.25 below.

1.4 **Limit on Sales.** Franchisee's rights hereunder shall be limited to offering and selling Products at the Franchised Store, and only to retail customers of the Franchised Store for (a) customer consumption on the Premises of the Franchised Store at the Approved Location (the "**Premises**"), (b) customer carry-out consumption of Products sold at the Franchised Store, and (c) off-Premises catering activities, provided that all such activities shall be conducted only in accordance with the requirements of this Agreement and the procedures set forth in the Manuals (as defined in Section 10 below) and all applicable laws. Franchisee expressly acknowledges that it may engage in off-Premises catering activities in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish. Franchisee shall not, without the prior written approval of Franchisor, engage in any other type of sale of, or offer to sell, or distribution of Products, including, but not limited to, selling, distributing or otherwise providing, any Products to third parties at wholesale, or for resale or distribution by any third party, and selling, distributing or otherwise providing any Products through catalogs, mail order, toll free numbers for delivery, or electronic means (e g, the Internet).

**1.5 Territory and Reserved Rights.** Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, nor license any other person to establish or operate, a Tiger Sugar Store at any location within the territory specified in Exhibit A (the "Territory"). Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

1.5.1 To own, acquire, establish, and/or operate and license others to establish and operate, Tiger Sugar Stores under the System at any location outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Store,

1.5.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar to or different from the Franchised Store, at any location within or outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Store,

1.5.3 To own, acquire, establish, and/or operate and license others to establish and operate, Tiger Sugar Stores under the Proprietary Marks at Non-Traditional Sites (as defined below) at any location within or outside the Territory. As used in this Agreement, "Non-Traditional Sites" shall mean outlets that serve primarily the customers located within a facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, in-door shopping centers, office buildings, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts,

1.5.4 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing Franchisor's Proprietary Marks, provided that distribution within the Territory shall not be from a Tiger Sugar Store established under the System that is operated from within the Territory,

1.5.5 To (i) acquire one or more retail businesses that are the same as, or similar to, Tiger Sugar Stores then operating under the System (each an "Acquired Business"), which may be at any location within or outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Store, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Tiger Sugar Store under the System, subject to the following conditions that apply to each Acquired Business located within the Territory

1.5.5.1 Except as provided in Section 1.5.5.2 below, and provided that Franchisee is in compliance with this Agreement and any other agreement with Franchisor, Franchisor shall offer to Franchisee the option to purchase and operate, as a Tiger Sugar Store, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. Franchisor shall provide Franchisee with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Franchisee's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Franchisee shall include,

without limitation, the following: (a) the purchase price will be based on Franchisor's purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below in Section 1.5.5.2), then Franchisee's purchase price for such Acquired Business shall be determined using a ratio equal to the sales during the prior year of such Acquired Business as compared to the total sales in such prior year of all Acquired Businesses purchased by Franchisor in the same transaction, and (b) the requirement that Franchisee enter into Franchisor's then-current form of System franchise agreement for the Acquired Business. If Franchisee does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall have the right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Business under any trade name, service mark, or trademarks including the Proprietary Marks.

1.5.5.2 If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "Acquired System"), Franchisee shall have no right to purchase, and Franchisor shall not be obligated to offer Franchisee any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. Franchisor may license such unit to be operated under any trade name or trademarks including the Proprietary Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Territory.

1.6 **No Territory Established.** If there is no Territory established in Exhibit A, Franchisee expressly acknowledges and agrees that Franchisor may own, acquire, establish, and/or operate and license others to establish and operate, Tiger Sugar Stores under the System at any location, and exercise all of the rights reserved to it in Section 1.5 at any location, notwithstanding the proximity to or the actual or threatened impact on sales of the Franchised Store.

## **2. TERM AND RENEWAL**

2.1 **Initial Term.** This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, this Agreement shall expire five (5) years from the Effective Date.

2.2 **Renewal** Franchisee may apply to operate the Franchised Store for one (1) additional term of five (5) years, if the following conditions are met prior to renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the term of this Agreement,

2.2.2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System, or the lessor of the Premises,

2.2.3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates, the approved suppliers of the System, or the lessor of the Premises, and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof,

2.2.4 Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees,

2.2.5 Franchisee shall execute the then-current form of franchise agreement offered by Franchisor, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, requirements to pay additional and/or higher fees such as royalties and advertising contributions,

2.2.6 Franchisee shall comply with the then-current qualification and training requirements of Franchisor,

2.2.7 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Premises as Franchisor may reasonably require, including installation of new equipment and renovation of signs, furnishings, fixtures, and decor to reflect the then-current standards and image of the System,

2.2.8 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises (or such other location acceptable to Franchisor) for the duration of the renewal term,

2.2.9 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, if requested by Franchisor, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources and means to continue to operate the Franchised Store during the renewal term,

2.2.10 Franchisee shall remit to Franchisor as a renewal fee an amount equal to fifty percent (50%) of the Franchised Store's average monthly gross revenues during the period from twenty fifth (25<sup>th</sup>) complete month through the forty eighth (48<sup>th</sup>) complete month of the Term.

### **3. DUTIES OF FRANCHISOR**

3.1 **Franchisor's Plans.** Franchisor shall make available to Franchisee, design plans and specifications for the construction of a Tiger Sugar Store and for the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. Franchisee acknowledges that such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Tiger Sugar Store, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee understands and acknowledges that Franchisor has the right to modify the prototype design plans and specifications, and develop additional prototype design plans and specifications, as Franchisor deems appropriate from time to time (however Franchisor will not modify the prototype plans and specifications for the Franchised Store developed pursuant to this Agreement once those prototype architectural plans and specifications have been given to Franchisee). Franchisee shall adapt the standard plans to the Franchised Store's location, as provided in Section 5.3 hereof, subject to Franchisor's approval.

3.2 **Initial Training.** Franchisor shall provide its initial training for operators and managers ("Initial Training"), as described in Section 6 of this Agreement, for up to three (3) trainees (unless this Agreement is for the fourth or subsequent Tiger Sugar Store being developed pursuant to an Area Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee), in which event the terms set forth in Section 6.1.3 below shall apply with respect to the pre-opening training of

Franchisee, the Designated Principal and any General Manager). Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate.

3.3 **Opening Training.** Franchisor shall make available to Franchisee at Franchisor's expense and at Franchisee's Premises any assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of the Franchised Store. Such assistance will include providing Franchisees with the services of one (1) or more representative of Franchisor for supervisory assistance and guidance in connection with the opening and initial operations of the Franchised Store. Franchisee acknowledges that Franchisor shall not be responsible for offering guidance with respect to compliance with any laws, ordinances or other legal matters. Prior to the arrival of Franchisor's representative(s), Franchisee shall have substantially completed all training of Franchisee's initial staff of employees for the Franchised Store, as shall be necessary for Franchisee to comply with its staffing obligations under Section 8.4 below. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Store, and should Franchisor deem it necessary and appropriate to comply with the request, Franchisee shall pay Franchisor's per diem charges and Franchisor's out of pocket expenses in providing such additional assistance as set forth from time to time in the Manuals. For the purposes of this Section 3.3, Franchisor shall have the right to determine the time or times at which such representatives shall be made available to Franchisee.

3.4 **Loan of Manuals.** Franchisor shall provide Franchisee, on loan, copies of Franchisor's confidential operations manuals and other manuals, instructional materials, and written policies and correspondence (collectively, the "**Manuals**"), as more fully described in Section 10 hereof.

3.5 **Advertising Programs and Materials.** Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 13 below. Franchisor shall administer the System or Cooperative Ad Funds, if such funds exist or are created, in the manner set forth in Section 13 below.

3.6 **Grand Opening Advertising.** Franchisor shall assist Franchisee in developing and conducting the Grand Opening Advertising Program (as described in Section 13.5 below), which program shall be conducted at Franchisee's expense.

3.7 **Guidance.** Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Store as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.8 **Inspections.** Franchisor shall conduct, as it deems advisable, inspections of the operation of the Franchised Store by Franchisee.

3.9 **List of Suppliers.** Franchisor shall, in the Manuals (or otherwise in writing as determined by Franchisor), provide Franchisee with a list of suppliers designated and/or approved by Franchisor to supply Products, equipment, signage, materials and services to franchisees in the System.

3.10 **Delegation.** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct, including a company that Franchisor may designate as its

representative for the geographic region where Franchisee locates its Tiger Sugar Store (hereafter, the "**Area Representative**").

3.11 **Fulfillment of Obligations.** In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates or designees) shall have the right (i) to take into account, as it sees fit, the effect on, and the interests of, other franchised businesses and systems in which Franchisor (or its affiliates) has an interest and Franchisor's (and its affiliates') own activities, (ii) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates, (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor (or its affiliates) has an interest, and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as it sees fit. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3.11, and that nothing in this Section 3.11 shall in any way affect Franchisee's obligations under this Agreement.

#### **4. FEES**

4.1 **Initial License Fee.** In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an initial franchise fee of Eighty-Five Thousand Dollars (\$85,000) (the "**Franchise Fee**"), which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable as set forth in Section 4.2 below. If Franchisee does not obtain a lease or sublease for the Franchised Store within three (3) months of the Effective Date (pursuant to Section 5.1), or if the Store is not open and operating the earlier of six (6) months following the Effective Date or four (4) months after the Approved Location is identified and secured (pursuant to Section 5.4), Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee. The Franchise Fee shall be paid in full upon the execution of this Agreement.

4.2 **Refundability.** Payment of the Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

4.3 **Initial Training and Support Fee.** When Franchisee signs the Franchise Agreement, Franchisee must pay Franchisor an Initial Training and Support Fee of Fifteen Thousand Dollars (\$15,000) (the "**Training Fee**"). The only circumstance in which Franchisor would refund the Training Fee is if Franchisor or the Area Representative determines, during the Initial Training, that Franchisee's Designated Principal is not suitable to oversee operation of the Franchised Store. In that circumstance Franchisor will refund that fee and cancel this Agreement, in exchange for Franchisee providing a full release of claims.

4.4 **Design Fee.** When Franchisee signs the Franchise Agreement, Franchisee must pay Franchisor a fee of \$6,000, and in exchange Franchisor's designated design professional will convert our prototype store design plans into a customized design plan for the Franchised Store (the "**Design Fee**"). This fee does not cover the cost of hiring a locally licensed architect or design professional, if such a person must certify Franchisee's plans for construction purposes, nor does it cover governmental filing fees or charges to construct or develop the Franchised Store. Franchisor will refund this fee only if Franchisee does not obtain a lease or sublease for the Franchised Store within three (3) months of the Effective Date and Franchisor opts to terminate this Agreement on that basis.



**4.5 Royalty Fee** In consideration of this franchise granted hereby, the services to be provided by Franchisor hereunder, the right to prepare and sell the Products to the general public, and for the use of the Proprietary Marks, Franchisee shall pay to Franchisor, each Week during the term of this Agreement, in addition to the Franchise Fee set forth herein, a Royalty Fee equal to seven percent (7%) of Net Sales generated by, from, or through the Franchised Store ("**Royalty Fee**") and report to Franchisor, in the manner specified by Franchisor, its Net Sales (a "**Sales Report**"). As used in this Agreement, the following terms shall apply:

**4.5.1** The term "**Week**" means the period starting with the commencement of business on Monday and concluding at the close of business on the following Sunday (or, if the Franchised Store is not open on a particular Sunday in accordance with this Agreement or the Manuals, the immediately preceding business day), however, Franchisor shall have the right to designate in writing any other period of not less than seven days to constitute a "Week" under this Agreement.

**4.5.2** The term "**Net Sales**" means all revenue from the sale of all Products and all other income of every kind and nature related to, derived from, or originating from the Franchised Store, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit, provided, however, that "Net Sales" excludes any customer refunds, and/or sales taxes collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities.

**4.6 Advertising Contributions.** Franchisee shall make Weekly advertising contributions for marketing and promotion as Franchisor may direct pursuant to Section 13.1 based on the Net Sales of the Franchised Store.

**4.7 When Payments Due.** All payments required by Sections 4.5 and 4.6 above based on the Net Sales for the preceding Week, and the Sales Report required by Section 4.5 for the Net Sales for the preceding Week, shall be paid and submitted so as to be received by Franchisor by the third (3rd) business day after the close of each Week. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Section 12.2 below, at the time and in the format reasonably requested by Franchisor. Franchisee shall establish an arrangement for electronic funds transfer or deposit of any and all payments required to be made by Franchisee to Franchisor (or an affiliate of Franchisor) in connection with the Franchised Business or under this Agreement or related agreement. Franchisee shall execute Franchisor's current form of "Authorization Agreement for Prearranged Payments," a copy of which is attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Manuals. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of the Royalty Fee and advertising contributions shall be absolute, unconditional, fully earned, and due upon Franchisee's generation and receipt of Net Sales. Franchisee further expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of all other amounts owed Franchisor (or an affiliate of Franchisor) in connection with the Franchised Business or provided for in this Agreement or related agreement shall be absolute, unconditional, fully earned, and due immediately upon demand. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the Advertising Fund, the Cooperative Ad Fund or others. Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including, without limitation, Royalty Fees or advertising contributions,

nor withhold or delay submission of any reports due hereunder including, but not limited, to Sales Reports. Franchisee further agrees that it shall, at all times throughout the term of this Agreement, maintain a minimum balance of Two Thousand Five Hundred Dollars (\$2,500.00) in Franchisee's bank account against which such electronic funds transfers shall be drawn for the Franchised Store operated under this Agreement.

**4.8 Security Deposit.** Franchisee shall deposit Two Thousand Five Hundred Dollars (\$2,500.00) with Franchisor as a "**Security Deposit.**" The Security Deposit shall be paid in full upon the execution of this Agreement and shall be held by Franchisor as security for the faithful performance by Franchisee of all obligations under this Agreement. The Security Deposit shall not be considered an advance payment of any amounts owed to Franchisor or a measure of Franchisor's damages in case of default by Franchisee. Franchisee shall not be entitled to receive any interest on the Security Deposit, and Franchisor may commingle the same with other monies of Franchisor. If Franchisor shall ever use the Security Deposit to pay any sums due hereunder, Franchisee shall immediately deposit with Franchisor an additional security deposit equal to the amount so used. Franchisee shall not assign or encumber the Security Deposit in any manner, and Franchisor shall not be bound by any such assignment or encumbrance. If Franchisee shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Agreement, then the Security Deposit shall be returned to Franchisee within thirty (30) days after (i) the expiration of this Agreement and (ii) the payment of all sums due to Franchisor.

**4.9 Designated Accountants and Fees.** If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management of the Franchised Store. Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such reasonable amount as the service provider or Franchisor may periodically designate.

**4.10 Transfer Fee.** If Franchisee or any of its Principals engage in a transaction that would (a) have the effect of changing control of Franchisee, (b) result in the assignment of the rights and obligations of Franchisee under this Agreement, or (c) transfer the ownership interest in all or substantially all of the assets of the Franchised Store, then Franchisee must pay the transfer fee specified in Section 15.3.10.

**4.11 Renewal Fee.** If Franchisee opts to enter into a successor franchise agreement with Franchisor, then Franchisee must pay the renewal fee calculated as stated in Section 2.2.10 of this Agreement.

**4.12 Additional Payments.** Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor, which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

**4.13 Overdue Payments and Reports.** Any payment, contribution, statement, or report due Franchisor (or an affiliate of Franchisor) under this Agreement or in connection with the Franchised Business not actually received on or before such due date shall be overdue. If any contribution or payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount (i) a late payment fee in an amount equal to five percent (5%) of the overdue amount, and (ii) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

4.14 **No Waiver.** Acceptance by Franchisor of the payment of any Royalty Fee, or any and all other payments provided for in this Agreement, shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or nonrenewal of this Agreement. Acceptance of any payment on account of the Royalty Fee or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights hereunder.

4.15 **No Subordination.** Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalties and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

## **5. SITE SELECTION. CONSTRUCTION AND OPENING OF BUSINESS**

5.1 **Identifying and Securing Sites.** Franchisee shall, within three (3) months of the Effective Date, be solely responsible for identifying, submitting for Franchisor's approval, and securing a site (through lease or purchase) for the Franchised Store. The following terms and conditions shall apply to Franchised Store:

5.1.1 Franchisee shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include (i) a site approval form prescribed by Franchisor, (ii) a trade area and site marketing research analysis (prepared by a company approved in advance by Franchisor), (iii) an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Franchisee's favorable prospects for obtaining such site, (iv) photographs of the site, (v) demographic statistics, and (vi) such other information or materials as Franchisor may reasonably require (collectively, the "**SAP**"). Franchisor shall have twenty (21) days after receipt of the SAP from Franchisee to approve or disapprove, in its sole discretion, the proposed site for the Franchised Store. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said twenty one (21) days, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

5.1.2 Following Franchisor's approval of a proposed site, Franchisee shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 5.2 below, or a binding purchase agreement, and shall do so within sixty (60) business days of approval of the site by Franchisor. Franchisee shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement.

5.1.3 Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Store or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and Premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor, could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria.

**5.2 Lease Terms.** For the Franchised Store to be developed hereunder, if Franchisee will occupy the Premises from which the Franchised Store will be operated under a lease or sublease, Franchisee shall, prior to execution of such lease, submit the lease to Franchisor for its review and approval, provided, however, if pre-submission to Franchisor is not possible, then Franchisee may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation, the terms and conditions set forth by Franchisor in the Manuals or otherwise in writing from time to time, a current list of which is included in Exhibit H to this Agreement.

**5.3 Preparing a Location.** Before commencing any construction of the Franchised Store, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.3.1 Franchisee shall employ a qualified, licensed architect or engineer who has been approved or designated (as described below) by Franchisor to prepare, subject to Franchisor's approval, preliminary plans and specifications for site improvement and/or construction of the Franchised Store based upon prototype plans and/or specifications furnished by Franchisor, as described in Section 3.1 above. Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services to supply such services to the System. If Franchisor designates a design firm and/or architecture firm prior to the time Franchisee commences to develop the Franchised Store, Franchisee shall employ such designated supplier(s) to prepare all designs and plans for the Franchised Store, unless Franchisee obtains Franchisor's prior written approval to use an alternative professional. If Franchisor has not designated a design firm or architecture firm, Franchisee shall be responsible for locating and employing a qualified design consultant and architect who is/are licensed in the jurisdiction in which the Franchised Store will be located, and who is reputable and experienced in providing design and architecture services. Franchisee shall be solely responsible for payments for all design and architecture services. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor, firm, supplier, professional or consultant retained by Franchisee, whether or not designated by Franchisor.

5.3.2 Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Store. In the event Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

5.3.3 Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances, or regulations or that may be necessary or advisable owing to any restrictive covenants relating to the Approved Location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's design standards for Tiger Sugar Stores, including such items as trade dress, presentation of Proprietary Marks, and the providing to the potential customer of certain products and services that are central to the functioning of Tiger Sugar Stores. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written

permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Franchised Store until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction. Prior to opening the Franchised Store and prior to renovating the Franchised Store after its initial opening, Franchisee shall execute an ADA Certification in the form attached to this Agreement as Exhibit G that certifies in writing to Franchisor that the Franchised Store and any proposed renovations comply with the ADA.

5.3.4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Store and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

5.3.5 Franchisee shall employ a qualified licensed general contractor who has been approved or designated by Franchisor to construct the Franchised Store and to complete all improvements, which general contractor may be Franchisor or an affiliate of Franchisor. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Section 14 below. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor retained by Franchisee.

5.3.6 Throughout the construction process, Franchisee shall comply with Franchisor's requirements and procedures for periodic inspections of the Premises, and shall fully cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request.

