

**FRANCHISE DISCLOSURE DOCUMENT
(MASTER FRANCHISE PROGRAM)**



GONG CHA USA FRANCHISING, LLC
a Delaware limited liability company
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Gong Cha USA Franchising, LLC is offering franchises for the operation of Gong cha® master franchise businesses. As a master franchisee, you will (i) grant subfranchises to affiliates and independent third-party entities to allow them to establish and operate Gong cha® stores within a specific territory, and (ii) support and sell certain approved products to your subfranchisees.

The total investment necessary to begin operation of a Gong cha® master franchise business ranges from \$188,200 to \$684,500. This includes \$115,000 to \$515,000 that must be paid to us or our affiliate. The total investment necessary for your first affiliate subfranchisee to begin operation of a Gong cha® store ranges from \$163,700 to \$576,300. This includes \$0 that must be paid directly to us or our affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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 Andrew Sternburg at 200 Clarendon Street, Suite #5600, Boston, Massachusetts 02116, (508) 277-4148.

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 "*Buying a Franchise: A Consumer's Guide*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: July 31, 2023

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
How much can I earn?	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 D.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Gong cha® master franchise business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Gong cha® master franchise business franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 E.

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 Massachusetts. 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 Massachusetts than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

**GONG CHA USA FRANCHISING, LLC
MASTER FRANCHISE DISCLOSURE DOCUMENT**

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Exhibits:

- A. Master Franchise Agreement, including form Subfranchise Agreement (Appendix XII)
- B. Financial Statements
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- D. Existing and Former U.S. Master Franchisees
- E. List of State Administrators/Agents for Service of Process
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we,” “our,” and “us,” mean Gong cha USA Franchising, LLC, the franchisor. “You” and “your” mean the entity that buys the master franchise, the master franchisee, and its owners, as applicable.

The Gong cha® Brand

As further described below, we, our predecessors and affiliates Gong Cha Global Limited (“GCG”) and Gong Cha International Co., Ltd. (f/k/a Royal Tea Taiwan Co., Ltd) (“GCI”), and other of our affiliates have developed, and continue to develop, the Gong cha® brand and System (as defined below). Founded in 2006 in Kaohsiung in southern Taiwan, “Gong cha,” which translates to “tribute tea for the emperor,” is one of the most recognized Taiwanese tea brands in the world. The brand’s leading product is its famous Taiwanese-style bubble tea, which is sweet, milk tea infused with pearl-shaped tapioca. The Gong cha® brand expanded from Taiwan to Korea in 2012 and continued expansion throughout Asia beginning in 2013, with further expansion to the United States in April 2014. As of December 31, 2022, there were 1,906 Gong cha® stores in 21 countries, including Australia, Belgium, Brunei, Cambodia, Canada, Hong Kong, Indonesia, Japan, Macau, Malaysia, Myanmar, Mexico, New Zealand, the Philippines, Portugal, Singapore, South Korea, Taiwan, the United Kingdom, the United States and Vietnam.

The Master Franchise Business

We offer to qualified entities we and GCG approve (each, a “Master Franchisee”) the right to enter into a master franchise agreement with us (“Master Franchise Agreement” or “MFA”) for the operation of a Gong cha® master franchise business (“Master Franchise Business” or “Business”) within a specific geographic territory or territories (the “Authorized Territory”) using the Trademarks, System, and IP Rights (as these terms are defined below). Under the Master Franchise Agreement, you will be granted the right and license: (i) to grant subfranchises for the establishment and operation of Gong cha® stores within the Authorized Territory (“Gong Cha Stores”) to affiliate and third-party subfranchisees that meet our requirements (“Subfranchisees”) by entering into Subfranchise Agreements and Area Development Agreements (as defined below) (“Development Rights”); and (ii) to own and operate (through affiliate Subfranchisees) Gong cha® stores within the Authorized Territory once opened, and to support, distribute Products and other authorized products and items to, and receive fees from, as applicable, all existing Gong cha® stores within the Authorized Territory once opened (“Operating Rights”). “Products” mean any product or service we authorize to be provided at Gong Cha Stores under the System, as we may amend from time to time, with the understanding that any such products and services, including pre-packaged or ready-to-drink products and/or related merchandise or services, may only be offered and sold to Subfranchisees or from Gong Cha Stores located within the Authorized Territory, and not through any other distribution channels.

A copy of our form Master Franchise Agreement is attached as Exhibit A.

You will be granted the right to use the Gong cha® mark and “Gong cha” name, as well as such other trademarks, service marks, tradenames logos, designs and identifying slogans, whether registered or not registered, that we specifically designate, in the Master Franchise Agreement or otherwise in writing, for use by Master Franchisees from time to time (collectively, the “Trademarks”). In addition, under the Master Franchise Agreement, you will be granted the right to use the System and the “IP Rights” (as defined in Clause 5.1 of the Master Franchise Agreement) in accordance with our manuals and other requirements for the operation of Master Franchise Businesses. The “System” is a unique system for the sourcing, distribution, offer and sale of beverage products, foods, certain complementary products, accessories, and services under the Trademarks, which includes operating and service procedures, management practices, techniques, methods, knowledge, expertise, skill and proprietary information relating to the operation of a food and beverage business, trade dress and trade secrets, layout and other systems and procedures in relation to the Master Franchise Business and the operation of Gong cha® stores, as well as any amendments, and improvements we or our affiliates make to such system or any of the foregoing from time to time.

You will be required to conduct an approval process to confirm that each potential subfranchisee and each potential Gong cha® store to be developed meet all of our then current minimum requirements and approval procedures and guidelines for new single-store and multi-store subfranchisees and new Gong cha® stores, as the same may be amended, replaced or supplemented by us at any time. We also reserve the right, upon written notice to you, to approve any or all potential single-store or multi-store subfranchisees and potential Gong cha® stores. You may not directly operate Gong cha® stores under the Master Franchise Agreement, but may only do so through an affiliate that enters into a Subfranchise Agreement with you. An “Affiliate Owned Gong Cha Store” means a Gong Cha Store that is or will be established and operated by a Subfranchisee that is your affiliate, and an “Independently Owned Gong Cha Store” means a Gong Cha Store that is or will be established and operated by a Subfranchisee that is a third party and not your affiliate.

In order to maintain your Development Rights under the Master Franchise Agreement, you must establish and operate the cumulative number of Gong Cha Stores (including Affiliate Owned Gong Cha Stores) in the Authorized Territory by the dates specified in the applicable development schedule, as further described in Item 12. In addition, you must establish and operate at least 2 Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements before you may grant subfranchises to third parties for the establishment and operation of Independently Owned Gong Cha Store within the Authorized Territory.

You are required to use the form subfranchise (franchise) agreement we approve (“Subfranchise Agreement”), a copy of which is attached as Appendix XII to the Master Franchise Agreement, a form area development agreement we approve (“Area Development Agreement”), and any other form agreements we require, as such forms may be amended by us from time to time, including only such amendments to such form as we approve in writing. You also are responsible for preparing and seeking our prior written approval of any other form agreements, including a lease addendum (collectively, “Other Agreements”), you intend to use with your prospective subfranchisees or Subfranchisees. In addition, once we have approved a form Subfranchise Agreement, Area Development Agreement or Other Agreement, you may not modify the terms of such form document without submitting them to us and receiving our prior written approval. Your form Subfranchise Agreement, Area Development Agreement and any Other

Agreements must include terms and conditions consistent with your Master Franchise Agreement and as we prescribed from time to time, including the maximum size of the territory granted under any Subfranchise Agreement, Area Development Agreement or Other Agreement.

This disclosure document describes the Master Franchise Business. As further described below and in Clause 4.11.2 of the Master Franchise Agreement, you are required to prepare and disclose to your prospective subfranchisees, including your affiliates, a separate disclosure document that details your offer of unit franchises for Gong cha® stores.

The Franchisor and its Business Experience

We are a limited liability company formed in Delaware on January 10, 2023. Our principal business address is 200 Clarendon St., Suite #5600, Boston, Massachusetts 02116.

As a result of the May 1, 2023 US Restructuring (described below), we became the franchisor of the Gong cha® system in the United States. Therefore, as of May 1, 2023, we are in the business of offering new Gong cha® master franchises and unit franchises for Gong cha® stores in the United States, and supporting and arranging for the sale of Products to our existing franchisees and, in some cases, our master franchisees' subfranchisees. We offer Gong cha® unit franchises under a separate disclosure document. As of the issuance date of this disclosure document, neither we nor any of our predecessors or affiliates had offered or sold any Gong cha® unit franchises in the United States.

We do not offer, and have never offered, franchises in any other line of business. We have never operated a Gong cha® master franchise business similar to the one being offered under this disclosure document, nor have we operated a Gong cha® store.

Our agents for service of process are disclosed in Exhibit E.

Our Parents and their Business Experience

We are a wholly owned subsidiary of Gong cha Americas, Inc. ("GCA"), which is a wholly owned subsidiary of GCG, which is a wholly owned subsidiary of GC Group Midco Limited ("GC Midco"), which is a wholly owned subsidiary of GC Group Holdco Limited ("GC Holdco"), which is a wholly owned subsidiary of Gong Cha Limited (originally called GC Group Topco Limited). GCA's principal business address is the same as ours. The principal business address of GCG, GC Midco, GC Holdco and Gong Cha Limited is 34A Waterside, 44-48 Wharf Road, London, England, N1 7UX. On November 1, 2019, GCG purchased the existing Gong Cha group (consisting of GCI, GCK and GCJ, as defined below) to form the new Gong Cha group for which Gong Cha Limited is the top company.

As of the issuance date of this disclosure document, we anticipate that we will enter into a services agreement with GCA, under which GCA and its employees will provide certain services to us and our master franchisees in the United States, which may include those relating to recruiting, training, marketing and support. GCA, GC Midco, GC Holdco and Gong Cha Limited do not offer, and have never offered, franchises in any line of business. In addition, GCA, GC Midco, GC Holdco and Gong Cha Limited have never operated a Gong cha® master franchise

business similar to the one being franchised under this disclosure document, nor have they operated a Gong cha® store.

Our Predecessors and their Business Experience

Our direct predecessor and parent is GCG. Our indirect predecessor and affiliate, and GCG's direct predecessor and affiliate is GCI. GCI was originally called Royal Tea Taiwan Co., Ltd, until it changed to its current name on July 1, 2020. GCI's principal business address is No. 180 Wenfu Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C).

To facilitate its global expansion beyond the Asian markets, the new Gong Cha group elected to centralize certain management and strategic functions, along with key assets, in the United Kingdom. Accordingly, on July 1, 2020, GCI sold certain of its intellectual property ("IP") to GCG, including GCI's rights and obligations under its master franchise agreements and other franchise agreements, and GCI's trademarks, service marks, logos, designs and identifying slogans, including the Trademarks, for an agreed upon price to be paid pursuant to a promissory note between the parties (the "Restructuring"). GCI also assigned to GCG the master franchise agreements, including the US master franchise agreements. Following the Restructuring, GCG has served as the global franchisor of the Gong cha® system outside the United States since July 2020. In addition, GCG offered and sold Gong cha® master franchises in the United States from July 2020 to April 2023, and Gong cha® unit franchises in the United States from September 2022 to April 2023.

Following the Restructuring, GCI remained GCG's affiliate and continued to sell products (including raw materials) to GCG. GCI also continued provide certain management/operational services to GCG. In addition, as part of the Restructuring, GCG entered into a master franchising agreement with GCI to allow it to serve as the Gong cha® master franchisee in Taiwan, and to continue to directly operate its then existing Gong cha® stores in Taiwan and to support and sell products to the then existing Gong cha® stores owned and operated by its subfranchisees in Taiwan. As master franchisee, GCI will subfranchise to third parties the right to operate additional Gong cha® stores in Taiwan, and support and sell product to such stores. While GCI previously operated Gong cha® stores in Taiwan, it has sold them all to subfranchisees and no longer intends to directly operate Gong cha® stores. As of December 31, 2022, there were no Gong cha® stores operated by GCI directly in Taiwan, and 22 Gong cha® stores operated by GCI's subfranchisees in Taiwan.

To further support the planned expansion in the United States, as of May 1, 2023, the Gong Cha group implemented a corporate US restructuring (the "US Restructuring"). As part of the US Restructuring, we were formed as a wholly owned subsidiary of GCA to act as the new US franchisor, and Gong cha USA Product Supplier, LLC ("GCPS") was formed as a wholly owned subsidiary of GCA to act as the new US Product supplier. Additional information about GCPS is disclosed in the affiliate section below. Under an assignment agreement between GCG and us, effective May 1, 2023, GCG assigned all US master franchise agreements to us, as well as the unit franchise agreements GCG entered into with its affiliates GCIL (as defined below). Following the US Restructuring GCG continues to own the intellectual property and proprietary rights relating to the System, including the IP Rights. However, GCG has entered into an "IP License Agreement" with us, effective May 1, 2023, under which GCG has granted to us for an

ongoing license and royalty fee the exclusive right to use, and license the right to use, GCG's intellectual property and proprietary rights relating to the System, including the IP Rights, in the United States and, to among other things, offer and sell Gong cha® master, multi-unit and unit franchises, operate Gong cha® stores, and provide support and coordinate the distribution of Products and other items to US master franchisees and Gong cha® stores. In addition, GCG also has entered into a "Services Agreement" with us, effective May 1, 2023, under which we have agreed for an ongoing service fee to provide certain services relating to the growth and maintenance of the Gong cha® system in the United States.

Following the US Restructuring, we are the US franchisor of the Gong cha® system. As of December 31, 2022, there were 7 Gong cha® master franchise businesses in the United States. Following this date, the master franchisee of one of these Gong cha® master franchise businesses acquired the assets of another one of these Gong cha® master franchise businesses and combined it with its business. As a result, as of the issuance date of this disclosure document, there were a total of 6 US Gong cha® master franchise businesses (the "Existing Master Franchise Businesses"). In addition, as of December 31, 2022, there were another 20 Gong cha® master franchise businesses operating in 20 other countries, including Australia, Belgium, Brunei, Cambodia, Canada, Hong Kong, Indonesia, Japan, Macau, Malaysia, Mexico, Myanmar, New Zealand, the Philippines, Portugal, Singapore, South Korea, Taiwan, the United Kingdom and Vietnam. The Existing Master Franchise Businesses are operated under separate master franchise agreements or MFAs ("Existing MFAs") with 6 separate master franchisees (the "Existing Master Franchisees"). As of December 31, 2022, there were a total of 187 Gong cha® stores operating in the United States, 27 of which were operated by master franchisees or their affiliates, 3 of which were operated by our US-based affiliates, and 157 of which were operated by third-party subfranchisees / sublicensees.

Except as described above, GCG and GCI do not offer, and have never offered, franchises in any line of business. In addition, except as described above, GCG and GCI have never operated a Gong cha® master franchise business similar to the one being franchised under this disclosure document, nor have GCG and GCI operated a Gong cha® store.

Our Affiliates and their Business Experience

Our affiliate GCPS distributes the Products to certain customers in the United States, including our US master franchisees and unit franchisees, pursuant to a non-exclusive distribution agreement with GCG and a services agreement with us. GCPS does not offer, and has never offered, franchises in any line of business. In addition, GCPS has never operated a Gong cha® master franchise business similar to the one being franchised under this disclosure document, nor has GCPS operated a Gong cha® store.

Our affiliate Gong Cha Korea Co. Ltd. ("GCK") has served as the Gong cha® master franchisee in Korea since April 2012. GCK's principal business address is 7F, 47, Jong-ro, Jongno-gu, Seoul, South Korea. As master franchisee, GCK develops and operates, and subfranchises to third parties the right to operate, Gong cha® stores in Korea, and supports and sells product to such stores. As of December 31, 2022, there were 71 Gong cha® stores operated by GCK directly in Korea, and 793 Gong cha® stores operated by GCK's subfranchisees in Korea. Except as described above, GCK does not offer, and has never offered, franchises in any

other line of business. In addition, except as described above, GCK has never operated a Gong cha® master franchise business similar to the one being franchised under this disclosure document, nor has GCK operated a Gong cha® store.

Our affiliate Gong Cha Japan Co. (“GCJ”) has served as the Gong cha® master franchisee in Japan since March 2015. GCJ’s principal business address is 151-0071, Unizo Hatsudai Building 3F, 2-6-3, Honmachi Shibuya-ku, Tokyo, Japan. As master franchisee, GCJ develops and operates, and subfranchises to third parties the right to operate, Gong cha® stores in Japan, and supports and sells product to such stores. As of December 31, 2022, there were 19 Gong cha® stores operated by GCJ directly in Japan, and 109 Gong cha® stores operated by GCJ’s subfranchisees in Japan. Except as described above, GCJ does not offer, and has never offered, franchises in any other line of business. In addition, except as described above, GCJ has never operated a Gong cha® master franchise business similar to the one being franchised under this disclosure document, nor has GCJ operated a Gong cha® store.

Our affiliate Gong Cha USA, Inc. (“GCUSA”) was formed to act as GCG's guarantor in certain situations. GCG included GCUSA’s audited financial statements and guarantee in several of its prior US FDDs, and certain US masters franchisees have included and continue to include GCUSA’s audited financial statements and guarantee in their US FDDs. GCUSA’s principal business address is the same as ours. GCUSA does not offer, and has never offered, franchises in any line of business. In addition, GCUSA has never operated a Gong cha® master franchise business similar to the one being franchised under this disclosure document, nor has GCUSA operated a Gong cha® store.

Our affiliates GC Naperville, IL, LLC, GC State Street, LLC, GC West Sheridan, LLC and GC North Lincoln, LLC (collectively “GCIL”), were each formed by GCA to own and operate a single Gong cha® store in the Chicago, Illinois market. As of the issuance date of this disclosure document, GC Naperville, IL, LLC had opened a Gong cha® store in Naperville, Illinois, and GC West Sheridan, LLC, GC State Street, LLC and GC North Lincoln, LLC each had opened a Gong cha® store in Chicago, Illinois. Other affiliates also may open Gong cha® stores in the Chicago, Illinois market or in other markets outside of the territories granted to US Gong cha® master franchisees. None of our affiliates described in this paragraph have ever offered franchises in any line of business.

Except as described above, we have no parents, predecessors or affiliates that are required to be disclosed in this Item 1.

The Market and Competition

The general market for unit franchisees is well developed. You will have to compete with brokers, franchisors, national chains and independently owned companies for prospective Gong cha® franchisees.

The general market for bubble tea and tea drinks is developing in the United States. The general market for food and beverages, however, is highly competitive and you and your Subfranchisees will be competing with other businesses offering tea and coffee drinks and blended juice drinks, smoothies, snack and juice bars, and general food service establishments

carrying similar products as an offering on their menus. National and local restaurants, both franchised and independent, also may offer tea, coffee, juice and other drinks as additional menu items, and national and local supermarkets and other retailers may carry some of the same or similar product lines. The market for bubble tea and tea drinks also may be affected by general economic conditions and may be more seasonal in some parts of the country.

Industry-Specific Regulations

We are not aware of any industry-specific laws or regulations with which you and your Subfranchisees must comply. However, you must comply with, and ensure that your Subfranchisees comply with, all local, state, and federal laws and regulations that apply to businesses generally, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws, the Americans with Disability Act of 1990 (the “ADA”) that requires readily accessible accommodation for disabled persons, and all data and consumer privacy laws and regulations, including the Telephone Consumer Protection Act (“TCPA”), the National Automated Clearinghouse Association (“NACHA”) operating rules, and all related and associated regulations, as well as any other applicable laws related to privacy, data security, data protection, direct marketing, consumer protection, and workplace privacy laws, along with the rules requirements, and regulations of any applicable jurisdiction, and all similar federal, provincial, state, local and other laws and all applicable industry standards concerning privacy, confidentiality, and data security. You also must obtain all required permits and operational licenses.

In addition, you are responsible for complying with all applicable federal and state laws relating to the offer, sale, maintenance, default, termination and non-renewal of franchises and subfranchises, including the FTC Franchise Rule, state franchise registration and disclosure laws, state relationship laws and state business opportunity laws (collectively, “Franchise Laws”). Further, you are solely responsible for preparing, amending and annually updating a franchise disclosure document (“FDD”) to use in offering and selling subfranchises for Gong Cha Stores to prospective subfranchisees in accordance with all Franchise Laws (although, upon your request, we will provide relevant information about ourselves and our business to include in your FDD), registering your FDD with the states, as applicable, properly providing your FDD to prospective subfranchisees and complying with all applicable waiting periods and related requirements before a prospective subfranchisee pays any consideration to you or your Affiliates or signs a binding agreement, and requesting information from us to allow you to prepare, amend, update and register your FDD in a timely manner.

Further, you also will be responsible for complying with all applicable federal, state and local laws and regulations relating to your importation, storage, sale and delivery of the Supplies (as defined in Item 8), including the Products.

We are not obligated to provide you with guidance about these laws and regulations and you are solely responsible for knowing about and complying with, and ensuring that all of your Subfranchisees know about and comply with, all laws and regulations applicable to your and their businesses. We recommend that you consult with your attorney for an understanding of these laws.

ITEM 2

BUSINESS EXPERIENCE

Paul Reynish – Global Chief Executive Officer

Mr. Reynish has been our Global Chief Executive Officer since May 2023. Mr. Reynish also has been the Global Chief Executive Officer of GCG since July 2022, and the Global Chief Executive Officer of GCA, GCUSA and GCPS since May 2023. From May 2021 to July 2022, Mr. Reynish was President of Intertek Alchemy, located in Austin, Texas. From March 2017 to June 2020, Mr. Reynish was President and Chief Executive Officer of FGE International BV, located in Amsterdam, Netherlands, and from June 2020 to May 2021, Mr. Reynish was on garden leave from FGE International BV.

Geoffrey Henry – President

Mr. Henry has been our President since May 2023. Since May 2023, Mr. Henry has also been the President and a Director of GCA and GCUSA, and the President of GCPS and GCIL. Since March 2023, Mr. Henry also has been the President of the Americas of GCG. From January 2019 to February 2023, Mr. Henry was the President, Jamba for Focus Brands, LLC, located in Atlanta, Georgia. From September 2006 to January 2019, Mr. Henry was the Vice President, Tea & Coffee of The Coca-Cola Company, located in Atlanta, Georgia.

Zachary Aggelis – Secretary and Manager

Mr. Aggelis has been our Secretary and Manager since May 2023. Since May 2023, Mr. Aggelis also has been the Secretary, Manager and a Director of GCA and GCUSA, and the Secretary and Manager of GCPS and GCIL. Since April 2022, Mr. Aggelis has also been the U.S. Finance Director of GCA. From June 2012 to March 2022, Mr. Aggelis was a Principal Consultant with ALEA Consulting Group, LLC, located in Arlington, Massachusetts.

Phillipa McKenzie – Global General Counsel, GCG

Ms. McKenzie has been the Global General Counsel of GCG since February 2023. From May 2020 to February 2023, Ms. McKenzie was the Head of Legal, Western Europe for Yum! Brands, Inc., located in London, England. From March 2015 to May 2020, Ms. McKenzie was the Legal Director, Europe Business Integrity, Litigation & Decentralised Businesses for Unilever PLC, located in London, England.

Rebecca Kahn – Franchise Business Leader, US & Canada, GCA

Ms. Kahn has been the Franchise Business Leader, US & Canada of GCA since December 2022. From October 2016 to December 2022, Ms. Kahn was the Franchise Business Partner, US Mid-Atlantic Region of Burger King, located in Washington, District of Columbia.

Andrew Sternburg – Chief Development Officer, GCA

Mr. Sternburg has been the Chief Development Officer of GCA since September 2020. From January 2023 to May 2023, Mr. Sternburg was our President, Secretary and Manager, as well as the President, Secretary and Manager of GCPS. From March 2022 to May 2023, Mr. Sternburg also was the Manager and Director of GCUSA, and President, Secretary and Manager of GCIL. From January 2023 to July 2023, Mr. Sternburg was the President, Secretary and Manager of our affiliate Gong cha USA IP, LLC. From September 2015 to September 2020, Mr. Sternburg served as the Franchise Sales Executive of Inspire Brands, Inc. (formerly, Dunkin' Brands, Inc.) in Canton, Massachusetts.

Russell Kratzer – Senior Director, Supply Chain, GCA

Mr. Kratzer has been the Senior Director, Supply Chain of GCA since December 2022. From June 2018 to December 2022, Mr. Kratzer served in Procurement for RJ Reynolds Tobacco Company, located in Winston Salem, North Carolina.

ITEM 3

LITIGATION

In re Commissioner of Business Oversight v. Royal Tea Taiwan Co., Ltd., Fil. Org. ID 352363. On May 26, 2020, the California Department of Business Oversight (now renamed the California Department of Financial Protection and Innovation) (“Department”) issued a citation concluding that GCI (f/k/a Royal Tea, Taiwan Co., Ltd.) had violated California franchise law by offering or selling a master franchise in California to Gong Cha CA Franchise LLC (“GCCA”) without obtaining the required registration with the State of California and also had failed to provide a franchise disclosure document to GCCA at least 14 days prior to the sale. Under the citation, the Department issued a cease and desist notice, assessed an administrative penalty of \$2,500 for each of the 3 alleged violations, required specified remedial education in franchise law, sought to recover of \$10,000 in attorney’s fees and investigative expenses of the Department, and also indicated that the Department would seek ancillary relief in a subsequent administrative proceeding requiring GCI to continue to perform under its 2015 Master Franchising Agreement with GCCA, absent good cause for termination. GCI timely filed a request for hearing with the California Office of Administrative Hearings. Following the settlement between GCI and GCCA in the related matter described below, GCI has had discussions with the Department and anticipates entering into a consent order with the Department to settle this matter. Under the anticipated consent order, GCI will agree, without admitting or denying the findings of the Department, to pay civil penalties of \$2,500 for each of 2 or 3 alleged violations (this is still to be determined), and to desist and refrain from offering and selling franchises without first complying with the registration and disclosure requirements under California franchise law.

Gong Cha CA Franchise LLC v. Royal Tea Taiwan Co., Ltd., Superior Court of the State of California, County of Alameda, Case No. RG20066026; Gong Cha International Co., Ltd. v. Gong Cha CA Franchise, LLC, Chinese Arbitration Association, Kaohsiung. GCI’s master franchisee in California, GCCA, filed an action in Superior Court on June 24, 2020, asserting its right to renew the Master Franchising Agreement. The Complaint included 9 related causes of

action and sought actual and punitive damages, declaratory relief, injunctive relief, specific performance, and an award of attorneys' fees. On July 9, 2020, GCI filed a demand for arbitration seeking a declaration that it was not required to renew the Master Franchising Agreement. On July 13, 2020, shortly after GCI filed the arbitration proceeding and GCCA filed a request for a temporary restraining order and preliminary injunction in the Superior Court case, the parties agreed to a stipulation that was signed by the Superior Court to maintain the status quo between them in various respects pending the determination of the dispute. On July 9, 2021, the parties settled their dispute and entered into an amendment under which the Master Franchising Agreement was renewed for the first 6-year renewal term, effective as of July 1, 2021, and GCCA was granted the right to renew for one additional 6-year term following expiration of the first renewal term. No monetary consideration was exchanged and the parties agreed to bear their own costs and attorneys' fees. In accordance with the terms of the settlement, the parties signed mutual releases, the litigation was dismissed with prejudice on July 16, 2021, and the arbitration proceeding was subsequently dismissed with prejudice.

Except as described above, no 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

License Fee

You must pay us a non-refundable license fee (the "License Fee") for your Master Franchise Business upon your execution of the Master Franchise Agreement or by the subsequent date we agree on. Your License Fee typically will be \$100,000, \$300,000 or \$500,000, depending on the size and population of your Authorized Territory, and the size and number of designated market areas ("DMAs") located within your Authorized Territory, although it could be more. Unless noted otherwise, all references to dollars in this disclosure document are to U.S. dollars.

Store Licensing Fee for First Subfranchised Gong Cha Store

In addition to the License Fee, you must pay us a non-refundable store licensing fee ("Store Licensing Fee") of \$15,000 for each subfranchised Gong Cha Store established in the Authorized Territory (see Item 6), including the first Affiliate Owned Gong Cha Store your affiliate Subfranchisee will establish and operate within the Authorized Territory. This Store Licensing Fee is due to us within 30 days after you and your affiliate Subfranchisee sign the Subfranchise Agreement for this first Gong Cha Store. Because you must establish and operate at least 2 Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements before you may grant subfranchises to third parties for the establishment and operation of Independently Owned Gong Cha Stores within the Authorized Territory, we have included in this Item 5 the Store Licensing Fee you must pay us for the first

Affiliate Owned Gong Cha Store. You also will pay us an additional Store Licensing Fee for the second Affiliate Owned Gong Cha Store you establish in the Authorized Territory, although we have not included this fee in this Item 5 because you will likely not pay it to us before you commence operating your Master Franchise Business.