5.3.7 Franchisee agrees to use in the construction and operation of the Franchised Store only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that the Franchisor has approved for the Franchised Store as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the Premises of the Franchised Store only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by the Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by the Franchisor (which may include the Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by the Franchisor, and/or any such item from any supplier which is not then approved by the Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

5.4 **Opening Date.** Unless delayed by the occurrence of events constituting "force majeure" as defined in Section 5.5 below, Franchisee shall construct, furnish, and open the Franchised Store in accordance with this Agreement the earlier of six (6) months following the Effective Date or four (4) months after the Approved Location is identified and secured through lease or purchase. Time is of the essence. Franchisee shall provide Franchisor with (a) written notice of its specific intended opening date, and (b) request for Franchisor's approval to open on such date. Such notice and request shall be made no later than thirty (30) days prior to such intended opening date. Additionally, Franchisee shall comply with all other of Franchisor's pre-opening requirements, conditions and procedures (including, without

limitation, those regarding pre-opening scheduling, training, and communications) as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor, and shall obtain Franchisor's written approval as to the opening date prior to opening the Franchised Store.

5.5 **Force Majeure.** As used in this Agreement, "force majeure" means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Franchisee, provided, however, force majeure shall not include Franchisee's lack of adequate financing.

## 6. TRAINING

6.1 **Initial Training and Attendees.** Before opening the Franchised Store, Franchisee shall have satisfied all initial training obligations required by Franchisor, which are as follows:

6.1.1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal (defined in Section 8.3 below)) and, if applicable, the General Manager and up to one (1) additional persons as Franchisor may require, (not to exceed a total of three (3) persons), shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor at a location designated by Franchisor (unless this Agreement is for the fourth or subsequent Tiger Sugar Store being developed pursuant to an Area Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee), in which event the requirements set forth in Section 6.1.3 below shall apply with respect to the pre-opening training of Franchisee, the Designated Principal and any General Manager). The duration of the initial training will be approximately two (2) to three (3) weeks, depending on the function of the individual attending such training, and is subject to change. During the initial training, Franchisee shall receive instruction, training and education in the operation of the Franchised Store and indoctrination into the System. The duration and content of the initial training is subject to change in Franchisor's sole discretion. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the initial training program.

6.1.2 If Franchisee is other than an individual, Franchisor may require (in addition to the training of the Designated Principal and General Manager) that any or all owners of beneficial interests in Franchisee (each a "**Principal**") who are individuals and own at least a ten percent (10%) beneficial interest in Franchisee, attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Principals not involved in the day-to-day operations of the Franchised Store.

6.1.3 If this Agreement is for the fourth or subsequent Tiger Sugar Store being developed pursuant to an Area Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee), then Franchisee shall be responsible for conducting the initial training of its Designated Principal, its General Manager (if applicable), and any other managerial personnel, in accordance with the requirements and conditions as Franchisor may from time to time establish for such training. Franchisor's requirements for initial training by Franchisee shall be set forth in the Manuals or other written materials and shall include, but are not limited to, the requirement that all such training activities be conducted (a) by the Designated Principal(s) or personnel of Franchisee (or an affiliate of Franchisee) who have completed Franchisor's initial training program to the satisfaction of the Franchisor, and who remain acceptable to Franchisor to provide initial training, and (b) following the procedures and conditions established by Franchisor. If Franchisor determines that the training provided by Franchisee does not satisfy

Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Store.

6.1.4 Franchisee must satisfy all pre-opening training requirements under this Section 6.1 by no later than thirty (30) days prior to the scheduled opening of the Franchised Store.

**6.2 New or Replacement Designated Principal and General Managers.** In the event that Franchisee's Designated Principal or (if required pursuant to Section 8.3.2) General Manager ceases active employment in the Franchised Store, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly following cessation of employment of said individual. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for any such training conducted by Franchisor. In the alternative, with respect to training a replacement General Manager, Franchisee may train such replacement(s) in accordance with Section 6.3 below. The replacement Designated Principal and/or any required managers shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor.

**6.3 Training by Franchisee of Additional or Replacement General Managers.** Franchisee shall have the option of training any General Manager (following the training of the first General Manager by Franchisor) at the Franchised Store or other Tiger Sugar Stores operated by Franchisee or Its affiliates, provided that Franchisee is in compliance with all agreements between Franchisee and Franchisor and further provided that the training is conducted (a) by the Designated Principal or other personnel who has completed Franchisor's initial training program to the satisfaction of the Franchisor (and who remains acceptable to Franchisor to provide such training), and (b) in accordance with any requirements or standards as Franchisor may from time to time establish in writing for such training. In the event Franchisor conducts such training, Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for training.

**6.4 Refresher Training.** Franchisor may also require that Franchisee or its Designated Principal and General Manager attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time, provided that such training shall not exceed four (4) days per person each year, and attendance for up to three (3) days per person each year at conventions, if any, conducted for Franchisor's franchisees.

**6.5 Training Costs.** The cost of all training (instruction and required materials) shall be borne by Franchisor, except as provided in Section 6.7 below. All other expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

**6.6 Location of Training.** All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided at Franchisor's headquarters and/or such other locations as Franchisor may designate.

6.7 **Additional On-site Training.** If Franchisee requests that Franchisor provide additional on-site supervision or supplemental training or that any training programs offered or required by Franchisor be conducted for Franchisee at the Franchised Store, then Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket expenses, which shall be as set forth in the Manuals or otherwise in writing.

## 7. TECHNOLOGY

7.1 **Computer Systems and Required Software.** The following terms and conditions shall apply with respect to the Computer System and Required Software:

7.1.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among Tiger Sugar Stores, including without limitation (a) back office and point of sale systems, data. audio, video, and voice storage, retrieval, and transmission systems for use at Tiger Sugar Stores, between or among Tiger Sugar Stores, and between and among the Franchised Store and Franchisor and/or Franchisee, (b) Cash Register Systems, (c) physical, electronic, and other security systems, (d) printers and other peripheral devices, (e) archival back-up systems, and (f) internet access mode and speed (collectively, the "**Computer System**").

7.1.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install, (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install, (c) the tangible media upon which such Franchisee shall record data, and (d) the database file structure of Franchisee's Computer System.

7.1.3 Franchisee shall record all sales on computer-based point of sale systems approved by Franchisor or on such other types of cash registers as may be designated by Franchisor in the Manuals or otherwise in writing ("**Cash Register Systems**"), which shall be deemed part of the Franchisee's Computer System.

7.1.4 Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "**Computer Upgrades**").

7.1.5 Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor.

7.2 **Data.** Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Store, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Store, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Store's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that



Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

7.3 **Privacy.** Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall (a) comply with the requirements of applicable law, (b) immediately give Franchisor written notice of said conflict, and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law.

7.4 **Telecommunications.** Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

7.5 **Intranet.** Franchisor may establish a website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "**Intranet**"). Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Store. The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

7.6 **Websites.** As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

7.6.1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Products, Tiger Sugar Stores, the franchising of Tiger Sugar Stores, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue operation of the website.

7.6.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Store, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages, and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

7.6.3 Franchisee shall not establish a separate Website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 13 below.

7.6.4 Franchisor shall have the right to modify the provisions of this Section 7 relating to Websites as Franchisor shall solely determine is necessary or appropriate.

7.7 **Online Use of Marks.** Franchisee shall not, without the prior written approval of Franchisor, use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements, solicitations, marketing information, promotional information or any other information whatsoever regarding Tiger Sugar Stores by e-mail or any other "Electronic Media" without Franchisor's prior written consent and in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish. Electronic Media shall include, but not be limited to, blogs, microblogs, social networking sites (such as Facebook, LinkedIn and MySpace), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds.

7.8 **No Outsourcing without Prior Written Approval.** Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval therefor. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor.

7.9 **Changes to Technology.** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System, and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 7 were periodically revised by Franchisor for that purpose.

## **8. OTHER DUTIES OF FRANCHISEE**

8.1 **Details of Operation.** Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating, quality and service standards, to increase the demand for the Products sold by all operators, to protect Tiger Sugar Stores operating under the System, and to protect the reputation and goodwill of Franchisor.

8.2 **Compliance with the Agreement, including the Manuals.** Franchisee shall operate the Franchised Store in strict conformity with this Agreement and such standards and specifications as Franchisor may

from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from deviating from such standards, specifications, and procedures without the prior written consent of Franchisor.

**8.3 Management of Business & Designated Principal.** If Franchisee is other than an individual, prior to beginning training, Franchisee shall comply with the following:

8.3.1 Franchisee shall designate, subject to Franchisor's reasonable approval, one Principal who is both an individual person and owns at least a ten percent (10%) beneficial interest in Franchisee, and who shall be responsible for general oversight and management of the operations of the Franchised Store on behalf of Franchisee (the "**Designated Principal**"). In the event the person designated as the Designated Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Store, Franchisee shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

8.3.2 Franchisee shall designate either the Designated Principal or an experienced manager to assume the full-time responsibility for the daily supervision and operation of the Franchised Store (the "**General Manager**"). Franchisee shall inform Franchisor in writing whether Franchisee, the Designated Principal (if Franchisee is other than an individual), or a General Manager will assume this role. If, in Franchisor's sole determination, the Franchisee or the Designated Principal (if Franchisee is other than an individual) does not have the necessary food service experience to operate the Franchised Store in accordance with the standards and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, Franchisee must designate a General Manager, subject to Franchisor's reasonable approval, with such necessary food service experience to assume the full-time responsibility for the daily supervision and operation of the Franchised Store.

8.3.3 Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon either or both the Designated Principal or General Manager as having responsibility and decision making authority regarding the Franchised Store's operation and Franchisee's business.

**8.4 Staffing.** Franchisee agrees to maintain a competent, conscientious, staff (who are trained by Franchisee to Franchisor's standards and requirements) in numbers sufficient to promptly service customers and to take such steps as are necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, comply with such uniforms and/or dress code as Franchisor may prescribe, and meet such minimum standards as Franchisor may establish from time to time in the Manuals. In no way limiting the foregoing, Franchisee shall have on payroll at all times a minimum of two (2) managers and/or hourly employee trained in management activities, who has completed all training and certifications required by Franchisor. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Store, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees.

**8.5 Use of Premises.** Franchisee shall use the Premises solely for the operation of the Franchised Store, shall keep the Franchised Store open and in normal operation for such minimum hours and days as Franchisor may specify, shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor.

**8.6 Conformity to Standards.** To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Store in strict conformity with such methods, standards, and

specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Without limitation, Franchisee agrees as follows:

8.6.1 Franchisee shall purchase and install prior to the opening of the Franchised Store, and thereafter maintain, all fixtures, furnishings, equipment, decor, and signs, and maintain in sufficient supplies and materials, as Franchisor may prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating therefrom by the use of any unapproved item without the prior written consent of Franchisor.

8.6.2 Franchisee shall offer and sell only Products that Franchisor specifies from time to time, unless otherwise approved in writing by Franchisor, and Franchisee shall offer and sell all Products as Franchisor may specify from time to time as required offerings at the Franchised Store. Franchisee shall offer and sell the Products utilizing the ingredients and employing the preparation standards and techniques as specified by Franchisor. Franchisee is prohibited from offering or selling any products or services at or from the Franchised Store that have not previously been authorized by Franchisor, and shall discontinue selling and offering for sale any Products which Franchisor shall have disapproved, in writing, at any time. If Franchisee wishes to offer or sell any products or services that have not previously been authorized by Franchisor, Franchisee must first make a written request to Franchisor, requesting authorization to offer or sell such products or services in accordance with Section 8.7 below. Franchisor may deny such approval for any reason.

8.6.3 Franchisee shall permit Franchisor or its agents, at any reasonable time, to remove samples of Products, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications.

8.6.4 Franchisor may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Franchisor or affiliate-owned and/or franchised Tiger Sugar Stores. Franchisee agrees that the Franchised Store will participate in such mystery shopper program, as prescribed and required by Franchisor, provided that Franchisor-owned, affiliate-owned, and franchised Tiger Sugar Stores also participate in such program to the extent Franchisor has the right to require such participation. Franchisor shall have the right to require Franchisee to pay the then-current charges imposed by such evaluation service with respect to inspections of the Franchised Store, and Franchisee agrees that it shall promptly pay such charges, provided, however, that such charges shall not exceed One Thousand Five Hundred Dollars (\$1,500.00) during each year of this Agreement.

8.6.5 Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary Products, provided that such discounted or complimentary sales shall not be included in the Net Sales of the Franchised Store. Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

8.7 **Purchases and Approved Suppliers.** Franchisee shall purchase all equipment, fixtures, furnishings, signs, decor, supplies, services, and products (including the Products) required for the establishment and operation of the Franchised Store from Suppliers designated or approved in writing by Franchisor (as

used in this Section 8.7 the term "**Supplier**" shall include manufacturers, distributors and other forms of Suppliers). In determining whether it will approve any particular Supplier, Franchisor shall consider various factors, including but not limited to whether the Supplier (i) can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items, (ii) possesses adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, (iii) approval of who would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies, and (iv) has been approved in writing by Franchisor prior to any purchases by Franchisee from any such Supplier, and have not thereafter been disapproved. Franchisor reserves the right to designate, at any time and for any reason, a single Supplier for any equipment, supplies, services, or products (including any Products) and to require Franchisee to purchase exclusively from such designated Supplier, which exclusive designated supplier may be Franchisor, an affiliate of Franchisor, or the Area Representative. In the event Franchisor establishes itself, an affiliate or its Area Representative as a designated or exclusive Supplier of any piece of equipment, supply, service, or product (including any Product), Franchisee shall use the transportation or distribution supplier designated by Franchisor for the delivery of such Product, which transportation or distribution supplier may be Franchisor, an affiliate, or the Area Representative.

8.7.1 Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements for Proprietary Products from Franchisor or Franchisor's designee(s), as set forth in Section 8.8 below (through such distributor or distributors as Franchisor may designate). Franchisor shall have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time.

8.7.2 If Franchisee desires to purchase any Products (except for Proprietary Products) or other items, equipment, supplies, services from suppliers other than those previously designated or approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization to purchase such items. Franchisee shall not purchase from any Supplier until, and unless, such Supplier has been approved in writing by Franchisor. Franchisor may deny such approval for any reason, including its determination to limit the number of approved Suppliers. Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or Supplier's facilities, and that samples from the proposed Supplier, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continued approval of such Supplier. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor may also require that the Supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the Supplier on account of their dealings with Franchisee or other franchisees.

8.7.3 Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved Supplier and to revoke its approval upon the Supplier's failure to continue to meet any of Franchisor's then-current criteria. Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, Products and/or cease to purchase from any disapproved Supplier.

8.7.4 Nothing in the foregoing shall be construed to require Franchisor to approve any particular Supplier, nor to require Franchisor to make available to prospective Suppliers, standards for approval and/or specifications for formulas, which Franchisor shall have the right to deem confidential.

8.7.5 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known Suppliers who are willing to supply all or some Tiger Sugar Stores with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Tiger Sugar Stores. In this event, Franchisor may limit the number of approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all Products and other products and services, and/or refuse any of Franchisee's requests for approval if Franchisor believes that this action is in the best interest of the System or the franchised network of Tiger Sugar Stores. Franchisor shall have unlimited discretion to approve or disapprove of the Suppliers who may be permitted to sell Products to Franchisee.

8.7.6 Franchisor and its affiliates may receive payments or other compensation from Suppliers on account of such Suppliers' dealings with Franchisee and other franchisees, and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate.

8.7.7 Franchisee must at all times pay Franchisor (or an affiliate of Franchisor) and Suppliers for any and all items and Products it purchases in connection with the Franchised Business promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement. Franchisee shall pay Franchisor (or an affiliate of Franchisor) for any and all items and Products it purchases from Franchisor (or an affiliate of Franchisor) in connection with the Franchised Business as such debts and obligations to become due through electronic funds transfer in accordance with the obligations and procedures set forth in Section 4.5.

8.8 **Proprietary Products.** Franchisee acknowledges and agrees that the Proprietary Products offered and sold at Tiger Sugar Stores are manufactured in accordance with secret recipes, standards, and specifications of Licensor, and are Proprietary Products of Licensor and/or its affiliates. In order to maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Tiger Sugar Stores in the System. Franchisee agrees to purchase Proprietary Products only from Franchisor, its affiliates or its designee(s), who may be the Area Representative, and not to offer or sell any other Items not approved by Franchisor at or from the Franchised Store. In connection with the manufacturing, handling, storage, transport and delivery of any Proprietary Products purchased from Franchisor, its affiliates or designee(s), Franchisee acknowledges that any action or inaction by any third party (e g, a food manufacturer or an independent earner) in connection with the manufacturing, handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor constitute negligence of Franchisor. Franchisee acknowledges and agrees the Licensor, Franchisor, their affiliates and/or Area Representative may earn revenues on account of such sales of Proprietary Products to Franchisee. Franchisee must at all times promptly pay Franchisor, its affiliates and/or its designee(s) for all Proprietary Products It purchases as such obligations become due Failure to do so shall constitute a breach of this Agreement

8.9 **No Warranties.** Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from suppliers approved by Franchisor, FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR

IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.

8.10 **Inspections** Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time during normal business hours for the purpose of conducting inspections of the Premises and the operations of Franchisee. Franchisee shall cooperate with representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting other rights of Franchisor under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee the actual expenses of Franchisor in so acting, which shall be payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

8.11 **Trademarked Items.** Franchisee shall ensure that all advertising and promotional materials, signs, decorations, paper goods (including, without limitation, wrapping, packaging supplies, containers for Products, napkins, menus and all forms and stationery used in the Franchised Store), Products, and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor. Franchisee shall place and illuminate all interior and exterior signs and decor items in accordance with Franchisor's specifications.

8.12 **Menu and Pricing.** Franchisee shall sell or offer to sell those items only on the Tiger Sugar Store menu as approved by Franchisor. Such menu shall be subject to change from time to time as Franchisor may determine solely in its discretion. Franchisee must obtain Franchisor's written approval for any contemplated menu changes, including all additions to and/or deletions of items sold in the Franchised Store. Franchisee shall utilize the standard menu format as required by Franchisor. Such menu format shall be subject to change from time to time as Franchisor may determine solely in its discretion. Moreover, Franchisor may, in the exercise of its reasonable business judgment and to the extent permitted by applicable law, establish specific prices for menu items, or a range of acceptable prices, or minimum advertised pricing that, in any case, shall be adhered to by Franchisee and all other similarly situated Tiger Sugar Stores.

8.13 **Compliance.** Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registration.

8.14 **Uniforms.** Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

8.15 **Governmental Requirements.** Franchisor and Franchisee understand and agree that the operation of the Franchised Store, maintenance of its Premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental

statutes and regulations. To this end, the Franchisor and Franchisee agree that Franchisee owes an obligation to the patrons of the Franchised Store, Franchisor, and to itself, to fully and faithfully comply with all those applicable governing authorities, and all of the same are made a part of this Franchise Agreement as if fully set forth herein. It is further agreed that in the event any product dispensed at the Franchised Store evidences adulteration from the standards and specifications of Franchisor or is in violation of applicable law or regulations or in the event the food items, Premises, equipment, personnel or operation of the Franchised Store fail to be maintained in accordance with the governmental Requirements, Franchisee shall immediately close the Franchised Store, terminate selling operations, destroy all contaminated or adulterated products and eliminate the source thereof and remedy all unsanitary conditions present, reopening for business only after Franchisor's inspection and laboratory analysis from samples obtained for that purpose by Franchisor, evidence a compliance with the applicable governmental requirements and with the standards of Franchisor.

**8.16 Prohibited Product Fine.** In the event Franchisee sells any food, beverage, products, premiums, novelty items, clothing, souvenirs or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by Franchisee. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law. In no way limiting the indemnification obligations under Section 21.4, Franchisee shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees harmless against any and all causes of action, claims, penalties, fees, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from Licensor imposing penalties or fees onto Franchisor as a result of Franchisee's use, offer or sale of unauthorized or unapproved food, beverage, Products, premiums, novelty items, clothing, souvenirs or services.

**8.17 Participation in Promotions.** Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing. In no way limiting the foregoing, Franchisee agrees that if required by Franchisor:

8.17.1 Franchisee shall participate in all programs and services for frequent customers, senior citizens, children, and other categories, which may include providing discount or complimentary Products.

8.17.2 Franchisee shall sell or otherwise issue gift cards or certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Tiger Sugar Store. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fee or other contribution) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manuals or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Tiger Sugar Stores and for making timely payment to Franchisor, other operators of Tiger Sugar Stores, or a third-party service provider for Gift Cards issued from the Franchised Store that are honored by Franchisor or other Tiger Sugar Store operators.



**8.18 Health Standards.** Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Store under the Manuals and applicable health ordinances. Franchisee shall also comply with the requirements set forth in the Manuals for submitting to Franchisor a copy of a violation or citation relating to Franchisee's failure to maintain any health or safety standards in the operation of the Franchised Store.

**8.19 Maintenance of Premises.** Franchisee shall maintain the Franchised Store and the Premises in a clean, orderly condition and in excellent repair, and, in connection therewith, Franchisee shall, at Its expense, make such repairs and replacements thereto (but no others without prior written consent of Franchisor) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct.

**8.20 Ongoing Upgrades.** As set forth in Section 8.6.1, throughout the term of this Agreement, Franchisee shall maintain all fixtures, furnishings, equipment, decor, and signs as Franchisor may prescribe from time to time in the Manuals or otherwise in writing. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor.

**8.21 Five-Year Refurbishment and Renovations.** At the request of Franchisor, but not more often than once every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the Premises, at its expense, to conform to the Tiger Sugar Store design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Tiger Sugar Stores. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and shall be completed pursuant to such standards, specifications and deadlines as Franchisor may specify.

**8.22 Compliance with Lease.** Franchisee shall comply with all terms of its lease or sublease, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Store, shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor, and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises

**8.23 Obligations to Third Parties.** Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

**8.24 Notice of Legal Actions.** Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Store, (ii) may adversely affect the operation or financial condition of the Franchised Store, or (iii) may adversely affect Franchisee's financial condition.

**8.25 No Relocation.** Franchisee shall not relocate the Franchised Store from the Approved Location without the prior written approval of Franchisor. If Franchisee desires to relocate the Franchised Store, the following terms and conditions shall apply:

8.25.1 Franchisee shall submit such materials and information as Franchisor may request for the evaluation of the requested plan of relocation. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval for relocation (i) Franchisee not be in default under any provision of this Agreement, or any other agreement between Franchisee and Franchisor, (ii) the proposed substitute location meets Franchisor's then-current standards for Tiger Sugar Stores, (iii) the lease (if applicable) for the proposed substitute location must comply with Franchisor's then-current lease requirements for Tiger Sugar Stores (which may include the requirement that the lease contain certain terms and conditions, which may be different than, or in addition to, those terms Franchisor required as of the Effective Date with respect to the Approved Location), and Franchisee must obtain Franchisor's approval of the proposed lease, (iv) Franchisee must possess the financial resources to meet the costs associated with relocating, and (v) Franchisee enter into Franchisor's then current form of Franchise Agreement (which shall replace this Agreement), provided that Franchisee shall not be required to pay an initial Franchise Fee, and execute a general release in favor of Franchisor in the form prescribed by Franchisor.

8.25.2 Any relocation of the Franchised Store shall be at Franchisee's sole cost and expense.

8.25.3 Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any approved relocation.

8.25.4 If, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have forty five (45) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld.

8.25.5 Franchisee agrees that in the event of a relocation of the Franchised Store, Franchisee shall promptly remove from the first Franchised Store Premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Proprietary Marks or any distinctive features or designs associated with Tiger Sugar Stores. Furthermore, Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the first Franchised Store so clearly from its former appearance and from other Tiger Sugar Stores and to prevent any possibility of confusion therewith by the public (including, without limitation, removal of all distinctive physical and structural features identifying Tiger Sugar Stores and removal of all distinctive signs and emblems). Franchisee shall, at its expense, make such specific additional changes as the Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as the Franchisor deems appropriate, Franchisee agrees that the Franchisor or its designated agents may enter the Premises of the first Franchised Store and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to the Franchisor and consents to entry, at Franchisee's expense, of an ex-parte order by and court of competent jurisdiction authorizing the Franchisor or its agents to take such action, if the Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to the Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Franchised Store Premises is not promptly and completely undertaken, the Franchisor may then revoke its permission for relocation and declare a default under this Agreement.

**8.26 Franchisee Advisory Councils.** If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter "**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to franchised Tiger Sugar Stores, Franchisee may be required to become a member of the Advisory Council. In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing.

**8.27 Changes to the System.** Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System licensed to Franchisee by Franchisor presently identified by the Proprietary Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Tiger Sugar Stores. Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, programs, standards, policies and procedures, forms, trade dress, equipment and furnishings and new techniques and methodologies, and (as described in Section 9 below) additional or substitute trademarks, service marks and copyrighted materials. Changes to the System may further include, without limitation, abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination, and modifying or substituting entirely the building, Premises, equipment, furnishings, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operational attributes which Franchisee is required to observe hereunder. Franchisee shall, upon reasonable notice by Franchisor, accept, implement, use and display in the operation of the Franchised Store any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the System standards from store to store, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Tiger Sugar Store or the System. Franchisee shall have no recourse against Franchisor or Licensor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder. Except as provided herein, Franchisor nor Licensor shall be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or Licensor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

**8.28 Modifications Proposed by Franchisee.** Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to

implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the manner described by Franchisor.

8.29 **Non-Disparagement.** Franchisee shall not communicate or publish, directly or indirectly, any disparaging comments or information about Franchisor or Licensor during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media, as defined herein.

8.30 **Photo/Video Release.** Franchisee hereby authorizes Franchisor to use Franchisee's, Franchisee's owners', and Franchisee's guarantor's, likeness in a photograph in any and all of Franchisor's publications, including printed and digital publications and on websites and social media accounts. Franchisee agrees and understands that any photograph using Franchisee's likeness will become Franchisor's property and will not be returned. Franchisee irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph of Franchisee for any lawful purpose. Franchisee irrevocably waives any rights to royalties, or any other compensation related to Franchisor's use of any photograph of Franchisee. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

## **9. PROPRIETARY MARKS**

9.1 **Ownership.** Franchisor represents with respect to the Proprietary Marks that:

9.1.1 Licensor has licensed the Proprietary Marks to Franchisor so that Franchisor may sublicense them to its franchisees.

9.1.2 Franchisee acknowledges that Franchisor has not made any representation or warranty to the effect that the Proprietary Marks which have not been registered with appropriate authorities shall be registered or are able to be registered therein, and the failure to obtain registrations of any of the Proprietary Marks shall not be deemed to be a breach of the terms of this Agreement. Moreover, Franchisee shall cooperate with Franchisor and Licensor and their representatives, in the prosecution of any applications or registrations of any Proprietary Marks which have been filed with the appropriate authorities.

9.2 **License to Franchisee.** Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement in connection with the operation of the Franchised Store, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor.

9.3 **Terms of Franchisee's Usage.** With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

9.3.1 It shall use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor. Further, Franchisee shall not use any confusingly similar Trademarks in connection with its franchise or any other business in which it has an interest.

9.3.2 It shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved advertising for the business conducted at or from that location.

9.3.3 It shall operate and advertise the Franchised Store only under the name "Tiger Sugar" and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor.

9.3.4 It shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium. Franchisee may, as necessary to conduct the business of the Franchised Store and to obtain governmental licenses and permits for the Franchised Store, indicate that Franchisee shall be operating the Franchised Store under the trade name "Tiger Sugar," provided that Franchisee shall also clearly identify itself as the owner and operator of the Franchised Store.

9.3.5 It shall identify itself as the owner of the Franchised Store (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the Premises as Franchisor may designate in writing.

9.3.6 It shall not use the Proprietary Marks in such a way as to incur any obligation or indebtedness on behalf of Franchisor, and

9.3.7 It shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of the Proprietary Marks.

9.4 **Franchisee Acknowledgments.** Franchisee expressly understands and acknowledges that:

9.4.1 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's or Licensor's right to use and to license others to use, the Proprietary Marks.

9.4.2 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks.

9.4.3 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor and Licensor, and, upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Mark.

9.4.4 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others (a) to use the Proprietary Marks itself in connection with selling the Products, (b) to grant other licenses for the Proprietary Marks, and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee.

9.4.5 Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks shall be in accordance with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

9.4.6 Franchisor shall have the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at the sole discretion of Franchisor. If It becomes advisable at any time, in the discretion of Franchisor or Licensor, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. In such event and at Franchisor's direction. Franchisee shall adopt, use and display only such new or modified Proprietary Marks and shall promptly discontinue the use and display of outmoded or superseded Proprietary Marks, at Franchisee's expense. Franchisee waives any other claim arising from or relating to any Proprietary Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

9.4.7 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans, and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that he is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

9.4.8 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor and Licensor, Franchisee agrees to do business and advertise using only the Proprietary Marks designated by the Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to and shall not use the word "Tiger Sugar" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection.

9.4.9 In order to preserve the validity and integrity of the Proprietary Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and Its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations Franchisee shall cooperate with and assist Franchisor's representative in such inspections.

9.4.10 Franchisee shall be required to affix the ™ or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Tiger Sugar" or any other of the Proprietary Marks, whether presently existing or developed in the future.

9.4.11 Franchisee acknowledges that it does not have any right to deny the use of the Proprietary Marks to any other franchisees. In consideration therefore, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other franchisees to have full use of the Proprietary Marks.

9.4.12 If, during the term of this Agreement, there is a claim of prior use of any of the Proprietary Marks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use any of Franchisor's other Proprietary Marks in such a way and at Franchisor's discretion in order to avoid a continuing conflict.

9.4.13 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks. Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee, and

9.4.14 Franchisor and Licensor have no obligation to undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Proprietary Marks. Franchisor and Licensor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake with respect to any litigation concerning Franchisee that relates to any of the Proprietary Marks.

## **10. MANUALS**

10.1 **The Manuals and Furnishings to Franchisee.** In order to protect the reputation and goodwill of Franchisor, and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Store in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals, which Franchisee shall receive on loan from Franchisor, in a manner chosen by Franchisor, via electronic access, hard copy volumes, computer disks, videotapes, or otherwise, including such amendments thereto, as Franchisor may publish from time to time, upon completion by Franchisee of initial training. Franchisee expressly acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including without limitation, the use of the Internet.

10.2 **The Manuals are Proprietary and Confidential.** Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Store, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor.

10.3 **The Manuals Remain Franchisor's Property.** The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place on the Premises, and shall be returned to Franchisor, as set forth in Section 17.8 below, upon the termination or expiration of this Agreement.

**10.4 Revisions to the Manuals.** Franchisor may from time to time revise the contents of the Manuals to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the Proprietary Marks or to meet competition, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall insure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained at the home office of Franchisor shall be controlling.

**10.5 Part of Agreement.** From the date of the opening of the Franchised Store, the mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures.

## **11. CONFIDENTIAL INFORMATION**

**11.1 Agreement with respect to Confidentiality.** Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, the Products and/or the marketing, management or operations of the Franchised Store that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Store. Any and all information, knowledge, know-how, and techniques which Franchisee learns in connection with the System, the Products and/or the marketing, management or operations of the Franchised Store shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor, or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

**11.2 Individual Covenants of Confidentiality.** Franchisee shall require its manager(s) and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Store, and will seek to enforce such covenants to the extent reasonably possible to safeguard the confidentiality of information that Franchisor provides to Franchisee pursuant to this Agreement.

**11.3 Remedies for Breach.** Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

**11.4 Grantback.** Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Franchised Store. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques in all Tiger Sugar Stores operated by Franchisor or its affiliates, franchisees and designees. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or



entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

## **12. ACCOUNTING AND RECORDS**

**12.1 Books and Records.** With respect to the operation and financial condition of the Franchised Store, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain for a period of not less than seven (7) years during the term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to (i) daily transaction reports, (ii) cash receipts journal and general ledger, (iii) cash disbursements and weekly payroll journal and schedule, (iv) monthly bank statements, deposit slips and cancelled checks, (v) all tax returns, (vi) suppliers' invoices (paid and unpaid), (vii) dated daily and weekly transaction journal, (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements, and (ix) such other records as Franchisor may from time to time request.

**12.2 Franchisee's Reports to Franchisor.** In addition to the Sales Reports required pursuant to Section 4.3 above. Franchisee shall:

12.2.1 Prepare by the twentieth (20th) day of each calendar month a balance sheet, profit and loss statement, cash flow statement and an activity report for the last preceding calendar month, which shall be in the form prescribed by Franchisor. Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request.

12.2.2 Submit to Franchisor on April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis in accordance with U S generally accepted accounting principles ("**GAAP**"), including but not limited to all adjustments necessary for fair presentation of the financial statements. Franchisee shall certify such financial statements to be true and correct. Additionally, Franchisor reserves the right to require Franchisee to prepare (or cause to be prepared) and provide to Franchisor annual financial statements, (that includes a fiscal year-end balance sheet, an income statement of the Franchised Store for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), and to require that such statements be prepared on a review basis by an independent certified public accountant (who Franchisor may require to be retained in accordance with Section 4.7). Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP.

12.2.3 Franchisee shall maintain its books and records, and provide all statements and reports to Franchisor, using the standard statements, templates, categories, and chart of accounts that Franchisor provides to Franchisee.

12.2.4 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manuals or as Franchisor shall otherwise require in writing from time to time (including without limitation the requirement that Franchisee provide or make

available to Franchisor certain sales and financial information in electronic format and/or by electronic means).

**12.3 Inspection and Audit.** Franchisor and its agents shall have the right at all reasonable times to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any contributions or payments have been understated in any statement or report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any statement or report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

### **13. MARKETING AND PROMOTION**

**13.1 Franchisee's Advertising Obligations.** Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Franchisor agree as follows:

13.1.1 Franchisor reserves the right to require that Franchisee, during each Week (except for expenditures on local advertising and promotion, which shall be measured on an annual basis), spend and/or contribute on advertising and promotion amounts, which, in the aggregate, are equal to an amount up to two percent (2%) of Franchisee's Net Sales during the preceding Week to advertise and to promote the Franchised Store (together, the "**Advertising Obligation**"), provided, however, that the Advertising Obligations may exceed such amount under the circumstances set forth in Section 13.1.4 below. The Advertising Obligation shall be in the form of the following, and in such proportions as may be designated by Franchisor in writing from time to time (i) contributions paid to the Advertising Fund, pursuant to Section 13.2 below, (ii) contributions paid to any Cooperative Ad Fund, as may be established pursuant to Section 13.3 below, and/or (iii) expenditures by Franchisee on "local advertising and promotion" pursuant to Section 13.4.

13.1.2 As of the Effective Date and until Franchisee receives written notice from Franchisor of new allocations, the allocation of the Advertising Obligations shall be as follows one percent (1%) of Net Sales shall be contributed by Franchisee to the Advertising Fund and one percent (1%) of Net Sales shall be spent by Franchisee on local advertising and promotion, which amount will be used to satisfy the Cooperative Ad Fund, if and when one is instituted in Franchisee's trading area. The Cooperative Ad Fund contribution will not exceed two percent (2%) of Franchisee's Net Sales, unless the members of such Cooperative Ad Fund vote to exceed the maximum amount. Any contributions made by Franchisee to a Cooperative Ad Fund will be credited against Franchisee's local advertising expenditure requirement.

13.1.3 The Advertising Obligation is the minimum requirement only, and Franchisee may, and is encouraged to, expend additional funds for marketing and promotion. In addition to the Advertising Obligation, Franchisee shall undertake and complete the Grand Opening Advertising Program, as provided in Section 13.5 below.

13.1.4 Franchisee's aggregate Advertising Obligations may exceed two percent (2%) of Franchisee's Net Sales, if the members of a Cooperative Ad Fund, of which Franchisee is a member, approve (as described in Section 13.3.3 below) required contributions to the Cooperative Ad Fund that, when aggregated with Franchisee's other requirements under this Section 13, would cause Franchisee's Advertising Obligations to exceed two percent (2%) of Franchisee's Net Sales.

13.2 **Advertising Fund.** Franchisor shall have the right at any time, in its sole discretion to establish a fund for the marketing, advertising and promotion of the Tiger Sugar Stores (the "**Advertising Fund**"). During the existence of the Advertising Fund, Franchisee shall contribute to the Advertising Fund in the manner specified in Section 4.5 above, such amounts as Franchisor may specify in accordance with Section 13.1 above. The Advertising Fund shall be maintained and administered by Franchisor at a national level or, at Franchisor's option, Franchisee's contributions may be transferred to the Area Representative for your region to administer on a regional level. In either case, the Advertising Fund shall be administered by Franchisor or your Area Representative as follows:

13.2.1 Franchisor shall direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisor is not obligated, in administering the Advertising Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund.

13.2.2 The Advertising Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities including socially responsible activities, which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media marketing campaigns, direct mail advertising, marketing surveys and other public relations activities, employing advertising and/or public relations agencies to assist therein, sponsorship of organizations and events, purchasing promotional items, conducting and administering in-store promotions, and providing promotional and other marketing materials and services to the Tiger Sugar Stores operating under the System.

13.2.3 Franchisee shall contribute to the Advertising Fund by separate payment made payable (or as otherwise directed for payment) to Franchisor. All sums paid by Franchisee to the Advertising Fund shall be accounted for separately and shall not be used to defray any of the expenses of Franchisor, except for such reasonable costs, salaries and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Advertising Fund and marketing programs for operators and the System, including costs of personnel for creating and implementing marketing, advertising, and promotional programs. The Advertising Fund and any earnings from it shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the Advertising Fund.

13.2.4 Franchisor, upon request, shall provide Franchisee with an annual accounting of Advertising Fund receipts and disbursements.

13.2.5 Franchisor reserves the right, in its sole discretion, to discontinue the Advertising Fund upon written notice to Franchisee.

13.2.6 Franchisor may, but is not required to, make available to Franchisee from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the Advertising Fund. Franchisee acknowledges and agrees that it shall be reasonable for Franchisor to not provide any such materials to Franchisee during any period in which Franchisee is not in full compliance with its obligations to contribute to the Advertising Fund. Additionally, if monies of the Advertising Fund are used to produce point of sale materials, or other samples or other promotional materials and items, Franchisor may, on the behalf of the Advertising Fund, sell such items to franchisees in the System at a reasonable price, and any proceeds from the sale of such items or materials shall be contributed to the Advertising Fund.

13.3 **Cooperative Ad Fund**. Franchisor shall have the right to designate any geographical area for purposes of establishing a regional or local market advertising fund ("**Cooperative Ad Fund**"). If a Cooperative Ad Fund is established for the geographic area in which the Franchised Store is located, Franchisee shall become a member of such Cooperative Ad Fund within thirty (30) days after the date on which the Cooperative Ad Fund commences operation, or at the time the Franchisee commences operation hereunder. In no event shall Franchisee be required to be a member of more than one (1) Cooperative Ad Fund. The following provisions shall apply to each such Cooperative Ad Fund:

13.3.1 Each Cooperative Ad Fund shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by Franchisor in writing. Unless otherwise specified by Franchisor, the activities carried on by each Cooperative Ad Fund shall be decided by a majority vote of its members. Any Tiger Sugar Store that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each Tiger Sugar Store franchisee shall be entitled to cast one (1) vote for each Tiger Sugar Store its operates that belongs to the Cooperative Ad Fund. Any disputes arising among any members of the Cooperative Ad Fund shall be resolved in accordance with the rules and procedures set forth in the Cooperative Ad Fund's governing documents.