ITEM 6

OTHER FEES

Type of Fee (See Notes 1 and 2)	Amount	Due Date	Remarks
Running Royalty Fees	3% of Gross Revenue for all Gong Cha Stores located within your Authorized Territory	Calculated quarterly, but payable on the 25 th day of January, April, July, and October of each calendar year	We reserve the right, upon 90 days' written notice to you, to require you to pay Running Royalty Fees on a more frequent or different basis, including monthly or weekly.
Brand Marketing Fee	1% of Gross Revenue for all Gong Cha Stores located within your Authorized Territory. However, at the start of the 4 th anniversary of the Effective Date of the Master Franchise Agreement and thereafter, we may increase the Brand Marketing Fee to up to 2% of Gross Revenue for all Gong Cha Stores located within your Authorized Territory.	Calculated and payable to us at the same time and in the same manner as Running Royalty Fees	See Item 11
Store Licensing Fee for Each Additional Subfranchised Gong Cha Store	\$15,000 per Store (for a 10-year term) See Note 3	Within 30 days after you sign the Subfranchise Agreement for the relevant Gong Cha Store	We reserve the right, upon written notice to you, to increase the Store Licensing Fee you pay to us up to \$1,000 per year during the term of the Master Franchise Agreement.
Health and Safety Audit	Currently, \$800 to \$1,000 per store, pre year, although could be more if any audit leads to additional audits	As incurred	You must pay these fees to our designated third-party health and safety audit provider. We reserve the right to schedule up to 4 such audits per year.
Transfer Fees for Transferred Subfranchised Gong Cha Stores	1/2 of any transfer fee payable by a Subfranchisee	Within 30 days of your receipt of the transfer fee from a Subfranchisee	Payable if you collect a transfer fee in connection with a Subfranchisee's transfer or assignment.

Type of Fee (See Notes 1 and 2)	Amount	Due Date	Remarks
Renewal Fees for Renewed or Extended Subfranchise Agreements for Subfranchised Gong Cha Stores	1/2 of any renewal fee (or similar fee) payable by a Subfranchisee	Within 30 days of your receipt of the renewal fee (or similar fee) from a Subfranchisee	Payable if you collect a renewal fee (or similar fee) from a Subfranchisee in connection with the Subfranchisee signing a renewal Subfranchise Agreement or an extension of the subfranchise term of a Gong Cha Store.
Product Purchases	Will vary depending on Products purchased and then-current pricing	As incurred	You must purchase all Products from GCPS for resale to your Subfranchisees. See Item 8 for more information.
Late Change Order Fee on Product Purchases	\$200 administrative fee, plus any reasonable change fee to covers costs incurred as a result of the Products change order	As incurred	Any Product change order submitted within 5 business days of the original order is not subject to a change order fee, however any Product change order submitted more than 5 business days after the original Product order will be subject to the late change order fee.
Late Payment Interest	Lesser of 4% above the Bank of England base rate or maximum contract rate permitted by law	On demand when amount owed becomes past due	Calculated from date by which the sum ought to have been paid, until the date of payment.
Transfer Fee	\$200,000, plus any other administrative fees we deem reasonably necessary	Prior to or upon date of transfer	
Renewal Fee	1/2 of the License Fee you paid to us under the Master Franchise Agreement	30 days before the end of the initial term of the Master Franchise Agreement	
Insurance Reimbursement	Cost and premiums, plus an administrative fee of 5% of the insurance premium	Upon demand	Payable only if you fail to obtain and maintain required insurance and we or our affiliate choose to obtain such required insurance for you.

Type of Fee (See Notes 1 and 2)	Amount	Due Date	Remarks
Indemnification	Amount of certain liabilities and damages (including reasonable attorneys' fees) incurred by us or our affiliates, or other related parties	Upon demand	See Note 4
Enforcement Expenses	Will vary under the circumstance	When incurred	The nonprevailing party must pay all costs, expenses, and interest, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of the Master Franchise Agreement or to enjoin any violation of the Agreement.
Compensation for Development Delays	An amount up to the then-current Store Licensing Fee you are required to pay us for each Gong Cha Store multiplied by the number of Gong Cha Stores short of the applicable Initial Development Quota	7 days after receipt of our request for payment	If you fail to meet any of the Development Quotas by the date specified in the Development Schedule (as these terms are defined in Item 12 and Clause 4.3.1.1 of the MFA), we have the right to collect from you this amount to compensate us for you delay in development.
Initial Training Fee for Additional or Replacement Trainees	Currently, \$2,000 per trainee	Prior to attending training	We will provide initial training to 2 to 3 of your personnel as part of the License Fee. Beyond these first 2 to 3 trainees, we may charge you our then-current, per person fee (which we may increase from time to time) for each additional person to whom we provide training, either initially or in the future. You are responsible for the transportation, lodging and meal expenses of such personnel during training. See Item 11 for more information.

Type of Fee (See Notes 1 and 2)	Amount	Due Date	Remarks
Re-Training Program Fee	\$1,000 per re-training program	Prior to attending training	We have the right to require you in certain circumstances to dispatch a training supervisor or district manager (including that of any relevant Subfranchisee) to attend a Re-Training Program, as further described in Item 11. You are responsible for the transportation, lodging, and meals of any training supervisor or district manager during training.
Requested Additional Opening Support Services	Our then-current fee, plus all related costs and expenses we incur	Upon demand	If you request additional opening support services beyond the services we provide for your first Affiliate Owned Gong Cha Store and we agree to provide such additional opening support services, you must pay us our then-current fee for such services and all related costs and expenses.
Requested Assistance with Local Campaigns You Initiate	Reimbursement for all costs and expenses we incur	Upon demand	If you request our assistance with local campaigns, promotions, and other events you initiate and we agree to provide such assistance, you must reimburse us for all our costs and expenses.
Audit Fees and Related Costs and Expenses	All expenses relating to the audit, including any expenses relating to transportation, accommodation, and meal expense for one or more auditors to conduct an audit over 2 days.	Upon demand	We may arrange unscheduled and unannounced audits executed by us or our authorized representatives from time to time of your and any of your Subfranchisees' books and records, provided the same will be during business hours and with no disruption to operations.

Notes:

- (1) Except where otherwise noted, all fees and expenses are payable to us, are non-refundable, and are uniformly imposed; provide we reserve the right to vary, waive (in whole or in part), negotiate or make an exception to our published fee structure for any

reason, including without limitation the economic conditions of the relevant market or markets, and the size and population of, and number of DMAs located within, the proposed authorized territory. In addition, the fee structures we negotiated with our Existing Master Franchisees, as of the issuance date of this disclosure document, vary from the fee structure described in this disclosure document. All payments made under and in connection with the Master Franchise Agreement must be made free and clear of all deductions and withholdings (whether in respect of set-off, counterclaim, duties, taxes, governmental charges, levies or otherwise), including withholding taxes under all applicable laws which are your responsibility. We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer. In such case, you must furnish us and your bank with any necessary authorizations to make payment by methods we require.

- (2) “Gross Revenue” means the aggregate amount of all sales of Products and other goods and services (excluding tips), whether for cash, on credit (not adjusted for credit card fees) or otherwise, made or provided at or in connection with a Gong Cha Store (including all sales made via third-party delivery and ordering services, without adjustment for any fees paid to any third-party ordering and delivery services), regardless of whether payment is made directly to the Gong Cha Store or a third party on behalf of the Gong Cha Store, less any customer discounts provided in connection with coupons or loyalty or promotional programs we periodically require or approve. The term “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by Subfranchisees. Gross Revenue will not be adjusted for uncollected accounts, or delivery fees or other incurred expenses. For purposes of the Running Royalty Fee and other fees based on Gross Revenue, a sale is made at the earlier of delivery of the Product or other good or service, or receipt of payment. Gross Revenue will include the amount of all sales assumed to have been lost by the interruption of business, to be determined upon the basis upon which proceeds of any business interruption insurance are paid or are payable to the Master Franchisee or its Subfranchisees.
- (3) This Store Licensing Fee assumes the Sublicensee is paying you for an initial term under its Subfranchise Agreement of 10 years, and the amount of this Store Licensee Fee shall be reduced on a pro rata basis if the initial term under its Subfranchise Agreement is less than ten 10 years.
- (4) You must indemnify and hold harmless us and our affiliates, and each of our and their respective directors, officers, employees, shareholders, agents, successors and assigns from any liability or damage any of them may incur, including reasonable attorney fees, as a result of claims, demands, costs, or judgments of any kind or nature, by anyone whomsoever, for bodily injury or property damage arising out of or otherwise connected with your or your Subfranchisee(s)’ negligent performance or actions with respect to the Master Franchise Agreement, any Subfranchise Agreements, Trademarks, IP Rights, Confidential Information, maintenance or operation of Gong Cha Stores, or any act of omission or commission by you or your Subfranchisee(s), officers, directors, shareholders or agents, except in cases of gross negligence or willful misconduct by us.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Table No. 1

**YOUR ESTIMATED INITIAL INVESTMENT
(Master Franchise Business)**

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
License Fee See Note 2	\$100,000 to \$500,000	Lump Sum	Upon your execution of the Master Franchise Agreement or by the subsequent date we agree on	Us
Store Licensing Fee for First Subfranchised Gong Cha Store See Note 3	\$15,000	Lump Sum	Within 30 days after you and your affiliate Subfranchisee sign the Subfranchise Agreement for the first Gong Cha Store within the Authorized Territory	Us
Travel and Living Expenses while Training See Note 4	\$5,000 to \$15,000	As Incurred	As Incurred	Airlines, Hotels and Restaurants
Office Equipment and Supplies See Note 5	\$2,000 to \$5,000	As Incurred	As Incurred	Various Suppliers
Business Office See Note 6	\$0 to \$14,000	As Incurred	As Incurred	Lessor and Suppliers
Storage and Product Delivery Expenses See Note 7	\$0 to \$7,500	As Incurred	As Incurred	Warehouse or Third-Party Storage Facility
Initial Inventory of Products for First Subfranchised Gong Cha Store See Note 8	\$20,000 to \$30,000	Lump Sum	Prior to the opening of the first Affiliate Owned Gong Cha Store by your affiliate Subfranchisee within the Authorized Territory	Us
Insurance See Note 9	\$1,000 to \$3,000	As Incurred	As Incurred	Insurance Provider
Business Licenses and Permits See Note 10	\$200 to \$5,000	As Incurred	As Incurred	Various Third Parties
Professional Services See Note 11	\$25,000 to \$50,000	As Incurred	Before Opening	Various Third Parties

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Additional Funds – 3-month period after commencing Master Franchise Business See Note 12	\$20,000 to \$40,000	As Incurred	As Incurred	Employees; Various Suppliers
Total Estimated Initial Investment for Your Master Franchise Business See Note 13	\$188,200 to \$684,500			

Notes to Table 1:

- (1) General. The first table in this Item 7 describes your estimated initial investment to commence operation of your Master Franchise Business in the Authorized Territory. In addition, (i) given that you must establish and operate through an affiliate at least 2 Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements before you may grant subfranchises to third parties, and (ii) because neither you nor your affiliates are required to sign separate franchise agreements with us for any of the Affiliate Owned Gong Cha Stores your affiliates establish and operate within the Authorized Territory, we also have included a second table in this Item 7 that describes your affiliate’s estimated initial investment to establish and begin operation of the first Affiliate Owned Gong Cha Store within the Authorized Territory. The estimated initial investment described in Item 7, Table No. 2, will also apply to the second Affiliate Owned Gong Cha Store your affiliate establishes and commences operating within the Authorized Territory (i.e., we estimate that the initial investment for your affiliate(s) to establish and begin operation of the first 2 Affiliate Owned Gong Cha Store within the Authorized Territory will be 2 times the estimate included in Item 7, Table No. 2).

As further explained above, this table describes your estimated initial investment to commence operation of your Master Franchise Business in the Authorized Territory. Except where otherwise noted, all payments to us or our affiliates are non-refundable. Whether payments made to others will be refundable will depend on your arrangements with them. As of the issuance date of this disclosure document, we do not offer any direct or indirect financing.

- (2) License Fee. As described in Item 5, typically, you must pay us a License Fee of \$100,000, \$300,000 or \$500,000, depending on the size and population of your Authorized Territory, and the size and number of DMAs located within your Authorized Territory, although it could be more.
- (3) Store Licensing Fee for First Subfranchised Gong Cha Store. We have included the Store Licensing Fee you must pay us for the first Affiliate Owned Gong Cha Store your affiliate Subfranchisee will open and operate within the Authorized Territory.

- (4) Travel and Living Expenses while Training. While you are not required to pay us a separate training fee for up to 3 of your personnel to attend our initial training program, you are responsible for each trainee's transportation, lodging, meals, wages, and benefits during training. The low end of this range assumes you send one trainee, and the high end assumes you send 3 trainees. See Item 11 for more information regarding training.
- (5) Office Equipment, Set-up and Supplies. This range estimates the cost of the office equipment, set-up and supplies necessary to begin operation of your Master Franchise Business, which may include computer hardware and software, printers, website development and launch, business cards, and other paper products and office supplies. The low end of this range assumes that you already have access to some of these items, while the high end assumes that you are leasing or purchasing most of the items.
- (6) Business Office. While you are required to have access to space from which to communicate with us and operate your Master Franchise Business, you are not obligated to open and maintain a separate business office within the Authorized Territory. The low end of this range assumes that you already have a space from which to operate your Master Franchise Business. The high end of this range assumes that you elect to open and maintain a small office of 1,200 square feet, pay a deposit and rent for the first 3 months, and incur costs for office fixtures and furniture. The cost of your office, however, will vary greatly depending on its size, location, and the fixtures and furniture you choose, if the space is not already built out and furnished.
- (7) Product Storage and Delivery Expenses. As further described in Item 8, because you will be purchasing Products from us and reselling and distributing them to the Gong Cha Stores operated by your Subfranchisees in the Authorized Territory, you will eventually incur expenses relating to the storage and the delivery of the Products from port of entry to the Gong Cha Stores. The low end of this range assumes that you do not incur any storage or delivery expenses during your first 3 months of operation because you do not purchase any Products from us during this period, or you purchase Products, but already have a storage facility you can use and you take care of Product delivery yourself. The high end of this range assumes that you purchase Products from us during your first 3 months of operation, and incur costs of \$1,000 to \$2,000 per month to rent warehouse space or pay a third-party storage facility, and \$500 per month to cover delivery fees.
- (8) Initial Inventory of Products for First Subfranchised Gong Cha Store. This range assumes that you purchase an initial inventory of Products for the first Subfranchised Gong Cha Store during your first 3 months of operation.
- (9) Insurance. As further described in the Item 8, you are required to purchase and maintain all of the insurance coverage described in the Manuals, as well as any other insurance coverage required by law. This estimate represents the initial deposit for such insurance and approximately 3 months of premiums. However, the cost of this insurance will vary significantly depending on a number of factors, including the size and location of your Authorized Territory, the levels and type of insurance you purchase, whether to open a business office and past claims, and therefore may be more than the high end of this estimate.

- (10) Business Licenses and Permits. These are general estimates for business licenses and permits that may be required by local, state and other governmental authorities for the operation of the Master Franchise Business.
- (11) Professional Services. This estimate assumes you will employ an attorney, accountant or other professionals to assist you in evaluating the Master Franchise Business, help you negotiate and review forms, contracts and agreements, and obtain all required business licenses and permits and otherwise comply with applicable law. You must employ legal counsel to assist in complying with all applicable Franchise Laws, and your legal counsel must be familiar with all applicable Franchise Laws.
- (12) Additional Funds. This amount estimates the expenses you will incur during the first 3 months of the operation of your Master Franchise Business, including without limitation employee salaries and benefits, telephone and internet access fees, subscription fees, taxes, miscellaneous supplies and interest payments on any business loans. It does not include your compensation during this 3-month period. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, applicable economic conditions, the market for the Products and Gong cha® subfranchises within the Authorized Territory, competition, the amount of the initial investment you decide to finance, interest rates/inflation rates, and any revenues received during the initial period.

Our estimates in this Table 1 and in Table 2 below, including the “Additional Funds,” are based on (i) information obtained from the Existing Master Franchisees and their experience of operating Gong Cha® Master Franchise Businesses in the United States over the past 8 years, (ii) our and our affiliates’ experience of offering Gong cha® Master Franchises in the United States and supporting the Existing Master Franchisees over the past 8 years, (iii) our affiliates’ experience developing, operating and franchising Gong cha® stores in other countries since 2006, and (iv) our and our affiliates’ knowledge of business practices and conditions in the United States.

- (13) Total. This total is an estimate of your initial investment and the estimated expenses you may incur during the first 3 months of the operation of your Master Franchise Business. Your costs may vary based on a number of factors, including the location and size of the Authorized Territory, applicable economic conditions, and your skills at operating the Master Franchise Business. You should review this amount carefully with a business advisor before deciding to purchase the Master Franchise Business.

Table No. 2

**YOUR AFFILIATE SUBFRANCHISEE'S
ESTIMATED INITIAL INVESTMENT
(Per Affiliate Owned Gong Cha Store
within the Authorized Territory (2))**

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee See Note 3	\$34,500	Lump sum	When your affiliate Subfranchisee signs your Subfranchise Agreement	You
Rent, Security Deposits and Utility Deposits See Note 4	\$5,000 - \$31,500	As incurred	As Incurred	Lessor, Utility Companies
Architect / Engineering Fees See Note 5	\$5,000 - \$12,600	As incurred	As Incurred	Approved Suppliers
Leasehold Improvements See Note 6	\$50,000 - \$262,500	As incurred	As Incurred	Independent Contractors, Lessor
Exterior Signage See Note 7	\$2,000 - \$5,250	As incurred	Before Opening	Designated Suppliers/Vendors/Third Parties
Fixtures, Furnishings and Equipment See Note 8	\$25,000 - \$52,500	As incurred	As Incurred	Approved Suppliers
Technology Systems See Note 9	\$2,000 - \$7,350	As incurred	As Incurred	Master Franchisee and Approved Suppliers
Training Expenses See Note 10	\$1,500 - \$5,250	As incurred	During Training	Airlines, Hotels, Restaurants, Etc.
Insurance See Note 11	\$1,000 - \$7,350	As incurred	As Incurred	Insurance Providers
Business Licenses and Permits See Note 12	\$200 - \$21,000	As incurred	As Incurred	Local and State Government Agencies
Professional Fees See Note 13	\$1,000 - \$5,250	As incurred	As Incurred	Various Service Providers
Initial Inventory of Food, Beverages, Paper Supplies and Small Wares See Note 14	\$25,000 - \$42,000	As incurred	As Incurred	Master Franchisee and Approved Suppliers

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Grand Opening Advertising See Note 15	\$1,500 - \$5,250	As incurred	As Incurred	Approved Suppliers
Additional Funds (for the initial 3 months of operations) Note 16	\$10,000 - \$84,000	As incurred	As Needed	Approved Suppliers, Employees and Creditors
Total Estimated Initial Investment for Your Affiliate's First Affiliate Owned Gong Cha Store within the Authorized Territory See Note 17	\$163,700 - \$576,300			

Notes to Table 2:

- (1) General. As further explained in Note 1 to Table 1 above, this table describes the estimated initial investment for your affiliate Subfranchisee (the “Affiliate Subfranchisee”) will incur to establish and begin operating the first Affiliate Owned Gong Cha Store you are required to develop under the Master Franchise Agreement within the Authorized Territory. This Item 7 assumes that you will enter into a Subfranchise Agreement with the Affiliate Subfranchisee for this first Affiliate Owned Gong Cha Store consistent with the form of Subfranchise Agreement described in Clause 1.2 of the Master Franchise Agreement. As a result, none of the fees or costs included in this table are directly payable to us, some of the fees and costs are payable to you or your affiliates, and the rest of the costs and fees are payable to third-party suppliers, government agencies or other providers. Except where otherwise noted, we have assumed that all payments to you or your affiliates are non-refundable. Whether payments made to others will be refundable will depend on the Affiliate Subfranchisee’s arrangements with them. We also have assumed that you and your affiliates do not offer the Affiliate Subfranchisee any direct or indirect financing.
- (2) Additional Costs for Second Affiliate Owned Gong Cha Store. Under the Master Franchise Agreement, you are required to establish and operate at least 2 Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements with your Affiliate Subfranchisee(s) before you may grant subfranchises to third parties. Please note that the table above only describes the estimated initial investment for your first Affiliate Owned Gong Cha Store in the Authorized Territory and, therefore, the total estimated investment for your Affiliate Subfranchisee(s) to develop the first 2 Affiliate Owned Gong Cha Stores in the Authorized Territory will be twice this amount.
- (3) Initial Franchise Fee. Given you are required to pay us a Store Licensing Fee of \$15,000 for each Gong Cha Store you develop within the Authorized Territory and the most you can charge your Subfranchisees as an initial franchise fee under Clause 1.2.3 of the

Master Franchise Agreement is 2.3 times the amount of the Store Licensing Fee, we have assumed the Initial Franchise Fee you will charge the Affiliate Subfranchisee is \$34,500.

- (4) Rent, Security Deposits and Utility Deposits. If the Affiliate Subfranchisee does not own a location for its Affiliate Owner Gong Cha Store, it must purchase or lease a space. Locations for Gong Cha Stores will typically need approximately 500 to 1,500 square feet. This estimate includes the Affiliate Subfranchisee's first month's rent payment, security deposits and utility deposits (for example, telephone, electricity, gas and water). We have assumed the security deposit to its lessor will equal one month's rent. While this estimate assumes that rent commences upon the Gong Cha Store's opening, the Affiliate Subfranchisee will need to lease a space in advance to build-out its Gong Cha Store. However, the Affiliate Subfranchisee may be able to negotiate an abatement from the lessor for this period. We anticipate that Gong Cha 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 Gong Cha Store, the terms of the lease, the desirability of the location, and the Affiliate Subfranchisee's ability to negotiate with its lessor. This estimate assume that the Affiliate Subfranchisee will lease the premises for its Gong Cha Store and, therefore, does not include costs related to the purchase of land or the construction of any buildings. If the Affiliate Subfranchisee decides to purchase the property for the location of its Gong Cha Store, it will incur additional costs that we cannot estimate.
- (5) Architect/Engineering Fees. The Affiliate Subfranchisee will be required to retain the services of a qualified architect and engineer to adapt our or your standardized plans and specifications for Gong Cha Stores to the requirements of the location of its Affiliate Owned Gong Cha Store.
- (6) Leasehold Improvements. The Affiliate Subfranchisee will be required to employ a qualified licensed general contractor to construct the improvements to, or "build out," the premises. These 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, the Affiliate Subfranchisee will probably need to arrange for the following items to meet the standard plans and specifications: proper wiring and plumbing, floor covering, wall covering, partitions, lighting and fixtures, storefront modifications, painting, cabinetry, and the like. The range of estimated costs will depend on whether the location is a first-generation store site or a second generation store/conversion site, the geographic location; 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 the Affiliate Subfranchisee with credits towards its

future rent payments and/or a tenant improvement allowance. These estimates do not account for any rental credits or tenant improvement allowance.

- (7) Exterior Signage. This is the estimated cost to design and fabricate necessary signs with the Gong cha® branded logo on the exterior of the building, which also includes permitting fees as well as delivery and installation costs.
- (8) Fixtures, Furnishings & Equipment. The Affiliate Subfranchisee must purchase all fixtures, furnishings, equipment (other than computers and the point-of-sale system, which are listed separately below), interior signage and supplies specified for new Gong Cha Stores, including without limitation: coolers and refrigeration equipment, preparation tables, serving counters, customer tables, coffee equipment, tea equipment, seating, stereo, televisions, various trade dress and décor items, small wares, and other fixtures, furnishings and equipment. This estimate also includes the cost of office furniture, filing cabinet and miscellaneous office supplies, and equipment.
- (9) Technology System. The Affiliate Subfranchisee must purchase or lease a technology system necessary to operate the Affiliate Owned Gong Cha Store, including computers and a point-of-sale system, related hardware and software, and a video surveillance system. The technology system selected must utilize certain inventory, ordering and accounting platforms and otherwise meet our and your standards and specifications. There also may be certain fees that the Affiliate Subfranchisee is responsible for in connection with the technology system it selects.
- (10) Training Expenses. We have assumed that the Affiliate Subfranchisee will not be required to pay a separate training fee for up to 3 of its personnel to attend an initial training program. However, the Affiliate Subfranchisee will be responsible for the travel and living expenses of its trainees, if they are required to travel for any portion of the training program, and the wages and benefits of its employees during training, and will incur certain food and other expenses related to training that occurs at its Gong Cha Store.
- (11) Insurance. We have assumed that the Affiliate Subfranchisee will obtain separate insurance that meets our and your minimum requirements. This estimate represents the initial deposit for such insurance and approximately 3 months of premiums. Insurance costs will vary depending upon factors such as the size and location of the Affiliate Owned Gong Cha Store.
- (12) Business Licenses and Permits. These are general estimates for business licenses and permits that may be required by local, state and other governmental authorities for the operation of a Gong Cha Store.
- (13) Professional Fees. This estimate assumes that the Affiliate Subfranchisee will employ an attorney to help it negotiate its lease, review other forms, contracts and agreements, and obtain all required business licenses and permits and otherwise comply with applicable law.

- (14) Initial Inventory of Food, Beverage, Paper Supplies and Small Wares. These expenses include the purchase of an initial inventory of Products from you or your affiliate, an initial inventory of other food and beverages, paper supplies and certain small wares. The Affiliate Subfranchisee will need to replenish its initial inventory of all of these items (which we have assumed to be to for a 3-month period) on an as needed basis.
- (15) Grand Opening Advertising. We have assumed the Affiliate Subfranchisee will spend an amount on grand opening advertising and marketing to promote its Affiliated Owned Gong Cha Store.
- (16) Additional Funds. This amount estimates the expenses the Affiliate Subfranchisee will incur during the first 3 months of the operation of its Affiliate Owned Gong Cha Store, including without limitation employee salaries and benefits, telephone and internet access fees, subscription fees, taxes, miscellaneous supplies and interest payments on any business loans. It does not include the Affiliate Subfranchisee's compensation during this 3-month period. The Affiliate Subfranchisee's costs will depend on factors such as how much it follows our and your systems and procedures, its management skills and experience, local economic conditions, the market for the Products, competition, the amount of the initial investment it decides to finance, interest rates/inflation rates, and the sales level reached during the initial period. See Note 12 to Table 1 for a description of what our estimates in Table 1 above and this Table 2, including the "Additional Funds," are based on.
- (17) Total. This total is an estimate of the initial investment and the estimated expenses that the Affiliate Franchisee will incur during the first 3 months of its operation of the first Affiliate Owned Gong Cha Store within the Authorized Territory. The Affiliate Subfranchisee's costs may vary based on a number of factors, including the geographic area in which it commences operation of its Gong Cha Store, the size of the Gong Cha Store, local economic conditions, and its skills at operating a Gong Cha Store. These figures are estimates only and we cannot guarantee that the Affiliate Subfranchisee will not have additional expenses in starting or operating its Affiliate Owned Gong Cha Store.

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ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure a uniform image and uniform quality of products and services throughout the Gong cha® system in the United States and in conjunction with the System, you must maintain and comply with, and ensure that your Subfranchisees maintain and comply with, our quality standards.

Purchases from Us or Designated Suppliers; Products and Supplies.

You must only purchase, and must ensure that your Subfranchisees only purchase, all supplies required for the preparation and sale of the Products, and all equipment, including machines and a technology system (including a point-of-sale system and computers, related hardware and software, a video surveillance system and other components), and other materials required for or as part of the operation of Gong Cha Stores, as we may specify or prescribe from time to time (collectively, the “Supplies”), from us, GCPS or other suppliers we designate from time to time (the “Designated Suppliers”). As of the issuance date of this disclosure document, Revel Systems is the Designated Supplier of the technology system you and your Subfranchisees must use. With the exception of the technology system and its related components, if you find a supplier offering the same equipment at a lower price than is offered by us, GCPS or a designated supplier, we will approve such supplier if they meet our minimum quality standards. For purposes of clarification, except as otherwise provided in the Master Franchise Agreement or in writing by us, you must purchase all Products from GCPS for resale to your Subfranchisees, and your Subfranchisees must purchase all Products to be used and sold from their Gong Cha Stores from you, and not us, GCPS or our affiliates. You may not, and must ensure that your Subfranchisees do not, distribute, sell, resell, supply, license, sublicense, lease, rent, loan, market, provide access to, make available or transfer any Supplies to any third party.

You or your Subfranchisees, as applicable, will place orders for Supplies once or twice a month or such intervals as may be designated in the Manuals or otherwise in writing by us or GCPS. Due to food regulations in the United States, it may be necessary for us or the Designated Suppliers, as applicable, to prepare customized Supplies which will take approximately 45 business days from the date of order confirmation to the customs closing date. You will be responsible for confirming that all imported Supplies are in compliance with the laws and regulations of the United States and to account for any related delays. You must bear all logistics-related costs (FCA, ICC INCOTERMS 2020), including shipping, handling and freight costs, customs charges and insurance costs of Supplies, and to pay for such Supplies in US Dollars to us or Designated Suppliers, as applicable, 5 business days in advance of the clean bill of lading (shipping). We, GCPS and our other Designated Suppliers reserve the right to not ship any Supplies prior to receipt of such payment in full. You may change an order for Supplies without additional cost within 5 business days of the order, however, after 5 business days such change will be subject to a \$200 administrative fee in addition to any reasonable change fee to cover any costs we, GCPS or our other Designated Suppliers may incur.