13.3.2 Each Cooperative Ad Fund shall be organized for the exclusive purpose of administering regional or local advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising and promotion.

13.3.3 Franchisee shall contribute to the Cooperative Ad Fund in such amounts as Franchisor may specify pursuant to Section 13.1 above, unless the members of the Cooperative Ad Fund, by a majority vote conducted in accordance with the rules, bylaws, or other governing documents of the Cooperative Ad Fund, agree to increase the Cooperative Ad Fund contribution to a rate in excess of the amount required by Franchisor.

13.3.4 Franchisee shall submit its required contributions to the Cooperative Ad Fund at the time required by Franchisor, together with such statements or reports as may be required by Franchisor or by the Cooperative Ad Fund with Franchisor's prior written approval. If so requested by Franchisor in writing, Franchisee shall submit its payments and reports to the Cooperative Ad Fund directly to Franchisor for distribution to the Cooperative Ad Fund.

13.3.5 Franchisor maintains the right to terminate any Cooperative Ad Fund. A Cooperative Ad Fund shall not be terminated, however, until either (a) all monies in that Cooperative Ad Fund have been expended for advertising and/or promotional purposes, or (b) Franchisor has transferred the

unexpended monies to the Advertising Fund in the event there are no longer any Tiger Sugar Stores operating within the geographic area covered by such Cooperative Ad Fund.

**13.4 Local Advertising.** Franchisee shall comply with the following with respect to "local advertising and promotion" for the Franchised Store:

13.4.1 Franchisee shall spend on an annual basis such amounts as Franchisor may specify in accordance with Section 13.1 above. Franchisee shall account for such expenditures on a routine basis and shall prepare, in accordance with the schedule and procedures specified by Franchisor from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such previous period. Franchisee shall maintain all such statements, reports and records, and shall submit same to Franchisor as Franchisor may specify in the Manuals or otherwise request of Franchisee. Additionally, at the request of Franchisor, Franchisee shall submit bills, statements, invoices, or other documentation satisfactory to Franchisor to evidence Franchisee's advertising or marketing activities.

13.4.2 As used in this Agreement, the term "**local advertising and promotion**" shall refer to advertising and promotion related directly to the Franchised Store, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as Franchisor, in its sole discretion, may specify. Franchisor may provide to Franchisee, in the Manuals or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including, without limitation, the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations.

13.4.3 Upon written notice to Franchisee, Franchisor may require Franchisee to participate in mandatory promotions as Franchisor may develop and implement from time to time.

**13.5 Grand Opening Advertising.** In addition to the Advertising Obligation, Franchisee shall expend a minimum of Three Thousand Dollars (\$3,000.00) for grand opening advertising and promotional programs in conjunction with the Franchised Store's initial grand opening, pursuant to a grand opening marketing plan developed by Franchisor or developed by Franchisee and approved in writing by Franchisor (the "**Grand Opening Advertising Program**"). The Grand Opening Advertising Program shall be executed and completed within ninety (90) days after the Franchised Store commences operation. Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a marketing plan and samples of all advertising and promotional material not prepared or previously approved by Franchisor. For the purpose of this Agreement, the Grand Opening Advertising Program shall be considered local advertising and promotion, as provided under Section 13.4 above. Franchisor reserves the right to require Franchisee to deposit with Franchisor the funds required under this Section 13.5 to distribute as may be necessary to conduct the Grand Opening Advertising Program.

**13.6 Standards for Advertising.** All advertising, marketing and promotion to be used by Franchisee, the Advertising Fund or any Cooperative Ad Fund shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any marketing or promotional

plans or materials that are not provided by Franchisor unless and until Franchisee has submitted the materials to Franchisor, pursuant to the procedures and terms set forth in Section 13.7 herein.

**13.7 Franchisor's Approval of Proposed Plans and Materials.** If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Franchisor, Franchisee shall submit samples of all such marketing and promotional plans and materials to Franchisor (as provided in Section 24 herein) for prior approval (including prices to be charged). If written notice of approval is not received by Franchisee from Franchisor within five (5) business days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have not approved them.

**13.8 Directory Listings.** Franchisee shall, at its expense and in addition to its expenditures for local advertising and promotion, obtain listings in the white and yellow pages of local telephone directories. Franchisee shall comply with Franchisor's specifications concerning such listings, including the form and size of such listings, and the number of directories in which such listings shall be placed. Additionally, Franchisee shall be required to obtain listings in and/or advertise with Franchisor and other franchisees in the System, on electronic yellow page directories and other on-line directories as Franchisor may designate. Franchisor reserves the right to place such, and subsequently modify or remove, on-line listings and advertisements on behalf of Franchisee. For any listings or advertisements posted by or on behalf of Franchisee, Franchisee shall promptly pay, upon demand by Franchisor, its pro rata share of the costs. Additionally, these activities may be carried out through the use of the Advertising Fund.

**13.9 Ownership of Advertising Plans and Materials.** Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Store or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

## **14. INSURANCE**

**14.1 Insurance.** Franchisee shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with Franchisee's operations and the Franchised Store, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and such of its respective affiliates shall be named additional insured in such policy or policies.

**14.2 Coverages.** Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or otherwise in writing, provided, however, that Franchisor shall have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for Tiger Sugar Stores, and if required by Franchisor, Franchisee shall obtain its insurance coverage from the designated insurance company (or companies). The policy or policies shall include, at a minimum (except different coverages, umbrella

coverages, and policy limits as may reasonably be specified for all Franchisees from time to time by Franchisor in the Manuals or otherwise in writing) the following:

14.2.1 Builder's risk insurance that satisfies the standards and specifications set forth by Franchisor in the Manuals or otherwise in writing to cover any period(s) of renovation or construction at the Franchised Store.

14.2.2 All risk coverage insurance on (i) all personal property covering the Franchised Store and Premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment, containing a replacement value endorsement in an amount equal to the full replacement value thereof, and (ii) business interruption in an amount no less than One Million Dollars (\$1,000,000) per occurrence

14.2.3 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Store is located and operated. If Franchisee is permitted to and elects not to have worker's compensation insurance for its owners and officers, Franchisee shall maintain coverages for these individuals at all times for work related injuries.

14.2.4 Comprehensive general liability insurance with limits of at least One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) general aggregate, and product liability insurance with limits of at least Two Million Dollars (\$2,000,000) general aggregate including the following coverages: personal injury (employee and contractual inclusion deleted), products/completed operation, assault and battery, terrorism, and tenant's legal liability. All such coverages insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Store. The required coverage amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

14.2.5 Automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least One Million Dollars (\$1,000,000) combined single limit, and One Million Dollars (\$1,000,000) general aggregate limit.

14.2.6 Excess liability coverage over general liability, automobile liability, and employer's liability, with at least Four Million Dollars (\$4,000,000) per occurrence.

14.2.7 Such insurance and types of coverage as may be required by the terms of any lease for the Premises, or as may be required from time to time by Franchisor.

14.2.8 The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the Franchised Store, and shall protect against all acts of any persons who patronize the Franchised Store and shall contain a waiver of subrogation against Franchisor. Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies its insurance carrier.

14.3 **Certificates of Insurance.** The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Prior to

commencing any renovations or construction at the Franchised Store, Franchisee shall provide Franchisor with a Certificate of Insurance for the builder's risk insurance required under Section 14.2.1. At least thirty (30) days prior to the opening of the Franchised Store, and thereafter on an annual basis, Franchisee shall provide Franchisor with a Certificate of Insurance showing compliance with the foregoing requirements (except with respect to the builder's risk insurance, which shall have already been in effect pursuant to Section 14.2.1 above). Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Franchisee acknowledges that minimum limits as required above may be modified by Franchisor in its sole discretion from time to time, by written notice to Franchisee.

**14.4 Franchisor's Right to Procure Insurance for Franchisee.** Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

## **15. TRANSFER OF INTEREST**

**15.1 Franchisor's Rights to Transfer.** Franchisor shall have the right, without the need for Franchisee's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Upon any such transfer or assignment, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. If Franchisor transfers or assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "Tiger Sugar Store" business or to offer or sell any products or services to Franchisee. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, its Proprietary Products, or its System, may sell its securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

**15.2 No Transfers without Franchisor's Approval.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principals of Franchisee, if Franchisee is not an individual, and that Franchisor has granted this Franchise in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly,

**15.2.1** Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber (a) the rights and/or obligations of Franchisee under this Agreement, or (b) any material asset of Franchisee or the Franchised Store.

**15.2.2** If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so approved by Franchisor.



15.2.3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal under this Agreement.

15.2.4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any ownership interest of the Principal in Franchisee, as such is identified in Exhibit B.

15.3 **Conditions on Transfer.** Franchisor shall not unreasonably withhold any consent required by Section 15.2 above. However, if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would (a) have the effect of changing control of Franchisee, (b) result in the assignment of the rights and obligations of Franchisee under this Agreement, or (c) transfer the ownership interest in all or substantially all of the assets of the Franchised Store, Franchisor shall have the right to require any or all of the following as conditions of its approval:

15.3.1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and the approved suppliers of the System have been satisfied in full.

15.3.2 Franchisee shall not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate, any approved supplier of the System, or the lessor (or sublessor) of the Premises.

15.3.3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) shall have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees.

15.3.4 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor.

15.3.5 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible and business standards, as well as good moral character, business reputation, and credit rating), has the aptitude and ability to operate the Franchised Store, absence of conflicting interests, and has adequate financial resources and capital to operate the Franchised Store.

15.3.6 At Franchisor's option, the transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the

business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees; such new agreement would not require a new initial license fee, but rather than transfer fee specified in Section 15.3.10 below, however the transferee would be required to pay the then-current Initial Training and Support Fee being charged to new franchisee unless the transferee's Designated Principal and General Manager have recent experience in supervising the operation of a Tiger Sugar Store.

15.3.7 If so requested by Franchisor, the transferee, at its expense, shall upgrade the Franchised Store, and other equipment to conform to the then-current standards and specifications of new Tiger Sugar Stores then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor.

15.3.8 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Store that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

15.3.9 Unless the transferee's Designated Principal and General Manager have recent experience in supervising the operation of a Tiger Sugar Store, the transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) and the transferee's manager (if applicable) shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers upon such terms and conditions as Franchisor may reasonably require.

15.3.10 Franchisee shall pay a transfer fee in an amount equal to fifty percent (50%) of Franchisor's then-current initial license fee.

15.3.11 The transferor(s), at the request of Franchisor, shall agree in writing to comply with the covenants set forth in Section 18 below.

15.4 **Additional Terms.** For any transfer not covered by Section 15.3, each transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) shall, in addition to the requirement of obtaining Franchisor's consent as provided in Section 15.2, be subject to the requirements of Sections 15.3.3 and 15.3.4 above (with respect to execution of releases and personal guarantees).

15.5 **Security Interests.** Neither Franchisee nor any Principal shall grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Franchised Store unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 15, and agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness resulting from Franchisee's default shall be void.

15.6 **Right of First Refusal.** If Franchisee or any Principal desires to accept any bona fide offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such

information and documentation relating to the offer as Franchisor may require Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party, provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 15.6. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the bona fide offer.

15.6.1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 15.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed transfer.

15.6.2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Franchisor shall designate an independent appraiser to make a binding determination. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this Section 15.6, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half (1/2) of the cost of the appraisal, if any, against any payment to the seller.

15.7 **Death of a Principal.** Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party acceptable to and approved by Franchisor within twelve (12) months after the death.

15.8 **Permanent Disability of Controlling Principal.** Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six (6) months after notice to Franchisee. "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months, and from which recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 15.8 as of the date of refusal. Franchisor shall pay the cost of the required examination.

15.9 **Notice to Franchisor of Death or Permanent Disability.** Upon the death or permanent disability of Franchisee or any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any inter-vivos transfer.

**15.10 Limited Exceptions.** Notwithstanding anything to the contrary in this Section 15,

15.10.1 Franchisee shall not be required to pay the transfer fee due under Section 15.3.10 above, if the transferee (a) is a spouse, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Franchised Store, (b) is a Principal of Franchisee, or (c), is a transferee under Sections 15.7 or 15.8 above.

15.10.2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 15.3.6 (signing a new franchise agreement), 15.3.7 (upgrading the Franchised Store ), and 15.3.10 (transfer fee) shall not apply, and Franchisee may undertake such transfer, provided that (a) Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity, (b) Franchisee and any other Principal(s) personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Franchisee under the Franchise Agreement, (c) Franchisee executes a Transfer of Franchise form as prescribed and approved by Franchisor, (d) such transferee entity is newly organized and its business purpose is confined exclusively to operating the Franchised Store under this Agreement, and (e) Franchisee and any other Principal(s) execute any and all other ancillary agreements as Franchisor may require.

**15.11 Securities Offerings.** All materials required for any offering of securities or partnership interests in Franchisee by federal or state law shall be submitted to Franchisor by the offeror for review prior to filing with any government agency, and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No offering shall imply, by use of the Proprietary Marks or otherwise, that Franchisor is participating in an underwriting, issuance, or offering of securities of either Franchisee or Franchisor, and review by Franchisor of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. At its option, Franchisor may require the offering materials to contain written statements or disclaimers prescribed by Franchisor including, but not limited to, any limitations stated above in this paragraph. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its actual costs and expenses associated with reviewing the proposed offering materials, including legal and accounting fees. Franchisee shall give Franchisor written notice at least sixty (60) days prior to the date of commencement of any offering or other transaction covered by this Section 15.11. Any such offering shall be subject to prior written consent of Franchisor and right of first refusal as provided in Section 15.6.

**15.12 No Waiver.** The consent of Franchisor to any transfer pursuant to this Section 15 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by any transferor or transferee.

**15.13 Bankruptcy.** If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U S Bankruptcy Code or any similar law in the U S or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 15.

15.14 **No Transfers in Violation of Law.** Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

## **16. DEFAULT AND TERMINATION**

16.1 **Automatic Termination.** Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee, if Franchisee is adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersede as bond is filed), if Franchisee is dissolved, if execution is levied against Franchisee's business or property, if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of the Franchised Store shall be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 **Termination upon Notice.** Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately by giving written notice to Franchisee (in the manner provided under Section 24 hereof), upon the occurrence of any of the following Events:

16.2.1 If Franchisee fails to complete all pre-opening obligations and to open the Franchised Store within the time limits as provided in Section 5.4 above,

16.2.2 If Franchisee or any of its Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the Products, the goodwill associated therewith, or the interest of Franchisor therein,

16.2.3 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Store,

16.2.4 If Franchisee's action or inaction, at any time, results in the loss of the right to possession of the Premises, or forfeiture of the right to do or transact business in the jurisdiction where the Franchised Store is located,

16.2.5 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 15 hereof,

16.2.6 If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor,

16.2.7 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor,

16.2.8 If Franchisee fails to comply with the covenants in Section 18.2 below or fails to timely obtain execution of the covenants required under Section 18.5 below,

16.2.9 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Store in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, Products, or the rights of Franchisor therein,

16.2.10 If Franchisee, after curing a default pursuant to Sections 16.3 or 16.4 hereof, commits the same default again, whether or not cured after notice,

16.2.11 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 16.2.10 above),

16.2.12 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Store for a period of two (2) consecutive days unless such closure is approved in writing by Franchisor, or excused by force majeure,

16.2.13 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

**16.3 Notice and Opportunity to Cure - 7 Days.** Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least seven (7) days prior to the effective date of termination, provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the seven (7) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the seven (7) day period or such longer period as applicable law may require.

16.3.1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due,

16.3.2 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records, or accounts of Franchisee upon demand, or

16.3.3 If Franchisee fails to operate the Franchised Store during such days and hours specified in the Manuals (this provision in no way limits Section 16.2.12).

**16.4 Notice and Opportunity to Cure - 30 Days.** Except as otherwise provided in Sections 16.1, 16.2 and 16.3 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination,

provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

**16.5 Cross Defaults.** Any default by Franchisee under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) may be regarded as a default under this Agreement.

## **17. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and

**17.1 Stop Operating.** Franchisee shall immediately cease to operate the Franchised Store, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor in connection with the promotion or operation of any other business.

**17.2 Stop Using the System.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Mark "Tiger Sugar" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

**17.3 Cancel Assumed Names.** Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Tiger Sugar" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

**17.4 The Premises.** Franchisee shall, at the option of Franchisor, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of a Tiger Sugar Store under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 17.4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. Additionally, if Franchisor does not elect to exercise the option to acquire the lease/sublease, Franchisee shall comply with Section 18.3 below regarding a Competitive Business (as defined in Section 18.2.3 below).

**17.5 Phone Numbers and Directory Listings.** In addition, Franchisee shall cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchised Store, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Store from all trade or business telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to Franchisor. Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names, websites, addresses, and any other identifiers to Franchisor upon termination of this Agreement, without need for any further approval from Franchisee. Without limiting the foregoing, Franchisee hereby agrees to execute a Telephone Number Assignment and Power of Attorney form attached to this Agreement as Exhibit F in order to implement this Section 17.5.

**17.6 No Use of Proprietary Marks or Trade Dress in other Businesses.** Franchisee agrees, in the event it continues to operate, or subsequently begins to operate, any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks.

**17.7 Pay Franchisor All Amounts Due.** Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises at the time of default.

**17.8 Return of Manuals and Confidential Information.** Franchisee shall, at its own expense, immediately deliver to Franchisor the Manuals and all other records, computer disks, correspondence, and instructions containing confidential information relating to the operation of the Franchised Store (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

**17.9 Franchisor's Option to Purchase Certain Assets.** Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Store, at the lesser of Franchisee's cost or fair market value. The cost for such items shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

**17.10 Comply with Covenants.** Franchisee and its Principals shall comply with the covenants contained in Section 18.3 of this Agreement.



## 18. COVENANTS

18.1 **Full Time and Best Efforts.** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Designated Principal) and Franchisee's fully trained General Manager shall devote full time and best efforts to the management and operation of the Franchised Store.

18.2 **During the Agreement Term.** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

18.2.1 Divert or attempt to divert any present or prospective business or customer of any Tiger Sugar Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System,

18.2.2 Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise encourage such person to leave his or her employment, or

18.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "**Competitive Business**" shall be considered (i) any business with sales of tea products equal to or greater than fifty percent (50%) of total sales, and/or (ii) any retail store or other business that is the same as or similar to a Tiger Sugar Store. Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 16.2.8 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 18.2.3 if such person was subject to the covenants of this Section 18.2.3.

18.3 **After the Agreement and After a Transfer.** Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Section 15 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 18.3, or (e) any or all of the foregoing:

18.3.1 Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is located at the Approved Location for the Franchised Store.

18.3.2 Franchisee shall not sublease, assign, or sell Franchisee's interest in any lease, sublease, or ownership of the Premises or assets of the Franchised Store to a third party for the operation of a

Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.

18.4 **Exception for Ownership in Public Entities.** Sections 18.2.3 and 18.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

18.5 **Personal Covenants.** To the extent permitted by law in the state and locality where the Franchised Store is located, Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) and the provisions of Sections 10 and 11 of this Agreement (as modified to apply to an individual) from all managers of the Franchised Store. Every covenant required by this Section 18.5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a beneficiary of such covenants with the independent right to enforce them, the current form of which is attached as Exhibit E.

18.6 **Covenants as Independent Clauses.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18.

18.7 **Franchisor's Right to Reduce Scope of the Covenants.** Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 25 hereof.

18.8 **Covenants Survive Claims.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18, provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 18.

18.9 **Injunctive Relief.** Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor and the System, and that in the event of a breach of covenants contained in this Section 18, the damage to Franchisor would be difficult to ascertain and, in addition to other rights and remedies, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs.

## **19. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP**

**19.1 List of Principals.** If Franchisee is a corporation, limited liability company, or partnership, each Principal of Franchisee, and the ownership interest of each Principal in Franchisee, shall be identified in Exhibit B hereto. Franchisee shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 15 above. As set forth in Section 8.3, the Designated Principal shall at all times have at least a ten percent (10%) interest in Franchisee.

**19.2 Guaranty, Indemnification, and Acknowledgment.** Each Principal shall execute a guaranty, indemnification, and acknowledgment of Franchisee's covenants and obligations under this Agreement in the form attached hereto as Exhibit C.

**19.3 Corporations and Limited Liability Companies.** If Franchisee or any successor to or assignee of Franchisee is a corporation or a limited liability company, Franchisee shall comply with the following requirements:

19.3.1 Franchisee shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to operating the Franchised Store.

19.3.2 Franchisee shall, upon request of Franchisor, promptly furnish to Franchisor copies of Franchisee's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

19.3.3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any equity securities of Franchisee, and each stock certificate or issued securities of Franchisee shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement, provided, however, that the requirements of this Section 19.3.3 shall not apply to a publicly held corporation.

**19.4 Partnerships and Limited Liability Partnerships.** If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee shall comply with the following requirements:

19.4.1 Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Store.

19.4.2 Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

19.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

## **20. TAXES, PERMITS, AND INDEBTEDNESS**

20.1 **Taxes**. Franchisee shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Store. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

20.2 **Dispute about Taxes**. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises of the Franchised Store, or any improvements thereon.

20.3 **Compliance with Laws**. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Store, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

## **21. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

21.1 **No Fiduciary Relationship**. Franchisee is an independent contractor Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship. Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Store.

21.2 **Public Notice**. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Store pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify.

21.3 **No Assumption of Liability**. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Store or for any claim or judgment arising therefrom against Franchisee or Franchisor.

21.4 **Indemnification**. Franchisee shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Store and/or Franchisee's conduct

under this Agreement (notwithstanding any claims that the Indemnitees are or were negligent). Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion, to (i) choose counsel, (ii) direct, manage and/or control the handling of the matter, and (iii) settle on behalf of the Indemnitees, and/or Franchisee, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnatee shall be taken as prima facie evidence of Franchisee's obligation.

## **22. APPROVALS AND WAIVERS**

**22.1 Approval Requests.** Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

**22.2 Non-waiver.** No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature, nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

## **23. WARRANTIES OF OPERATOR**

**23.1 Reliance by Franchisor.** Franchisor entered into this Agreement in reliance upon the statements and information submitted to Franchisor by Franchisee in connection with this Agreement. Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct and complete in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted.

**23.2 Compliance with Laws.** Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

## **24. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page

of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

## **25. ENTIRE AGREEMENT**

Franchisor and Franchisee, and any Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Franchisee which are uncertain, Franchisor and Franchisee each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree and promise each other that this Agreement supercedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Franchisee or the relationship between them. Franchisor and Franchisee agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Section 25 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits.

## **26. SEVERABILITY AND CONSTRUCTION**

**26.1 Severable Parts.** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

**26.2 Terms Surviving this Agreement.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause), shall survive such expiration, termination or assignment.

**26.3 No Rights on Third Parties.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such

successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

26.4 **Full Scope of Terms.** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

26.5 **Franchisor's Application of its Rights.** Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or is deemed to have a right and/or discretion to take or withhold an action, or a right to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and in its judgment of what is in Franchisor's best interests and/or in the best interests of Franchisor's franchise network, at the time its decision is made, without regard to whether (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor, (ii) the decision or action of Franchisor will promote its financial or other individual interests, (iii) Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned operations, or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor rights or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

## **27. APPLICABLE LAW AND DISPUTE RESOLUTION**

27.1 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within the State of New York, without regard to New York's conflict of laws principles. However, to the extent that New York law does not permit enforcement of a provision of this Agreement (including the covenant not to compete) but the law of the state where the Franchised Store is located permits enforcement of such provision, either as written or as equitably reformed, any such provision shall be governed by and construed in accordance with the law of the state where the Franchised Store is located.

27.2 **Non-Binding Mediation.** Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or Confidential Information). Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless we agree otherwise in writing.

Notwithstanding anything to the contrary, this Section 27.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty five (45) days of Franchisee's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever Franchisor and Franchisee shall each bear its own costs of mediation, and each shall bear one-half (1/2) the cost of the mediator or mediation service. This Section 27.2 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which relates to the failure to pay fees or other monetary obligation(s) of either party under said agreement(s).

**27.3 Arbitration.** Franchisor and Franchisee agree that, subject to Section 27.2 herein, and except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between Franchisee and Franchisor,
- (2) Franchisor's relationship with Franchisee,
- (3) the validity of this Agreement or any other agreement between Franchisee and Franchisor, or
- (4) any System standard.

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator, which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U S C §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

27.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 27.7 below, award any punitive, exemplary or multiple damages against either party.

27.3.2 Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim



which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

27.3.3 Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

27.3.4 Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section 27.3.

27.3.5 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

27.4 **Consent to Jurisdiction.** Subject to the mediation and arbitration obligations in Sections 27.2 and 27.3, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's headquarters are then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Store is located.

27.5 **No Rights Exclusive of Other Rights.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

27.6 **WAIVER OF JURY TRIAL.** FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

27.7 **WAIVER OF PUNITIVE DAMAGES.** FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

27.8 **Limitation.** The parties agree that, except as provided below, no mediation or arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by Franchisee against any person and/or entity affiliated with Franchisor), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such mediation or arbitration proceeding, action or suit before the expiration of the earlier of (a) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or

should reasonably have come to the attention of, such party, or (b) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

27.8.1 Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern. --+

27.8.2 The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent Franchisor from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

27.8.3 The foregoing limitations shall not apply to Franchisor's claims arising from or related to (1) Franchisee's under-reporting of Net Sales, (2) Franchisee's under-payment or non-payment of any amounts owed to Franchisor or any affiliated or otherwise related entity, (3) indemnification by Franchisee, (4) Franchisee's confidentiality, non-competition or other exclusive relationship obligations, and/or (5) Franchisee's unauthorized use of the Proprietary Marks.

27.9 **WAIVER OF RICO.** THE PARTIES HERETO AGREE TO WAIVE, NOW AND FOREVER, ANY AND ALL RIGHTS EITHER MAY HAVE UNDER THE FEDERAL STATUTE KNOWN AS RICO.

27.10 **Release of Claims.** By executing this Agreement, Franchisee, on behalf of itself and its heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges Franchisor and its members, officers, directors, employees, agents and servants, including Franchisor's subsidiary and affiliated corporations, their respective members, officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state, province or territory thereof.

27.11 **Injunctive Relief.** Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.12 **Counterparts, Paragraph Headings, Pronouns.** This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. Each pronoun used herein shall be deemed to include the other number of genders.

27.13 **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Franchised Store, now or hereafter leased or acquired,

together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code.

27.14 **Attorneys' Fees.** In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

## **28. ACKNOWLEDGMENTS**

28.1 **FRANCHISEE'S INVESTIGATION OF THE BUSINESS POSSIBILITIES.** FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF OPERATING A TIGER SUGAR STORE, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE (OR, IF FRANCHISEE IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

28.2 **Receipt of FDD and Complete Agreement.** Franchisee acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (FDD), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Franchisee for the franchise rights granted under this Agreement. Franchisee further acknowledges that prior to receiving

Franchisor's FDD, Franchisor advised Franchisee of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

28.3 **Franchisee Read the Agreement and Consulted.** Franchisee acknowledges that it has read and understood Franchisor's FDD and this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

28.4 **Franchisee's Responsibility for Operation of Business.** Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Store, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Store and the implementation and maintenance of System standards at the Franchised Store.

28.5 **No Conflicting Obligations.** Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from (a) negotiating and entering into this Agreement, (b) exercising its rights under this Agreement, and/or (c) fulfilling its responsibilities under this Agreement.

28.6 **Different Franchise Offerings to Others.** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

28.7 **Good Faith.** Franchisor and Franchisee acknowledge that each provision in this Agreement has been negotiated by the parties hereto in good faith and the Agreement shall be deemed to have been drafted by both parties. It is further acknowledged that both parties intend to enforce every provision of this Agreement, including, without limitation, the provisions related to arbitration and choice of venue, regardless of any state law or regulation purporting to void or nullify any such provision.

28.8 **Success Depends on Franchisee.** Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson, its active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

28.9 **Patriot Act.** Franchisee represents and warrants that to its actual knowledge (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Store, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"), (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of

any country that is subject to an embargo imposed by the United States government, (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo, (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Department of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"), (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person, and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

**28.10 No Guarantees.** Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement.

**TIGER SUGAR FRANCHISE USA INC  
FRANCHISE AGREEMENT  
SIGNATURE PAGE**

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Franchise Agreement in duplicate on the day and year first above written.

FRANCHISOR  
Tiger Sugar Franchise USA Inc

FRANCHISEE  
\_\_\_\_\_

By Tiger Sugar Franchise USA Inc  
Name PiJye "Calvin" Sun  
Title Chief Operating Officer

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Address for Notices:

Address for Notices:

Mr. Pi-Jye Sun  
Tiger Sugar Franchise USA Inc.  
4010 Main St #A  
Flushing, NY 11354  
Telephone: (718)687-2895  
Email: tigersugar.nyc@icloud.com

Name \_\_\_\_\_  
Franchisee \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

With copy to

David L. Cahn, Esq.  
Attorney at Law  
Whiteford Taylor & Preston L.L.P.  
7 St. Paul Street  
Baltimore, MD 21202-1636  
Telephone: 410.347.9442  
dcahn@wtplaw.com

11648594

**TIGER SUGAR FRANCHISE USA INC.  
FRANCHISE AGREEMENT  
EXHIBIT A  
DATA SHEET**

1 The Site Selection Area (See Section 1.2) for the Franchised Store shall be

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2 The Approved Location (See Section 1.3) for the Franchised Store shall be

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3 The Territory shall be (subject to the terms of the Agreement, including but not limited to Section 1.5 of the Agreement) as follows, and which Territory is reflected on the map attached to this Exhibit A

\_\_\_\_\_ [INSERT NUMBER] mile radius around the location \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**TIGER SUGAR FRANCHISE USA INC.**

**[INSERT FRANCHISEE NAME]**

\_\_\_\_\_  
Initial

Date

\_\_\_\_\_  
Initial

Date

**TIGER SUGAR FRANCHISE USA INC.  
FRANCHISE AGREEMENT  
EXHIBIT B  
LIST OF PRINCIPALS AND DESIGNATED PRINCIPAL**

**FRANCHISEE'S PRINCIPALS**

The following identifies all of Franchisee's Principals (as defined in Section 6.1 of the Franchise Agreement), including each Principals address and percentage of beneficial interest in Franchisee

Name of Principal	Address, Telephone, E-mail	Interest (%) with Description
		Total

**FRANCHISEE'S DESIGNATED PRINCIPAL**

The following identifies Franchisee's Designated Principal (as defined in Section 8.3.1 of the Franchise Agreement), including his/her contact information and percentage of beneficial interest in Franchisee

Name of Designated Principal	Address, Telephone, E-mail	Interest (%) with Description

**TIGER SUGAR FRANCHISE USA INC.**

**[INSERT FRANCHISEE NAME]**

\_\_\_\_\_  
Initial

\_\_\_\_\_  
Date

\_\_\_\_\_  
Initial

\_\_\_\_\_  
Date



**TIGER SUGAR FRANCHISE USA INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT C**  
**GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to TIGER SUGAR FRANCHISE USA INC. ("**Franchisor**") to enter into the Franchise Agreement between Franchisor and \_\_\_\_\_. ("**Franchisee**"), dated \_\_\_\_\_ (the "**Agreement**"), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor's successors and assigns that all of Franchisee's covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guaranty, Indemnification, and Acknowledgment (this "**Guaranty**") is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned hereby agrees to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to (a) proceed against Franchisee for any payment required under the Agreement, (b) proceed against or exhaust any security from Franchisee, (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee, or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned hereby waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 10, 11, 15, 17, and 18. Signature by the undersigned on this Guaranty constitutes the undersigned's signature on the Agreement related to all covenants. The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Franchisee by Franchisor under the Agreement. The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the "Tiger Sugar" marks or system licensed to Franchisee under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors, if any, will continue in full force and effect.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guaranty shall be governed by the dispute resolution provisions of the Agreement, and shall be interpreted and construed under the laws of the State of New York. In the event of any conflict of law, the laws of the State of New York shall prevail (without regard to, and without giving effect to, the application of New York conflict of law rules).

**IN WITNESS WHEREOF**, the undersigned has executed this Guaranty, Indemnification and Acknowledgement as of the date of the Agreement.

**GUARANTOR(S)**

\_\_\_\_\_  
Print Name:\_\_\_\_\_

\_\_\_\_\_  
Print Name\_\_\_\_\_

\_\_\_\_\_  
Print Name\_\_\_\_\_

\_\_\_\_\_  
Print Name\_\_\_\_\_

\_\_\_\_\_  
Print Name\_\_\_\_\_

**TIGER SUGAR FRANCHISE USA INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT D**  
**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS**

As part of the Franchise Agreement with Tiger Sugar Franchise USA Inc. (the "**Franchisor**"), the "**Franchisee**" understands that it is required to submit weekly detailed Sales Reports for processing and payment of Royalty Fees and advertising contributions. The Franchisee also understands that all Royalty Fees, advertising contributions, and all other fees and payments due under the Franchise Agreement will be debited from the bank account listed below on a weekly basis. It is further understood that should the Franchisee fail to submit Sales Reports, the Franchisor, in its sole discretion, will estimate the amount of weekly Royalty Fees and advertising contributions due based on previous weeks or periods and the estimated Royalty Fees and advertising contributions will be debited from the Franchisee's bank account. Excess Royalty Fees and advertising contributions collected due to non-reporting will be credited to the next drafting period once Sales Reports are received less the 5% penalty for late payment plus interest of 1.5% per month, or the maximum rate permitted by law, whichever is less. Sales Reports, Royalty Fees, and advertising contributions are due no later than the third business day after the close of each Week and considered late if not received by 5:00 PM on such date.

Royalty Fees and advertising contributions will be processed by Electronic Funds Transfer ("**EFT**") using the Automated Clearing House ("**ACH**") method. The EFT/ACH debit will move funds directly from Franchisee's account into certain Franchisor accounts. Debits that result in insufficient funds will result in the late fee penalty plus interest described above, and reimbursement of any fees incurred by Franchisor.

The Franchisee hereby authorizes its bank to pay and charge to its account EFT/ACH debits and drafts drawn by and payable to the order of the Franchisor at the Royalty Fee and advertising contribution rates under the Franchise Agreement, provided there are sufficient collected funds in said account to pay same. This authorization remains in full force and effective until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Should the bank dishonor any draft or EFT/ACH debit with or without cause, the Franchisee releases the bank from any and all liability.

Franchisee  
Designated Principal  
Store Address  
City, State, and Zip

Please provide 2 Email addresses for Draft Notices.

E-mail

E-mail

Please sign the acknowledgement below and return original via mail along with a VOIDED check sent to the attention of MING-TSUNG YANG, Tiger Sugar Franchise USA Inc., 4010 Main St #A Flushing, NY 11354. It may also be emailed to [tigersugar.nyc@icloud.com](mailto:tigersugar.nyc@icloud.com).

Name of Bank

Routing Number

Account Number

\_\_\_\_\_  
Signature of Authorized Signer

\_\_\_\_\_  
Date

**Please Attach Actual VOIDED CHECK**

**TIGER SUGAR FRANCHISE USA INC.  
FRANCHISE AGREEMENT  
EXHIBIT E**

**NON-DISCLOSURE AND NON-COMPETE COVENANTS BY TIGER SUGAR STORE MANAGERS**

THIS **NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** ("**Agreement**") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_ ("**you**" or the "**Employee**"), in favor and for the benefit of \_\_\_\_\_ ("**us**" "**we**" "**our**" or the "**Franchisee**") and TIGER SUGAR FRANCHISE USA INC. (the "**Franchisor**")

**Introduction**

Franchisor and its affiliates developed and own a format and system (the "**System**") for establishing, operating, and licensing stores offering tea, coffee and juice, along with related products and services, under the name "Tiger Sugar" (each is referred to as a "**Tiger Sugar Store**").

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Tiger Sugar Store (the "**Franchised Store** ") under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your employment as a manager of the Franchised Store, you will be trained by us and you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Tiger Sugar Store and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your management of the Franchised Store, as a condition to the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligation:

1 **Confidential Information.** You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person.

2 **Definitions.** As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Store and the System that you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not the Franchisor or we have specifically designated that information as "confidential"). Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor, and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor).

c. The term "**Post-Term Period**" means a continuous uninterrupted period of (check as applicable) one (1) year if you are a manager or perform managerial responsibilities, or six (6) months if you are a non-managerial employee, from the date of (a) termination of your employment with us for any reason, and/or (b) a final order of a court of competent jurisdiction enforcing this Agreement.

### **3 Covenants Not to Compete.**

a. You understand and acknowledge that due to your employment with us, you will receive valuable specialized training and access to Confidential Information.

b. You covenant and agree that during the term of your employment, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

I. Divert or attempt to divert any current or potential business account or customer of the Franchised Store (or of any Tiger Sugar Store) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise,

II. Do or perform, directly or indirectly, any act that is intended to or is likely to harm the goodwill associated with Franchisor and the System,

III. Employ or seek to employ any individual who is then employed by us, or employed by Franchisor or any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment, and/or,

IV. Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, be employed by, or have any interest in any business that is the same as or similar to the Franchised Store.

c. You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

I. Own, maintain, operate, engage in, be employed by, or have any interest in any business that is the same as or similar to the Franchised Store, if that business is located (or if it is intended to be located) within a radius of ten (10) miles of any Tiger Sugar Store located anywhere at that time, and/or,

II. Employ or seek to employ any individual who is then employed by us, Franchisor, or by any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment.

**4 Legal and Equitable Remedies.** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisee or to Franchisor, and that:

- a. Franchisee and Franchisor will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement,
- b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action), and
- c. You must reimburse the enforcing party (whether Franchisee or Franchisor) for any court costs and reasonable attorney's fees that party incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

**5 Severability.** Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less restrictive interpretation of that clause.

**6 Delay.** No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

**7 Employer vs. Beneficiary.** You acknowledge and agree that both Franchisee and Franchisor are intended beneficiaries of this Agreement with the right to enforce it, jointly or independently. However, you acknowledge and agree that your sole employer as a manager is Franchisee, the party that pays you and controls the terms, conditions, and manner of your employment.

**8 Jurisdiction, Applicable Law.** You agree that Franchisor may bring a lawsuit to enforce its rights under this Agreement in the courts of the county where Franchisor has its then current principal place of business (currently, Queens County, New York), and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed. This Agreement shall be governed by the laws of the State of New York. In the event of any conflict of law, the laws of New York shall prevail, without regard to, and without giving effect to, the application of New York conflict of law rules. However, if New York law does not permit enforcement of a provision of this Agreement but the law of the state where the Franchised Store is located permits enforcement of such provision, either as written or as equitably reformed, any such provision shall be governed by and construed in accordance with the law of the state where the Franchised Store is located.