We and the Designated Suppliers, including GCPS, may make changes to the prices, delivery terms, and other terms relating to their respective sale of Supplies to you and/or your

Subfranchisees on 30 days' notice to you. We and the Designated Suppliers reserve the right to discontinue the sale of any Supplies (or any part thereof) at any time we or the Designated Suppliers determine, in our or their sole judgment, that the continued sale of such item has become unfeasible, unprofitable, or otherwise undesirable.

Except in the case of a material defect in shipped Supplies that is acknowledged and approved for return by us or the Designated Suppliers, as applicable, we and the Designated Suppliers will not be required to accept any returns from you or your Subfranchisees. In the case of damage to the Supplies resulting from the shipping process, we and the Designated Suppliers will not be required to replace such Supplies or provide any refund or other compensation, and you and your Subfranchisees, as applicable, must seek compensation from the relevant logistics insurance. If any Supplies are approved for return by us or a Designated Supplier, we or the Designated Supplier will arrange and pay for the return freight. Following approval of the return, you or your Subfranchisee, as applicable, must ship the Supplies approved for return within 14 days of the grant of the approval. Failure to ship such Supplies within the prescribed timeline will be regarded as final acceptance of such Supplies by you or your Subfranchisee.

Domestic Supplied Materials

Notwithstanding the above, there may be perishable and/or import restricted materials forming part of the Supplies which are necessary for the production of any Products or the daily operation of Gong Cha Stores that you determine to be impractical to procure from us or Designated Suppliers, including dairy products ("Domestic Supplied Materials"). For Domestic Supplied Materials, you are required to (i) seek our prior written approval for such Domestic Supplied Materials to be procured directly from other suppliers by submitting a "Domestic Supplied Materials Application Form" (attached as Appendix I to the Master Franchise Agreement) to us for our review, and (ii) maintain records of any purchases of Domestic Supplied Materials in accordance with Article 7 of the Master Franchise Agreement. We anticipate that our review will take up to 30 days or more. In granting such approval, we reserve the right to impose conditions, including the requirement that you pay extra royalty fees with respect to certain Domestic Supplied Materials, as further described below.

Substitute Materials

Without our prior written approval, you and your Subfranchisees are prohibited from independently acquiring and using similar or substitute materials to the Supplies ("Substitute Materials") for the production of any Products or the daily operation of Gong Cha Stores. However, you may apply to seek our approval for you and/or your Subfranchisees to use the Substitute Materials by submitting a "Domestic Supplied Materials Application Form" (attached as Appendix I to the Master Franchise Agreement) to us for our review and approval. You must maintain records of any use of Substitute Materials in accordance with Article 7 of the Master Franchise Agreement. We anticipate that our review will take up to 30 days or more. In granting such approval, we reserve the right to impose conditions, including the requirement that you pay extra royalty fees with respect to certain Substitute Materials, as further described below.

Special Licensed Products

You must not, and must ensure that your Subfranchisees do not, sell any unauthorized products in Gong Cha Stores without our prior written approval. However, you may apply to permit your Subfranchisees to sell complementary products in their Gong Cha Stores, which may include cakes, cookies, breads, food, cultural and creative goods, and products that contain Domestic Supplied Material or Substitute Material (approved versions of which are collectively be referred to as “Special Licensed Products”) to meet the demands of the local market by submitting a “Special Licensed Products Application Form” (attached as Appendix II to the Master Franchise Agreement) to us for our review and approval. We anticipate that our review will take up to 30 days or more. For purposes of clarification, you must pay us Running Royalty Fees on the sale of all Special Licensed Products, including those containing Domestic Supplied Materials and Substitute Materials, sold by your Subfranchisees from their Gong Cha Stores.

Notwithstanding the above, we reserve the right to withdraw or revoke our approval of any Domestic Supplied Materials, Substitute Materials and Special Licensed Materials, or any approved supplier of these items, at any time upon written notice to you. In addition, although we do not charge you a fee to review any proposed Domestic Supplied Materials, Substitute Materials or Special Licensed Materials, or alternative suppliers of these items, as of the issuance date of this disclosure document, we reserve the right to charge you a fee for our review in the future. To the extent we make any general criteria available to Master Franchisees as to our criteria for evaluating proposed Domestic Supplied Materials, Substitute Materials or Special Licensed Materials, we will do so through the Manuals or other written communication. You will be solely responsible for the safety, sanitation, and quality of any Domestic Supplied Materials, Substitute Materials and Special Licensed Materials. In addition, any liability related to or arising from any Domestic Supplied Materials, Substitute Materials or Special Licensed Materials will be your sole responsibility. If we issue specifications and standards for goods and services, including the Supplies, we will do so through the Manuals or other written communication.

You must purchase all Products from GCPS. For all other Supplies, we have the right to designate the specific brand and/or manufacturer of those Supplies, and to designate a single source or sources from whom you must purchase those Supplies, which may be us, GCPS or another affiliate. We also have the right to change or revoke these designations from time to time upon written notice to you. Except as described above, you may not request alternatives to the Supplies, nor alternative suppliers of the Supplies other than us or the Designated Suppliers.

Business Office; Leases; Construction

Neither you nor your Subfranchisees are required to purchase or lease real estate from us or our affiliates. If you elect, at your option, to open and maintain a separate business office for your Master Franchise Business, we do not need to consent to its location or lease. We also do not have requirements on how you must construct and equip your business office, however, it is solely your responsibility to ensure that your business office complies with all applicable federal, state and local laws, statutes, codes, rules, regulations and standards, including the ADA. You also are responsible for ensuring that all of your Subfranchisees’ Gong Cha Stores are located, constructed and operated in accordance with all of our then-current standards and specifications,

as further described in Item 11.

Insurance

You must purchase and maintain, and must ensure that your Subfranchisees purchase and maintain, in full force and effect, at each party's respective expense, all of the insurance coverage described in the Manuals, as well as any other insurance coverage required by law. Insurance may include: comprehensive general liability insurance, including public liability, products liability, property damage, and personal injury coverage; automobile liability insurance; workers' compensation and employer's liability; fire, vandalism, theft, burglary and extended coverage insurance; food spoilage insurance; business interruption insurance; data privacy and cyber insurance; and umbrella policies. All insurance policies must at a minimum: (i) be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of A or higher; (ii) will name us and you and our respective affiliates as additional insureds on a primary and non-contributory basis; (iii) contain a waiver of the insurance company's right of subrogation against us and you; and (iv) provide that we and you will receive 30 days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as required by the insurance carrier). We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation, changes in relevant circumstances, industry standards, experiences in the System, higher damage awards or changes in standards of liability. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor does the procurement of required insurance by you, your affiliates or your Subfranchisees relieve you or your affiliates of liability under the indemnity obligations under the Master Franchise Agreement.

You must provide us with a copy of a proper certificate of insurance, endorsement or such other proof in the form we require evidencing the existence of all insurance coverage you and your affiliates are required to purchase and maintain. In addition, you must provide us annually, upon renewal or extension, and at our request a proper certificate, endorsement or such other proof in the form we require evidencing the existence of such required insurance coverage. Upon our request, you also must provide to us copies of all policies at any time.

If at any time you or your affiliates fail to purchase and maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof, we or our affiliate has the right, but not the obligation, to purchase such insurance coverage for you or your affiliates, as applicable. You must agree to promptly sign, or ensure your affiliates promptly sign, any applications or other forms or instruments required to obtain any such insurance and pay to us or our affiliate, as applicable, on demand, any costs and premiums we or our affiliate incurs, together with an administrative fee equal to 5% of the insurance premium, as further described in Item 6. You also must reserve to yourself under each Subfranchise Agreement a similar right to purchase insurance coverage for any of your Subfranchisees that fail to purchase and maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof, and shall exercise such right if any Subfranchisee fails to purchase and maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof. Failure to obtain and maintain the required minimum amounts and types of insurance may result in termination of the Master Franchise Agreement.

Miscellaneous

We may initiate new marketing campaigns, introduce new products, or make adjustments to the menus of the Gong Cha Stores. Upon the initiation of such events, you must take, and must ensure that your relevant Subfranchisees take, all action necessary to accommodate such initiatives within 30 days' notice from us. Any costs incurred by you to comply with these initiatives will be your sole responsibility, but you may be able to use the Regional Marketing Fund to cover such costs, as further described in Item 11.

Except as described above in this Item 8, you are not required to purchase or lease any other products or services for the operation of your Master Franchise Business from us or our affiliates, or any other approved or designated suppliers.

We and our affiliates have the right to receive fees, payments, rebates, commissions or other consideration from third-party manufacturers, suppliers and/or distributors which may or may not be reasonably related to services we or our affiliates provide to these third parties. We and our affiliates will retain and use any fees, payments, rebates, commissions or other consideration as we deem appropriate or as required by a particular manufacturer, supplier or distributor.

We and our affiliates will derive revenue as a result of our system-wide supply chain program, or as a result of purchases or leases of products and services described in this Item 8 by franchisees, including master franchisees and subfranchisees. We did not derive any revenue from required purchases and leases of products and services by Gong cha® master franchisees in the United States. However, during the fiscal year ending December 31, 2022, our predecessor, GCG, and its affiliate GCI received approximately \$12.4 million in revenue from required purchases and leases of products and services by Gong cha® master franchisees in the United States. This was 6.3% of GCG's total net revenue of approximately \$197.3 million, taken from GCG's draft financial statements (which are in the process of being audited).

There is no purchasing or distribution cooperative. We do not provide material benefits to you because of your use of designated or approved suppliers. We may negotiate prices for products or services for the benefit of the Gong cha® system generally, but not on behalf of individual master franchisees or subfranchisees in the United States. We do not provide material benefits to you because of your use of particular products, services, or suppliers.

You can expect items purchased from designated or approved suppliers will represent approximately 60% to 90% of total purchases you will make to begin operation of the Master Franchise Business, and approximately 40% to 80% of the ongoing costs to operate the Master Franchise Business.

There are no suppliers in which one or more of our officers owns an interest.

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ITEM 9

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the Master Franchise Agreement 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	Articles/Clauses in Master Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Clause 4.2	8 and 11
b. Pre-opening purchases/leases	Clause 4.2 and Article 6	5, 7, and 8
c. Site development and other pre-opening requirements	Clause 4.6	8 and 11
d. Initial and ongoing training	Clause 3.2.4, 4.5, 7.3.5 and 13.1	11
e. Opening	Clause 4.4	11
f. Fees	Clauses 1.2.3.1, 2, 3.2, 4.7, 6.1.2, 6.4, 7.3, 8.3, 8.5, 9.2, 9.5, 11.3, 13.1, 13.2, 15.2, 17.2, 17.7, 19.5, 19.7 and Development Schedule and Summary of Key Terms	5 and 6
g. Compliance with standards and policies/Operating Manuals	Clauses 4.1, 4.6, 4.10, 4.12, 4.14, 4.16 and 4.21, and Article 18	8, 11, and 14
h. Trademarks and proprietary information	Clauses 5, 10.2, 12.4, and 17.6	13 and 14
i. Restrictions on products/services offered	Articles 6 and 8	5, 8, and 16
j. Warranty and customer service requirements	Clause 15.1	16
k. Territorial development	Clauses 1 and 4.3 and Summary of Key Terms	12
l. Ongoing product/service purchases	Articles 6 and 8	8
m. Maintenance, appearance and remodeling requirements	Clause 4.6	8
n. Insurance	Clause 11	7 and 8
o. Advertising	Clauses 5.3 and 5.6, and Article 9	6, 8, and 11
p. Indemnification	Clauses 4.2.3, 4.11.2, 8.2, 13.5 and 15.2	None
q. Owner’s participation/management/staffing	Clauses 4.1, 4.12 and 19.3.2	15

Obligation	Articles/Clauses in Master Franchise Agreement	Disclosure Document Item
r. Records/reports	Clauses 4.10, 4.13, 4.17, 6.3, 6.4, 7.1 and 7.2	6
s. Inspection/audits	Clauses 4.7, 4.10, 4.12, 5.2, 7.1, 7.3 and 8.4	6 and 11
t. Transfer	Article 13	17
u. Renewal	Clause 3.2 and Summary of Key Terms	17
v. Post-termination obligations	Clauses 10.5, 12.3, 12.4 and 13.5	17
w. Non-competition covenants	Clause 10.1	17
x. Dispute resolution	Article 17	17
y. Taxes/permits	Clauses 2.4, 19.5 and 19.7	1

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Before you commence operations of your Master Franchisee Business, we will:

- (1) Provide the initial training program described below (MFA – Clause 4.5).
- (2) Provide on loan to you one copy of, or allow electronic access to, our Manuals, including our Operations Manual, as described below (MFA – Definitions and Clause 4.1).
- (3) Provide you with lists of Supplies, including the Products, and Designated Suppliers, and sell Supplies to you for resale to your Subfranchisees (MFA – Clause 6.1).
- (4) Provide you with a form subfranchise agreement to use to conduct franchise sales (MFA – Clause 1.2.2, Appendix XII).

After you commence operations of your Master Franchisee Business, we will:

- (1) Provide opening support services to you immediately before the opening of your first Affiliate Owned Gong Cha Store in the Authorized Territory as described below (MFA – Clause 4.4).
- (2) Provide the initial training program described below to additional and replacement trainees for a fee (MFA – Clause 4.5).
- (3) Provide the Re-training Program described below to training supervisor or district manager of your Subfranchisees for a fee (MFA – Clause 7.3.5).
- (4) Administer the Brand Marketing Fund described below (MFA – Clause 9.5).
- (5) Review and discuss with you the annual business plan you submit (MFA – Clause 9.1).
- (6) Provide periodic updates to the Manuals (MFA – Definitions and Clause 4.1).
- (7) Provide you with updated lists of Supplies and Designated Suppliers, and continue to sell Supplies to you for resale to your Subfranchisees (MFA – Clause 6.1).
- (8) Evaluate your requests to approve Domestic Supplied Materials, Substitute Materials and Special Licensed Products (MFA – Clauses 6.3, 6.4, 8.1).

Advertising

Brand Marketing Fund and Fees Payable to Franchisor from Master Franchisee

Regardless of whether you charge your Subfranchisees Regional Marketing Fees (as described below), you must pay us non-refundable brand marketing fees during the term of the Master Franchise Agreement in an amount equal to 1% of Gross Revenue for all Gong Cha Stores located within the Authorized Territory for such calendar month (or ratable portion thereof with respect to any part of a calendar month) (“Brand Marketing Fees”). Notwithstanding the above, at the start of the 4th anniversary of the Effective Date of the Master Franchise Agreement and thereafter, we shall have the right, upon prior written notice to you, to increase the Brand Marketing Fees you must pay to us to up to 2% of Gross Revenue for all Gong Cha Stores located within the Authorized Territory. You must calculate and pay Brand Marketing Fees to us at the same time and in the same manner as Running Royalty Fees. We will deposit all Brand Marketing Fees we receive from you into a brand marketing and promotional fund (the “Brand Marketing Fund”). Other master franchisees in the United States also may pay brand marketing fees to us that we will contribute to the Brand Marketing Fund. We and our affiliates are not obligated to contribute to the Brand Marketing Fund.

The Brand Marketing Fund is not a trust or escrow account, we have no fiduciary obligation to you or any other master franchisees with respect to the Brand Marketing Fund, and we are not required to segregate the Brand Marketing Funds we receive into a separate restricted account. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of

marketing campaigns and promotional programs. We are not required to spend a prorated amount on any advertising market, including your market. We have the right to make disbursements from the Brand Marketing Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns and materials, and any other activities we, in our sole and absolute discretion, believe are appropriate to enhance, promote and protect the Gong cha® brand and System. These disbursements may include payments to us for the expense of administering the Brand Marketing Fund, including accounting expenses and salaries and benefits paid to us and our affiliates' employees engaged in advertising functions, payments to us or designated website programmers for expenses relating to the maintenance of websites, and payments to us or our affiliates or designees for market research, surveys and testing and for mystery shopper programs.

We anticipate that the Brand Marketing Fund will be used to conduct national, regional or local marketing, marketing, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, radio, television, Internet, social media, electronic and billboard advertising and employing advertising agencies. We may use in-house personnel and/or outside national, regional or local agencies and third-party vendors to produce and place marketing and advertising for the Gong cha® system and to implement public relations campaigns.

If requested, we will provide you an annual unaudited statement of the Brand Marketing Fund for the most recent fiscal year. In addition, we have the right to spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Marketing Fund in that year and we or our affiliates have the right to make loans to the Brand Marketing Fund bearing interest to cover any deficits of the Brand Marketing Fund and cause the Brand Marketing Fund to invest any surplus for future use by the Brand Marketing Fund. If we or our affiliates make a loan to the Brand Marketing Fund, we may use any subsequent contributions to the Brand Marketing Fund to pay back the loan and any interest. We reserve the right to discontinue the Brand Marketing Fund, but will not do so until all of the monies in the Brand Marketing Fund have been expended.

We will not use Brand Marketing Fees paid to us for advertising that is principally for the solicitation of master franchise sales, although the Brand Marketing Fund may be used for public relations or recognition of the Gong cha® brand, and creation and maintenance of our website. Other than spending the Branding Marketing Fees paid to us as described above, we are not obligated to conduct any additional advertising, marketing or promotion. As of the fiscal year ending December 31, 2022, no Brand Marketing Fund had yet been formed. However, our predecessor, GCG, formed the Brand Marketing Fund in the first quarter of 2023. Following the US Restructuring, we now administer the Brand Marketing Fund. At the end of the fiscal year, we will carry over into the next fiscal year any unspent Brand Marketing Fees collected in that fiscal year.

Regional Marketing Fund and Fees Payable to Master Franchisee by Subfranchisees

You may require each of your Subfranchisees to pay you non-refundable marketing fees during the initial term and any renewal term of its Subfranchise Agreement in an amount of up to 3% of Gross Revenue of the respective Gong Cha Store for each calendar month (or ratable

portion thereof with respect to any part of a calendar month) (“Regional Marketing Fees”). If you elect to collect Regional Marketing Fees from your Subfranchisees, you must deposit the Regional Marketing Fees you receive into a regional brand marketing and promotional fund (the “Regional Marketing Fund”) you establish. Regional Marketing Fees shall be calculated and payable to you at the same time and in the same manner as royalty fees due to you under each Subfranchisee Agreement. You agree that Subfranchisees of Affiliate Owned Gong Cha Stores must contribute to the Regional Marketing Fund at the same rate as Subfranchisees of Independently Owned Gong Cha Stores. You will have the right to determine how the Regional Marketing Fund is spent on regional marketing and promotional programs, although such expenditures must be consistent with the Manuals and any other guidance we periodically provide to you. In addition, regardless of the percentage of Gross Revenue you collect as a Regional Marketing Fee from your Subfranchisees during any month, you can only spend up to 1% of Gross Revenue you receive as a Regional Marketing Fee for that month on administrative expenses relating to the Regional Marketing Fund, including accounting expenses and salaries and benefits paid to your and your affiliates’ employees engaged in advertising functions. For example, if your Subfranchisees pay you a Regional Marketing Fee of 3% of Gross Revenue for a given month, you can only spend up to 1% of Gross Revenue for that month on administrative expenses relating to the Regional Marketing Fund, must pay one 1% of Gross Revenue for that month to us as a Brand Marketing Fee, and must contribute the remainder of the 3% of Gross Revenue for that month to the Regional Marketing Fund.

Notwithstanding the above, if at the start of the 4th anniversary of the Effective Date of the Master Franchise Agreement or any time thereafter, we increase the Brand Marketing Fee you must pay to us to more than 1% of Gross Revenue for all Gong Cha Stores located within the Authorized Territory, as described above, you shall have the right, during the period the Brand Marketing Fee remains higher than 1% of Gross Revenue, to increase the maximum Regional Marketing Fee these Gong Cha Stores may be required to pay you by the same increase in the percentage of Gross Revenue for all Gong Cha Stores located within the Authorized Territory. For example, if at the start of the 4th anniversary of the Effective Date of the Master Franchise Agreement we increase the Brand Marketing Fee you must pay to us to 2% of Gross Revenue for all Gong Cha Stores located within the Authorized Territory, then you shall have the right, during the period the Brand Marketing Fee remains at 2% of Gross Revenue, to increase the Regional Marketing Fee these Gong Cha Stores must pay to you to up to 4% of Gross Revenue for all Gong Cha Stores located within the Authorized Territory.

Annual Business Plan and Mid-Year Report

You must actively expand, promote, market, and sell Products in the Authorized Territory. Accordingly, you must submit to us an annual business plan for the successive year by November of each year. The content of such annual business plan must include market overview and analysis, store expansion and sales targets, marketing plans and schedule, anticipated spending for any campaigns you initiate, current and new product suggestions, product development reports, and plans to attract qualified subfranchisee candidates, among others. We will discuss with you in good faith the plans and marketing principles and you must apply the agreed marketing principles to marketing events and other campaigns.

In addition, you are required to submit to us a mid-year business and market review report by August annually. The contents of these reports shall include (i) market review, achievement progress, strategies for the second half of the year, and suggestions, among others, and (ii) all information and materials related to any campaigns you initiate for the half-year to-date, as well as information relating to any Regional Marketing Fund you have established.

Franchisor Initiated Campaigns

In our sole and absolute discretion, we may initiate new marketing campaigns, introduce new products, or make adjustments to the menus of the Gong Cha Stores. Upon the initiation of such events, you agree to take, and ensure that your relevant Subfranchisees take, all action necessary to accommodate such initiatives, including by participating in such initiatives as require participation, within 30 days' notice from us. Any costs incurred by you to comply with these initiatives will be your sole responsibility, but you may be able to use the Regional Marketing Fund to cover such costs, as described above.

Master Franchisee Initiated Campaigns

Each month you must expend at least 2% of Gross Revenue on regional advertising, marketing and promotion of the Gong Cha Stores and Gong Cha System within your Territory. You may design and execute local campaigns, promotions, and other events to promote the business image of the System, the Gong Cha Stores, or to otherwise introduce integrated or regional sales programs or events as you deem necessary, and may use any Regional Marketing Fund you establish to fund such activities. All such activities must be in good taste and consistent with any standards and specifications we prescribe from time to time. You also may request our assistance with respect to such activities, but we will not be obligated to provide such assistance. If we agree to provide such assistance, however, you must reimburse us for all costs and expenses incurred in connection with it. We reserve the right, upon written notice to you, to approve any or all marketing materials in any media that you propose to use in respect of the Gong Cha System and Gong Cha Stores. We also shall have the right to require you to cease using any marketing materials in any media with respect to the Gong Cha System and Gong Cha Stores, and you shall promptly cease using such marketing materials on receiving our instruction to do so. We and you agree that all intellectual property rights in or related to the materials produced as part of any such campaigns will become part of our IP Rights and may be freely used and licensed by us, and you will assign to us all of your rights, title and interest in such materials.

Minimum Marketing Spend

During the term of the Master Franchise Agreement, in each calendar month you must expend not less than 2% of Gross Revenue for all Gong Cha Stores located within the Authorized Territory for such calendar month (or ratable portion thereof with respect to any part of a calendar month) on regional advertising, marketing and promotion of the Gong Cha Stores and Gong Cha System within the Authorized Territory, which for purposes of clarification includes expenditures made by you relating to any Regional Marketing Fund you establish or any Master Franchisee initiated campaigns you execute, as described above. Such expenditures must be consistent with the Manuals and any other guidance we periodically provide to you.

Advertising Cooperatives and Advertising Committee

As of the issuance date of this disclosure document, we do not have a local or regional advertising cooperative and we do not require you to participate in a local or regional marketing cooperative as part of your Master Franchise Business. However, as of the issuance date of this disclosure document, we have formed an advertising council (which we refer to as an “advertising committee”) for the Gong cha® master franchise system in the United States. Currently, all US master franchisees are members of the advertising committee and it serves in an advisory capacity. We have the power to form, change, or dissolve any advertising council or committee.

Development Time

We estimate that one to 3 months will elapse from the time you sign the Master Franchise Agreement to when you commence operating your Master Franchise Business. Factors that affect this time include your ability to obtain any required business license and permits, obtain any necessary financing, conduct pre-commencement purchases and setup, and hire employees. This is not an estimate of the time it will take you to open and begin operating your first Affiliate Owned Gong Cha Store within the Authorized Territory, which we estimate will typically take 6 to 9 months from the signing of the Master Franchise Agreement and the opening of your first Affiliate Owned Gong Cha Store. Although some factors that may affect this timing include how long it takes you to select a suitable site for your first Affiliate Owned Gong Cha Store and obtain a lease or sublease, any shortages or delays in obtaining any supplies and inventory, whether, and to what extent, you need to remodel the site, and your ability to secure any necessary licenses, permits, insurance coverage, and financing.

Site Selection; Leases and Opening of Business Office and Subfranchised Gong Cha Stores

Neither you nor your Subfranchisees are required to purchase or lease real estate from us or our affiliates.

Business Office

While you are required to have access to space from which to communicate with us and operate your Master Franchise Business, you are not obligated to open and maintain a separate business office within the Authorized Territory. If you elect, however, to open and maintain a separate business office for your Master Franchise Business, we do not need to consent to its location or lease. We also do not have requirements on how you must construct and equip your business office, however, it is solely your responsibility to ensure that your business office complies with all applicable federal, state and local laws, statutes, codes, rules, regulations and standards, including the ADA.

Subfranchised Gong Cha Stores and Outlet Premises

Prior to appointing any subfranchisee, including one of your affiliates, or agreeing to the development of a potential Gong Cha Store, you must conduct an approval process to confirm that each potential subfranchisee and each potential Gong Cha Store meets all of our then-current minimum requirements and approval procedures and guidelines for new subfranchisees and new

Gong Cha Stores, as the same may be amended, replaced or supplemented by us at any time. We also reserve the right, upon written notice to you, to approve any or all potential subfranchisees and potential Gong Cha Stores.

In addition, prior to the commitment of you or one of your Subfranchisees to lease or purchase the potential premises for the development and operation of a Gong Cha Store within the Authorized Territory, you must conduct an approval process to confirm that the potential premises meets all of our then-current minimum requirements for the premises of new Gong Cha Stores, as the same may be amended, replaced or supplemented by us from time to time. We also reserve the right, upon written notice to you, to approve any or all potential premises for the development and operation of Gong Cha Stores. To the extent we exercise our approval right, you must provide to us any preliminary document, proposal, plan, report, accounts and other information as we may require relating to the potential premises. Each potential premises that you approve and we approve, to the extent we exercise our approval right, shall be referred to as an “Outlet Premises.”

Once the Outlet Premises of a Gong Cha Store have been approved pursuant to the approval process described above, you must, or must ensure that your relevant Subfranchisees: (a) purchase such Outlet Premises from the relevant landlord or enter into a lease agreement with the relevant lessor for such Outlet Premises, and notify us in writing of the date on which you or your Subfranchisee will obtain possession and control of such Outlet Premises; (b) where applicable, furnish to us a copy of the executed lease agreement within 3 days of execution thereof; and (c) submit to us not later than the tenth day of each month a development progress report, including: (i) a status report of negotiating and entering into the purchase agreement or lease agreement with the relevant landlord or lessor of such Outlet Premises; and (ii) the status of and an updated construction schedule for the relevant Gong Cha Store. Where any of the Outlet Premises is leased by you or your Subfranchisees, you must, or must ensure that the relevant Subfranchisee must, comply with the terms and conditions of the leases over such property, make all payments due under the leases punctually and ensure that we have no obligations to the lessors under the leases, and indemnify us, our directors, officers, employers, shareholders, agents, successors and assigns against any liability or damage in respect of any such lease. In addition, you must ensure that each of your Subfranchisees uses its best efforts to include express provisions in any lease agreement it enters into with a landlord for a Gong Cha Store to give you the right to receive notice of any breach of the lease agreement, the right, but not the obligation, to cure any such breach, and the right, but not the obligation, to have the lease agreement transferred, assigned or novated to you upon a breach of the lease agreement or the expiration or termination of the respective Subfranchise Agreement.

You must ensure that the design, store image and related matters such as corporate (business) identity (CI/BI), signage, general appearance, equipment, interior design, and exterior design of each Gong Cha Store and its Outlet Premises meet all of our then-current minimum required standards and specifications for new Gong Cha Stores and Outlet Premises, as the same may be amended, replaced or supplemented by us from time to time. We also reserve the right, upon written notice to you, to approve any or all designs for Gong Cha Stores. In addition, if you desire to allow one of your Subfranchisees to vary from our then-current minimum required standards and specifications for a particular Gong Cha Store and Outlet Premises, you may only do so after providing written notice of the proposed variations to us and receiving our prior

written approval of such proposed variations.