**IN WITNESS WHEREOF,** Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above

**EMPLOYEE:** \_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**TIGER SUGAR FRANCHISE USA INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT F**  
**TELEPHONE NUMBER AND WEBSITES ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY**

**FOR VALUE RECEIVED**, the undersigned ("**Franchisee**") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Tiger Sugar Franchise USA Inc. upon the following terms:

1. This assignment is made under the terms of Tiger Sugar Franchise USA Inc. Franchise Agreement dated \_\_\_\_\_ authorizing Franchisee to operate a Tiger Sugar Shop at \_\_\_\_\_ (the "**Franchise Agreement**") between Franchisor and Franchisee, which in part pertains to the telephone numbers and listings and the Internet websites (including pages on third party websites such as Facebook and Yelp) that the Franchisee uses in the operation of the Franchised Store covered by the Franchise Agreement.
2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.
3. The telephone numbers and affiliated listings, and the website pages, that are subject to this assignment are the numbers and websites that the Franchisee uses in operating the franchised Shop and are associated with the shop. **By way of example only**, see <https://www.yelp.com/biz/tiger-sugar-new-york-9>, listing the telephone number (646) 590-6299.
4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing, and all website pages, that third party vendors charge through the date of termination or expiration of the Franchise Agreement. Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.
5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone numbers, listings or website covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the



Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

**THE PARTIES** have caused this Telephone Number and Websites Assignment Agreement and Power of Attorney to be duly signed as evidenced by their signatures appearing below.

<b>FRANCHISOR</b> <b>Tiger Sugar Franchise USA Inc.</b>  By _____ Print Name: PiIye "Calvin" Sun Title: Chief Operating Officer  Date: _____	<b>FRANCHISEE</b> _____  By _____ Name: _____ Title: _____  Date: _____
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**TIGER SUGAR FRANCHISE USA INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT G**  
**ADA CERTIFICATION**

Tiger Sugar Franchise USA Inc. ("**Franchisor**") and ("**Franchisee**") are parties to a Franchise Agreement dated for the operation of a Tiger Sugar Store at \_\_\_\_\_ (the "**Franchised Store** "). In accordance with Section 5.3.3 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Store and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification which is hereby provided by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Store by Franchisor. Franchisee acknowledges that Franchisor has relied upon the information contained in this certification. Furthermore, Franchisee acknowledges its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's required compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

**FRANCHISEE**

\_\_\_\_\_

By \_\_\_\_\_  
Name:  
Title:

**TIGER SUGAR FRANCHISE USA INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT H**  
**LEASE TERMS**

In accordance with Section 5.2 of this Franchise Agreement, Franchisee's lease or sublease for the Premises of the Franchised Store shall contain terms acceptable to Franchisor, which may include (but are not limited to) the following:

1. The initial term of the lease, or initial term together with renewal terms, will be for not fewer than five (5) years.
2. A provision stating that the lessor consents to Franchisee's use and display of the Proprietary Marks and signage as Franchisor may prescribe from time to time for the Franchised Store, subject only to the provisions of applicable law.
3. A provision that Franchisee shall have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Franchisee may deem desirable, provided that: if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Franchisee shall first obtain the consent of the lessor, which consent shall not be unreasonably withheld, conditioned or delayed.
4. A provision that the Premises be used solely for the operation of a franchised Tiger Sugar Store, which is currently a retail business offering tea, coffee and juice, along with related products and services, under the name "Tiger Sugar," all as may be permitted under the relevant Franchise Agreement signed for the Franchised Store.
5. A provision that requires the lessor to concurrently provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee, and that the lessor will provide Franchisor with written notice specifying deficiencies that Franchisee did not cure.
6. A provision that grants to Franchisor, in its sole discretion, the right (but not obligation) to cure any deficiency under the lease within thirty (30) days after the expiration of the period in which Franchisee had to cure any such default should Franchisee fail to do so.
7. A provision acknowledging that, in the event the Franchise Agreement for the Franchised Store expires or is terminated (a) Franchisee is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Tiger Sugar Store operated by Franchisee, and (b) the lessor will cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against the Franchisee, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any Proprietary Marks, designs or logos of Franchisor, provided that the lessor shall not be required to bear any expense thereof.
8. A provision that expressly states that any default under the lease shall constitute a default under the Franchise Agreement, and that the termination of the Franchise Agreement shall constitute a default under the lease.

9. A provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination or expiration of the franchise grant.
10. A provision that expressly requires that, if requested by Franchisor, the lessor of the Premises will provide Franchisor all sales and other information the lessor may have related to the operation of the Franchised Store.
11. Franchisee is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other Tiger Sugar Stores by Franchisee, Franchisor, or any other person or entity.
12. A provision that the lessor agrees that Franchisee may not assign the lease or sublease all or any part of its occupancy rights thereunder without Franchisor's prior written consent.
13. A provision that the lessor's consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting to Franchisor, or any parent, subsidiary or affiliated corporation of Franchisor or Franchisee, or another operator that has been approved by Franchisor to be the franchisee for the Franchised Store.
14. A provision that prohibits the lessor from selling or leasing, or allowing the sublease of, space in the building or on the property to any person or entity for the operation of a retail store offering tea, coffee and juice. Additionally, the lessor shall not sell and shall prohibit any other tenant or subtenant in the building, or on the property, from engaging in operation of a retail store offering tea, coffee and juice. In the event lessor does not comply with these restrictions, Franchisor will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant as the case may be.

**TIGER SUGAR FRANCHISE USA INC.**

**FRANCHISE AGREEMENT**

**STATE-SPECIFIC ADDENDA**

**(include at signing only if applicable to the specific franchisee, by state)**

## STATE OF CALIFORNIA

### ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the TIGER SUGAR FRANCHSIE USA, INC. Master Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between TIGER SUGAR FRANCHSIE USA, INC. and \_\_\_\_\_ (“**Franchisee**”) to amend and revise said Master Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement shall be amended as follows:

- The franchise agreement requires binding arbitration. The arbitration will occur in the city where Tiger Sugar Franchise USA, Inc.’s headquarters are located at the time the arbitration demand is filed, with costs to be borne by the non-prevailing party.
- California Business and Professional code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control
- The franchise agreement requires application of the laws of New York. This provision may not be enforceable under California law.
- Franchisee must sign a general release if Franchisee renews or transfers its franchise. California Corporations Code 31512 voids a waiver of Franchisee’s rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee’s rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
- Tiger Sugar Franchise USA, Inc. and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.
- The section of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Section 18.3 of the Franchise Agreement shall not be enforceable unless Franchisee transfers the Tiger Sugar Store to a Franchisor or its affiliate.

3. Section 18.5 is revised to require signing of the attached Non-Disclosure and Non-Solicitation Agreement by Franchisee’s Related Party, managers, each of their spouses, and all employees with access to Confidential Information, without non-competition.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of

the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

FRANCHISOR:

FRANCHISEE:

Tiger Sugar Franchise USA, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
Franchisee Signature

\_\_\_\_\_  
Franchisee (print name)

\_\_\_\_\_  
Franchisee Signature

\_\_\_\_\_  
Franchisee Print Name

**(California specific version)**

**NONDISCLOSURE AND NON-SOLICITATION AGREEMENT**

This “**Agreement**” made as of the \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_, by and between  
\_\_\_\_d/b/a Tiger Sugar (“**Franchisee**”) and \_\_\_\_ (“**Individual**”).

**W I T N E S S E T H:**

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_  
 (“**Franchise Agreement**”) with Tiger Sugar Franchise USA, Inc. (“**Franchisor**”); and

WHEREAS, as a result of Individual’s relationship with Franchisee, Individual may have access to  
and/or to review certain Confidential Information, which is more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this  
Agreement prior to providing Individual access to said Confidential Information; and

WHEREAS, Individual agrees not to disclose any such Confidential Information to any other  
party and/or use such Confidential Information to solicit the customers of Franchisor, Franchisee or any  
other franchisee of Franchisor now or in the future, as prescribed and limited by this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein,  
and intending to be legally bound hereby, the parties hereby mutually agree as follows:

**1. Confidential Information**

“**Confidential Information**” means information of either Franchisor or Franchisee that is not  
generally known and includes, without limitation, trade secrets, business plans, business strategies,  
marketing plans, contracts, customer lists, price lists, cost information, information about employees,  
process descriptions, and Business Content and Know-How. Confidential Information may be written,  
graphic, machine readable, oral, expressed in electronic media or otherwise disclosed, and may be  
tangible or intangible. However, in order for information to be regarded as Confidential Information for  
the purposes of this Franchise Agreement, such information must be embodied in documentary form  
and conspicuously marked “CONFIDENTIAL” or “Proprietary” or in some other manner to indicate its  
confidential nature. If Confidential Information is disclosed orally, the Disclosing Party will, within 30  
days after disclosure, provide the Receiving Party with a written document describing and enumerating  
the information that it considers to be “Confidential Information.”

**2. Confidentiality/Non-Disclosure**

a) Individual agrees not to communicate or divulge to, (or use for the benefit of  
himself or herself), any other person, firm, association, or corporation, with the sole exception of  
Franchisee, now or at any time in the future, any Confidential Information possessed, owned, or used  
by Franchisee, the discovery, development or knowledge of which is known to or acquired by Individual  
by reason of his or her meeting with and/or participation in the business and affairs of Franchisee, as a  
result of his or her association with Franchisee, or which may be revealed to him or her by Franchisee.



b) Individual agrees that his or her obligations under paragraph 2(a) of this Agreement will continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in Franchisee's business.

### **3. Non-Solicitation**

(a) To the extent permitted by applicable law, Individual agrees that, at all times while he or she has access to the Confidential Information, and for a period of twenty-four (24) months following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any such Confidential Information, Individual will not knowingly, in any capacity whatsoever, on its own behalf or on behalf of any other person, firm, or company, directly or indirectly solicit the business of any person that has been a customer of Franchisee during the 12 month period prior to said terminating event, for the purpose of inducing that person to purchase goods from a competitor of Tiger Sugar Stores.

(b) Individual acknowledges that the non-solicitation requirement will not materially impact Individual's ability to engage in a lawful profession, trade, or business of any kind.

### **4. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Individual agrees to reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

c) This Agreement will be effective as of the date this Agreement is executed and will be binding upon the successors and assigns of Individual and will inure to the benefit of Franchisee, its subsidiaries, successors and assigns. **Franchisor is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.**

d) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement will not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto will continue in full force and effect.

e) The paragraph headings in this Agreement are included solely for convenience and will not affect, or be used in connection with, the interpretation of this Agreement.

f) In the event that any part of this Agreement is held to be unenforceable or invalid, the remaining parts hereof will nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written. **Franchisee will cause a copy of this Agreement as executed by the parties to be delivered to Franchisor immediately FOLLOWING its execution.**

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**WITNESS:**

**INDIVIDUAL:**

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

**WITNESS:**

**[FRANCHISEE ENTITY NAME]:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_ [CEO or Managing Member] \_\_\_\_

**ILLINOIS ADDENDUM TO  
TIGER SUGAR FRANCHISE USA INC. FRANCHISE AGREEMENT**

This Addendum modifies and amends the TIGER SUGAR FRANCHISE USA INC. Franchise Agreement (the “Franchise Agreement”) dated as of \_\_\_\_\_, between TIGER SUGAR FRANCHISE USA INC. (the “Franchisor”) and \_\_\_\_\_ (the “Franchisee”).

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced operating its first Tiger Sugar Shop. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of Illinois is void.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties have signed this Addendum on the dates set forth below with effect as of the date of the Franchise Agreement.

FRANCHISOR

FRANCHISEE

Tiger Sugar Franchise USA Inc

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**AMENDMENT TO THE**  
**TIGER SUGAR FRANCHISE USA INC. FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et seq. (2010 Repl. Vol. and Supp. 2013), the parties to the attached **TIGER SUGAR FRANCHISE USA INC.** Franchise Agreement ("Franchise Agreement") agree as follows:

1. Notwithstanding anything to the contrary in the Franchise Agreement, based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
2. Sections 2.2.4, 15.3.3 and 27.1 of the Franchise Agreement, entitled "Renewal," "Conditions on Transfer" and "Governing Law" shall be amended by adding the following language at the end of those Sections: "A general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
3. Section 27.8 of the Franchise Agreement, entitled "Limitation" shall be amended by adding the following language at the end of the Section: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."
4. Notwithstanding anything to the contrary in the Franchise Agreement, no provision in the Franchise Agreement is intended nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
6. No Statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Sections 28.1, 28.2, 28.3, 28.8 and 28.10 are hereby deleted and of no force or effect.
8. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR

Tiger Sugar Franchise USA Inc

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

FRANCHISEE

\_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**AMENDMENT TO THE**  
**TIGER SUGAR FRANCHISE USA INC. FRANCHISE AGREEMENT**  
**REQUIRED FOR LOCATIONS IN THE STATE OF OHIO**

In recognition of the Ohio Business Opportunity Purchasers Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334 (the "BOPA"), the parties to the attached **TIGER SUGAR FRANCHISE USA INC. Franchise Agreement** ("Franchise Agreement") agree as follows:

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Franchise Agreement.
2. **Applicability of BOPA.** Franchisee acknowledges that Tiger Sugar Franchise is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of Tiger Sugar Franchise constitutes an intent that BOPA apply to the transaction between Tiger Sugar Franchise and Franchisee or an admission by Tiger Sugar Franchise that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, "disclosure requirements and prohibitions concerning franchising," 16 C.F.R. 436.1 et seq."
3. **No Delivery of Goods or Services during Cancellation Period.** Tiger Sugar Franchise will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.
4. **Jurisdiction and Venue.** In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.
5. **Cancellation.** You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR

FRANCHISEE

Tiger Sugar Franchise USA Inc.

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Name Py-Jye (Calvin) Sun

Name \_\_\_\_\_

Title Chief Operating Officer

Title \_\_\_\_\_

## OHIO

### NOTICE OF CANCELLATION

of Tiger Sugar Franchise Agreement dated \_\_\_\_\_

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following receipt of your cancellation notice by TIGER SUGAR FRANCHISE USA, INC. (“Tiger Sugar Franchise”), and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to Tiger Sugar Franchise at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of Tiger Sugar Franchise regarding the return shipment of the goods at Tiger Sugar Franchise’s expense and risk. If you do make the goods available to Tiger Sugar Franchise and Tiger Sugar Franchise does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to Tiger Sugar Franchise, or if you agree to return them to Tiger Sugar Franchise and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Tiger Sugar Franchise USA, Inc., at 4010 Main St #A Flushing, NY 11354 or an e-mail to Tiger Sugar Franchise at [tigersugar.nyc@icloud.com](mailto:tigersugar.nyc@icloud.com), not later than midnight of *[Insert date that is five business days after the date above]*.

**I hereby cancel this transaction.**

**FRANCHISEE:**

**[insert company name]**

**By** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**AMENDMENT TO THE**  
**TIGER SUGAR FRANCHISE USA INC. FRANCHISE AGREEMENT**  
**REQUIRED FOR LOCATIONS IN THE COMMONWEALTH OF VIRGINIA**

In recognition of the Virginia Retail Franchising Act, Virginia Code Sections 13.1-557 through 13.1-574, as interpreted by the Virginia State Corporation Commission, the parties to the attached Tiger Sugar Franchise USA Inc. Franchise Agreement ("Franchise Agreement") agree as follows:

1. No Statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR

FRANCHISEE

Tiger Sugar Franchise USA Inc

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_



STATE OF WASHINGTON  
ADDENDUM TO THE TIGER SUGAR FRANCHISE USA, INC.  
FRANCHISE AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this day of \_\_\_\_\_ 20\_\_.

Tiger Sugar Franchise USA, Inc.

Franchisee:

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Pi-Jye "Calvin" Sun

Name:

Title: Chief Operating Officer

Title:

**EXHIBIT 4**  
**NON-USE AND NON-DISCLOSURE AGREEMENT**

## **NON-USE AND NON-DISCLOSURE AGREEMENT**

This Non-Use and Non-Disclosure Agreement (this "**Agreement**") is entered into by and among \_\_\_\_\_, whose address is \_\_\_\_\_, (collectively, together with all affiliates, representatives and agents, referred to as "**Interested Party**") and Tiger Sugar Franchise USA Inc., a New York corporation, whose address is 14223 37th Ave., Unit 5A Flushing, NY 11354 (the "**Company**")

WHEREAS, the Interested Party is interested in entering into a business relationship with the Company, and the Company is interested in entering into a business relationship with the Interested Party, and

WHEREAS, in connection with evaluating the viability of such a business relationship, the Company is furnishing and will furnish the Interested Party with information related to Company and/or its business, including without limitation, financial information, operating information, processes, procedures, corporate and business information, documentation and agreements, including without limitation a franchise disclosure document, that contain confidential and proprietary information (all of the foregoing together with all attachments, addenda, exhibits and other agreements described or referred to in any of the foregoing is herein referred to as the "**Information**")

For good and valuable consideration, including without limitation the Company's furnishing the Interested Party with the Information, the Interested Party has agreed and does hereby agree that:

1 Nondisclosure Obligations. Interested Party will keep the Information confidential, and Interested Party will not, without the Company's prior written consent, disclose the Information, whether in whole or in part, directly or indirectly, except as expressly permitted hereunder. The Interested Party will not use the Information for any purpose other than evaluating the viability of entering into a business relationship with Company (the "**Purpose**"). Interested Party will not use all or any of the Information, or allow all or any of the Information to be used, for any reason other than the Purpose. The Interested Party (a) will not disclose the Information to any employee, agent, or representative of Interested Party unless such person needs access to the Information in order to facilitate the Purpose and executes a nondisclosure agreement with the Interested Party, with terms no less restrictive than those of this Agreement, and (b) will not disclose the Information to any other third party without the Company's prior written consent. The Interested Party is responsible for any breach of this Agreement by any party that receives any of the Information, either directly or indirectly, from the Interested Party. The Interested Party will promptly notify the Company of any misuse or misappropriation of the Information that comes to the Interested Party's attention.

2 Additional Nondisclosure Obligations. Without the Company's prior written consent, except where otherwise required by law (such requirements to be confirmed by a written legal opinion of the Interested Party's counsel), the Interested Party will not disclose to any person the fact that the Information has been made available, that discussions or negotiations are taking place or have taken place concerning a possible transaction involving the Interested Party and the Company, or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof. If Interested Party is required by law to disclose all or any of the Information and such requirements are confirmed by a written legal opinion of the Interested Party's counsel. Interested Party shall reasonably cooperate with Company in any effort to seek a protective order or otherwise contest such required disclosure, at

Company's expense The Interested Party shall give Company prompt notice of any such legal or governmental demand for the Information.

3 Injunction. The Interested Party agrees that breach of this Agreement would cause the Company irreparable injury, for which monetary damages would not provide adequate compensation, and for which other remedies at law may be inadequate to protect the Company against a breach of this Agreement, and that in addition to any other remedy, the Company will be entitled to injunctive relief against such breach or threatened breach, without proving actual damage or posting a bond or other security, which requirements are hereby expressly waived by the Interested Party.

4 Retention of Rights. This Agreement does not transfer ownership of the Information or grant a license thereto Company will retain all right, title, and interest in and to all Information.

5 No Waiver. Neither party will be deemed to have waived any of its rights under this Agreement by lapse of time, or by any statement or representation other than a written waiver executed by the party seeking to waive its rights hereunder.

6 Authority. The undersigned parties each represent and warrant that such party has the power and authority to execute this agreement on behalf of the Interested Party or the Company, as is applicable. The Interested Party represents and warrants that he or she has all necessary authorizations, consents and agreements to bind the Interested Party to the terms and conditions contained herein.

7 Jurisdiction, Applicable Law. You agree that any lawsuit brought the Company to enforce its rights under this Agreement shall be brought in the courts of the County where the Company has its then current principal place of business, and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed. This Agreement shall be governed by the laws of the State of New York. In the event of any conflict of law, the laws of New York shall prevail, without regard to, and without giving effect to, the application of New York conflict of law rules.

8 Severability. To the extent permitted by applicable law, the parties hereby waive any provision of law that would render any clause of this Agreement invalid or otherwise unenforceable in any respect. In the event that a provision of this Agreement is held to be invalid or otherwise unenforceable, such provision will be interpreted to fulfill its intended purpose to the maximum extent permitted by applicable law, and the remaining provisions of this Agreement will continue in full force and effect.

9 Survival. The provisions of this Agreement will survive any termination or expiration of the relationship of the parties hereto.

10 Counterparts. This Agreement may be executed and delivered (including by facsimile or Portable Document Format (pdf) transmission) in any number of counterparts with the same effect as if all signatories had signed the same document. Facsimile and other electronic copies of manually signed originals shall have the same effect as manually-signed originals and shall be binding on the undersigned parties. Each counterpart shall be deemed an original, but all counterparts must be construed together to constitute one and the same instrument.

WITNESS the execution thereof, this day \_\_\_\_\_ of \_\_\_\_\_, 20

COMPANY

Tiger Sugar Franchise USA Inc

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

INTERESTED PARTY

Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

## EXHIBIT 5

### LIST OF FRANCHISEES

What follows is a list of each Tiger Sugar franchise open in the U.S.A. as of December 31, 2023.

<b>Company Name</b>	<b>Owner/Contact Person</b>	<b>Telephone</b>	<b>Store Address</b>
ANN International Group Inc.	Yuanyuan Li	480-572-1643	67 N Dobson Rd #110, Mesa, AZ 85201
JSN Tiger, LLC *	Kent Leung Ben Huang Chee Ho Lau	1-626-616-1388 1-626-823-9859 1-626-236-3165	19620 Stevens Creek Blvd, #180 Cupertino, CA 95014
JESVINE LLC *	Kent Leung Ben Huang Chee Ho Lau	1-626-616-1388 1-626-823-9859 1-626-236-3165	6608 Irvine Center Dr Irvine, CA 92618
JESMAN LLC *	Kent Leung Ben Huang Chee Ho Lau	1-626-616-1388 1-626-823-9859 1-626-236-3165	3465 W 6th St Ste 120 Los Angeles, CA 90020
JESCD LLC *	Kent Leung Ben Huang Chee Ho Lau	1-626-616-1388 1-626-823-9859 1-626-236-3165	18330 Colima Rd Rowland Heights, CA 91748
JSN Tiger II, LLC *	Kent Leung Ben Huang Chee Ho Lau	1-626-616-1388 1-626-823-9859 1-626-236-3165	1628 Hostetter Rd Suite H San Jose, CA 95131
JESPAN LLC*	Kent Leung Ben Huang Chee Ho Lau	1-626-616-1388 1-626-823-9859 1-626-236-3165	341 E. 2 <sup>nd</sup> Street Los Angeles, CA 90012
ASEC LLC	Xue Bai	303-955-6935	2831 W 120 <sup>th</sup> Ave Unit 100 Westminster, CO 80234
Golden Farm, Inc.	Xiao Chu	302-261-2988	211 S. Main Street, Unit 106 Newark, DE 19711
Tiger Sugar DC LLP	Jennie Hui	202-241-0001	670 Rhode Island Avenue NE Washington, DC 20002
H & W Operating Group LLC	Tiffany Huang	954-860-7075	2445 N. University Drive Coral Springs, FL 33065
Gainesville Foodhall LLC	Jinjian Liu	352-792-6030	3045 SW 34 <sup>th</sup> Street, Suite 30 Gainesville, FL 32608
Tiger Sugar Hollywood, Inc.	Brian Chang	954-534-7607	6778 Stirling Road Hollywood, FL 33024
Top Sugar Corp.	Brian Chang	786-755-2726	5878 Sunset Drive South Miami, FL 33143
SNM International LLC	Myung (Kelly) Lee	770-558-1208	6035 Peachtree Road, A216 Atlanta, GA 30360
SNM International LLC	Myung (Kelly) Lee	404 934 7960	2570 Pleasant Hill Rd #101 Duluth, GA 30096
SNM International LLC	Myung (Kelly) Lee	404-934-7960	10820 Abbotts Bridge Rd #370 Duluth, GA 30097

<b>Company Name</b>	<b>Owner/Contact Person</b>	<b>Telephone</b>	<b>Store Address</b>
SNM International LLC	Myung (Kelly) Lee	404 934 7960	840 Ernest W Barrett Pkwy NW. Ste 300 Kennesaw, GA 30144
Restaurants INC	Erani Zuniga	671-482-4679	Micronesia Mall 1088 W. Marino Corps Dr. Dededo, Guam 96929
KY Tiger Sugar LLC	Yunwei Zhang	502-365-4155	1501 Bardstown Rd. Louisville, KY 40205
RasenganNola LLC	Loc Nguyen	508-944-7834	3363 Severn Ave. Metairie, LA 70002
Tiger Sugar Partners LLC	Claire Min	410-680-8265	9338 Baltimore National Pike Suite I Ellicott City, MD 21042
Tiger Sugar Rockville, LLC	Jennie Kwon	240-669-7868	12266 Rockville Pike Unit E Rockville, MD 20852
Tiger Sugar Boston Inc	Jan Fung (Alvin) Lu	646-262-0928	14 Tyler St Boston, MA 02111
Tiger Sugar Allston Inc	Jan Fung (Alvin) Lu	646-262-0928	181 Harvard Ave Boston, MA 02134
Tiger Sugar Cambridge Inc	Jan Fung (Alvin) Lu	646-262-0928	5 JFK Street Cambridge, MA 02138
Brave Sugar Michigan, LLC	Jeffrey Tsui	248-635-4791	6718 Orchard Lake Road West Bloomfield MI 48322
Brave Sugar Michigan, LLC	Jeffrey Tsui	248-635-4791	32211 John R Road Madison Heights, MI 48071
MNN International Group LLC	Yan Qiu	612-259-8998	318 14th Ave SE Minneapolis, MN 55414
JK International Group LLC	Johnny Zhao Kevin He	626-217-799 718-509-7600	Famous Foods Street Eats 3000 Las Vegas Blvd S Las Vegas, NV 89109
JK International Group LLC	Johnny Zhao Kevin He	626-217-799 718-509-7600	9530 S Eastern Ave Unit130 Las Vegas, NV 89123
JK International Group LLC	Johnny Zhao Kevin He	626-217-799 718-509-7600	5150 Spring Mountain Rd Ste #10 Las Vegas, NV 89146
Tiger Sugar Cherry Hills LLC **	Eric Yeung	646-288-4588	404 Marlton Pike East Suite 7 Cherry Hill, NJ 08034
Tea Fairy LLC	Eric Yeung	646-288-4588	Inside H MART 260 Bergen Turnpike Little Ferry, NJ 07643
Tiger Sugar Edison Inc	Shirley Yeung	646-288-4588	1761 NJ-27 Lincoln Highway Edison, NJ 08817
Tigsunm LLC	Chaoxi “Rax” Bai	505-810-1290	Space G-001 6600 Menaul Blvd NE Albuquerque, NM 87110
SSSK Tiger Inc.	Seon Jeon	614-333-1358	876 Bethel Rd. Columbus, OH 43214
Tiger Sugar wChester LLC	Xiu Dan	513-759-0888	7847 Tylersville Rd. West Chester Township, OH 45069



<b>Company Name</b>	<b>Owner/Contact Person</b>	<b>Telephone</b>	<b>Store Address</b>
Brave Tiger OK LLC	David Dang	405-900-5549	2433 N Classen Blvd. Oklahoma City, OK 73106
Tiger Sugar PA#1 LLC	Eric Yeung	646-288-4588	122 N 10th St Philadelphia, PA 19107
Cafe Philly LLC	Eric Yeung	646-288-4588	6201 N Front St, Philadelphia, PA 19120
Tiger Sugar DFW LLC	Chih-Hsuan Sun	214-394-1118	2625 Old Denton Rd #555 Carrollton, TX 75007
SNM TX International LLC	Myung (Kelly) Lee	404-934-7960	2515 E Arkansas Ln Ste 151 Arlington, TX 76010
SNM TX International LLC	Myung (Kelly) Lee	404-934-7960	2625 Old Denton Rd #555 Carrollton, TX 75007
SNM TX International LLC	Myung (Kelly) Lee	404-934-7960	9393 Bellaire Blvd #D Houston, TX 77036
SNM TX International LLC	Myung (Kelly) Lee	404-934-7960	101 Spring Creek Pkwy #735 Plano, TX 75023
Tiger Sugar DMV, LLC	Claire Min	571-655-5697	5704 Pickwick Road Centreville, VA 20121
Tiger Sugar Seattle First Inc.	Alisa Liang	917-887-8736	1422 2 <sup>nd</sup> Ave Seattle, WA 98101

\* The stores in California operate under an agreement entered into by our parent company with JESCD LLC, pursuant to which JESCD LLC and its subsidiaries purchase product from our affiliates but otherwise do not pay fees on an ongoing basis to us or our parent.

\*\* As of the Issuance Date, the Cherry Hill, NJ store is currently closed and in the process of moving to H Mart at 1720 NJ-70, Cherry Hill, NJ – 08003.

## **EXHIBIT 6**

### **LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

None

## EXHIBIT 7

### **AREA REPRESENTATIVES**

We have appointed Area Representatives as follows:

#### **TGS Holding LLC:**

**For States of Arizona, Colorado, Delaware, Hawaii, Illinois, Michigan, Minnesota, New York, Oregon, Rhode Island, and Utah**

#### **Py-Jye (Calvin) Sun: President and Member**

Mr. Sun has been the President and a Member of TGS Holding LLC since its founding in February 2021. He also has been our Secretary and Chief Operating Officer from May of 2019, and has been the principal supervisor of the development and operation of all Tiger Sugar branded stores in North America. From September 2014 until March of 2019, Mr. Sun was the Section Chief of the Accounting Office of the Taichung Veterans General Hospital in Taipei City, Taiwan.

#### **Victor Wong: Director**

Mr. Wong has been a Director of TGS Holding LLC since its founding in February 2021, and an entity that he owns is the other Member of TGS Holding LLC. Directly or through other entities, Mr. Wong has been an owner and investor in various Tiger Sugar Shops in the United States since August 2019. He was the owner of another bubble tea shop in New York City from October 2014 until March of 2019. Mr. Wong also has been a real estate broker with Go Go International Realty Corp. in New York, New York since 2004.

#### **Jian Ming Hwang: Trainer**

Ms. Hwang has been a trainer of Tiger Sugar store operators in the states covered by TGS Holdings' territory since February 2021, and also since August 2019 she has been a manager of a Tiger Sugar Store in Queens, New York owned by Tiger Sugar Corp., an affiliate of TGS Holdings, LLC. From August 2018 until August 2019 she was a manager of Vivi Bubble Tea in Queens, New York. From September 2017 through July 2018 Ms. Hwang was manager of a T Swirl Crepe store in Manhattan, New York, and from May 2013 through August 2017 she was manager of a Vivi Bubble Tea shop in the Chinatown neighborhood of Manhattan, New York.

#### **Tsun Chi (Vicky) Chou: Trainer**

Ms. Chou Hwang has been a trainer of Tiger Sugar store operators in the states covered by TGS Holdings' territory since February 2021, and also since May 2019 she has been a manager of a Tiger Sugar Store in Queens, New York owned by Tiger Sugar Corp., an affiliate of TGS Holdings, LLC. Ms. Chou was the Chief of Taipei City Secured Small Loans Service in Taipei City, Taiwan from June 2007 until February 2018.

Neither TGS Holdings, LLC, any of its affiliates nor any of the individuals identified above have any litigation or bankruptcy history that is required to be disclosed in either Item 3 or Item 4 of the Disclosure Document.

**Tea 108 Corporation:****For States of Maryland, New Jersey, Pennsylvania and Virginia, and the District of Columbia****Eric Yeung: President, Director and Head Trainer**

Mr. Yeung has been the President of Tea 108 Corporation, a Delaware corporation, since its founding in January 2020. Since January 2020, he also has founded and been the principal officer of the entities that operate Tiger Sugar Shops in Ellicott City, Maryland, Rockville, Maryland, Chery Hill, New Jersey, Little Ferry, New Jersey, and Philadelphia, Pennsylvania. From July 2015 until January 2020, Mr. Yeung was the owner and operator of #1 Kitchen Restaurant, a Chinese restaurant, in Brooklyn, Connecticut. Mr. Yeung has operated foodservice establishments since the 1990's.

Neither Tea 108 Corporation, any of its affiliates nor any of the individuals identified above have any litigation or bankruptcy history that is required to be disclosed in either Item 3 or Item 4 of the Disclosure Document.

**Ohio Juice and Tea Development LLC:****For States of Indiana and Ohio****Xiudan Chen, Managing Owner**

Ms. Chen has been the managing owner of Ohio Juice and Tea Development LLC, an Ohio limited liability company, since its founding in September 2022. From November 2017 to August 2022, Ms. Chen was the general manager of QIFE, a hot pot and Korean Barbecue restaurant in Cincinnati Ohio.

**Jinjian Liu: Operating Manager**

Mr. Liu has been the Operating Manager of Ohio Juice and Tea Development LLC, an Ohio limited liability company, since its founding in September 2022. Since June 2022, he has also been the Managing Partner of Tiger Sugar Gainesville FL in Gainesville, Florida. From August 2021 to May 2022, Mr. Young was the Manager of Fusabowl Inc, an Asian grill and sushi restaurant in Ohio. From January 2020 to July 2021, he was an underwriter with Welland Mortgage in New York, New York. From January 2018 to December 2019, he was a procurement officer for Xin Hua Construction Corporation in Miami, Florida.

Neither Ohio Juice and Tea Development LLC, any of its affiliates nor any of the individuals identified above have any litigation or bankruptcy history that is required to be disclosed in either Item 3 or Item 4 of the Disclosure Document.

**Top Sugar Corp.****For the State of Florida****Brian Chang, Director, Treasurer and Secretary**

Mr. Chang has been a Director, Treasurer, Secretary and primary representative of Top Sugar Corp. since July 2022. He also has been a Director, Treasurer and Secretary of Tiger Sugar Hollywood, Inc. in Hollywood, Florida since its founding in June 2020. Mr. Chang also is employed since as a manager by ADATA Technology USA Co., Ltd. in Doral, Florida since the year 2016.

**EXHIBIT 8**

**FINANCIAL STATEMENTS**

**TIGER SUGAR FRANCHISE USA INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**  
**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

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**JTC ACCOUNTANCY CORP**  
CERTIFIED PUBLIC ACCOUNTANTS  
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**Independent Auditors' Report**

Board of Directors and Stockholders  
**Tiger Sugar Franchise USA Inc.**

**Opinion**

We have audited the accompanying financial statements of **Tiger Sugar Franchise USA Inc.**, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholder's equity, and cash flows for the years ended December 31, 2023 and 2022, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of **Tiger Sugar Franchise USA Inc.** as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Tiger Sugar Franchise USA Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Tiger Sugar Franchise USA Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are issued.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Tiger Sugar Franchise USA Inc.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Tiger Sugar Franchise USA Inc.**'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*JTC Accountancy Corp.*

Temple City, California  
April 10, 2024

**TIGER SUGAR FRANCHISE USA INC**  
**BALANCE SHEET**  
DECEMBER 31, 2023 AND 2022

	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,010,153	\$ 1,268,070
Accounts receivable	451,952	684,221
Prepayment to related party	443,063	-
Prepaid income tax	-	2,416
Interest receivable from related party	18,613	14,588
Total Current Assets	<u>1,923,781</u>	<u>1,969,295</u>
Non-current Assets		
Loan to related party	-	138,000
Deferred tax assets, net	-	-
Total Non-current Assets	<u>-</u>	<u>138,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,923,781</u></u>	<u><u>\$ 2,107,295</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable - related party	\$ -	\$ 292,787
Other payable	72,817	-
Other payables to related party	15,138	31,777
Income tax payable	1,302	-
Accrued expense	215,028	-
Temporary receipt	57,677	70,077
Deferred revenue - current	590,000	508,000
Total Current Liabilities	<u>951,962</u>	<u>902,641</u>
Long-term Liabilities		
Deferred revenue - non current	858,500	1,096,500
Total Long-term Liabilities	<u>858,500</u>	<u>1,096,500</u>
<b>TOTAL LIABILITIES</b>	<u>1,810,462</u>	<u>1,999,141</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, no par value per share; authorized 200 shares		
issued and outstanding 200 shares	10,000	10,000
Paid-in capital	91,979	91,979
Retained earnings	11,340	6,175
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>113,319</u>	<u>108,154</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 1,923,781</u></u>	<u><u>\$ 2,107,295</u></u>

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Revenue	\$ 1,948,786	\$ 1,321,141
Cost of Revenue	<u>1,364,150</u>	<u>1,122,970</u>
Gross Profit	584,636	198,171
Operating Expenses	<u>577,944</u>	<u>195,482</u>
Income From Operations	<u>6,692</u>	<u>2,689</u>
Other Income		
Interest income	<u>4,025</u>	<u>14,588</u>
Total Other Income	<u>4,025</u>	<u>14,588</u>
Income Before Income Taxes	10,717	17,277
Income Tax Expense	<u>(5,552)</u>	<u>(2,515)</u>
Net Income	<u>\$ 5,165</u>	<u>\$ 14,762</u>

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Common Stock		Paid-in Capital	Retained Earnings	Total Equity
	Shares Issued	Amount		(Accumulated Deficit)	
Balance, January 1, 2022	1,000	\$ 10,000	\$ 91,979	\$ (8,587)	\$ 93,392
Net Income				14,762	14,762
Balance, December 31, 2022	1,000	10,000	91,979	6,175	108,154
Net Income	-	-		5,165	5,165
Balance, December 31, 2023	1,000	\$ 10,000	\$ 91,979	\$ 11,340	\$ 113,319

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
Cash flows from operating activities:		
Net income	\$ 5,165	\$ 14,762
Adjustments to reconcile net income to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	232,269	(245,599)
Prepayment to related party	(443,063)	-
Prepaid income tax	2,416	(2,416)
Interest receivable from related party	(4,025)	(14,588)
Loan to related party	138,000	150,000
Accounts payable - related party	(292,787)	(877,030)
Other payables	72,817	-
Other payables to related party	(16,639)	1,777
Accrued expense	215,028	-
Temporary receipt	(12,400)	(100,160)
Income tax payable	1,302	(1,000)
Deferred revenue	(156,000)	433,667
Net cash used in operating activities	(257,917)	(640,587)
Net decrease in cash and cash equivalents	(257,917)	(640,587)
Cash and cash equivalents, beginning of year	1,268,070	1,908,657
Cash and cash equivalents, end of year	\$ 1,010,153	\$ 1,268,070
<u>Supplementary Disclosure of Cash Flow:</u>		
Cash paid during the year for:		
Income taxes	\$ 1,834	\$ 5,931
Interest	\$ -	\$ -

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**Note 1 - Organization and Business**

TIGER SUGAR FRANCHISE USA INC. (the “Company”) was established as a corporation in the State of New York on November 18, 2019. It is a wholly-owned subsidiary of Tiger Sugar International Co., Ltd. (“the parent company”), a Samoa incorporated company. The Company is in the business of franchises of TIGER SUGAR, a branding of consumer tea beverage products. The Company sublicenses from the parent company, of the TIGER SUGAR brand, its franchise and operating system in the United States for the period from December 1, 2019 to November 30, 2024. The Company renewed its sublicenses, for the period from January 1, 2023 to December 31, 2027, from the parent company on January 1, 2023.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompany notes. Actual results may differ from those estimates and assumptions.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Allowance for Credit Losses

The Company maintains an allowance for credit losses to properly reflect the realizable value of trade accounts receivable. The balance in the allowance account is estimated by management based upon the current expected credit loss model, which requires to recognize expected credit losses based on historical experience, current conditions, and reasonable and supportable forecast. The Company generally does not require collateral for its accounts receivable but does periodically evaluate the creditworthiness of its customers.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

Revenue Recognition

The Company recognizes revenue in accordance with ASC No. 606 “Revenue from Contracts with Customers”. As such, the Company identifies a contract with a customer, identifies the performance obligation in the contract, determines the transaction price, allocates the transaction price to each performance obligation in the contract and recognizes revenues when (or as) the Company satisfies a performance obligation.