You may not relocate, and must ensure your Subfranchisees do not relocate, any Gong Cha Store or any part thereof, unless you have (i) conducted an approval process to confirm that the potential relocation premises meets all of our then-current minimum requirements for the premises of new Gong Cha Stores, as they may be amended, replaced or supplemented by us at any time, and (ii) notified us in writing at least 3 months before the proposed relocation. We also reserve the right, upon written notice to you, to approve any or all potential relocation premises for the development and operation of Gong Cha Stores. If we exercise our approval right, you must provide to us any preliminary document, proposal, plan, report, accounts and other information as we may require relating to the potential relocation premises.

Opening Support

We will assign 2 advisors to assist you for 7 days (including 2 days of transportation time) or 5 days (where no transportation time is required) immediately before the opening of your first Affiliate Owned Gong Cha Store in the Authorized Territory. If, in our sole discretion, more days of support are required, we may provide up to 3 days of support in addition to that described above. Such opening support services may be provided online remotely or otherwise at our reasonable discretion. We will pay for, where applicable, all transportation, lodging, meals, wages, and benefits of our advisors during this opening support. In the event you require similar opening support services with respect to subsequent Gong Cha Stores, you must submit a written request to us at least 3 months before the projected opening of the relevant Gong Cha Store, and the provision of such services shall be subject to our agreement in writing. We also reserve the right to charge you our then-current fee and all related costs and expenses for any additional opening support services we agree to provide to you.

Training

We will provide an initial training program for 2 to 3 of your personnel in Taiwan or at another location we designate, or online remotely, at our reasonable discretion, prior to the opening of your first Affiliate Owned Gong Cha Store. We will provide this initial training as part of the License Fee. Beyond these first 2 to 3 trainees, we may charge you our then-current, per person training fee for each additional person to whom we provide training, either initially or in the future. Our current training fee is \$2,000 per person. You are responsible, however, for each of your trainee's transportation, lodging and meal expenses during our initial training program.

As of the issuance date of this disclosure document, the initial training program is 10-days long (with a weekend break in the middle) and consists of the following:

TRAINING PROGRAM

Schedule	Subject (1)(2)	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day 1	<ul style="list-style-type: none"> *Introduction of Gong Cha *Get uniform, cap, apron, and nametag etc. *Get training brochure and training file *Training guidebook explanation *Training schedule explanation *Gong cha product knowledge *Warehouse / Raw material acceptance regulation *E-learning platform orientation *E-learning platform practice 	9	0	Training Store (3)
Day 2	<ul style="list-style-type: none"> *Introduction of the Materials, Equipment, Bar tools. *Kitchen: Brewing Tea process and storage *Kitchen: Cooking Pearl *Kitchen: Making House Special Milk Foam *Bar: Basic SHAKE process 	3	6	Training Store (3)
Day 3	<ul style="list-style-type: none"> *Preparation for Opening *Kitchen: Brewing Tea/ Cook pearl *Bar: Basic Tea Drink, Milk Foam Series *Bar: Basic Tea Drink, Milk Foam Series Practice 	3	6	Training Store (3)
Day 4	<ul style="list-style-type: none"> *Preparation for Opening *Kitchen: Making Ai-Yi, Grass Jelly, and Pudding *Bar: Milk Tea Series / How to make Milk Tea *Bar: Milk Tea Series Practice *Kitchen: Cooking Earl Grey Tea 	3	6	Training Store (3)
Day 5	<ul style="list-style-type: none"> *Preparation for Opening *Bar: Milk Tea Practice *Bar: Creative Mix *Equipment setting & cleaning (Syrup dispenser, sealing machine, smoothie maker, tea extractor) *Store Marketing expectations 	3	6	Training Store (3)
Day 6	<ul style="list-style-type: none"> *Preparation for tea & semi-finished products two hours before closing. *Preclosing procedures *If the trainee requires more hands-on training, the trainer will arrange a half-day training. 	3	6	Training Store
Day 7	<ul style="list-style-type: none"> *Preparation for tea & semi-finished products two hours before closing *Pre closing procedures *Go over closing procedures and process 	3	6	Training Store

Schedule	Subject (1)(2)	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day 8	* Management Day - Open and work in position *Coffee Series, Smoothie series practice *POS training, Steritech, C.U.P.S Surveys, Revel Sales and reporting. *Review all Materials	3	6	Training Store
Day 9	*Kitchen & Bar Practice *Open and Work in Position *Bar and Kitchen SOP overall review *Final Review	3	6	Training Store
Day 10	*Final Exam (Academic test & Skill test. Must score 80% to pass course). *Discuss Menu Boards/Marketing *Store opening/Closing Procedures *Order process explanation & Inspection Process. *Transfer of all documents needed for all store operational procedures.	3	7	Training Store
Totals		36	55	

- (1) The instructional materials for all training programs include the Manuals (as defined below), handouts and visual aids, and will include lecture, classroom discussion, hands-on demonstration and/or practice training at a training store.
- (2) The initial training program will be led or overseen by a manager who has at least one year of experience working with us or our affiliates, and at least 3 years of experience working in the restaurant industry. Any other individuals involved in the initial training program will have at least one year of experience in the subject that they teach.
- (3) The initial training program will take place at the training store we designate.

We plan to offer the initial training program often enough to meet the needs of new and existing master franchisees. We have the right, however, to determine when training takes place and to alter the schedule and content of the initial training program. Your trainees must attend and successfully complete the initial training program to our satisfaction 3 months prior to the date your affiliate Subfranchisee opens the first Affiliate Owned Gong Cha Store in the Authorized Territory or by some other agreed upon date.

You will implement a training program for your Master Franchising Business employees in compliance with our requirements. You also shall ensure that all of your Subfranchisees implement a training program for the employees of their Gong Cha Stores in compliance with our requirements.

We have the right to require you to dispatch a training supervisor or district manager (including that of any of your Subfranchisees) to attend a re-training program in Taiwan or at

another location we designate, or online remotely, at our reasonable discretion, for 5 to 7 days (“Re-Training Program”) if we, in our sole and absolute discretion, determine that the operation or management of your Master Franchise Business or any Gong Cha Store fails to or is unlikely to meet System’s standard or training and such training is required for operational improvement. You must pay us a \$1,000 fee for each Re-Training Program. In addition, you are responsible for all expenses for transportation, lodging, and meals incurred by any quality controller, training supervisor or district manager during their attendance at any Re-Training Program.

Technology System

We have the right to designate a required technology system (or any components thereof), you must purchase or lease, use and maintain, and ensure your Subfranchisees purchase or lease, use and maintain, for the operation of your Master Franchise Business and your Subfranchisees’ Gong Cha Stores. As further described in Item 8, as of the issuance date of this disclosure document, you and your Subfranchisees are required to purchase from Revel Systems (our Designated Supplier), use and maintain the specific technology system we have designated which includes a point-of-sale system and computers, related hardware and software, a video surveillance system, and other components. However, we reserve the right upon written notice to you to designate a new or alternative technology system you and your Subfranchisees purchase or lease, use and maintain, for the operation of your Master Franchise Business and your Subfranchisees’ Gong Cha Stores. See Clause 4.13 of the Master Franchise Agreement. As part of any technology system we designate, you and your Subfranchisees also may be required to pay a software licensing or user fee and support fee in connection with the use of the software.

The technology system we designate will collect sales, purchasing and other information you are required to report to us. At our request, you will grant us independent access to the information generated and stored on any technology systems used by you or your Subfranchisees, and there are no contractual limitations on our right to access this information.

Regardless of the technology system (or any components thereof) we designate, you and your Subfranchisees must use and maintain, we estimate that your cost of purchasing or leasing a technology system will range from \$2,000 to \$5,000, and you will incur annual costs of \$1,000 to \$3,000 to maintain, update, upgrade and pay support fees relating to your technology system. During the term of the Master Franchise Agreement, we have the right upon written notice to you to periodically require you to upgrade or update the technology system we have designated or to designate a new or alternative technology system you and your Subfranchisees must purchase or lease, use and maintain, for the operation of your Master Franchise Business and your Subfranchisees’ Gong Cha Stores system , and there is no contractual limitation on the frequency or cost of this obligation.

Neither we nor our affiliates are required to provide ongoing maintenance, repairs, upgrades or updates relating to you or your Subfranchisees’ technology systems. You should determine whether or not any third-party supplier from whom you and your Subfranchisees purchase or lease any component of your technology system is obligated to provide ongoing maintenance, repairs, upgrades or updates to such component, and determine the additional cost for the services.

Manuals

During the term of the Master Franchise Agreement, we will loan to you one copy of, or allow electronic access to, our standard operating manuals, including the “Operations Manual,” information sheets, notices or other documents we prepare for use by you, setting forth policies, procedures, instructions, guidelines standards, specifications and principals relating to the Master Franchise Business, as the same may be amended, replaced or supplemented by Franchisor from time to time (collectively, the “Manuals”). The Manuals contain both required (or mandatory) provisions and recommended (or suggested) provisions. You must comply with, and ensure that your Subfranchisees comply with, all mandatory policies, procedures, instructions, guidelines standards, specifications and principals in the Manuals. As further described in Item 14, the Manuals remain our property and contain proprietary information that you must keep confidential. The current Operations Manual, as of the issuance date of this disclosure document, consists of 50 pages. The Table of Contents for the Operations Manual is included in Exhibit G.

ITEM 12

TERRITORY

We will grant you the right to operate a Master Franchise Business within a specific Authorized Territory described on the Key Terms of the Master Franchise Agreement. In establishing the geographic territory or territories that will make up your Authorized Territory and determining whether you typically will pay a License Fee of \$100,000, \$300,000, or \$500,000, although it could be more (as further described in Item 5), we will analyze the size, population and number of DMAs located within the proposed geographic territory or territories.

Your Development Rights and Operating Rights with the Authorized Territory

As further described in Item 1, under the Master Franchise Agreement, we grant to you within the Authorized Territory both Development Rights (the right to grant subfranchises to Subfranchisees for the establishment and operation of Gong cha® stores) and Operating Rights (the right to own and operate (through affiliate Subfranchisees) Gong cha® stores once opened, and to support, distribute Products and other authorized products and items to, and receive fees from, as applicable, all existing Gong cha® stores within the Authorized Territory once opened).

You may not directly operate Gong cha® stores under the Master Franchise Agreement, but may only do so through an affiliate that enters into a Subfranchise Agreement with you. In addition, you must establish and operate at least 2 Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements before you may grant subfranchises to third parties for the establishment and operation of Independently Owned Gong Cha Stores within the Authorized Territory.

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

However, except as otherwise described below, as long as you remain in compliance with the Master Franchise Agreement, we will not at any time during the term of the Master Franchise Agreement: (i) manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; (ii) grant to any other party any right to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; or (iii) grant to any other party the right or license to grant subfranchises to any other party to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory. Because the territorial protection we grant to you is conditioned on you remaining in compliance with the Master Franchise Agreement, and does not preclude us from managing, establishing and/or operating, or granting to other parties the right to manage, establish and/or operate, Non-Traditional Locations within the Authorized Territory (as further described below), we refer in this Item 12 to the territorial protection we grant to you as “conditional protection.”

The licenses granted to you under the Master Franchise Agreement and your Development Rights and Operating Rights relate only to developing, establishing, operating, supporting and supplying Products to Gong Cha Stores physically located at the Outlet Premises (as defined in the MFA (essentially, approved premises)) within the Authorized Territory using the Gong Cha System and the IP Rights, and in accordance with the Manuals. The licenses and rights granted to you under the Master Franchise Agreement do not include the right to establish and operate, or subfranchise other parties to establish and operate, any stores, retail locations or businesses within the Authorized Territory using the Gong Cha System or the IP Rights other than Gong Cha Stores at Outlet Premises. In addition, the licenses and rights granted to you under the Master Franchise Agreement do not include the right to sell any Products, any other products or items, including pre-packaged or ready-to-drink products and/or related merchandise, or services using the Gong Cha System or the IP Rights through any other channels of distribution, including supermarkets, grocery and convenience stores and other retail stores and locations, the Internet (including mobile or any other existing or future form of electronic commerce), except as (i) permitted in the Manuals, or (ii) in the case of “Aggregators” (as defined in the Master Franchise Agreement), in accordance with the Manual and the term of the Master Franchise Agreement, and other types of resale, wholesale and distribution arrangements.

Your Authorized Territory will not include any airports or other transportation terminals, sports arenas, stadiums and facilities, hospitals, schools, college and university campuses, corporate campuses, corporate cafeterias, health clubs, military bases, casinos, convention centers, theme and amusement parks, a department within an existing retail store, hotels, grocery stores or enclosed shopping centers, fairs or festivals, or other similar types of locations that have a restricted trade area (“Non-Traditional Locations”) located within the geographic boundaries of the Authorized Territory.

Rights Reserved to Us

Notwithstanding the above, we reserve all rights not expressly granted to you under the Master Franchise Agreement, including without limitation the right to, by ourselves and/or grant any party the right to, without paying any compensation to you or your affiliates:

- (1) Manage, establish and/or operate, and grant to any other party any right to manage, establish and/or operate, Gong Cha Stores using the System and the IP

Rights at locations outside the Authorized Territory, and at Non-Traditional Locations within and outside the Authorized Territory, and otherwise conduct the Business (as defined in the MFA) and other business activities involving the Products in any manner within and outside of the Authorized Territory;

- (2) Manage, establish and/or operate, and grant to any other party any right to manage, establish and/or operate, stores and other businesses (other than Gong Cha Stores) using the System or the IP Rights at any locations within and outside the Authorized Territory, including Non-Traditional Locations;
- (3) Manufacture, sell, supply, merchandise, promote, distribute or otherwise deal in the Products, any other products or items, including pre-packaged or ready-to-drink products and/or related merchandise, or services, whether using the System and/or the IP Rights, through any other channels of distribution, including grocery and convenience stores and other retail stores and locations, the Internet (or any other existing or future form of electronic commerce), and other types of resale, wholesale and distribution arrangements, whether within or outside the Authorized Territory;
- (4) Acquire businesses that are the same as or similar to the Business or Gong Cha Stores and operate such businesses regardless of whether such businesses are located within or outside the Authorized Territory, and to be acquired by any third party which operates businesses that are the same as or similar to the Business or Gong Cha Stores regardless of whether such businesses are located within or outside the Authorized Territory; and
- (5) Use the IP Rights, including carry out advertising, marketing and promotional activities (including but not limited to operating and maintaining any websites, applications or other online platforms), to conduct research and market studies, and to develop new products and services.

Development Quotas and Development Schedules

In order to maintain your Development Rights under the Master Franchise Agreement, you must establish and operate through your Subfranchisees the cumulative number of Gong Cha Stores (including Affiliate Owned Gong Cha Stores) in the Authorized Territory by the dates specified in the applicable Development Schedules, as further described below and in Clause 4.3 of the Master Franchise Agreement.

During the initial term of the Master Franchise Agreement, you must establish and operate, through your Subfranchisees, not less than the cumulative number of Gong Cha Stores (including Affiliate Owned Gong Cha Stores) in the Authorized Territory by each of the dates specified in the “Development Schedule” attached to Master Franchise Agreement as Appendix II. The required Gong Cha Store quotas listed in the Development Schedule are each a “Development Quota” and are collectively referred to as the “Development Quotas.” If you fail to meet any of the Development Quotas by the date specified in the Development Schedule, we have the right to collect from you compensation for such development delays, as further

described in Item 6. In addition, your failure to meet any of the Development Quotas by the date specified in the Development Schedule, if not cured, may result in the termination of your conditional protection within the Authorized Territory and/or the termination of your Development Rights, as further described below.

Failure to Meet Development Quotas; Loss of Development Rights

In addition to your payment to us of compensation for development delays as described above, if you fail to meet any of the Development Quotas, you will be required to draft and submit a written report and improvement plan to us within 30 days of the date of the missed Development Quota. Additionally, you must provide regular updates to us regarding your efforts to cure your breach of the particular Development Quota pursuant to any terms which we may reasonably require. Should you fail to cure the breach of the particular Development Quota and open the required number of Gong Cha Stores within 60 days from the date on which the relevant Gong Cha Store(s) should have opened according to the Development Schedule, we will have the right, in our sole discretion, upon written notice to you to (i) terminate your conditional protection within the Authorized Territory under the Master Franchise Agreement for the remainder of the initial term and any renewal term, and/or (ii) terminate your Development Rights for the remainder of the initial term and any renewal term, but allow you to retain your Operating Rights, subject to the terms and conditions of the Master Franchise Agreement and provided you are not in default of the Master Franchise Agreement. In such event, we will have the right to (a) manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; (b) grant to any other party any right to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; or (c) grant to any other party the right or license to grant subfranchises to any other party to conduct Gong cha® stores using the System and the IP Rights in the Authorized Territory.

Additional Situations Where Your Conditional Protection Ceases

In addition to the rights reserved to us and our affiliates and the limitations on your rights described above, in the event that you (i) breach, fail to perform or otherwise default on any of your obligations under Clause 1.2 (Subfranchise), Clause 1.6 (Limitations on Use of Trade Name), Clause 2 (Fees Royalties, and Payments), Clause 4 (Operation of Business) or Clause 6.1 (Purchases from Franchisor or Designated Suppliers of the Master Franchise Agreement), and should the breach continue for a period of 30 days after we have given written notice to you of such breach, failure or default; or (ii) you breach, fail to perform or otherwise default on your obligations under Clause 4.1 3 or more times during the term regardless of whether such breach, failure or default is subsequently remedied; the conditional protection relating to your Development Rights will automatically cease and, in such event, the restrictions on us described above will no longer apply and specifically, we will have the right from the date any of the foregoing events or circumstances have occurred, to among other things: (a) manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; (b) grant to any other party any right to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; or (c) grant to any other party the right or license to grant subfranchises to any other party to conduct Gong Cha Stores using the System and the IP Rights in the Authorized Territory.

Relocation

You may not relocate your Authorized Territory. In addition, you may not relocate, and must ensure your Subfranchisees do not relocate, any Gong Cha Store or any part thereof, unless you met certain requirements, including obtaining our approval and paying us a relocation fee, as further described in Items 6 and 11.

Miscellaneous

As of the issuance date of this disclosure document, neither we nor any affiliate operate or franchise, or have any current plans to operate or franchise, any business selling the Products and services authorized for sale at Gong Cha Stores under any other trademark or service mark. In addition, we do not grant you any options, rights of first refusal, or similar rights to acquire additional Master Franchise Businesses.

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ITEM 13

TRADEMARKS

Our affiliate, GCG, is the owner of the Trademarks of the System, and has granted us a license to use and to sublicense others to use the Trademarks and certain other IP Rights related to the System through an IP License Agreement dated May 1, 2023, as amended (the “License Agreement”). The License Agreement will expire on May 1, 2033 and automatically renews for up to 4 additional 5-year terms. Under the License Agreement, we can use and sublicense the Trademarks and other IP Rights licensed under the Master Franchise Agreement. If we commit any material breach of the License Agreement that is remediable, GCG must give us 90 days to remedy the issue before terminating the License Agreement. In addition, we and GCG may terminate the License Agreement upon mutual agreement, with the termination to be effective 180 days after agreement. If the License Agreement were terminated or expired without renewal or extension, you and your Subfranchisees would have to stop using the Trademarks and other IP Rights licensed to us under the License Agreement, unless GCG elects in its sole discretion to allow you to continue to operate under the terms of your Master Franchise Agreement, in which case your Master Franchise Agreement shall be assigned and novated to GCG or its designee effective as of the date of such termination or expiration.

We grant you the right to use certain Trademarks under the Master Franchise Agreement. You must follow our rules when you use these Trademarks. GCG has registered or applied to register the following Trademarks with the U.S. Patent and Trademark Office (the “USPTO”) on its Principal Register:

Trademark	Registration Date	Registration Number
	December 29, 2020	6231001
 Gong cha	December 14, 2021	6585699

GCG has or will timely file with the USPTO all required affidavits of use, affidavits of incontestability and renewals when due for the Trademarks noted above.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Trademarks, and there is no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Trademarks. Except as disclosed above, there is no agreement in effect which significantly limits our rights to use or license the Trademarks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing

uses that could materially affect your use of the Trademarks in any state. We are unaware of any party with superior rights or infringing uses of the Trademarks that could materially affect your use of the principal trademarks in the state or states where the Master Franchised Business will be located.

You must use, and must ensure that your Subfranchisees use, reasonable efforts to protect the IP Rights (as defined below), including the Trademarks, by (i) promptly notifying us of any known or suspected infringement of the Trademarks, including trademarks that are identical to or confusingly similar to the Trademarks, and other IP Rights, (ii) rendering necessary assistance during relevant proceedings, and (iii) providing any other assistance we deem necessary.

We and/or our designee have the sole and exclusive right and sole and absolute discretion to direct and control any administrative proceeding or litigation relating to the IP Rights (or any part thereof), and will decide what action if any to take in respect of such administrative proceeding or litigation, including any action in respect of any actual, threatened or suspected infringement or any other improper use of the IP Rights (or any part thereof), or common law

passing off or any other claim in respect of the use or registration (to the extent applicable) of the IP Rights (or any part thereof). We have the right, but not the obligation, to take action against uses by others that may constitute infringement or unfair competition of the Trademarks and to defend you and your Subfranchisees against any third-party claim, suit or demand arising out of your and your Subfranchisee's use of the Trademarks. You agree that any or all sums recovered by us or our designee in any proceedings relating to the IP Rights (or any part thereof) (including any and all damages, account of profits, awards of costs or any and all sums recovered) will be for the sole benefit of us or our designee. You agree to fully-cooperate with and support, and ensure that your Subfranchisees fully co-operate with and support, us and/or our designee in any action, claim or proceedings brought or threatened with respect to the IP Rights, at your and their expense, including the signing of relevant documents.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Trademark or the Trade Name (as defined in the Master Franchise Agreement), or for you to use one or more additional or substitute Trademarks or Trade Names, you must make, and ensure that your Subfranchisees make, such changes within 90 days after receiving notice of such changes at your and/or your Subfranchisee's expense. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification of the Trademarks or the Tradenames.

“IP Rights” means all of our intellectual property rights inherent in or related to the System, including (but not limited to) all intellectual property rights comprised in the Products, Supplies, Master Franchise Business, all materials and documents supplied by us to you and/or your Subfranchisees, or which are created or developed pursuant to and/or as the result of the Master Franchise Agreement (including any documentation or marketing materials related to the System), the Trademarks, Trade Name and Manuals.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered, nor any pending patent applications, that are material to the Master Franchise. We do claim copyright ownership and protection for certain of our IP Rights, including the Manuals, our marketing materials, and similar items. We have not registered copyrights with the United States Registrar of Copyrights, but we are not required to do so to protect them.

There are no currently effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the Master Franchise. We are not aware of any patent or copyright infringement that could materially affect you.

Because copyrights fall within the definition of IP Rights, the same disclosures in Item 13 relating to our and your obligations to protect IP rights apply equally to the copyrighted material we provide to you. For example, the same License Agreement controls our license of IP rights from GCG, and you must use, and must ensure that your Subfranchisees use, reasonable efforts to protect our copyrighted material by (i) promptly notifying us of any known or suspected infringement of the copyrighted material, (ii) rendering necessary assistance during relevant proceedings, and (iii) providing any other assistance we deem necessary. In addition, we and/or our designee have the sole and exclusive right and sole and absolute discretion to direct and control any administrative proceeding or litigation relating to the copyrighted material, and will decide what action if any to take in respect of such administrative proceeding or litigation, including any action in respect of any actual, threatened or suspected infringement or any other improper use of the copyrighted material. Further, you agree to fully-cooperate with and support, and ensure that your Subfranchisees fully co-operate with and support, us and/or our designee in any action, claim or proceedings brought or threatened with respect to copyrighted material, at your and their expense, including the signing of relevant documents.

If it becomes advisable at any time in our sole judgment for you to discontinue using any copyrighted material, or for you to use additional or substitute copyrighted material, you must make, and ensure that your Subfranchisees make, such changes as soon as reasonably practicable upon receipt of notice of any such change.

We will provide to you “Confidential Information” (as defined in Clause 10.3 of the Master Franchise Agreement), including our Manuals. We also may provide Confidential Information to you that we consider to be our trade secrets. You agree to treat, and ensure that your Subfranchisee agree to treat, as confidential at all times all Confidential Information we provide to you or your Subfranchisees, and you and your Subfranchisees must use all reasonable efforts to keep such information confidential. You acknowledge that the unauthorized use or disclosure of such Confidential Information will cause incalculable and irreparable injury to us. Accordingly, you agree that you will not, and will ensure that your Subfranchisees do not, at any

time during or after the term of the Master Franchise Agreement, disclose or use or permit the use (except as may be required by applicable law or authorized by the Master Franchise Agreement) of the Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person or source without our prior written consent.

Further, you must not, and must ensure that your Subfranchisees do not, contest or take any other action that may affect the validity or enforceability of any of our IP Rights. You also must ensure that each of your Subfranchisees will not use the System and/or the IP Rights in any manner or for any purpose other than as permitted under the Master Franchise Agreement and the Subfranchise Agreements. You and your Subfranchisees have no rights or claim over the IP Rights. As exclusive owner of the IP Rights, we are the owner of all past, present or future goodwill of the System, the Master Franchise Business and the business conducted at or from Gong Cha Stores that is associated with or attributable to the IP Rights. Use of the IP Rights by you and your Subfranchisees will inure to our exclusive benefit.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require you to personally participate in the operation of your Master Franchise Business, but recommend that you do so. However, to maintain high quality standards, you are required to hire a full-time employee (a “Quality Controller”) whose responsibilities will be solely to (i) establish, implement and monitor food safety and quality policies, (ii) establish measurable food safety and quality objectives, (iii) ensure compliance with quality and food safety policies and procedures at all Gong Cha Stores with the Authorized Territory, and (iv) establish business continuity policies. Your Quality Controller may, but is not required to, have any ownership interest in you.

You will maintain at all times a staff of trained employees sufficient to operate the Master Franchise Business in compliance with our required standards and specifications, and must ensure that all of your Subfranchisees maintain at all times a staff of trained employees sufficient to operate their Gong Cha Stores in compliance with our required standards.

Each of your “Principal Owners” (any person who directly or indirectly owns a 10% or greater interest in the you, as further defined in the Definitions section of the Master Franchise Agreement) must sign the form Guaranty and Assumption of Obligations (“Guaranty Agreement”) attached to the Master Franchise Agreement as Appendix IV. A spouse of a Principal Owner and any other person we designate must also sign the Guaranty Agreement.

We may require you to obtain from your Quality Controller, Principal Owners and other owners, guarantors, and affiliates, your and your affiliates’ officers, directors, members, managers and partners, as the case may be, and any of your and your affiliates key employees or agents who will have access to Confidential Information, a signed non-competition and confidentiality agreement in a form satisfactory to us that incorporates the non-compete provisions and obligations contained in Clause 10.1 of the Master Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 describes our requirements relating to Supplies and Designated Suppliers, and when Domestic Supplied Materials, Substitute Materials and Special Licensed Materials may be offer and sold.

In sum, you may purchase and sell to your Subfranchisees, and otherwise use in the operation of your Master Franchise Business, only those products and services that we periodically require or approve, and you may not purchase, sell or use any unapproved products or services. In addition, you must ensure that your Subfranchisees offer and sell from their Gong Cha Stores all of the products and services that we periodically require or approve, and ensure that they do not offer or sell from their Gong Cha Stores any unapproved products or services. You also must ensure that your Subfranchisees do not use the premises of their Gong Cha Stores for any purpose other than the operation of a Gong cha® store. We have the unlimited right to change the System and other items, equipment and related accessories and other products and services you may purchase and sell to your Subfranchisees, and otherwise use in the operation of your Master Franchise Business, and your Subfranchisees may offer and sell from or use at their Gong Cha Stores.

You also may not offer for sale, and must ensure that your Subfranchisees do not offer for sale, any Supplies, including the Products, through any other channels of distribution, including grocery and convenience stores and other retail stores and locations, the Internet (or any other existing or future form of electronic commerce), and other types of resale, wholesale and distribution arrangements, without our prior written consent. Except as described above, you are not otherwise limited in the customers to whom you and your Subfranchisees may offer and sell products or services.