Exclusive agency agreement grants a conditional license to use the Company’s operating system and marks in operations of stores within the geographic franchised area. The non-recurring and non-refundable franchise fee is billed based on the schedule of executed franchise agreement, and revenue is recognized over the period of agreement.

The designer consulting services provided to franchisees contain separate and distinct performance obligations from the term of the franchise agreement; thus, the revenue will be recognized when a separate performance obligation is satisfied.

Royalty is to grant the right to open franchised stores, usually with minimum number but not limited total number of franchise shop set in the agreement, in future periods in specific geographic areas. Royalty fee is billed based on the number of stores open. The Company recognizes related revenue according to the number of stores opened based on the term of the agreement.

Trademark fees are billed based on a percentage of franchise store sales revenue and are recognized on a monthly basis.

Income Taxes

The Company has elected to be taxed as a corporation for federal and state income tax purposes and accounts for its income taxes using an asset and liability approach for financial reporting of income taxes. Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities and net operating loss and tax credit carryforwards. Deferred tax assets are reduced by valuation allowance to the amounts expected to be realized.

The Company files a U.S. federal income tax return, as well as state and local income tax returns where required to do so. The Company follows FASB guidance on uncertain tax positions and has analyzed its filing positions in all jurisdictions (federal, state, and local) where it is required to file income tax returns. This analysis has been applied to all open tax year in each of those jurisdictions.

The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on its financial position, results of operations, or cash flows. Therefore, no reserves for uncertain tax positions have been recorded. The Company does not expect its unrecognized tax benefits to change significantly over the next twelve months.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

The Company's policy for recording interest and penalties associated with any uncertain tax positions is to record such items as a component of income before taxes. Penalties and interest paid or received, if any, are recorded as part of other operating expenses in the statement of operations.

Fair Value Measurements

The carrying value of cash and cash equivalents, accounts receivable, other receivable – related party, loan to related party, accounts payable – related party, other payables, temporary receipt, and deferred revenue approximated their fair values due to the short-term nature of these financial instruments. There were no outstanding derivative financial instruments as of December 31, 2023 and 2022.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash in banks. These balances are insured by the Federal Deposit Insurance Corporation. As of December 31, 2023 and 2022, the uninsured portion of this balance was \$760,153 and \$1,018,070, respectively.

**Note 3 – Revenue**

A summary of revenue for the years ended December 31, 2023 and 2022 consisted of the following:

	2023	2022
Exclusive agency revenue	\$ 566,000	\$ 406,333
Designer consulting revenue	3,000	15,000
Royalty revenue	180,000	80,000
Trademark usage and marketing revenue	1,199,786	847,472
Less: revenue discount	-	(27,664)
	<u>\$ 1,948,786</u>	<u>\$ 1,321,141</u>

Contract assets include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Contract liabilities include payments received in advance of performance under the contract and are realized when the associated revenue is recognized under the contract. As of December 31, 2023 and 2022, the Company had no contract assets, and \$1,448,500 and \$1,604,500, respectively, of contract liabilities which were recorded as deferred revenue.



**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 and 2022

**Note 4 - Income Taxes**

For the years ended December 31, 2023 and 2022, income tax expense consisted of the following:

	2023	2022
Current:		
Federal	\$ 2,102	\$ 1,365
State	3,450	1,150
	<u>\$ 5,552</u>	<u>\$ 2,515</u>
Deferred:		
Federal	\$ -	\$ -
State	-	-
	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023 and 2022, the Company's available net operating loss carrying forward to federal income tax purpose were \$7,667, and \$12,389, respectively. The loss can be carried forward indefinitely.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred income tax assets. The management's projection for whether there would sufficient future taxable income was uncertain. On the basis of this evaluation, as of December 31, 2023 and 2022, a full valuation allowance of \$5,622 and \$4,604 has been recorded to recognize the deferred income tax asset that is more likely than not to be realized. The amount of the deferred income tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period is reduced or increased or if objective negative evidence in the form of cumulative deficit is no longer present and additional weight is given to subjective evidence such as our projections for growth.

**Note 5 - Related Party Transactions**

The Company sublicenses from its parent company, Tiger Sugar International Co., Ltd., of the TIGER SUGAR brand, its franchise and operating system in the United States for the period from December 1, 2019 to November 30, 2024. According to the sublicense agreement, the Company should pay 85% of sublicensing revenue from its customers. On January 1, 2023, the Company renewed the sublicense from its parent company, of which the Company should pay 70% of sublicensing revenue for the period from January 1, 2023 to December 31, 2027. In 2023 and 2022, the total franchise costs were \$1,364,150 and \$1,122,970, respectively. As of December 31, 2023 and 2022, the related accounts payable was \$0 (prepayment \$443,063) and \$292,787, respectively.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

The Company lent \$288,000 with 5% interest rate loan to TGS Holding LLC, a company owned by a related party in 2021. As of December 31, 2023 and 2022, the outstanding balance of the loan was \$0 and \$138,000, respectively, and the Company had interest receivable of \$18,613 and \$14,588, respectively. The interest income from TGS Holding LLC was \$4,025 and \$14,588 in 2023 and 2022, respectively.

The Company's parent company, Tiger Sugar International Co., Ltd, had cooperation agreements with TGS Holding LLC, assigning TGS Holding LLC to be the Company's area representative in recruiting, training, and supervising the operations of Tiger Sugar stores in the designated area, in exchange for receiving a portion of commission expense. In 2023 and 2022, the commission expenses to TGS Holding LLC was \$32,044 and \$0.

As of December 31, 2023 and 2022, the Company had other payable of \$15,138 and \$31,777, respectively. The other payable of \$15,138 in 2023 was for the commission to TGS Holding LLC, while the other payable of \$31,777 in 2022 was for the reimbursement of the travel expenses paid by Tiger Sugar Corp.

**Note 6 – Major Customers**

The Company has two and three major customers, each of which represents 10% or more of the Company's revenue for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Company's revenue from these customers was \$796,845 and \$803,932, respectively. As of December 31, 2023 and 2022, the Company had accounts receivable of \$78,686 and \$90,914, respectively, from these customers.

**Note 7 – Subsequent Events**

Management has evaluated subsequent events through April 10, 2024, the date which the financial statements were available to be issued.

**TIGER SUGAR FRANCHISE USA INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**  
**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

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**JTC ACCOUNTANCY CORP**  
CERTIFIED PUBLIC ACCOUNTANTS  
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Tel: (626) 279-1289 Fax: (626) 279-1878

**Independent Auditors' Report**

Board of Directors and Stockholders  
**Tiger Sugar Franchise USA Inc.**

**Opinion**

We have audited the accompanying financial statements of **Tiger Sugar Franchise USA Inc.**, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in stockholders' equity, and cash flows for the years ended December 31, 2022 and 2021, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of **Tiger Sugar Franchise USA Inc.** as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Tiger Sugar Franchise USA Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Tiger Sugar Franchise USA Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Tiger Sugar Franchise USA Inc.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Tiger Sugar Franchise USA Inc.**'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*JTC Accountancy Corp.*

Temple City, California  
March 29, 2023

**TIGER SUGAR FRANCHISE USA INC**

**BALANCE SHEET**

**DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,268,070	\$ 1,908,657
Accounts receivable	684,221	438,622
Prepaid income tax	2,416	-
Interest receivable from related party	14,588	-
Total Current Assets	<u>1,969,295</u>	<u>2,347,279</u>
Non-current Assets		
Loan to related party	<u>138,000</u>	<u>288,000</u>
Total Non-current Assets	<u>138,000</u>	<u>288,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,107,295</u></u>	<u><u>\$ 2,635,279</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable - related party	\$ 292,787	\$ 1,169,817
Temporary receipt	70,077	170,237
Other payables to related party	31,777	30,000
Deferred revenue - current	508,000	340,000
Income tax payable	-	1,000
Total Current Liabilities	<u>902,641</u>	<u>1,711,054</u>
Long-term Liabilities		
Deferred revenue - non current	<u>1,096,500</u>	<u>830,833</u>
Total Long-term Liabilities	<u>1,096,500</u>	<u>830,833</u>
<b>TOTAL LIABILITIES</b>	<u>1,999,141</u>	<u>2,541,887</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, no par value per share; authorized 200 shares		
issued and outstanding 200 shares	10,000	10,000
Paid-in capital	91,979	91,979
Retained earnings (Accumulated deficit)	<u>6,175</u>	<u>(8,587)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>108,154</u>	<u>93,392</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 2,107,295</u></u>	<u><u>\$ 2,635,279</u></u>

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Revenue	\$ 1,321,141	\$ 911,226
Cost of Revenue	<u>1,122,970</u>	<u>774,542</u>
Gross Profit	198,171	136,684
Operating Expenses	<u>195,482</u>	<u>161,975</u>
Income (Loss) From Operations	<u>2,689</u>	<u>(25,291)</u>
Other Income		
Interest income	<u>14,588</u>	<u>-</u>
Total Other Income	<u>14,588</u>	<u>-</u>
Income (Loss) Before Income Taxes	17,277	(25,291)
Income Tax Expense	<u>(2,515)</u>	<u>(5,209)</u>
Net Income (Loss)	<u>\$ 14,762</u>	<u>\$ (30,500)</u>

The accompanying notes are an integral  
part of these financial statements



**TIGER SUGAR FRANCHISE USA INC**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Common Stock			Earnings	Total
	Shares			(Accumulated	Equity
	Issued	Amount	Paid-in Capital	Deficit)	
Balance, January 1, 2021	1,000	\$ 10,000	\$ 91,979	\$ 21,913	\$ 123,892
Net Loss				(30,500)	(30,500)
Balance, December 31, 2021	1,000	10,000	91,979	(8,587)	93,392
Net Income	-	-		14,762	14,762
Balance, December 31, 2022	1,000	\$ 10,000	\$ 91,979	\$ 6,175	\$ 108,154

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 14,762	\$ (30,500)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(245,599)	797,241
Prepaid income tax	(2,416)	-
Interest receivable from related party	(14,588)	-
Loan to related party	150,000	(288,000)
Accounts payable - related party	(877,030)	774,542
Temporary receipt	(100,160)	170,237
Deferred revenue	433,667	65,000
Income tax payable	(1,000)	(4,740)
Other payables to related party	1,777	-
Net cash (used in) provided by operating activities	(640,587)	1,483,780
Net increase (decrease) in cash and cash equivalents	(640,587)	1,483,780
Cash and cash equivalents, beginning of year	1,908,657	424,877
Cash and cash equivalents, end of year	<u>\$ 1,268,070</u>	<u>\$ 1,908,657</u>
 <u>Supplementary Disclosure of Cash Flow:</u>		
Cash paid during the year for:		
Income taxes	\$ 5,931	\$ 4,209
Interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral  
part of these financial statements

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 1 - Organization and Business**

TIGER SUGAR FRANCHISE USA INC. (the “Company”) was established as a corporation in the State of New York on November 18, 2019. It is a wholly owned subsidiary of Tiger Sugar International Co., Ltd., a Samoa incorporated company. The Company is in the business of franchises of TIGER SUGAR, a branding of consumer tea beverage products. The Company sublicenses from Tiger Sugar International Co., Ltd., of the TIGER SUGAR brand, its franchise and operating system in the United States for the period from December 1, 2019 to November 30, 2024.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompany notes. Actual results may differ from those estimates and assumptions.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Accounts Receivable

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Assessing the collectability of customer receivables requires management judgment. The Company determines its allowance for doubtful accounts by specifically analyzing individual accounts receivable, historical bad debts, customer concentrations, customer creditworthiness, current economic and accounts receivable aging trends, and changes in customer payment terms. Valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate collectability of accounts receivable becomes available. Provisions are recorded in general and administrative expenses.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

Revenue Recognition

The Company recognizes revenue in accordance with ASC No. 606 “Revenue from Contracts with Customers”. As such, the Company identifies a contract with a customer, identifies the performance obligation in the contract, determines the transaction price, allocates the transaction price to each performance obligation in the contract and recognizes revenues when (or as) the Company satisfies a performance obligation.

Exclusive agency agreement grants a conditional license to use the Company’s operating system and marks in operations of stores within the geographic franchised area. The non-recurring and non-refundable franchise fee is billed based on the schedule of executed franchise agreement, and revenue is recognized over the period of agreement.

Royalty is to grant the right to open franchised stores, usually with minimum number but not limited total number of franchise shop set in the agreement, in future periods in specific geographic areas. Royalty fee is billed based on the number of stores open. The Company recognizes related revenue according to the number of stores opened based on the term of the agreement. The designer consulting services provided to franchisees contain separate and distinct performance obligations from the term of the franchise agreement; thus, the revenue will be recognized when a separate performance obligation is satisfied. Trademark fees are billed based on a percentage of franchise store sales revenue and are recognized on a monthly basis.

Income Taxes

The Company has elected to be taxed as a corporation for federal and state income tax purposes and accounts for its income taxes using an asset and liability approach for financial reporting of income taxes. Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities and net operating loss and tax credit carryforwards. Deferred tax assets are reduced by valuation allowance to the amounts expected to be realized.

The Company files a U.S. federal income tax return, as well as state and local income tax returns where required to do so. The Company follows FASB guidance on uncertain tax positions and has analyzed its filing positions in all jurisdictions (federal, state, and local) where it is required to file income tax returns. This analysis has been applied to all open tax year in each of those jurisdictions.

The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on its financial position, results of operations, or cash flows. Therefore, no reserves for uncertain tax positions have been recorded. The Company does not expect its unrecognized tax benefits to change significantly over the next twelve months.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

The Company's policy for recording interest and penalties associated with any uncertain tax positions is to record such items as a component of income before taxes. Penalties and interest paid or received, if any, are recorded as part of other operating expenses in the statement of operations.

Fair Value Measurements

The carrying value of cash and cash equivalents, other receivable – related party, loan to related party, loan from related party, accounts payable – related party, temporary receipt, and deferred revenue approximated their fair values due to the short-term nature of these financial instruments. There were no outstanding derivative financial instruments as of December 31, 2022 and 2021.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash in banks. These balances are insured by the Federal Deposit Insurance Corporation. As of December 31, 2022 and 2021, the uninsured portion of this balance was \$1,018,070 and \$1,658,657, respectively.

New Accounting Pronouncements

Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which introduces new guidance for the accounting for credit losses on financial instruments within its scope and modifies the impairment model for available-for-sale debt securities. In addition, credit losses on available-for-sale debt securities will be limited to the difference between the security's amortized cost basis and its fair value. For all entities other than public business entities, the guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is evaluating the impact of adopting this guidance.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 3 – Revenue**

A summary of revenue for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Exclusive agency revenue	\$ 406,333	\$ 335,000
Designer consulting revenue	15,000	40,000
Royalty revenue	80,000	120,000
Trademark usage and marketing revenue	847,472	416,226
Less: revenue discount	(27,664)	-
	<u>\$ 1,321,141</u>	<u>\$ 911,226</u>

Contract assets include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Contract liabilities include payments received in advance of performance under the contract and are realized when the associated revenue is recognized under the contract. As of December 31, 2022 and 2021, the Company had no contract assets, and \$1,604,500 and \$1,170,833, respectively, of contract liabilities which were recorded as deferred revenue.

**Note 4 - Income Taxes**

For the years ended December 31, 2022 and 2021, income tax expense consisted of the following:

	2022	2021
Current:		
Federal	\$ 1,365	\$ 4,209
State	1,150	1,000
	<u>\$ 2,515</u>	<u>\$ 5,209</u>
Deferred:		
Federal	\$ -	\$ -
State	-	-
	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2022 and 2021, the Company's available net operating loss carrying forward to federal income tax purpose were \$12,389, and \$25,291, respectively. The loss can be carried forward indefinitely.

**TIGER SUGAR FRANCHISE USA INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 5 - Related Party Transactions**

The Company sublicenses from its parent company, Tiger Sugar International Co., Ltd., of the TIGER SUGAR brand, its franchise and operating system in the United States for the period from December 1, 2019 to November 30, 2024. According to the sublicense agreement, the Company should pay 85% of sublicensing revenue from its customers. In 2022 and 2021, the total franchise costs were \$1,122,970 and \$774,542, respectively. As of December 31, 2022 and 2021, the related accounts payable was \$292,787 and \$1,169,817, respectively.

The Company lent \$288,000 with 5% interest rate loan to Tiger Sugar Corp., a company owned by a related party in 2021. As of December 31, 2022 and 2021, the outstanding balance of the loan was \$138,000 and \$288,000, respectively, and the Company had interest receivable of \$14,588 and \$0, respectively.

As of December 31, 2022 and 2021, the Company had other payable of \$31,777 and \$30,000, respectively, to TGS Holding LLC, a company owned by a related party. The other payable was for the reimbursement of travel expenses paid by TGS Holding LLC.

**Note 6 – Major Customers**

The Company has three and four major customers, each of which represents 10% or more of the Company's revenue for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the Company's revenue from these customers was \$803,932 and \$881,226, respectively. As of December 31, 2022 and 2021, the Company had accounts receivable of \$90,914 and \$316,673, respectively, from these customers.

## **STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	April 29, 2024
Minnesota	
New York	
Rhode Island	
Virginia	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



## **RECEIPT** **(YOUR COPY)**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Tiger Sugar Franchise USA Inc. offers you a franchise, Tiger Sugar Franchise USA Inc. must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Tiger Sugar Franchise USA Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit 1.

All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended or nor shall they act as a release, estoppels or waiver of any liability incurred under Maryland Franchise Registration and Disclosure Law.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: MING-TSUNG YANG, Tiger Sugar Franchise USA Inc., 14223 37th Ave., Unit 5A Flushing, NY 11354, (718)687-2895, and

The issuance date of this Disclosure Document is April 29, 2024.

See Exhibit 1 for our registered agents authorized to receive service of process

I have received a Disclosure Document dated April 29, 2024.

Exhibit 1 - State Administrators/Agents for Service of Process

Exhibit 2 - State Specific Addendum

Exhibit 3 - Franchise Agreement

Exhibit 4 - Non-Use and Non-Disclosure Agreement

Exhibit 5 - List of Franchisees

Exhibit 6 - List of Franchisees Who Have Left the System

Exhibit 7 – Area Representatives

Exhibit 8 - Financial Statements

<hr/> Date	<hr/> Prospective Franchisee  <hr/> Printed Name
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PLEASE KEEP THIS COPY FOR YOUR RECORDS

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<hr/> <b>Date</b>	<hr/> <b>Prospective Franchisee</b>
	<hr/> <b>Printed Name</b>

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO MING-TSUNG YANG, TIGER SUGAR FRANCHISE USA INC., 14223 37TH AVE., UNIT 5A, FLUSHING, NY 11354