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ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Master Franchise Agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Articles/Clauses in Master Franchise Agreement	Summary
a. Term of the Master Franchise	Clause 3.1 and Summary of Key Terms Page	10-year term
b. Renewal or extension of the term	Clause 3.2 and Summary of Key Terms Page	One renewal term of 10 years.
c. Requirements for you to renew or extend	Clause 3.2	(i) You must give us written notice of your intent to renew within 180 to 360 days before the initial term of the MFA expires, (ii) you and your affiliates are not in default of any material provision of the MFA or any other agreement with us or our affiliates and, and you and your affiliates have generally complied with all material provisions in these agreements, (iii) you successfully complete or agree to successfully complete any additional training we require, (iv) you pay the renewal fee, (v) at our request, you sign our then-current master franchise agreement, the terms of which may differ materially from the MFA, (vi) you and your owners sign a general release (subject to state law), and (vii) you comply with any other reasonable conditions we prescribes. You will only be able to renew your Operating rights if you previously lost your Development Rights or if we and you cannot agree on a development schedule and corresponding development quotas for the 10- year renewal term.
d. Termination by you	Not applicable	You may terminate the MFA as permitted by applicable law.
e. Termination by us without cause	Not applicable	None

Provision	Articles/Clauses in Master Franchise Agreement	Summary
f. Termination by us with cause	Clauses 12.1, 12.2	Breach of Master Franchise Agreement and other grounds.
g. "Cause" defined - defaults which can be cured	Clause 12.1	<p>(i) You fail to make any payment owed to us under the MFA when due and such failure to pay continues un-remedied for a period of 30 days after we notify you of such nonpayment.</p> <p>(ii) You breach or fail to perform any other obligation, warranty, duty or responsibility, or are in breach or default with respect to any term or condition as required under the MFA and such breach, failure or default continues un-remedied for a period of 30 days after we notify you of such breach, failure or default; provided, however, that in the case of any breach specified in Clauses 4.3.2, we must terminate the MFA in accordance with Clause 4.3.2, and in the case of any breach specified in Clauses 7.3.3 and 7.3.4, we must terminate the MFA in accordance with Clauses 7.3.3 and 7.3.4.</p> <p>(iii) You breach, fail to perform, or default on your obligations under Clause 4.1 3 or more times during the term (without regard to whether it was remedied).</p> <p>(iv) Your assignment, transfer, or attempt to assign or transfer Gong Cha Stores, or any rights of the MFA or any portion of any Outlet Premises, in a manner inconsistent with the provisions of Clause 13.</p> <p>(v) Your (or the Master Franchisee Parties) breach of the non-compete obligations in Clause 10.1.1.(vi) Your participation in any crime or criminal offense.</p> <p>(vii) You knowingly or negligently maintain false records or submit false reports to us.</p> <p>(viii) You operate or manage the Business in a way materially endangers the public health and safety.</p> <p>(ix) You materially damage our reputation, or the reputation of the Trademarks, Trade Name, or misuse any Intellectual Property Rights.</p> <p>(x) You are in material default under the Master Franchise Agreement and do not cure within a reasonable time (within 30 days' notice from us).</p>

Provision	Articles/Clauses in Master Franchise Agreement	Summary
h. "Cause" defined - defaults which cannot be cured	Clause 12.2	The MFA will terminate automatically with no further act or action of either party if any of the following actions are taken, or if any preparatory step towards any of the following actions is taken: (i) a receiver is appointed for you or your property, (ii) you make an assignment for the benefit of your creditors, (iii) proceedings are commenced by, for, or against either party under any bankruptcy, insolvency, or debtors relief law, or (iv) either party is liquidated or dissolved. In addition, as further described in Item 13, the MFA may terminate if the IP License Agreement between GCG and us is terminated or expires.

Provision	Articles/Clauses in Master Franchise Agreement	Summary
i. Your obligations on termination/non-renewal	Clauses 12.3, 12.4, 13.5	You must (i) immediately cease, and ensure that your Subfranchisees cease, the use of all of our intellectual property, including all Confidential Information, Trademarks, Trade Name and other IP Rights, (ii) immediately pay all sums due and owing to us; (iii) immediately cause your Subfranchisees to cease operating Gong Cha Stores and selling Products, except pursuant to a Subfranchise Agreement that is assigned to us or our designee (as further described below), (iv) immediately return to us or destroy, at our option, all items, material, confidential documents, management regulations, and other documents, (v) except as used in Gong Cha Stores operated under a Subfranchise Agreement that we elect to have assigned to us or our designee, de-identify the Gong Cha Stores, and (vi) if we terminate the MFA due to a default by you, we, at our option, may request you to return, at your expense, any remaining Product and Supplies to a location we designate. If we so elect, upon the termination or expiration of the MFA, all of the Subfranchise Agreements, and all of your rights and obligations thereunder, must be assigned to us or our designee effective as of the date of such termination or expiration, and you must cooperate with us, at your cost and expense, to effectuate the assignment of the Subfranchise Agreements upon such termination or expiration. Following termination, you must indemnify us against any losses arising as a result of your breach of the MFA or applicable law during the term.
j. Transfer by us	Clause 13.4	No restriction on our right to transfer.
k. “Transfer” by you - definition	Clause 13.1	All or part of your rights or obligations under the MFA or any Controlling interest in you.
l. Our approval of transfer by you	Clause 13.1	We must approve all transfers.
m. Conditions for our approval of transfer	Clause 13.1	Conditions include (i) attendance of required training by transferee, (ii) payment of transfer fee, and (iii) execution of a general release by you and your owners (subject to state law).

Provision	Articles/Clauses in Master Franchise Agreement	Summary
n. Our right of first refusal to acquire your business	Not applicable	Not applicable
o. Our option to purchase your business	Not applicable	Not applicable
p. Manager's death or disability	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Clause 10.1, 10.2	<p>You must not, and must ensure that your Quality Controller, owners, guarantors and affiliates, your and your affiliates' officers, directors, members, managers and partners, and any of your and your affiliates' key employees or agents who will have access to Confidential Information ("Master Franchisee Parties") do not directly or indirectly, in any capacity (whether on its own account or as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity to those referred to herein) (i) participate in, instruct, own, or enter into a partnership with, or assist any other person to carry out such activities in relation to, tea stores similar to Gong Cha Stores or the Outlet Business or any other businesses with substantially similar services or products ("Competing Business") in Canada, the United States or any country which Gong Cha currently operates or is in the process of establishing operations, or (ii) take any action which may cause brand confusion. You must not, and must ensure that your Subfranchisees do not, at any time during the term of the MFA commit any act that adversely effects the Gong Cha Stores, Trademarks or IP Rights, or otherwise generate negative publicity.</p>

Provision	Articles/Clauses in Master Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Clause 10.1, 10.2	For 2 years following the termination or expiration of the MFA, you must not, and must ensure that the Master Franchisee Parties do not directly or indirectly, in any capacity (whether on its own account or as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity to those referred to herein) (i) participate in, instruct, own, or enter into a partnership with, or assist any other person to carry out such activities in relation to, a Competing Business within your Authorized Territory or within a 5-mile radius of any Gong Cha Store, or (ii) take any action which may cause brand confusion. You must not, and must ensure that your Subfranchisees do not, at any time during the 2-year period following the termination or expiration of the MFA commit any act that adversely effects the Gong Cha Stores, Trademarks or IP Rights, or otherwise generate negative publicity.
s. Modification of the agreement	Clauses 4.9, 19.2	No modification without our prior written consent.
t. Integration/merger clause	Clause 19.2	MFA and all appendices attached thereto constitute the entire agreement between the parties with respect to its subject matter, and supersede any prior understanding or communication. Only the terms of the signed MFA and all agreements signed in connection with it are binding (subject to state law). Any representations or promises made outside this disclosure document and the signed MFA and all agreements signed in connection with it may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	Article 17	If any dispute arises between us that we cannot resolve via a face-to-face meeting between you and us at our principal place of business (which is currently located in Boston, MA), we will arbitrate the dispute in Boston, MA, pursuant to the Rules of the International Center for Dispute Resolution (“ICDR”) (subject to applicable state law).

Provision	Articles/Clauses in Master Franchise Agreement	Summary
v. Choice of forum	Clauses 17.2, 17.6	Arbitration in Boston, MA. Notwithstanding the arbitration requirement, the parties have the right to apply at any time for injunctive, other interlocutory or emergency relief to any court having jurisdiction over the matter (subject to applicable state law).
w. Choice of law	Clause 17.3	The laws of Massachusetts, except to the extent governed by the U.S. Federal Arbitration Act or other U.S. federal law (subject to applicable law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures 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 this 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 any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the 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 Andrew Sternburg, 200 Clarendon Street, Suite #5600, Boston, Massachusetts 02116, (508) 277-4148, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary (1)(2)
(Master Franchise Businesses)
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	12	12	0
	2021	12	18	+6
	2022	18	20	+2
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	12	12	0
	2021	12	18	+6
	2022	18	20	+2

- (1) For purposes of this Item 20, “outlets” mean Gong cha® master franchise businesses operated in the United States.

- (2) As further described in Table 3 below, some of the Existing MFAs we or our affiliates have entered into with the Existing Master Franchisees cover more than one state or district and, therefore, are counted more than once in this Table 1 and in Table 3 (i.e., as a separate outlet in each state or district). For purposes of clarification, at the end of 2020, there were a total of 4 Existing Master Franchise Businesses, at the end of 2021, there were a total of 5 Existing Master Franchise Businesses, and at the end of 2022, there were a total of 7 Existing Master Franchise Businesses. Although, after the end of 2022, but before the issuance date of this disclosure document, one Existing Master Franchise Business was acquired by a different Existing Master Franchise Business.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
(Master Franchise Businesses)
For years 2020 to 2022

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

Table 3
Status of Franchised Outlets(1)
(Master Franchise Businesses)
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets as End of the Year
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Colorado (6)	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Connecticut (4)	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
District of Columbia (4)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida (3)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia (3)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets as End of the Year
Louisiana (5)	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland (2)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Massachusetts(4)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan (7)	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New Hampshire (4)	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey (4)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York (4)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina (3)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oklahoma (4)	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania(4)	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets as End of the Year
Rhode Island (4)	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina (3)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas (3)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia (2)	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals (1)	2020	12	0	0	0	0	0	12
	2021	12	6	0	0	0	0	18
	2022	18	2	0	0	0	0	20

- (1) As further described in the notes below, some of the Existing MFAs we or our affiliates have entered into with the Existing Master Franchisees cover more than one state or district and, therefore, are counted more than once in this Table 3. At the start of 2020 and 2021, there were a total of 4 Existing Master Franchise Businesses; at the end of 2021 and at the start of 2022, there were a total of 5 Existing Master Franchise Businesses; and at the end of 2022 there were a total of 7 Existing Master Franchise Businesses. After the end of 2022, but before the issuance date of this disclosure document, one of our Existing Master Franchisees acquired the development rights of another Existing Master Franchisee, and thus, as of the issuance date of this disclosure document, there are a total of 6 Existing Master Franchise Businesses.
- (2) We are a party to an Existing MFA entered into with an Existing Master Franchisee in August 2017 that covers the District of Columbia, Maryland and Virginia.
- (3) We are a party to an Existing MFA entered into with an Existing Master Franchisee in February 2018 that covers Florida, Georgia, North Carolina and South Carolina. However, as of the issuance date of this disclosure document and with our consent, this Existing Master Franchisee has granted its development rights in these states to the Existing Master Franchisee directly below as part of a sale of its assets.
- (4) We are a party to an Existing MFA entered into with an Existing Master Franchisee in January 2015 that covers Massachusetts, New Jersey, New York and Texas. Pursuant to

separate amendments to its Existing MFA, we also have granted to this Existing Master Franchisee additional development rights to the States of Connecticut, Pennsylvania, Rhode Island, Oklahoma and New Hampshire. In addition, as of the issuance date of this disclosure document and with our consent, this Existing Master Franchisee has acquired the development rights in the States of Florida, Georgia, North Carolina and South Carolina from the Existing Master Franchisee directly above as part of a purchase of that Existing Master Franchisee’s assets.

- (5) We are a party to an Existing MFA entered into with an Existing Master Franchisee in November 2021 that covers Louisiana.
- (6) We are a party to an Existing MFA entered into with an Existing Master Franchisee in February 2022 that covers Colorado.
- (7) We are a party to an Existing MFA entered into with an Existing Master Franchisee in February 2022 that Covers Michigan.

Table 4
Status of Company-Owned Outlets
(Master Franchise Businesses)
For years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table 5
Master Franchise Businesses
Projected Openings
As of December 31, 2022

State	Master Franchise Agreements Signed But Master Franchise Business Not Opened	Projected New Franchised Master Franchise Businesses In The Next Fiscal Year	Projected New Company-Owned Master Franchise Businesses In The Next Year
Idaho	0	1	0
Oregon	0	1	0
Washington	0	1	0
Total	0	3	0

As further described in Item 1, as of December 31, 2022, there were 187 Gong cha® stores open and operating in the United States by the Existing Master Franchisees or their affiliates, or subfranchisees / sublicensees.

Attached as Exhibit D is a list of all US Gong cha® master franchisees as of March 31, 2022. We have not had a US master franchisee who has had a Gong cha® master franchise terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the master franchising agreement nor transferred a Gong cha® master franchise during the most recently completed fiscal year. However, as described previously, we have one US master franchisee who, after the most recently completed fiscal year, but before the date of this disclosure document, sold its development rights to another of our US master franchisees, and the information for this location is presented in the list of former US master franchisees included in Exhibit D. No other US master franchisee has failed to communicate with us within the 10-week period before the issuance date of this disclosure document.

If you buy a Gong cha® master franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former master franchisees sign provisions restricting their ability to speak openly about their experience with the Gong cha® system. You may wish to speak with current and former master franchisees, but be aware that not all such master franchisees will be able to communicate with you. During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former master franchisees which would restrict them from speaking openly with you about their experience with us.

We have no trademark specific franchisee association.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit B are the audited financial statements of our affiliate, GCUSA (Gong Cha USA, Inc.), for the year ended December 31, 2022, and for the period from February 8, 2021 (inception) through December 31, 2021. GCUSA has not been in business for 3 years and therefore cannot provide 3 years of financial statements. Our audited financial statements are not included in this disclosure document. Effective May 1, 2023, should we fail to fulfill our duties and obligations to our Master Franchisees under their Master Franchise Agreements, GCUSA absolutely and unconditionally guarantees to fulfill those duties and obligations. A copy of the Guarantee of Performance of GCUSA is attached to this disclosure document as Exhibit C. Our and GCUSA's fiscal year end is December 31.

ITEM 22

CONTRACTS

The following contracts are attached to this disclosure document:

Master Franchise Agreement (Exhibit A) (and attachments, including form Subfranchise Agreement (Appendix XII))

State Addenda (Exhibit F)

ITEM 23

RECEIPTS

The last 2 pages of this disclosure document (Exhibit H) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this disclosure document.

EXHIBIT A
MASTER FRANCHISE AGREEMENT

Master Franchise Agreement

between

Gong cha USA Franchising, LLC

and

[MASTER FRANCHISEE]

[DATE]

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Appendix II – Development Schedule

Appendix III – Domestic Supplied Materials Application Form

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Appendix V – Trademarks

Appendix VI - Guaranty and Assumption of Obligations

Appendix VII – Selection Criteria

Appendix VIII – Form of Profit and Loss Statement for a Gong Cha Store

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Appendix X – Details of the Controller to Controller Processing

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Appendix XII – Subfranchise Agreement

SUMMARY OF KEY TERMS

Authorized Territory	[REDACTED]
Duration	10 years
License Fee	[REDACTED] USD payable within seven (7) days from the date the Master Franchise Agreement is signed
Store Licensing Fee	15,000 USD per each new Gong Cha Store (subject to annual increases as provided in Article 2.2)
Running Royalty Fee	3% of monthly Gross Revenue
Development Schedule	Development Schedule and Development Quotas are set out at Appendix II to the Master Franchise Agreement. (Master Franchisee will lose exclusivity if it fails to meet the annual Development Quotas as set out in Appendix II, subject to a one (1)-year cure period.)
Brand Marketing Fee (payable to Franchisor by Master Franchisee)	1% of monthly Gross Revenue, although Franchisor may increase the Brand Marketing Fee to up to 2% of Gross Revenue at the start of the fourth (4 th) anniversary of the Effective Date of the Master Franchise Agreement and thereafter.
Exclusive Rights	Master Franchisee will lose the exclusive rights for the Authorized Territory if: (i) it fails to meet any of the Development Quotas; or (ii) it is in breach of any of Clauses 1.2, 1.6, 2, 4 or 6.1 of the Master Franchise Agreement and does not remedy such breach within sixty (60) days (in the case of failure to meet any Development Quotas) or thirty (30) days (in the case of the other Clauses) of Franchisor giving it written notice of such breach.
Renewal Terms	One (1) renewal term of ten (10) years subject to conditions set out in Clause 3.2 of the Master Franchise Agreement. Total License Fee for the ten (10)-Year Renewal: [REDACTED] USD.
Additional Conditions	POS systems of Master Franchisee must be approved by Franchisor prior to adoption and directly accessible by Franchisor (via system integration or other technical method) thereafter.
Guaranty	Master Franchisee's Principal Owners and any other person Franchisor designates must sign the Guaranty Agreement, providing (i) contractual performance and (ii) financial obligations guaranty towards the beneficiary (Franchisor).

In the event of any inconsistency between the terms of the Master Franchise Agreement and this Summary of Key Terms, the Master Franchise Agreement shall prevail.

MASTER FRANCHISE AGREEMENT

THIS MASTER FRANCHISE AGREEMENT is entered into on [REDACTED] 20 [REDACTED] (“**Effective Date**”) and made by and between GONG CHA USA FRANCHISING, LLC, a limited liability company formed in the State of Delaware, whose principal business address is 200 Clarendon Street, Suite #5600, Boston, Massachusetts 02116 (hereinafter referred to as the “**Franchisor**”), and [REDACTED], a [REDACTED] formed in [REDACTED], whose principal business address is at [REDACTED] (hereinafter referred to as the “**Master Franchisee**”). Franchisor and Master Franchisee may be referred to collectively herein as the “**Parties**” and individually herein as a “**Party**.”

RECITALS

WHEREAS, Franchisor’s parent and predecessor Gong Cha Global Limited, a limited liability company formed in England and Wales, whose registered office is at Unit 34A, Waterside, 44-48 Wharf Road, London, England, N1 7UX (hereinafter referred to as “**GCG**”), is the owner of a unique system for the sourcing, distribution, offer and sale of beverage products, foods, certain complementary products, accessories, and services under the name of “Gong cha,” including any amendments and improvements to such system from time to time (hereinafter collectively referred to as the “**Gong Cha System**”). Gong Cha System includes the IP Rights (as defined below), as well as operating and service procedures, management practices, techniques, methods, knowledge, expertise, skill and proprietary information relating to the operation of a food and beverage business, trade dress and trade secrets, layout and other systems and procedures in relation to the Business, including any amendments, and improvements to any of the foregoing from time to time.

WHEREAS, GCG has entered into an “**IP License Agreement**” with Franchisor, effective May 1, 2023, as amended, under which GCG has granted to Franchisor for an ongoing license and royalty fee the exclusive right to use, and license the right to use, GCG’s intellectual property and proprietary rights relating to the Gong Cha System, including the IP Rights, in the United States and, to among other things, offer and sell Gong cha® master, multi-unit and unit franchises, operate Gong cha® stores, and provide support and coordinate the distribution of Products and other items to US master franchisees and Gong cha® stores.

WHEREAS, GCG also has entered into a services agreement with Franchisor, effective May 1, 2023, under which Franchisor has agreed for an ongoing service fee to provide certain services relating to the growth and maintenance of the System in the United States.

WHEREAS, Franchisor desires to grant Master Franchisee the right to subfranchise to Subfranchisees (defined below) the right to establish and operate Gong Cha Stores (defined below) in the Authorized Territory (defined below), and Master Franchisee desires to accept such grant, according to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the representation, warranties, and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

DEFINITIONS

The following terms used herein shall have the following definitions:

“**Affiliate**” means in relation to a party, any Person Controlling, Controlled by or under common Control with such party, either directly or indirectly through one or more intermediaries.

“**Affiliate Owned Gong Cha Store**” shall mean a Gong Cha Store that is or will be established and operated by a Subfranchisee that is an Affiliate of Master Franchisee.

“**Aggregator**” shall have the meaning set forth in Clause 4.20.

“**Aggregator Contract**” shall have the meaning set forth in Clause 4.20.

“**Agreed Exchange Rate**” shall mean the arithmetical average of the daily interbank exchange rate quoted at the URL www.oanda.com/currency/historical-rates, or such other URL on the domain name www.oanda.com at which such arithmetical average is available, for converting such currency into USD provided that if such exchange rate is not quoted on any URL on the domain name www.oanda.com, then such other URL or print publication that is an internationally credible source as may be agreed between the Parties for converting such currency into USD (such agreement not to be unreasonably withheld or delayed).

“**Agreement**” shall mean this Agreement, including any amendment or renewal thereof, as executed on the Effective Date between Franchisor and Master Franchisee and its appendices, including the Guaranty Agreement.

“**Authorized Territory**” shall mean the geographic territory or territories described in Appendix I.

“**Average Daily Royalty**” means 3% of the average daily Gross Revenue per Gong Cha Store achieved in the preceding 12 months (or 3 months in the case of Gong Cha Stores that have been open for less than 12 months).

“**Brand Marketing Fees**” shall have the meaning set forth in Clause 9.5.

“**Brand Marketing Fund**” shall have the meaning set forth in Clause 9.5.

“**Business**” shall mean Franchising Business and Outlet Business.

“**Business Day**” shall mean a day, other than a Saturday or Sunday, or a national holiday in the United Kingdom.

“**Claim**” and “**Claims**” shall have the meanings set forth in Clause 17.1.

“**Competing Business**” shall have the meaning set forth in Clause 10.1.1.

“**Confidential Information**” shall have the meaning set forth in Clause 10.3.

“**Control**” or its derivatives or variants (i.e. “Controlling, Controlled by or under the common Control”) means, with regard to an entity, the legal, beneficial or equitable ownership, directly or

indirectly, of fifty percent (50%) or more of the issued capital or voting rights (or other ownership interest, if not a corporation) of such entity, or the equivalent right under contract or otherwise, to control or cause the direction of management and policy decisions of such entity with regard to relevant subjects.

“**Designated Supplier**” shall mean a third-party supplier of certain Supplies as designated or approved in writing by Franchisor in its sole and absolute discretion, from time to time.

“**Development Quotas**” shall have the meaning set forth in Clause 4.3.3.1.

“**Development Rights**” shall have the meaning set forth in Clause 1.1.1.

“**Development Schedule**” shall have the meaning set forth in Clause 4.3.1.1.

“**Domestic Supplied Materials**” shall have the meaning set forth in Clause 6.3.

“**FDD**” shall have the meaning set forth in Clause 4.11.2.

“**Force Majeure Event**” shall have the meaning set forth in Clause 14.1.

“**Franchise Laws**” shall have the meaning set forth in Clause 4.11.2.

“**Franchising Business**” means the business of franchising, supporting and selling Products to Gong Cha Stores.

“**GCG**” shall have the meaning set forth in the Recitals.

“**Gong Cha Store**” shall mean a store at the Outlet Premises known as “Gong Cha” where the Outlet Business is or will be conducted by a Subfranchisee pursuant to the applicable Subfranchise Agreement and using the Gong Cha System and the IP Rights. “Gong Cha Stores” shall include both Affiliate Owned Gong Cha Stores and Independently Owned Gong Cha Stores.

“**Gong Cha System**” shall have the meaning set forth in the Recitals.

“**Gross Revenue**” shall mean the aggregate amount of all sales of Products and other goods and services (excluding tips), whether for cash, on credit (not adjusted for credit card fees) or otherwise, made or provided at or in connection with a Gong Cha Store, including any sales through Aggregators or any other online sales, less any customer discounts provided in connection with coupons or loyalty or promotional programs periodically required or approved by Franchisor. The term “Gross Revenue” does not include any taxes, including any sales, value added or retailer’s excise taxes, paid or accrued by Subfranchisees. Gross Revenue will not be adjusted for uncollected accounts, or delivery fees or other incurred expenses. For purposes of the Running Royalty Fee described in Clause 2.3 and other fees under this Agreement based on Gross Revenue, a sale is made at the earlier of delivery of the Product or other good or service, or receipt of payment. Gross Revenue will include the amount of all sales assumed to have been lost by the interruption of business, to be determined upon the basis upon which proceeds of any business interruption insurance are paid or are payable to Master Franchisee or its Subfranchisees.

“**Guaranty Agreement**” shall have the meaning set forth in Clause 4.15.

“**Improvements**” shall have the meaning set forth in Clause 5.1.2.

“**Independently Owned Gong Cha Store**” shall mean a Gong Cha Store that is or will be established and operated by a Subfranchisee that is a third party and not an Affiliate of Master Franchisee.

“**Initial Term**” shall have the meaning set forth in Clause 3.1.

“**Insolvency Event**” shall have the meaning set forth in Clause 12.2.

“**Intellectual Property Rights**” shall mean all copyright, related rights, patents, trademarks, service marks, domain names, design rights, database rights, trade or business names, rights protecting trade secrets and confidential information, rights protecting goodwill and reputation, and all other similar or corresponding proprietary rights and all applications for the same, whether presently existing or created in the future, anywhere in the world, whether registered or not, and all benefits, privileges, rights to sue, recover damages and obtain relief for any past, current or future infringement, misappropriation or violation of any of the foregoing rights.

“**IP License Agreement**” shall have the meaning set forth in the Recitals.

“**IP Rights**” shall have the meaning set forth in Clause 5.1.

“**LCIA**” shall have the meaning in Clause 17.2.

“**License Fee**” shall have the meaning set forth in Clause 2.1.

“**Manuals**” shall mean collectively the standard operating manuals, information sheets, notices or other documents prepared by Franchisor or its Affiliates for use by Master Franchisee, setting forth policies, procedures, instructions, guidelines standards, specifications and principals relating to the Business, as the same may be amended, replaced or supplemented by Franchisor from time to time. Manuals contain both required (or mandatory) provisions and recommended (or suggested) provisions.

“**Master Franchisee Parties**” shall have the meaning set forth in Clause 10.1.1.

“**Master Franchise Term**” shall have the meaning set forth in Clause 3.3.

“**Non-Traditional Locations**” shall have the meaning set forth in Clause 1.3.

“**Operating Rights**” shall have the meaning set forth in Clause 1.1.2.

“**Other Agreements**” shall have the meaning set forth in Clause 1.2.2.

“**Outlet Business**” means the business of operating a food and beverage outlet in accordance with the Manuals, which business includes ordering, serving, stocking, preparing, food and beverage production, inventory management, staff recruitment, staff training, customer service and handling, equipment maintenance and advertising and marketing.

“**Outlet Premises**” shall have the meaning set forth in Clause 4.2.2.1.

“**Person**” shall mean any individual, partnership, corporation, association, trust, unincorporated organization or other entity, including any governmental authority.

“**Principal Owner**” shall mean any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in Master Franchisee. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a ten percent (10%) or greater interest in such general partner. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

“**Product**” shall mean any product or service authorized by Franchisor to be provided at Gong Cha Stores under the Gong Cha System, as may be amended from time to time by Franchisor, with the understanding that any such products and services, including pre-packaged or ready-to-drink products and/or related merchandise or services, may only be offered and sold to Subfranchisees or from Gong Cha Stores located within the Authorized Territory.

“**Quality Controller**” shall have the meaning set forth in Clause 4.12.

“**Regional Marketing Fees**” shall have the meaning set forth in Clause 9.2.

“**Regional Marketing Fund**” shall have the meaning set forth in Clause 9.2.

“**Renewal Fee**” shall have the meaning set forth in Clause 3.2.5.

“**Renewal Term**” shall have the meaning set forth in Clause 3.2.

“**Re-Training Program**” shall have the meaning set forth in Clause 7.3.5.

“**Running Royalty Fees**” shall have the meaning set forth in Clause 2.3.

“**Special Licensed Products**” shall have the meaning set forth in Clause 8.1.

“**Store Licensing Fee**” shall have the meaning set forth in Clause 2.2.

“**Subfranchise Agreement**” shall have the meaning set forth in Clause 1.2.2.

“**Subfranchisee**” shall have the meaning set forth in Clause 1.2.1.

“**Substitute Materials**” shall have the meaning set forth in Clause 6.4.

“**Supplies**” shall have the meaning set forth in Clause 6.1.

“**Territory**” means [REDACTED], as applicable.

“**Trademarks**” shall mean: (i) the trademarks set out in Appendix V; and (ii) such other trademarks, service marks, logos, designs and identifying slogans, whether registered or not registered, that Franchisor specifically designates, in writing, for use by Master Franchisee pursuant to this Agreement, each as may be amended from time to time by Franchisor.

“**Trade Name**” means the name “Gong cha” or such derivatives or names incorporating the same as Franchisor may from time to time use.

“**US Product Supplier**” shall have the meaning set forth in the Recitals.

“**USD**” shall mean United States Dollars.

ARTICLE 1. Grant of Rights

1.1 Grant of Rights. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Master Franchisee:

1.1.1 the exclusive, non-transferable right and license, for the Master Franchise Term and under the terms as herein provided, to grant subfranchises in the Authorized Territory to Subfranchisees by entering into Subfranchise Agreements to establish and operate Gong Cha Stores using the Gong Cha System and the IP Rights, and in accordance with the Manuals (“**Development Rights**”);

1.1.2 the exclusive, non-transferable right and license, for the Master Franchise Term and under the terms as herein provided, to own and operate (through Master Franchisee’s Affiliate Subfranchisees) Affiliate Owned Gong Cha Stores once opened, and support, distribute Products and other products and items authorized under this Agreement to, and receive fees from, as applicable, all Gong Cha Stores established and operated by Master Franchisee’s Subfranchisees (including both Affiliate Owned Gong Cha Stores and Independently Owned Gong Cha Stores) once opened (“**Operating Rights**”).

1.2 Subfranchise.

1.2.1 Prior to appointing any subfranchisee, including an Affiliate of Master Franchisee, or agreeing to the development of a potential Gong Cha Store or multiple Gong Cha Stores, Master Franchisee shall conduct an approval process to confirm that each potential subfranchisee and each potential Gong Cha Store to be developed meets all of Franchisor’s then current minimum requirements for new single-store or multi-store subfranchisees and new Gong Cha Stores, as the same may be amended, replaced or supplemented by Franchisor from time to time, and shall notify Franchisor of, and provide Franchisor with such information as it may request regarding, such potential subfranchisee and potential Gong Cha Stores. Master Franchisee shall only recruit, vet and submit Subfranchisees who satisfy the Selection Criteria set out in Appendix VII. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all potential subfranchisees and potential Gong Cha Stores. Each potential subfranchisee that Master Franchisee approves and Franchisor approves, to the extent Franchisor exercises its

approval right, shall be referred to herein as a “**Subfranchisee.**” For purposes of clarification, Master Franchisee may not directly operate Gong Cha Stores under this Agreement, but may only do so through a Master Franchisee Affiliate that enters into a Subfranchise Agreement with Master Franchisee. In addition, Master Franchisee must establish and operate at least two (2) Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements before Master Franchisee may grant subfranchises to third parties for the establishment and operation of Independently Owned Gong Cha Stores within the Authorized Territory. To the extent Franchisor exercises its approval rights under this Clause 1.2.1, Franchisor’s approval of any potential single-store or multi-store subfranchisee or potential Gong Cha Store is in no way a guarantee as to the success of that potential subfranchisee or potential Gong Cha Store.

- 1.2.2 Once a Subfranchisee and a potential Gong Cha Store have been approved pursuant to the approval process described in Clause 1.2.1, Master Franchisee shall enter into a subfranchise agreement in relation to the relevant approved Gong Cha Store with the relevant Subfranchisee in the form approved by Franchisor, as set out at Appendix XII, as such form may be amended by Franchisor from time to time, including only such amendments to such form as approved by Franchisor in writing (such executed agreement, “**Subfranchise Agreement**”). Once a multi-store Subfranchisee has been approved pursuant to the approval process described in Clause 1.2.1 and the development area, number of Gong Cha Stores to be developed within the development area and the development schedule have been approved, Master Franchisee shall enter into an area development agreement in relation to the approved terms with the relevant Subfranchisee in a form approved by Franchisor, , including only such amendments to such form as approved by Franchisor in writing (such executed agreement, “**Area Development Agreement**”). Each Subfranchise Agreement and Area Development Agreement shall provide rights for Franchisor to enforce as a third-party beneficiary (i) any provision expressly conferring any right or benefit on Master Franchisor and (ii) in the event that Master Franchisee fails to enforce any term of the Subfranchise Agreement or Area Development Agreement as required in accordance with its obligations to Master Franchisor, or is unable to do so for any reason, any provision of the Subfranchise Agreement or Area Development Agreement as if it were Master Franchisee. Prior to entering into any Subfranchise Agreement, Area Development Agreement or any other agreements, including a lease addendum (collectively, “**Other Agreements**”), for the first time with a prospective subfranchisee or Subfranchisee, Master Franchisee shall submit to and receive Franchisor’s approval of such proposed form deal Subfranchise Agreement, Area Development Agreement or Other Agreement. In addition, once a form Subfranchise Agreement, Area Development Agreement or Other Agreement has been approved, Master Franchisee shall not modify the terms of such form documents without submitting to and receiving Franchisor’s prior written approval of such modified form documents. Master Franchisee’s form Subfranchise Agreement, Area Development Agreement and Other Agreements shall include terms and conditions consistent with this Agreement and as prescribed by Franchisor from time to time, including the maximum size of the territory granted under any Subfranchise

Agreement, Area Development Agreement or Other Agreement. Master Franchisee shall enter into a Subfranchise Agreement with a Subfranchisee, as described above, before the Subfranchisee opens a Gong Cha Store under that Subfranchise Agreement. In addition, Master Franchisee shall enter into an Area Development Agreement or Other Agreement with a Subfranchisee, as described above, before the Subfranchisee exercises its rights under that Area Development Agreement or Other Agreement. Executed copies of each Subfranchise Agreement and any related Other Agreements shall be sent to Franchisor before the opening of the relevant approved Gong Cha Store for Franchisor's records. Executed copies of any Area Development Agreements or additional Other Agreements Master Franchisee enters into with Subfranchisees shall be sent to Franchisor within thirty (30) days of the date of execution.

1.2.3 Master Franchisee undertakes that:

1.2.3.1 Master Franchisee shall not charge a Subfranchisee (i) a store licensing fee (or similar initial fee) for a Gong Cha Store located within the Authorized Territory of more than two point three (2.3) times the amount of the Store Licensing Fee Master Franchisee is required to pay to Franchisor under Clause 2.2 at the time Master Franchisee enters into the Subfranchise Agreement for such Gong Cha Store, (ii) a royalty fee of more than six percent (6%) of Gross Revenue of the Subfranchisee's Gong Cha Store, or (iii) a renewal fee of more than one-half of the then current store licensing fee (or similar initial fee) it is charging for a new Gong Cha Store located within the Authorized Territory;

1.2.3.2 except as otherwise provided herein or approved by Franchisor in writing, the Subfranchise Agreements and Other Agreements shall be in compliance with, and no less onerous than, the terms of this Agreement;

1.2.3.3 the initial term and renewal of any Subfranchise Agreement may extend beyond the Initial Term (if not renewed) and/or the Renewal Term (if applicable) up to the maximum number of years prescribed by Franchisor from time to time, which as of the Effective Date is ten (10) years;

1.2.3.4 the Subfranchise Agreement for each Gong Cha Store shall contain a term stating that it will terminate upon the termination or expiration of this Agreement or any master franchise agreement Master Franchisee signs upon an extension described in Clause 3.2.6, unless Franchisor elects at its sole discretion to allow the relevant Subfranchisee to continue to operate under the terms of the relevant Subfranchise Agreement, in which case the Subfranchise Agreement shall be assigned and novated to Franchisor or its designee;

1.2.3.5 Master Franchisee shall follow all of Franchisor's requirements relating to the amendment, renewal, termination, transfer, assignment or novation of any Subfranchise Agreements or Other Agreements, or any rights

thereunder, as the same may be amended, replaced or supplemented by Franchisor from time to time. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all amendments, renewals, terminations, transfers, assignments or novations of any Subfranchise Agreements or Other Agreements, or any rights thereunder. If a Subfranchisee signs a renewal Subfranchise Agreement or an extension of the subfranchise term of a Gong Cha Store, and Master Franchisee collects a renewal fee (or similar fee) from such Subfranchisee in connection with the renewal or extension, Master Franchisee shall pay Franchisor one-half (1/2) of the renewal fee (or similar fee) charged by Master Franchisee, which shall be non-refundable and payable within thirty (30) days after Master Franchisee and Subfranchisee sign the renewal Subfranchise Agreement or extension;

1.2.3.6 Master Franchisee shall ensure that each Subfranchisee shall not use the Gong Cha System and/or the IP Rights in any manner or for any purpose other than as permitted under this Agreement and the Subfranchise Agreement;

1.2.3.7 Master Franchisee shall acquire from Subfranchisees pursuant to the Subfranchise Agreements all information, documents and consents (including permission for both Master Franchisee and Franchisor to exercise inspection and audit rights) as may be required for Master Franchisee to comply with its obligations under this Agreement; and

1.2.3.8 In order to protect the reputation of the Business, Franchisor reserves the right to communicate with any Subfranchisee at any time during the Master Franchise Term.

1.2.4 Master Franchisee:

1.2.4.1 undertakes to ensure that each Subfranchisee complies with the respective Subfranchise Agreement at all times, and to notify Franchisor promptly in writing if there is any breach of any term of any Subfranchise Agreement and/or this Agreement and, in any event, no later than fourteen (14) days of any such occurrence. Master Franchisee shall strictly enforce the Subfranchise Agreements and, without Franchisor's prior written consent, shall not waive any Subfranchisee's compliance with any provision of any Subfranchise Agreement. Master Franchisee agrees that any act or omission of any Subfranchisee which is inconsistent with the terms of this Agreement or any Subfranchise Agreement will be deemed a breach of this Agreement by Master Franchisee;

1.2.4.2 is not discharged or relieved from any obligation or liability arising under this Agreement by entering into any Subfranchise Agreement;

1.2.4.3 shall not permit or authorize a Subfranchisee to grant subfranchises in relation to the Outlet Business or any part thereof, or subcontract, delegate or otherwise arrange for another Person to perform any part of the establishment, management and/or operation of the Gong Cha Stores or any part thereof;

1.2.4.4 is liable to Franchisor for the acts, omissions, defaults and negligence of each Subfranchisee, or each Subfranchisee's personnel, as fully as if they were the acts, defaults or negligence of Master Franchisee or Master Franchisee's personnel; and

1.2.4.5 shall notify Franchisor in the event that a right arises for Master Franchisee or any Subfranchisee to terminate any Subfranchise Agreement, provide Franchisor with such information as it may request regarding the facts giving rise to the termination right, and (if applicable) terminate the relevant Subfranchise Agreement at Franchisor's direction.

1.2.5 Removal of Subfranchisee

1.2.5.1 Without prejudice to Clause 1.2.4.5, Franchisor may, by written notice to Master Franchisee require Master Franchisee to cease using any Subfranchisee where Franchisor considers that:

- (a) such Subfranchisee has or is likely to breach its confidentiality obligations with respect to the Confidential Information;
- (b) such Subfranchisee has infringed the IP Rights or otherwise used the Gong Cha System and/or the IP Rights in a manner or for a purpose other than as permitted under this Agreement and the Subfranchise Agreement; or
- (c) such Subfranchisee fails to comply in a material respect with any of its obligations under the Subfranchise Agreement.

1.2.5.2 Master Franchisee shall notify Franchisor promptly after becoming aware of any of the matters referred to in Clauses 1.2.5.1(a) to 1.2.5.1(c).

1.3 Exclusivity. Except as otherwise described in this Agreement, as long as Master Franchisee remains in compliance with this Agreement, Franchisor shall not at any time during the Master Franchise Term (i) manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; (ii) grant to any other Person any right to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; or (iii) grant to any other Person the right or license to grant subfranchises to any other Person to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory. The licenses granted to Master Franchisee under this Agreement and Master Franchisee's Development Rights and Operating Rights relate only to developing, establishing, operating, supporting and supplying Products to Gong Cha Stores located at Outlet Premises within the Authorized Territory using

the Gong Cha System and the IP Rights, and in accordance with the Manuals. The licenses and rights granted to Master Franchisee under this Agreement do not include the right to establish and operate, or subfranchise other Persons to establish and operate, any stores, retail locations or businesses within the Authorized Territory using the Gong Cha System or the IP Rights other than Gong Cha Stores located at Outlet Premises. In addition, the licenses and rights granted to Master Franchisee under this Agreement do not include the right to sell any Products, any other products or items, including pre-packaged or ready-to-drink products and/or related merchandise, or services using the Gong Cha System or the IP Rights through any other channels of distribution, including supermarkets, grocery and convenience stores and other retail stores and locations, the Internet (including mobile or any other existing or future form of electronic commerce) save as (i) permitted in the Manuals or (ii) in the case of Aggregators, in accordance with this Agreement, and other types of resale, wholesale and distribution arrangements. Master Franchisee also understands and agrees that the Authorized Territory does not include any airports or other transportation terminals, sports arenas, stadiums and facilities, hospitals, schools, college and university campuses, corporate campuses, corporate cafeterias, health clubs, military bases, casinos, convention centers, theme and amusement parks, a department within an existing retail store, hotels, grocery stores or enclosed shopping centers, fairs or festivals, or other similar types of locations that have a restricted trade area (“**Non-Traditional Locations**”) located within the geographic boundaries of the Authorized Territory.

- 1.4 Situations Where Exclusivity Ceases. Franchisor shall have the right, in its sole discretion, to terminate Master Franchisee’s exclusivity under this Agreement if Master Franchisee fails to meet any of the Development Quotas under this Agreement by the date specified in the Development Schedule during the Initial Term, as further described in Section 4.3.3.1. Further, in the event that (i) Master Franchisee breaches, fails to perform or otherwise defaults on any of its obligations under: Clause 1.2, Clause 1.6, Clause 2, Clause 4 or Clause 6.1; and should the breach continue for a period of thirty (30) days after written notice thereof has been given by Franchisor to Master Franchisee of such breach, failure or default, or (ii) Master Franchisee breaches, fails to perform or otherwise defaults on its obligations under Clause 4.1 three (3) or more times during the Master Franchise Term regardless of whether such breach, failure or default is subsequently remedied, the license granted under Clause 1.1.1 will automatically cease to be exclusive and in such event the restrictions on Franchisor under Clause 1.3 will no longer apply and specifically, Franchisor shall have the right from the date any of the foregoing events or circumstances have occurred, to among other things: (i) manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; (ii) grant to any other Person any right to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; or (iii) grant to any other Person the right or license to grant subfranchises to any other Person to conduct Outlet Business using the Gong Cha System and the IP Rights in the Authorized Territory.
- 1.5 Reservation of Other Rights. Franchisor hereby reserves all rights not expressly granted by Franchisor to Master Franchisee under this Agreement, including the right

to, by itself and/or grant any Person the right to, without paying any compensation to Master Franchisee or its Affiliates:

- 1.5.1 manage, establish and/or operate, and grant to any other Person any right to manage, establish and/or operate, stores known as “Gong Cha” using the Gong Cha System and the IP Rights at locations outside the Authorized Territory, and at Non-Traditional Locations within and outside the Authorized Territory, and otherwise conduct the Business and other business activities involving the Products in any manner within and outside of the Authorized Territory;
- 1.5.2 manage, establish and/or operate, and grant to any other Person any right to manage, establish and/or operate, stores and other businesses (other than Gong Cha Stores) using the Gong Cha System or the IP Rights at any locations within and outside the Authorized Territory, including Non-Traditional Locations;
- 1.5.3 manufacture, sell, supply, merchandise, promote, distribute or otherwise deal in the Products, any other products or items, including pre-packaged or ready-to-drink products and/or related merchandise, or services, whether using the Gong Cha System and/or the IP Rights, through any other channels of distribution, including grocery and convenience stores and other retail stores and locations, the Internet (or any other existing or future form of electronic commerce), and other types of resale, wholesale and distribution arrangements, whether within or outside the Authorized Territory;
- 1.5.4 to acquire businesses that are the same as or similar to the Business or Gong Cha Stores and operate such businesses regardless of whether such businesses are located within or outside the Authorized Territory, and to be acquired by any third party which operates businesses that are the same as or similar to the Business or Gong Cha Stores regardless of whether such businesses are located within or outside the Authorized Territory; and
- 1.5.5 use the IP Rights, including to carry out advertising, marketing and promotional activities (including but not limited to operating and maintaining any websites, applications or other online platforms), to conduct research and market studies, and to develop new products and services.
- 1.6 Limitations on Use of Trade Name. This Agreement does not confer any rights on Master Franchisee to, and Master Franchisee shall, and shall ensure that Subfranchisees shall, not:
 - 1.6.1 use the Trade Name as part of its/their corporate or business name in any form whatsoever; or
 - 1.6.2 use the Trade Name as part of its/their domain name for electronic mail addresses and websites or as part of any social media handle, username, account name or nickname for any social media network or platform, save in accordance with the Manuals or otherwise with Franchisor’s prior written approval.

ARTICLE 2. Fees, Royalties, and Payments

- 2.1 License Fee. Master Franchisee shall pay Franchisor a non-refundable fee of USD [REDACTED] (USD [REDACTED]) as a license fee (the “**License Fee**”) to be paid within seven (7) days from the date this Agreement is signed for the rights and licenses granted under Clauses 1.1 and 1.2.
- 2.2 Store Licensing Fee. Master Franchisee shall pay Franchisor a non-refundable fee of USD Fifteen Thousand Dollars (USD15,000) for each Gong Cha Store that is established pursuant to this Agreement (regardless of whether an Affiliate Owned Gong Cha Store or an Independently Owned Gong Cha Store) as a store licensing fee (“**Store Licensing Fee**”) within thirty (30) days after Master Franchisee and Subfranchisee sign the Subfranchise Agreement for the relevant Gong Cha Store. Notwithstanding the preceding sentence, Franchisor reserves the right, upon written notice to Master Franchisee, to increase the Store Licensing Fee Master Franchisee must pay to Franchisor under this Agreement up to One Thousand United States Dollars (USD \$1,000) per year during the Initial Term. This Store Licensing Fee assumes the Sublicensee is paying Master Franchisee for an initial term under its Subfranchise Agreement of ten (10) years, and the amount of this Store Licensee Fee shall be reduced on a pro rata basis if the initial term under its Subfranchise Agreement is less than ten (10) years.
- 2.3 Running Royalty Fees. Master Franchisee shall pay Franchisor non-refundable running royalty fees during the Master Franchise Term in an amount equal to three percent (3%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory for such calendar month (or ratable portion thereof with respect to any part of a calendar month) (the “**Running Royalty Fees**”). The Running Royalty Fee shall be calculated quarterly and payable on the 25th of January, April, July, and October of each calendar year. Notwithstanding the preceding sentence, Franchisor reserves the right, upon ninety (90) days’ written notice to Master Franchisee, to require Master Franchisee to pay the Running Royalty Fee on a more frequent basis, including monthly or weekly. In addition, upon ninety (90) days’ written notice to Master Franchisee, Franchisor reserves the right to require Master Franchisee to sign electronic transfer of funds authorizations and other documents as Franchisor periodically designates or approves, to authorize Master Franchisee’s bank to transfer, either electronically or through some other method of payment Franchisor or its Affiliates designate or approve, directly to Franchisor’s or its Affiliates’ account and to charge Master Franchisee’s account all amounts due to Franchisor or its Affiliates from Master Franchisee. Master Franchisee’s authorization will permit Franchisor or its Affiliates to designate the amount to be transferred from Master Franchisee’s account. Master Franchisee must maintain a balance in its account sufficient to allow Franchisor and/or its Affiliates to collect the amounts owed when due. Master Franchisee is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Clause 2.3.
- 2.4 Tax and Additional Fees.

- 2.4.1 All payments made under and in connection with this Agreement shall be exclusive of any and all applicable taxes (including sales, use, personal property, goods and services or other value added taxes), and Master Franchisee shall be solely responsible for the payment of any such tax liabilities that arise in relation thereto.
- 2.4.2 All payments made under and in connection with this Agreement shall be made free and clear of all deductions and withholdings (whether in respect of set-off, counterclaim, duties, taxes, governmental charges, levies or otherwise whatsoever), including withholding taxes under all applicable laws which shall be borne by Master Franchisee. Master Franchisee agrees to gross up any deductions or withholdings required by law in respect of any payment due to Franchisor under this Agreement such that the balance payable to Franchisor after such deduction or withholding shall be equivalent to the original amount due to Franchisor.
- 2.5 Late Payment Interest. Any payments due under this Agreement which are not paid by Master Franchisee to Franchisor on or before the date by which the sum ought to be paid shall bear interest at the rate of 4% above the Bank of England base rate from time to time, or the maximum contract rate of interest permitted by law, whichever is less, calculated from the relevant date by which the sum ought to be paid, until the date of payment.
- 2.6 Currency of Payment. All payments due under this Agreement shall be remitted in full by Master Franchisee to Franchisor in USD. Where any sum on which the applicable fees or charges is calculated or based is expressed in any currency other than USD, the amount payable in USD shall be determined based on the Agreed Exchange Rate at the time of payment.

ARTICLE 3. Term and Renewal

- 3.1 Term. Except as otherwise provided herein, the initial term of this Agreement shall be for a period of ten (10) years, to commence on the Effective Date and terminate on the day before the date that is the ten (10) year anniversary of the Effective Date (the “**Initial Term**”).
- 3.2 Renewal. Master Franchisee shall have the right to extend the term of this Agreement for one (1) renewal term of ten (10) years (the “**Renewal Term**”), subject to all of the following conditions:
- 3.2.1 Master Franchisee has given Franchisor written notice of its intention to extend the term of this Agreement at least one hundred eighty (180) days but not more than three hundred and sixty (360) days before the end of the Initial Term;
- 3.2.2 If at the time of the potential extension Master Franchisee’s Development Rights under this Agreement have been terminated, but not its Operating Rights, then Master Franchisee only shall have the right to extend its Operating Rights, provided it satisfies all of the other conditions described in this Clause 3.2. However, if at the time of the potential extension Master Franchisee still has its Development Rights under this Agreement and has complied with all of the Development Quotas

for the Initial Term, Franchisor shall negotiate with Master Franchisee in good faith a development schedule and corresponding development quotas for the potential ten (10)-year Renewal Term. If prior to the end of the Initial Term the Parties are not able to agree on a development schedule and corresponding development quotas for the potential ten (10)-year Renewal Term, Master Franchisee shall not have the right to extend its Development Rights under this Agreement or its exclusivity within the Authorized Territory for the potential ten (10)-year Renewal Term, but shall have the right to extend its Operating Rights under this Agreement for the potential Renewal Term, provided it satisfies all of the other conditions described in this Clause 3.2

- 3.2.3 Aside from the Development Obligations for the Initial Term, (i) Master Franchisee is not in default of any material provision of this Agreement, and Master Franchisee and its Affiliates are not in default of any material provision of any other agreement between Franchisor and Master Franchisee and its Affiliates, and (ii) Master Franchisee shall have complied with all material provisions of this Agreement, and Master Franchisee and its Affiliates shall have complied with all material provisions of all other agreements with Franchisor and its Affiliates throughout the Initial Term of this Agreement;
- 3.2.4 Master Franchisee successfully completes or agrees to successfully complete, at its sole expense, any additional training required by Franchisor;
- 3.2.5 Master Franchisee has paid to Franchisor at least thirty (30) days before the end of the Initial Term a non-refundable renewal fee (the “**Renewal Fee**”) equal to one half (1/2) of the License Fee Master Franchisee paid to Franchisor under this Agreement, amounting to USD [REDACTED] (USD [REDACTED]).
- 3.2.6 At the request of Franchisor, in its sole discretion, Master Franchisee signs the form of master franchise agreement Franchisor is then using at the time of the extension (modified to reflect that Master Franchisee is paying the Renewal Fee instead of the then-current License Fee if applicable and that the master franchise agreement relates to the grant of an extension). The terms of any then-current master franchise agreement Master Franchisee signs upon an extension may differ materially from this Agreement. Notwithstanding the preceding sentence and regardless of whether Franchisor requires Master Franchisee to sign its then-current master franchise agreement, for any Renewal Term, Franchisor will not reduce the size of the Authorized Territory;
- 3.2.7 Master Franchisee and its Principal Owners and other owners (as designated by Franchisor) sign a general release, in the form required by Franchisor (subject to state law), releasing Franchisor, its Affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, of all claims, liabilities and obligations which Master Franchisee may have against Franchisor and its Affiliates; and

- 3.2.8 Master Franchisee complies with any other reasonable conditions for extension prescribed by Franchisor.

If Master Franchisee fails to give Franchisor written notice of its intention to extend the term of this Agreement at least one hundred eighty (180) days but not more than three hundred and sixty (360) days before the end of the Initial Term, or Master Franchisee does not meet all of the conditions for an extension of the Initial Term of this Agreement as described in this Clause 3.2, this Agreement shall expire upon the expiration of the Initial Term.

- 3.3 Master Franchise Term. At the expiration of the Initial Term (if not renewed) or the Renewal Term (if applicable) (collectively, the “**Master Franchise Term**”), this Agreement will expire without further notice.

ARTICLE 4. Operation of Business

- 4.1 Management and Training Principles. Master Franchisee shall, and shall ensure the Subfranchisees shall, comply with the mandatory policies, procedures, instructions, guidelines standards, specifications and principles in Franchisor’s Manuals or in any other documents Franchisor provides to Master Franchisee. Master Franchisee acknowledges and agrees that the Manuals and any such other documents are subject to periodic revision and re-issue, including in relation to brand and in-store operating standards, and that its obligations under this Agreement in respect of the Manuals relate to the latest version of the Manuals or other documents provided to it by or on behalf of Franchisor from time to time. Master Franchisee shall provide timely and efficient assistance and guidance to Subfranchisees, and promptly communicate to Subfranchisees and ensure Subfranchisees’ prompt compliance with any updates to the Manual or instructions issued by Franchisor from time to time in accordance with this Agreement relevant to such Subfranchisees, in each case in a manner that does not discriminate between Subfranchisees or between Independently Owned Gong Cha Stores and Affiliate Owned Gong Cha Stores. In the case there are any issues related to training and management that are not specified under this Agreement, the Manuals or any other documents Franchisor provides to Master Franchisee, Master Franchisee shall consult with Franchisor for, and follow Franchisor’s, guidance and instructions. To the extent of any inconsistency between any provision of the Manuals and any provision of this Agreement, the provision of this Agreement will prevail.

- 4.2 Outlet Premises.

- 4.2.1 Principal Place of Business for Outlet Business. Master Franchisee shall ensure that the principal place of business used by Subfranchisees to conduct the Outlet Business shall be the Outlet Premises, and that the Outlet Premises shall not be used for any purpose or activity other than the conduct of the Outlet Business.

- 4.2.2 Approval of Outlet Premises.

4.2.2.1 Prior to the commitment of Master Franchisee or a Subfranchisee to lease or purchase the potential premises for the development and operation of a Gong Cha Store, Master Franchisee shall conduct an approval process to confirm that the potential premises meets all of Franchisor's then current minimum requirements for the premises of new Gong Cha Stores, as the same may be amended, replaced or supplemented by Franchisor from time to time. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all potential premises for the development and operation of Gong Cha Stores. To the extent Franchisor exercises its approval right under this Clause 4.2.2.1, Master Franchisee shall provide to Franchisor any preliminary document, proposal, plan, report, accounts and other information as Franchisor may require relating to the potential premises. Each potential premises that Master Franchisee approves and Franchisor approves, to the extent Franchisor exercises its approval right, in accordance with this Clause shall be referred to herein as an "**Outlet Premises.**" Franchisor's approval of any Outlet Premises is in no way a guarantee as to the success of the Outlet Premises or any Outlet Business or Gong Cha Store located at the Outlet Premises.

4.2.2.2 Once the Outlet Premises of a Gong Cha Store have been approved pursuant to the approval process described in Clause 4.2.2.1, Master Franchisee shall, or shall ensure that the relevant Subfranchisee shall:

- (a) purchase such Outlet Premises from the relevant landlord or enter into a lease agreement with the relevant lessor for such Outlet Premises, and notify Franchisor in writing of the date on which Master Franchisee or Subfranchisee will obtain possession and control of such Outlet Premises;
- (b) where applicable, furnish to Franchisor a copy of the executed purchase or lease agreement within three (3) days of execution thereof; and
- (c) submit to Franchisor not later than the tenth (10th) day of each month a development progress report, including: (i) a status report of negotiating and entering into the purchase agreement or lease agreement with the relevant landlord or lessor of such Outlet Premises; and (ii) the status of and an updated construction schedule for the relevant Gong Cha Store.

4.2.3 Lease of Outlet Premises. Where any of the Outlet Premises is leased by Master Franchisee or the relevant Subfranchisee, Master Franchisee shall, or shall ensure that the relevant Subfranchisee shall:

4.2.3.1 comply with the terms and conditions of the leases over such property, make all payments due under the leases punctually and ensure that Franchisor has no obligations to the lessors under the leases; and

4.2.3.2 indemnify Franchisor, its directors, officers, employers, shareholders, agents, successors and assigns against any liability or damage in respect of any such lease.

4.2.4 Master Franchisee's Rights Under Subfranchisee Lease Agreement. Master Franchisee shall ensure that each Subfranchisee uses its best efforts to include express provisions in any lease agreement it enters into with a landlord for a Gong Cha Store to give Master Franchisee the right to receive notice of any breach of the lease agreement, the right, but not the obligation, to cure any such breach, and the right, but not the obligation, to have the lease agreement transferred, assigned or novated to Master Franchisee upon a breach of the lease agreement or the expiration or termination of the respective Subfranchise Agreement.

4.2.5 Relocation. Master Franchisee shall, and shall ensure the Subfranchisees shall, not relocate any Gong Cha Store or any part thereof, unless Master Franchisee has (i) conducted an approval process to confirm that the potential relocation premises meets all of Franchisor's then current minimum requirements for the premises of new Gong Cha Stores, as the same may be amended, replaced or supplemented by Franchisor from time to time, and (ii) notified Franchisor in writing at least three (3) months before such proposed relocation. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all potential relocation premises for the development and operation of Gong Cha Stores. To the extent Franchisor exercises its approval right under this Clause 4.2.5, Master Franchisee shall provide to Franchisor any preliminary document, proposal, plan, report, accounts and other information as Franchisor may require relating to the potential relocation premises.

4.3 Development Quotas and Development Schedules.

4.3.1 Development Quotas and Development Schedule for Initial Term.

4.3.1.1 During the Initial Term, Master Franchisee undertakes to and guarantees to secure, establish and operate, through its Subfranchisees under Subfranchise Agreements, not less than the cumulative number of Gong Cha Stores (including Affiliate Owned Gong Cha Stores) in the Authorized Territory by each of the dates specified in the "**Development Schedule**" (attached hereto as Appendix II). The required Gong Cha Store quotas listed in the Development Schedule are each a "**Development Quota**" and are collectively referred to as the "**Development Quotas.**" As further described in Clause 1.2.1, Master Franchisee must establish and operate at least two (2) Affiliate Owned Gong Cha Stores within the Authorized Territory pursuant to separate Subfranchise Agreements before Master Franchisee may grant Subfranchises to third parties for the establishment and operation of Independently Owned Gong Cha Stores within the Authorized Territory. If Master Franchisee fails to meet any of the Development Quotas by the date specified in the Development Schedule, Franchisor shall have the right to collect from Master Franchisee (without

prejudice to any other remedy that may be available to Franchisor, including any claim for damages) an amount up to the then-current Store Licensing Fee Master Franchisee is required to pay Franchisor pursuant to Article 2.2 for each Gong Cha Store short of the applicable Development Quota. Master Franchisee shall pay to Franchisor any such amount within seven (7) days of receipt of Franchisor's request for payment.

4.3.1.2 Master Franchisee shall submit to Franchisor its plans to open any Gong Cha Stores during the Initial Term as part of the business plan in accordance with Clause 9.1.

4.3.2 Failure to Meet Development Quotas; Loss of Development Rights.

4.3.2.1 In addition to the amounts payable under Clause 4.3.1.1, if Master Franchisee fails to meet any of the Development Quotas, Master Franchisee shall be required to draft and submit a written report and improvement plan to Franchisor within thirty (30) days of the date of the missed Development Quota and cure the defects within the period of sixty (60) days of the date on which the relevant store(s) should have opened according to the Development Schedule. Additionally, Master Franchisee shall provide regular updates to Franchisor regarding Master Franchisee's efforts to cure its breach of the particular Development Quota pursuant to any terms which Franchisor may reasonably require. Should Master Franchisee fail to cure the breach of the particular Development Quota and open the required number of Gong Cha Stores within the sixty (60)-day cure period, Franchisor shall have the right, in its sole discretion, upon written notice to Master Franchisee to (i) terminate Master Franchisee's exclusivity within the Authorized Territory under this Agreement for the remainder of the Initial Term and any Renewal Term, and/or (ii) terminate Master Franchisee's Development Rights under this Agreement for the remainder of the Initial Term and any Renewal Term, but allow Master Franchisee to retain its Operating Rights under this Agreement, subject to the terms and conditions of this Agreement and provided Master Franchisee is not in default of this Agreement. In such event, Franchisor will have the right to (a) manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; (b) grant to any other Person any right to manage, establish and/or operate any Gong Cha Stores in the Authorized Territory; or (c) grant to any other Person the right or license to grant subfranchises to any other Person to conduct Outlet Business using the Gong Cha System and the IP Rights in the Authorized Territory.

4.3.2.2 For the avoidance of doubt, under no circumstances shall Franchisor be liable to Master Franchisee for any indirect, consequential, or incidental damages attributable to the termination of Master Franchisee's Development Rights under this Agreement and its exclusivity within the Authorized Territory pursuant to the terms and conditions of this Agreement.

- 4.4 Support of Opening. Franchisor agrees to assign two (2) advisors to assist Master Franchisee for seven (7) days (including two (2) days of transportation time) or five (5) days (where no transportation time is required) immediately before the opening of the first (1st) Gong Cha Store pursuant to this Agreement, such assistance may be provided online remotely or otherwise at Franchisor's reasonable discretion. If, in Franchisor's sole discretion, more days of support are required, Franchisor may provide up to three (3) days of support in addition to that described above. Franchisor will pay for, where applicable, the airplane tickets, local transportation, accommodation, and meal expenses of the advisors. In the event Master Franchisee requires similar services in respect of subsequent Gong Cha Stores, Master Franchisee shall submit a written request to Franchisor at least three (3) months before the projected opening of the relevant Gong Cha Store, and the provision of such services shall be subject to Franchisor's agreement in writing.
- 4.5 Training. Franchisor agrees to provide training to two (2) to three (3) personnel of Master Franchisee for fourteen (14) days in Taiwan or at another location, or online remotely, at Franchisor's reasonable discretion prior to the opening of the first (1st) Gong Cha Store pursuant to this Agreement. Such training will be provided free of charge, but Master Franchisee shall be responsible for the transportation (including return airplane tickets), lodging and meal expenses of such personnel. Franchisor reserves the right to charge Master Franchisee its then-current, per person fee for any personnel of Master Franchisee to whom Franchisor provides training beyond the first two (2) to three (3) personnel who initially receive training.
- 4.6 Gong Cha Store Design, Maintenance and Remodeling.
- 4.6.1 Master Franchisee shall ensure that the design, store image and related matters such as corporate (business) identity (CI/BI), signage, general appearance, equipment, interior design, and exterior design of each Gong Cha Store and its Outlet Premises meet all of Franchisor's then current minimum required standards and specifications for new Gong Cha Stores and Outlet Premises, as the same may be amended, replaced or supplemented by Franchisor from time to time. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all designs for Gong Cha Stores. In addition, if Master Franchisee desires to allow a Subfranchisee to vary from Franchisor's then current minimum required standards and specifications for a particular Gong Cha Store and Outlet Premises, Master Franchisee may only do so after providing written notice of the proposed variations to Franchisor and receiving Franchisor's prior written approval of such proposed variations.
- 4.6.2 Master Franchisee shall ensure that Subfranchisees, at their sole expense, maintain the condition and appearance of each Gong Cha Store and Outlet Premises in accordance with all required standards and specification in the Manuals or in any other documents Franchisor provides to Master Franchisee. In addition, Master Franchisee shall ensure that the Subfranchisee of each Gong Cha Store, at Subfranchisee's sole expense, at least every five (5) years under the initial term and any renewal term of its Subfranchise Agreement, makes such reasonable capital

expenditures necessary to remodel, modernize and redecorate its Gong Cha Store and its Outlet Premises and to replace and modernize the supplies, fixtures, signs, and equipment used at and in such Gong Cha Store and Outlet Premises so that the Gong Cha Store and Outlet Premises reflects Franchisor's then current minimum required standards and specifications for new Gong Cha Stores and Outlet Premises, as the same may be amended, replaced or supplemented by Franchisor from time to time.

- 4.7 Certifications. If Master Franchisee and/or Subfranchisee(s) need to apply for any certificates required under applicable laws or desirable for the conduct of the Business, Master Franchisee shall obtain and maintain, and ensure that Subfranchisees obtain and maintain, such certificates. Master Franchisee and Subfranchisees shall be responsible for paying all related costs and fees relating to such certifications (including costs associated with tests or inspections necessary to obtain and maintain certifications).
- 4.8 Master Franchisee to Bear its Own Costs and Expenses. Except as otherwise described herein, at all times, Master Franchisee will carry out the Business and perform the obligations, functions and responsibilities under this Agreement at its own cost and expense.
- 4.9 No Modifications. Master Franchisee shall, and shall ensure that Subfranchisees shall, strictly operate under the terms of this Agreement and may not alter, add to, delete, or otherwise modify any portion of the Gong Cha System or the IP Rights without Franchisor's prior written consent.
- 4.10 Franchisor Inspection Rights. Upon Franchisor's request, Master Franchisee shall, and shall ensure that Subfranchisees shall, allow Franchisor or its designee to have access (including online remote access) to Master Franchisee's and Subfranchisee's facilities, systems (including information technology system), books and records, and any Outlet Premises, whether during normal business hours for all purposes relevant to this Agreement including determining Master Franchisee's and/or any Subfranchisees' compliance with the terms of this Agreement and the Subfranchise Agreements. Upon notification that the Outlet Business does not meet the mandatory specifications, standards and/or requirements of Franchisor, Master Franchisee shall, at its own cost, and (where applicable) ensure that the relevant Subfranchisees shall, immediately rectify the defect and/or inadequacy notified thereof.
- 4.11 Compliance with Laws. Master Franchisee shall, and shall ensure that Subfranchisees shall, comply with all applicable laws and regulations (including laws and regulations, rules, by-laws, orders and ordinances relating to health and safety, the conduct of its business and the management of its employees in the Authorized Territory) and obtain and maintain all licenses, permits, approvals and registrations necessary under applicable laws and regulations for the conduct of the Business, including filing any regulatory reports. All costs attributable to such compliance shall be borne by Master Franchisee and Subfranchisees, as applicable.

- 4.11.1 Master Franchisee shall, and shall ensure that Subfranchisees shall, where applicable, assist Franchisor to obtain and maintain for and on behalf of Franchisor, all licenses, permits, approvals and registrations necessary under applicable laws relating to this Agreement and performance of Franchisor's obligations herein. Master Franchisee shall, and shall ensure that Subfranchisees shall, provide such assistance as may be requested by Franchisor for Franchisor to comply with applicable laws and regulations, including any applicable reporting requirements.
- 4.11.2 Master Franchisee is required to comply with all applicable laws relating to the offer, sale, maintenance, default, termination and non-renewal of franchises and subfranchises, including the FTC Franchise Rule, state franchise registration and disclosure laws, state relationship laws and state business opportunity laws (collectively, "**Franchise Laws**"). Further, Master Franchisee (1) is solely responsible for preparing, amending and annually updating a franchise disclosure document ("**FDD**") to use in offering and selling subfranchises for Gong Cha Stores to prospective subfranchisees in accordance with all Franchise Laws (although, upon Master Franchisee's request, Franchisor shall provide relevant information about itself and its business to include in Master Franchisee's FDD), registering its FDD with relevant authorities, as applicable, properly providing its FDD to prospective subfranchisees and complying with all applicable waiting periods before a prospective subfranchisee pays any consideration to Master Franchisee or its Affiliates or signs a binding agreement; (2) is required to request information from Franchisor to allow Master Franchisee to prepare, amend, update and register its FDD in a timely manner; (3) is required to provide a copy of each version of its FDD to Franchisor before using it to offer subfranchises for Gong Cha Stores; and (4) must indemnify, defend and hold harmless Franchisor and its Affiliates for any claims or actions brought against them for violations or alleged violations of the Franchise Laws.
- 4.11.3 Master Franchisee shall, and shall ensure that Subfranchisees shall, comply with, all data protection laws and regulations, including the General Data Protection Regulation, the Data Protection Act 2018 and any related secondary legislation, and any misuse of private information and breach of confidence principles established under common law, as well as any other applicable laws related to privacy, data security, data protection, direct marketing, consumer protection, confidentiality, and data security, including the Telephone Consumer Protection Act ("**TCPA**"), the National Automated Clearinghouse Association ("**NACHA**") operating rules, and all related and associated regulations.
- 4.11.4 If, for any reason, any Gong Cha Store receives a warning or any other official sanction from a regulator or other governmental or supervisory authority in the Authorized Territory, Master Franchisee shall give written notice of the same immediately to Franchisor, not later than 5 working days of receipt of such warning or official sanction. Receipt of more than three (3) of such warnings or sanctions across all Gong Cha Stores during the Master Franchise Term shall give Franchisor the right to (i) recover from Master Franchisee the costs and expenses Franchisor incurs in connection with Master Franchisee's failure to comply with applicable

law(s) which are the subject matter of the warnings or sanctions, and (ii) terminate this Agreement in accordance with Clause 12.1.

- 4.12 Quality Control and Quality Controller; Field Audits. Master Franchisee acknowledges that quality control and adherence to the Gong Cha System are needed to preserve and enhance the value of the Gong Cha System and the Business. To maintain high quality standards, Master Franchisee shall be required to hire a full-time employee (a “**Quality Controller**”) whose responsibilities shall be solely to (i) establish, implement and monitor food safety and quality policies, (ii) establish measurable food safety and quality objectives, (iii) ensure compliance with quality and food safety policies and procedures at all Gong Cha Stores, and (iv) establish business continuity policies. Master Franchisee shall conduct quarterly unscheduled field audits of each Outlet Premises to inspect personnel, equipment, ingredients, standard operating procedures and environment in order to ensure required hygiene standards are being met and frontline staffs are correctly following the required standard operating procedures to ensure consistency of taste. The results of such field audits shall be submitted to Franchisor upon completion of such field audits. Further, Franchisor may mandate that an authorized third-party service provider performs health and safety audits at Gong Cha Stores up to four (4) times per annum at Master Franchisee’s cost.
- 4.13 Point-of-Sale System Provider. Franchisor shall have the right, in its sole and absolute discretion, to designate the required technology system (including a point-of-sale system and computers, related hardware and software, a video surveillance system, and other components), Master Franchisee shall purchase or lease, use and maintain, and ensure its Subfranchisees purchase or lease, use and maintain, for the operation of Master Franchisee’s Business and its Subfranchisees’ Gong Cha Stores. In addition, Franchisor shall have the right, in its sole and absolute discretion, upon written notice to Master Franchisee, to periodically require Master Franchisee and its Subfranchisees to upgrade or update the technology system, including the point-of-sale system, it has designated or to designate a new or alternative technology system, including the point-of-sale system, Master Franchisee and its Subfranchisees shall purchase or lease, use and maintain, for the operation of Master Franchisee’s Business and its Subfranchisees’ Gong Cha Stores. Access to the technology system, including the point-of-sale system, must always be granted to Franchisor at such times or frequency as Franchisor may request. Franchisor shall have the right to integrate with Master Franchisee’s technology system, including the point-of-sale system, to access information and reports in real time, and Master Franchisee shall execute all documents and do all things requested by Franchisor to enable and facilitate such integration.
- 4.14 Facilities and Personnel. Master Franchisee agrees to maintain adequate facilities and competent personnel to execute marketing, operation, logistics, quality assurance and accounting functions. Master Franchisee shall hire all employees of the Franchising Business, and be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions without any influence or advice from Franchisor or its Affiliates.

In addition, Master Franchisee or its Affiliates, as applicable, will hire all employees of the Affiliate Owned Gong Cha Stores and be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions without any influence or advice from Franchisor or its Affiliates. Further, Master Franchisee shall ensure that all Subfranchisees of Independently Owned Gong Cha Stores shall hire all employees of their Independently Owned Gong Cha Stores, and be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions without any influence or advice from Franchisor or Master Franchisee, or either of their Affiliates. Master Franchisee will implement a training program for Franchising Business employees and, as may be required by the Manuals or otherwise by Franchisor for time to time, for employees of the Affiliate Owned Gong Cha Stores in compliance with Franchisor's requirements. Master Franchisee also shall ensure that all Subfranchisees implement a training program for the employees of their Gong Cha Stores in compliance with Franchisor's requirements. Master Franchisee will maintain at all times a staff of trained employees sufficient to operate the Franchising Business and the Affiliate Owned Gong Cha Stores in compliance with Franchisor's required standards and specifications, and shall ensure that all Subfranchisees maintain at all times a staff of trained employees sufficient to operate their Gong Cha Stores in compliance with Franchisor's required standards.

- 4.15 Guaranty Agreement. Master Franchisee shall procure that all of Master Franchisee's Principal Owners shall sign the Guaranty and Assumption of Obligations in the form attached to this Agreement as Appendix VI (the "**Guaranty Agreement**"). Master Franchisee shall procure that any person or entity that at any time after the Effective Date of this Agreement becomes a Principal Owner of Master Franchisee shall, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. In addition, Master Franchisee shall procure that any spouse of a Principal Owner and any other person Franchisor designates must also sign the Guaranty Agreement.
- 4.16 Adequate Finance. Master Franchisee shall ensure that adequate finance is available to it throughout the Master Franchise Term to enable Master Franchisee fully to develop the Business in accordance with this Agreement.
- 4.17 Meetings. Master Franchisee shall meet with Franchisor (including by telephone or video conference) when required to do so at reasonable notice in order to discuss such matters with Franchisor as are notified to Master Franchisee prior to the meeting.
- 4.18 Warranties. Master Franchisee shall not, and shall ensure that Subfranchisees shall not, without Franchisor's prior written consent, make any representations to customers or to give any warranties other than those contained in the Manuals or other documents or instructions provided by Franchisor.
- 4.19 Representations Master Franchisee represents and warrants that as at the Effective Date:

- 4.19.1 it has full power and authority to execute, deliver and perform its obligations under this Agreement and the related agreements;
 - 4.19.2 the persons executing this Agreement and the related agreements have been duly authorized to perform such actions on behalf of Master Franchisee;
 - 4.19.3 there are no agreements or arrangements with any third party the terms of which would prevent it from entering into this Agreement or the related agreements or would materially impede the performance by it of its obligations under this Agreement or the related agreements;
 - 4.19.4 it is not, and nor are any of its directors or officers, party to any litigation proceedings or disputes which may have a material adverse effect upon its ability to perform its obligations under this Agreement or the related agreements;
 - 4.19.5 it is not the subject of any Insolvency Event;
 - 4.19.6 it has not been convicted or found guilty of a criminal offence that has not been disclosed in writing to Franchisor or otherwise involved in any pattern or practice of acts or conduct that may prejudicially affect the reputation of Franchisor or the Trademarks or Trade Name; and
 - 4.19.7 all information provided to Franchisor by Master Franchisee for consideration by Franchisor in its decision to grant the rights under this Agreement and the related agreements is true, accurate and not misleading in every material respect.
- 4.20 Aggregators. Master Franchisee may sell Products to customers via third-party online delivery services (“**Aggregators**”) provided that:
- 4.20.1 such Aggregators fulfill the requirements set out in the Manuals and their quality and standards have thereby been approved by Franchisor in writing in advance; and
 - 4.20.2 the Master Franchisor:
 - a) provides any proposed agreement between it or any Subfranchisee and any Aggregator (an “**Aggregator Contract**”) to Franchisor for its approval (if the proposed contract is in a form approved by Master Franchisor, such approval shall not be unreasonably withheld or delayed) in advance of it or any of the Subfranchisees entering into such Aggregator Contract;
 - b) ensures as far as is reasonably practicable that the terms of any Aggregator Contract shall require any Aggregator to provide Master Franchisee with ownership and/or broad access and/or use rights to the customer data collected by the Aggregator with respect to customers ordering from the Business, to help ensure continuity in customer relationships; and

- c) complies and use all reasonable endeavors to procure that the Subfranchisees comply, with Franchisor's global or regionally negotiated Aggregator Contracts and policies for Aggregator Contracts, where applicable.
- 4.21 Minimum Supplies. Master Franchisee shall maintain adequate Products, Special Licensed Products and Supplies inventory levels through accurate demand forecasting to ensure that both Master Franchisee and its Subfranchisees do not experience out of stock occurrences.

ARTICLE 5. Intellectual Property

5.1 Ownership and Improvements.

- 5.1.1 The Parties agree that all Intellectual Property Rights inherent in or related to the Gong Cha System, including all Intellectual Property Rights comprised in the Products, Supplies, Business, all materials and documents supplied by Franchisor to Master Franchisee and/or Subfranchisees or which are created or developed pursuant to and/or as the result of this Agreement (including any documentation or marketing materials related to the Gong Cha System), the Trademarks, Trade Name and Manuals (the "**IP Rights**") shall be owned exclusively by Franchisor and its Affiliates, including GCG, and Master Franchisee and the Subfranchisees shall have no rights or claim over the IP Rights. Master Franchisee acknowledges and agrees that as the exclusive owners of the IP Rights, Franchisor and its Affiliates are the owners of all past, present or future goodwill of the Gong Cha System, the Business and the business conducted at or from Gong Cha Stores that is associated with or attributable to the IP Rights. Use of the IP Rights by Master Franchisee and its Subfranchisees will inure to Franchisor's and its Affiliates' exclusive benefit.
- 5.1.2 Master Franchisee must fully and promptly disclose to Franchisor all ideas, concepts, products, recipes, process methods, techniques, improvements, additions relating to the development and/or operation of Gong Cha Stores or the Gong Cha System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of Gong Cha Stores or the Gong Cha System, or any advertising or promotion ideas related to the Gong Cha Stores or the Gong Cha System (collectively, the "**Improvements**") that Master Franchisee, its Affiliates, or Subfranchisees, or any of their respective owners, including Franchisor's Principal Owners, employees or agents conceive or develop during the Master Franchise Term. All Improvements shall be Franchisor's and its Affiliates' property and become part of the IP Rights. Master Franchisee shall ensure that the owners, employees and agents of Master Franchisee, its Affiliates and Subfranchisees sign all documents necessary to evidence the assignment of the Improvements to Franchisor and the Affiliates it designates without any additional compensation. Master Franchisee acknowledges and agrees that Franchisor and its Affiliates have the perpetual right to use and authorize others to use the Improvements without any obligation to Master Franchisee, its Affiliates or Subfranchisees, or their respective owners, employees or agents, for royalties or other fees. Master Franchisee shall not, and shall ensure that Subfranchisees shall

not, introduce any Improvements or any additions or modifications of or to Gong Cha Stores or to the Gong Cha System without Franchisor's prior written consent.

5.2 Rights of Franchisor. Franchisor shall have the right, in the exercise of its sole and absolute discretion, to:

5.2.1 whether by itself or through its Affiliates or other designees, monitor Master Franchisee's or any Subfranchisee's use of IP Rights and to conduct any and all inspections, surveys and other investigations of the IP Rights it may deem appropriate to ensure that the use of the IP Rights conforms to the required standards, guidelines, instructions and directions as may be prescribed by Franchisor from time to time;

5.2.2 review any use of the IP Rights previously approved by Franchisor and to implement changes to the future use of the IP Rights. Master Franchisee shall, and shall ensure that Subfranchisees shall, comply with Franchisor's directions as soon as reasonably practicable upon receipt of notice of any such change;

5.2.3 direct Master Franchisee to, and/or to ensure any Subfranchisees, cease use of any of the IP Rights if such use is, in the sole opinion of Franchisor or GCG, contrary to or does not comply with Franchisor's or GCG's required instructions, directions and guidelines given or this Agreement or is prejudicial to the goodwill, reputation, image or prestige of Franchisor, the Gong Cha System, the Trademarks and Trade Name and the demand for the Products provided under the Trademarks and Trade Name;

5.2.4 direct Master Franchisee to, and/or to ensure any Subfranchisees, execute all documents and render all assistance to Franchisor and its Affiliates, including GCG, in the procurement and maintenance of protection of the Trade Name and the Trademarks, including the execution of documents and provision of assistance to enable Franchisor or its Affiliates or designee to obtain appropriate registrations of any of the Trademarks and the Trade Name; and

5.2.5 after termination of this Agreement, Master Franchisee shall cease any use of Gong cha as its company name and return any domain name or any account and/or platform carrying the Gong cha trade name, including website and social media accounts to Franchisor.

5.3 Trademark and Trade Name Usage Guidelines. The Trademarks and Trade Name may only be used by Master Franchisee and the Subfranchisees in connection with the advertisement, promotion, and sale of Products in accordance with this Agreement. Any other use shall require the prior written approval of Franchisor. Master Franchisee and the Subfranchisees shall have no right or claim over the Trademarks.

- 5.4 Restrictions on Use of Trademarks and Trade Name. Notwithstanding Clause 5.3, Master Franchisee shall, and shall ensure that Subfranchisees shall:
- 5.4.1 not use the Trade Name and the Trademarks in any manner which would bring them into disrepute or otherwise prejudicial to the goodwill, reputation, image or prestige of Franchisor, the Gong Cha System, the Trademarks and Trade Name and the demand for the Products provided under the Trademarks and Trade Name;
 - 5.4.2 not do or permit to be done any act or omission which would or might impact or affect the validity of the Trademarks or which might or would diminish the distinctiveness of or goodwill attached to the Trademarks or reduce their commercial value to the Business or Franchisor;
 - 5.4.3 not use the Trade Name or the Trademarks or any part thereof in combination or in conjunction with any other marks, names, words, logos, symbols or devices, or engage in any co-branding or collaboration activities, save with the prior written approval of Franchisor;
 - 5.4.4 not attach any trademarks not belonging to Franchisor or its Affiliates to any Product or otherwise use any trademarks, names, logos or devices other than the Trade Name and the Trademarks in connection with the Business;
 - 5.4.5 not attach any of the Trademarks on any products or services other than the Products;
 - 5.4.6 not use, adopt or register or apply to register any name, building name, corporate name, company name, business name, trading name, trade name, domain name, electronic mail address, trademark, logo, design, symbol, emblem, insignia or slogan which: (a) is identical, confusingly similar to, or is a colorable imitation of, any of the Trade Name or the Trademarks or any name, building name, corporate name, company name, business name, trading name, trade name, domain name, electronic mail address, trademark, logo, design, symbol, emblem, insignia or slogan held or used by Franchisor or its Affiliates during the Master Franchise Term (or any part thereof); (b) incorporates or is a combination or variation of any of the Trade Name or the Trademarks or any name, building name, corporate name, company name, business name, trading name, trade name, domain name, electronic mail address, trademark, logo, design, symbol, emblem, insignia or slogan held or used by Franchisor or its Affiliates during the Master Franchise Term (or any part thereof); (c) is visually or phonetically similar to the Trade Name or the Trademarks or any name, building name, corporate name, company name, business name, trading name, trade name, domain name, electronic mail address, trademark, logo, design, symbol, emblem, insignia or slogan held or used by Franchisor or its Affiliates during the Master Franchise Term (or any part thereof); or (d) is similar to any graphic, visual, phonetic representation or a transliteration or translation of the Trade Name or the Trademarks or any name, building name, corporate name, company name, business name, trading name, trade name, domain name, electronic mail address, trademark, logo, design, symbol, emblem, insignia or slogan held or

used by Franchisor or its Affiliates during or after the Master Franchise Term (or any part thereof);

- 5.4.7 not undertake any of the actions referred to in Clause 5.4.6 during, including in respect of any Trade Name or the Trademarks or any name, building name, corporate name, company name, business name, trading name, trade name, domain name, electronic mail address, trademark, logo, design, symbol, emblem, insignia or slogan held or used by Franchisor or its Affiliates during, the two (2) years following the end of the Master Franchise Term; and
- 5.4.8 not assist any other Person directly or indirectly in any of the above acts.

5.5 Control of Proceedings.

- 5.5.1 Master Franchisee acknowledges and agrees that Franchisor or its designee will have the sole and exclusive right and sole and absolute discretion to direct and control any administrative or registry proceeding, litigation or other dispute relating to the IP Rights (or any part thereof), and will decide what action if any to take in respect of such administrative proceeding or litigation occurring in any country in the world, including any action in respect of any actual, threatened or suspected infringement or any other improper use of the IP Rights (or any part thereof), or common law passing off or any other claim in respect of the use or registration (to the extent applicable) of the IP Rights (or any part thereof), or any allegation that the IP Rights, Gong Cha System or Business infringes the Intellectual Property Rights of any other Person.
- 5.5.2 Master Franchisee agrees to, and shall ensure that Subfranchisee(s) shall, notify Franchisor immediately upon becoming aware of any action, claim or proceedings brought or threatened in respect of the IP Rights.
- 5.5.3 Master Franchisee agrees that any or all sums recovered by Franchisor or its designee in any proceedings relating to the IP Rights (or any part thereof) (including any and all damages, account of profits, awards of costs or any and all sums recovered) will be for the sole benefit of Franchisor or its designee.
- 5.5.4 Master Franchisee agrees to, and shall ensure that Subfranchisee(s) shall, fully cooperate with, and support, Franchisor and/or its designee in any action, claim or proceedings brought or threatened in respect of the IP Rights and not, without Franchisor's prior written consent, make any admission in respect of or compromise or settle any such action, claim or proceeding.

- 5.6 Limitations on Advertisements and Representations. Master Franchisee shall not, and shall ensure that Subfranchisees shall not, make any advertisements or representations whether oral or written, which may (i) confuse, mislead, or deceive the public or (ii) be detrimental to the good name, trademarks, goodwill, image, prestige or reputation of Franchisor, the Gong Cha System or the Products or (iii) contravene any applicable laws and/or regulations, including The Consumer Protection from Unfair Trading Regulations 2008, the UK Code of Non-broadcast

Advertising and Direct & Promotional Marketing, and the UK Code of Broadcast Advertising.

- 5.7 No Challenge Against Franchisor's or its Affiliates' Rights. Master Franchisee agrees that it will not, and shall ensure that Subfranchisees will not, contest or take any other action that may affect the validity or enforceability of any IP Rights.
- 5.8 Protective Responsibility. Master Franchisee agrees to, and shall ensure that Subfranchisees shall, use reasonable efforts to protect the IP Rights, including the Trademarks, by (i) promptly notifying Franchisor of any known or suspected infringement of the Trademarks, (ii) rendering necessary assistance during relevant proceedings, and (iii) providing any other assistance deemed necessary by Franchisor.
- 5.9 Changes to Trademark. Should Franchisor choose to change any Trademark or the Trade Name, Master Franchisee agrees to, and shall ensure that Subfranchisees shall, reflect such changes within ninety (90) days after receiving notice of such change at Master Franchisee's and/or the relevant Subfranchisee's expense.
- 5.10 Specific Performance and Injunctive Relief. In view of the importance of the Trademarks and other IP Rights to Franchisor and its Affiliates, and the incalculable and irreparable harm that would result to Franchisor if Master Franchisee and/or any Subfranchisees were to breach its/their covenants and agreements in connection with these matters, Master Franchisee agrees that Franchisor and its Affiliates may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, without posting a bond, in addition to any other relief or remedy to which Franchisor or its Affiliates may be entitled at law or in equity.
- 5.11 Online Use of Marks. Master Franchisee shall not, and shall ensure that Subfranchisees shall not, transmit or cause any other party to transmit advertisements, solicitations, marketing information, promotional information or any other information whatsoever using the Trademarks, Trade Names or other IP rights, or regarding Gong Cha Stores, the System or Products 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 in Manuals or otherwise in writing. Electronic Media shall include 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.

ARTICLE 6. Ordering and Payment

- 6.1 Purchases from Franchisor or Designated Suppliers. To promote the uniformity and quality of the Gong Cha System, Master Franchisee shall, and shall ensure that Subfranchisees shall, only purchase or lease all supplies required for the preparation and sale of the Products, and all equipment, including machines and a technology

system (including computers and a point-of-sale system, related hardware and software, and a video surveillance system) and other materials required for the operation of the Gong Cha Stores, as may be specified or prescribed by Franchisor from time to time (all the foregoing to be collectively referred to as “**Supplies**”), only from Franchisor or Designated Suppliers, including US Product Supplier. With the exception of the technology system and its related components, if Master Franchisee finds a supplier offering the same equipment at a lower price than is offered by Franchisor, Franchisor will approve such supplier if supplier meets Franchisor’s minimum quality standards. For purposes of clarification, except as otherwise provided in this Agreement or in writing by Franchisor, US Product Supplier shall be the only Designated Supplier of the Products, Master Franchisee shall purchase all Products from US Product Supplier for resale to Subfranchisees, and Subfranchisees shall purchase all Products to be used and sold from their Gong Cha Stores from Master Franchisee, and not Franchisor, US Product Supplier or any of Franchisor’s other Affiliates. Master Franchisee shall not, and shall ensure that Subfranchisees shall not, distribute, sell, resell, supply, license, sublicense, lease, rent, loan, market, provide access to, make available or transfer any Supplies to any third party, save any cross-deliveries between Subfranchisees. Notwithstanding Clause 19.8 or anything else to the contrary in this Agreement, the Parties acknowledge and agree that all Designated Suppliers, including US Product Supplier, are third-party beneficiaries under this Agreement and shall have the right to enforce as third-party beneficiaries any provision expressly conferring any right or benefit on Franchisor.

- 6.1.1 Purchase Orders and Order Preparation. Orders for the Supplies must be placed by Master Franchisee once or twice a month or such intervals as may be designated in the Manuals or otherwise in writing by Franchisor or US Product Supplier. Due to food regulations in the Authorized Territory, it may be necessary for Franchisor (or Designated Suppliers, as the case may be) to prepare customized Supplies which will take approximately forty five (45) Business Days from the date of order confirmation to the customs closing date. The Parties agree that it shall be Master Franchisee’s responsibility to confirm that all imported Supplies are in compliance with the laws and regulations of the Authorized Territory and to account for any related delays.
- 6.1.2 Costs and Payment. Master Franchisee shall bear all logistics-related costs (FCA, ICC INCOTERMS 2020), including shipping, handling and freight costs, customs charges and insurance costs of Supplies, and to pay for such Supplies in US Dollars to Franchisor (or the Designated Suppliers, as the case may be) five (5) Business Days in advance of the clean bill of lading (shipping). Franchisor (or the Designated Suppliers, as the case may be) reserves the right to not ship any Supplies prior to receipt of such payment in full. If Master Franchisee wishes to change any order for Supplies it can do so without any additional cost within five (5) Business Days from the date of order. If Master Franchisee wishes to change any order for Supplies after six (6) Business Days from the date of order then, Franchisor (or Designated Suppliers, as the case may be) shall have the right to charge Master Franchisee an administrative fee of USD two hundred dollars (USD\$200.00) in

addition to any reasonable change fee to cover any costs it incurs as a result and/or any wasted stock, which Master Franchisee shall pay by the date specified by Franchisor or Designated Suppliers.

- 6.1.3 Change in Pricing and Terms. Franchisor and the Designated Suppliers may make changes to the prices, delivery terms, and other terms relating to their respective sale of Supplies to Master Franchisee and/or Subfranchisees on thirty (30) days' notice given to Master Franchisee. Franchisor and Designated Suppliers, in its/their sole and absolute discretion, may discontinue the sale of any Supplies (or any part thereof) at any time if in its/their sole judgment its/their continued sale becomes unfeasible, unprofitable, or otherwise undesirable.
- 6.1.4 Unavailability of Supplies. Without prejudice to Clause 14.1, Franchisor (and the Designated Suppliers, as the case may be) shall not be liable to Master Franchisee and/or any Subfranchisee for unavailability of, or delay in shipment or receipt of, Supplies because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of Franchisor or the Designated Supplier selling the Supplies.
- 6.1.5 Obligations upon Expiration or Termination. On the expiration or termination of this Agreement, Franchisor and the Designated Suppliers shall not be obliged to fulfill or ship any orders then pending or made any time thereafter by Master Franchisee or any Subfranchisee, and any refunds (if any) for any such orders not fulfilled or shipped shall be processed in accordance with the terms and conditions applicable to such orders.
- 6.2 Returns. Except in the case of a material defect in shipped Supplies that is acknowledged and approved for return by Franchisor (or the Designated Suppliers, as the case may be), Franchisor (and the Designated Suppliers, as the case may be) shall not be required to accept any returns from Master Franchisee. In the case of damage in the Supplies resulting from the shipping process, Franchisor (and the Designated Suppliers, as the case may be) shall not be required to replace such Supplies or provide any refund or other compensation and Master Franchisee shall, or shall ensure that the relevant Subfranchisees shall, apply for and seek compensation from relevant logistics insurance. If any Supplies are approved for return by Franchisor (or the Designated Suppliers, as the case may be), Franchisor (or the Designated Suppliers, as the case may be) shall arrange and pay for the return freight. Following approval of the return, Master Franchisee shall ship the Supplies approved for return within fourteen (14) days of the grant of the approval. Failure to ship such Supplies within the prescribed timeline shall be regarded as final acceptance of such Supplies by Master Franchisee.
- 6.3 Domestic Supplied Materials. Notwithstanding Clause 6.1, there may be perishable and/or import restricted materials forming part of the Supplies which are necessary for the production of any Products or the daily operation of the Gong Cha Stores that Master Franchisee determines to be impractical to procure from Franchisor or

Designated Suppliers, including dairy products (“**Domestic Supplied Materials**”). For Domestic Supplied Materials, Master Franchisee is required to (i) seek Franchisor’s prior written approval for such Domestic Supplied Materials to be procured directly from other suppliers by submitting a “Domestic Supplied Materials Application Form” (attached hereto as Appendix III) to Franchisor for its review, and (ii) maintain records of any purchases of Domestic Supplied Materials in accordance with Clause 7. In granting such approval, Franchisor shall have the sole and absolute discretion to impose conditions. Notwithstanding the above, Franchisor reserves the right to withdraw its approval in relation to any Domestic Supplied Materials at any time. Master Franchisee agrees that it shall be solely responsible for the safety, sanitation, and quality of any Domestic Supplied Materials purchased pursuant to this Clause. Any liability related to or arising from any Domestic Supplied Materials shall be the sole responsibility of Master Franchisee.

6.4 Substitute Materials. For the avoidance of doubt, Master Franchisee understands and agrees that the independent acquisition and use of similar or substitute materials to the Supplies (“**Substitute Materials**”) for the production of any Products or the daily operation of the Gong Cha Stores are prohibited under this Agreement, except with the prior written approval from Franchisor. Master Franchisee may apply to seek Franchisor’s approval for Master Franchisee and/or Subfranchisees to use the Substitute Materials by submitting a “Domestic Supplied Materials Application Form” (attached hereto as Appendix IV) to Franchisor for its review and approval. Master Franchisee shall maintain records of any use of Substitute Materials in accordance with Clause 7. In granting such approval, Franchisor shall have the sole and absolute discretion to impose conditions, including without limitation, whether the Master Franchisee needs to pay extra royalty fees in respect of certain Domestic Supplied Materials. Notwithstanding the above, Franchisor reserves the right to withdraw its approval of the use of any Substitute Materials at any time. Master Franchisee agrees that it shall be solely responsible for the safety, sanitation, and quality of any Substitute Materials purchased pursuant to this Clause. Any liability related to or arising from any Substitute Materials shall be the sole responsibility of Master Franchisee.

6.5 Domestic Supplied Materials and Substitute Materials as Special Licensed Products. Products that contain Domestic Supplied Materials or Substitute Materials are considered Special Licensed Products.

ARTICLE 7. Accounting, Reports, and Records

7.1 Retention of Books and Records. Master Franchisee shall, and shall cause the relevant Subfranchisees to prepare, and keep for a period not less than six (6) years following the end of each of its fiscal years, adequate and accurate books and records showing inventories, purchases, and sales of Master Franchisee and/or the relevant Subfranchisees, where appropriate, for each Gong Cha Store, and such other records as may be reasonably required by Franchisor from time to time to verify Gross Revenue derived from all Gong Cha Stores located within the Authorized Territory during the Master Franchise Term. Master Franchisee shall report such information

to Franchisor in a standardized form across Master Franchisee and all Subfranchisees suitable for an audit of its records by an authorized auditor or agent of Franchisor. Such information shall be broken down by categories of goods, foods and beverages sold, where possible. Master Franchisee shall, and shall ensure the relevant Subfranchisees, permit Franchisor or its duly authorized auditor or agent to inspect, audit, examine, and make copies of Master Franchisee and/or the relevant Subfranchisee's books and accounting records at any reasonable time during normal business hours.

7.2 Reports. Master Franchisee shall supply to Franchisor the following information:

7.2.1 Financial Reporting. Subject to applicable laws:

- (a) sales by day and by store for the previous week before each Tuesday;
- (b) by the ten (10th) of each month, a sales report for the previous month that shall include date of reporting, data period, total store number, average daily sales for single store, average cups sold by single store, average unit price, sales share of each item, sales by channel (sit-in, take away, delivery) and any other information that Franchisor may reasonably require;
- (c) as soon as they are available, but in any event within 90 days after the end of each of its financial years:
 - (i) annual store-level profit and loss statements in spreadsheet form for each Gong Cha Store, including all of the information set out at Appendix VIII (Form of Profit and Loss Statement for a Gong Cha Store);
 - (ii) its audited consolidated financial statements for that financial year;
 - (iii) the audited financial statements (consolidated if appropriate) of each Subfranchisee for that financial year;
 - (iv) evidence of its own capital range with a minimum threshold of USD two hundred and fifty thousand (USD\$250,000) in liquid assets; and
 - (v) projections for the next financial year of (1) its and each Subfranchisee's indebtedness with debt to equity ratio, (2) capital expenditures in respect of each Gong Cha Store;
- (d) as soon as they are available, but in any event within 45 days of the end of each calendar quarter:
 - (i) its unaudited consolidated financial statements for that quarter; and
 - (ii) the unaudited financial statements (consolidated if appropriate) of each Subfranchisee for that quarter.

- 7.2.2 Non-Financial Reporting. Master Franchisee shall collaborate with Franchisor to provide and consolidate in a timely manner non-financial environment, social and governance (ESG) reporting for all Gong Cha Stores as reasonably requested by Franchisor, including in relation to sustainability, diversity and inclusion, data privacy and modern slavery.
- 7.2.3 Product Inventory Transparency and Sales Per Store. Master Franchisee shall, in respect of each Gong Cha Store, provide Franchisor with the following information for the previous month by the tenth (10th) of each month:
- (a) product (including Products and Special Licensed Products as applicable) and supplies (including Supplies and Domestic Supplied Materials) inventory levels;
 - (b) product (including Products and Special Licensed Products as applicable) sales quantity and mix;
 - (c) online sales mix as compared to in-store sales (if applicable);
 - (d) cost of sales per item;
 - (e) the stock keeping units, bill of materials, volume and cost of supplies (including Supplies and Domestic Supplied Materials) purchased from suppliers, including Designated Suppliers; and
 - (f) any other reasonably requested information.
- 7.2.4 In the event that, at any time during the Master Franchise Term, Franchisor itself manages, establishes and/or operates any store called “Gong Cha” using the Gong Cha System and the IP Rights in the Authorized Territory, Franchisor shall direct Master Franchisee to revise the frequency and /or information provided in the reports submitted under this Clause 7.2 as appropriate to comply with applicable competition laws as determined at Franchisor’s sole discretion.
- 7.3 Audits. Franchisor may arrange unscheduled and unannounced audits executed by Franchisor or its authorized representatives from time to time of Master Franchisee’s and any Subfranchisees’ books and records, provided the same will be during business hours of Master Franchisee or the relevant Subfranchisee and with no disruption to Master Franchisee’s or the relevant Subfranchisee’s operations. All the expenses relating to such audits will be borne by Master Franchisee.
- 7.3.1 Audit Costs. Master Franchisee shall be responsible for any expenses relating to transportation, accommodation, and meal expenses for one or more auditors selected by Franchisor to conduct the audit over two (2) days.
- 7.3.2 Cooperation and Sharing of Information. Master Franchisee agrees that it shall, and shall ensure that the relevant Subfranchisee(s) shall, cooperate with the auditor(s) and provide necessary information and assistance upon the auditor(s)’

request. The exact time and dates of audits may be negotiated between Franchisor and Master Franchisee as necessary.

- 7.3.3 Identification of Issues and Breach. In the course of the audit, should the auditor(s) identify any issues to be addressed by Master Franchisee and/or the relevant Subfranchisee(s), the auditor has the discretion to establish a deadline by which Master Franchisee must, and/or must ensure that the relevant Subfranchisee(s), rectify such issues. In the event of failure to rectify such issues within the stipulated deadline, shall give Franchisor the right to recover from Master Franchisee all amounts improperly withheld from it by Master Franchisee, together with all costs and expenses, including audit, collection and attorney costs and fees, incurred by Franchisor in carrying out the audit and collecting any outstanding amounts. Franchisor shall issue a final notification to Master Franchisee requesting correction of the issues identified by the auditor within such deadline established therein. Any failure to comply with such final notification shall give Franchisor the right, but not the obligation, to immediately terminate this Agreement unilaterally.
- 7.3.4 Underreporting of Revenues. If an audit reveals that Gross Revenue for any or all of the Gong Cha Stores located within the Authorized Territory have been understated in any report to Franchisor, then Master Franchisee must pay Franchisor any amounts due on the understated Gross Revenue immediately on demand along with interest in accordance with clause 2.5. Additionally, if the audit reveals an underreporting of Gross Revenue by two percent (2%) or more, Franchisor shall have the right to recover from Master Franchisee all amounts improperly withheld from it by Master Franchisee, together with all costs and expenses, including audit, collection and attorney costs and fees, incurred by Franchisor in carrying out the audit and collecting any outstanding amounts. Note that all of the foregoing remedies shall be in addition to any other remedies available to Franchisor, and if there is an underreporting of Gross Revenue more than twice during the Master Franchise Term, Franchisor may, at its sole and absolute discretion, unilaterally terminate this Agreement by giving ninety (90) days' written notice to Master Franchisee.
- 7.3.5 Re-Training Program. Franchisor has the right to require Master Franchisee to dispatch a training supervisor or district manager (including that of any relevant Subfranchisee) to attend a re-training in Taiwan or online remotely, at Franchisor's reasonable discretion for five (5) to seven (7) days ("**Re-Training Program**") if Franchisor, at its sole and absolute discretion, determines that the operation or management of Master Franchisee or any Gong Cha Stores fails to or is unlikely to meet Gong Cha System's standard or training and such training is required for operation improvement, and Master Franchisee shall pay to Franchisor USD One Thousand Dollars (USD1,000) for each Re-Training Program and bear all the expenses of transportation (including return flight tickets), meals and accommodation incurred by such training supervisor or district manager to attend such Re-Training Program held in Taiwan or such other location designated by Franchisor, in its sole and absolute discretion.

ARTICLE 8. Special Licensed Products

- 8.1 Application and Approval. Master Franchisee shall not, and shall ensure that Subfranchisees do not, sell any unauthorized products in Gong Cha Stores without the prior written approval from Franchisor. However, Master Franchisee may apply to permit the Subfranchisee(s) to sell complementary products in the Gong Cha Stores, which may include cakes, cookies, breads, food, cultural and creative goods, and products that contain Domestic Supplied Material or Substitute Material (approved versions of which shall collectively be referred to as “**Special Licensed Products**”) to meet the demands of the local market by submitting a “Special Licensed Products Application Form” (attached hereto as Appendix IV) to Franchisor for its review and approval. Notwithstanding the above, Franchisor reserves the right to withdraw its approval to the sale of any Special Licensed Products at any time.
- 8.2 Liability. Master Franchisee shall be solely responsible for the safety, sanitation, and quality of such Special Licensed Products. Any liability related to or arising from any Special Licensed Product shall be the sole responsibility of Master Franchisee. Master Franchisee shall indemnify Franchisor in respect of any claims against Franchisor by any third parties relating to, or any other damage, loss or expense incurred by Franchisor in connection with, any Special Licensed Products.
- 8.3 Fees. For purposes of clarification, Master Franchisee shall pay Running Royalty Fees on the sale of all Special Licensed Products. Reports on sales of Special Licensed Products shall be included in the reports required of Master Franchisee under Article 7.2.
- 8.4 Audits. Reports regarding the sales of Special Licensed Products shall be subject to and comply with the same auditing requirements and standards set out in Clause 7.2 of this Agreement.
- 8.5 Breach. Each instance of breach of Clauses 8.1, 8.3 and/or 8.4 shall give Franchisor the right to charge Master Franchisee for each instance of such breach an amount equal to the damages Franchisor and its Affiliates suffer as result of the breach, including any fees that should have been paid to Franchisor under this Agreement, together with all related costs and expenses, including inspection, investigatory, collection and attorney costs and fees, incurred by Franchisor or its Affiliates, or its or their agents.

ARTICLE 9. Marketing

- 9.1 Annual Business Plan. Master Franchisee shall actively expand, promote, market, and sell Products in the Authorized Territory. Accordingly, Master Franchisee shall submit an annual business plan for the successive year by November of each year to Franchisor. The content of such annual business plan shall include market overview and analysis, store expansion and sales targets, marketing plans and schedule, anticipated spending for Master Franchisee-initiated campaigns pursuant to Clause

9.4, current and new product suggestions, product development reports, and plans to attract qualified subfranchisee candidates, among others. The Parties shall discuss in good faith the plans and marketing principles and Master Franchisee shall apply the agreed marketing principles to marketing events and other campaigns.

- 9.2 Regional Marketing Fees Payable to Master Franchisee by Subfranchisees. Master Franchisee shall have the right to require each Subfranchisee to pay Master Franchisee non-refundable marketing fees during the initial term and any renewal term of its Subfranchise Agreement in an amount of up to three percent (3%) of Gross Revenue of the respective Gong Cha Store for each calendar month (or ratable portion thereof with respect to any part of a calendar month) (“**Regional Marketing Fees**”). If Master Franchisee elects to collect Regional Marketing Fees from Subfranchisees, it will deposit the Regional Marketing Fees it receives into a regional brand marketing and promotional fund (the “**Regional Marketing Fund**”) it establishes. Regional Marketing Fees shall be calculated and payable to Master Franchisee at the same time and in the same manner as royalty fees due to Master Franchisee under each Subfranchise Agreement. Master Franchisee acknowledges and agrees that Subfranchisees of Affiliate Owned Gong Cha Stores must contribute to the Regional Marketing Fund at the same rate as Subfranchisees of Independently Owned Gong Cha Stores. Master Franchisee will have the right to determine how the Regional Marketing Fund is spent on regional marketing and promotional programs, although such expenditures must be consistent with the Manuals and any other guidance Franchisor periodically provides to Master Franchisee. In addition, regardless of the percentage of Gross Revenue Master Franchisee collects as a Regional Marketing Fee from Subfranchisees during any month, Master Franchisee can only spend up to one percent (1%) of Gross Revenue it receives as a Regional Marketing Fee for that month on administrative expenses relating to the Regional Marketing Fund, including accounting expenses and salaries and benefits paid to Master Franchisee and its Affiliates’ employees engaged in advertising functions. For example, if Subfranchisees pay Master Franchisee a Regional Marketing Fee of three percent (3%) of Gross Revenue for a given month, Master Franchisee can only spend up to one percent (1%) of Gross Revenue for that month on administrative expenses relating to the Regional Marketing Fund, must pay one percent (1%) of Gross Revenue for that month to Franchisor as a Brand Marketing Fee, and must contribute the remainder of the three percent (3%) of Gross Revenue for that month to the Regional Marketing Fund to be spent in accordance with this Clause 9. Notwithstanding the above, if at the start of the fourth (4th) anniversary of the Effective Date of this Agreement or any time thereafter, Franchisor increases the Brand Marketing Fee Master Franchisee must pay to Franchisor to more than one percent (1%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory under Clause 9.5, Master Franchisee shall have the right, during the period the Brand Marketing Fee remains higher than one (1%) of Gross Revenue, to increase the maximum Regional Marketing Fee these Gong Cha Stores may be required to pay to Master Franchisee by the same increase in the percentage of Gross Revenue for all Gong Cha Stores located within the Authorized Territory. For example, if at the start of the fourth (4th) anniversary of the Effective Date of this Agreement Franchisor increases the Brand Marketing Fee Master Franchisee must

pay to Franchisor to two percent (2%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory under Clause 9.5, then Master Franchisee shall have the right, during the period the Brand Marketing Fee remains at two (2%) of Gross Revenue, to increase the Regional Marketing Fee these Gong Cha Stores must pay to Master Franchisee to up to four (4%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory.

- 9.3 Mid-Year Business and Market Review Report. Master Franchisee shall submit a mid-year business and market review report by August annually to Franchisor. The contents of these reports shall include (i) market review, achievement progress, strategies for the second half of the year, and suggestions, among others, and (ii) all information and materials related to Master Franchisee-initiated campaigns pursuant to Clause 9.4 for the half-year to-date, as well as information relating to any Regional Marketing Fund it has established.
- 9.4 Master Franchisee Initiated Campaigns. Master Franchisee may design and execute local campaigns, promotions, and other events to promote the business image of the Gong Cha System, the Gong Cha Stores, or to otherwise introduce integrated or regional sales programs or events as Master Franchisee deems necessary, and may use any Regional Marketing Fund it establishes to fund such activities. Master Franchisee also may request Franchisor's assistance with respect to such activities, but Franchisor shall not be obliged to provide such assistance. Master Franchisee shall reimburse Franchisor for all costs and expenses incurred in connection with providing any such assistance. Franchisor reserves the right, upon written notice to Master Franchisee, to approve any or all marketing materials in any media that Master Franchisee proposes to use in respect of the Gong Cha System and Gong Cha Stores. Franchisor also shall have the right to require Master Franchisee to cease using any marketing materials in any media with respect to the Gong Cha System and Gong Cha Stores, and Master Franchisee shall promptly cease using such marketing materials on receiving Franchisor's instruction to do so. The Parties agree that all Intellectual Property Rights in or related to the materials produced under this Clause 9.4 shall become part of the IP Rights and may be freely used and licensed by Franchisor at its sole and absolute discretion, and Master Franchisee hereby assigns to Franchisor (including by present assignment of future rights) all of its rights, title and interest in such Intellectual Property Rights effective as of the moment they subsist.
- 9.5 Brand Marketing Fees Payable to Franchisor from Master Franchisee. Regardless of whether Master Franchisee charges its Subfranchisees Regional Marketing Fees, Master Franchisee shall pay Franchisor non-refundable brand marketing fees during the Master Franchise Term in an amount equal to one percent (1%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory for such calendar month (or ratable portion thereof with respect to any part of a calendar month) ("**Brand Marketing Fees**"). Brand Marketing Fees shall be calculated and payable to Franchisor at the same time and in the same manner as Running Royalty Fees. Franchisor will deposit all Brand Marketing Fees it receives from Master Franchisee into a brand marketing and promotional fund (the "**Brand Marketing Fund**").

Notwithstanding the above, at the start of the fourth (4th) anniversary of the Effective Date of this Agreement and thereafter, Franchisor shall have the right, upon prior written notice to Master Franchisee, to increase the Brand Marketing Fee Master Franchisee must pay to Franchisor to up to two percent (2%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory. Other master franchisees in the United States also may pay brand marketing fees to Franchisor that Franchisor will contribute to the Brand Marketing Fund. Franchisor and its Affiliates are not obligated to contribute to the Brand Marketing Fund. The Brand Marketing Fund is not a trust or escrow account, Franchisor has no fiduciary obligation to Master Franchisee or any other master franchisees with respect to the Brand Marketing Fund, and Franchisor is not required to segregate the Brand Marketing Funds it receives into a separate restricted account. Franchisor has the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Franchisor is not required to spend a prorated amount on any advertising market, including Master Franchisee's market. Franchisor has the right to make disbursements from the Brand Marketing Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns and materials, and any other activities Franchisor, in its sole and absolute discretion, believe are appropriate to enhance, promote and protect the Gong cha brand and Gong Cha System. These disbursements may include payments to Franchisor for the expense of administering the Brand Marketing Fund, including accounting expenses and salaries and benefits paid to Franchisor and its Affiliates' employees engaged in advertising functions, payments to Franchisor or designated website programmers for expenses relating to the maintenance of websites, and payments to Franchisor or its Affiliates or designees for market research, surveys and testing and for mystery shopper programs. If requested, Franchisor will provide Master Franchisee an annual unaudited statement of the Brand Marketing Fund for the most recent fiscal year. In addition, Franchisor has the right to spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Marketing Fund in that year and Franchisor or its Affiliates have the right to make loans to the Brand Marketing Fund bearing interest to cover any deficits of the Brand Marketing Fund and cause the Brand Marketing Fund to invest any surplus for future use by the Brand Marketing Fund. If Franchisor or its Affiliates make a loan to the Brand Marketing Fund, Franchisor may use any subsequent contributions to the Brand Marketing Fund to pay back the loan and any interest. Franchisor reserves the right to discontinue the Brand Marketing Fund, but will not do so until all of the monies in the Brand Marketing Fund have been expended.

- 9.6 Franchisor Initiated Campaigns. In Franchisor's sole and absolute discretion, Franchisor may initiate new marketing campaigns, introduce new products, or make adjustments to the menus of the Gong Cha Stores. Upon the initiation of such events, Master Franchisee agrees to, and shall ensure that the relevant Subfranchisee(s) shall, take all action necessary to accommodate such initiatives, including by participating in such initiatives as require participation, within thirty (30) days of notice from Franchisor. Any costs incurred by Master Franchisee to comply with this Clause 9.6

shall be the sole responsibility of Master Franchisee, but Master Franchisee may be able to use the Regional Marketing Fund to cover such costs in accordance with this Clause 9.

- 9.7 Minimum Marketing Spend. During the Master Franchise Term, in each calendar month Master Franchisee shall expend not less than two percent (2%) of Gross Revenue for all Gong Cha Stores located within the Authorized Territory for such calendar month (or ratable portion thereof with respect to any part of a calendar month) on regional advertising, marketing and promotion of the Gong Cha Stores and Gong Cha System within the Authorized Territory, which for purposes of clarification includes expenditures made by Master Franchisee in accordance with Clauses 9.2 and 9.4. Such expenditures must be consistent with the Manuals and any other guidance Franchisor periodically provides to Master Franchisee. Franchisor shall be entitled to audit Master Franchisee's compliance with this Clause 9.7 in accordance with Clause 7.3.

ARTICLE 10. Non-Competition, Confidential Information and General Restrictions

10.1 Non-Competition.

In consideration for the grant of the franchise rights under Clause 1.1 above:

- 10.1.1 During the Master Franchise Term, Master Franchisee agrees that it shall not, and shall ensure that its Quality Controller, Principal Owners and other owners, guarantors and Affiliates, its and its Affiliates' officers, directors, members, managers and partners, as the case may be, and any of its and its Affiliates key employees or agents who will have access to Confidential Information ("**Master Franchisee Parties**") shall not directly or indirectly, in any capacity (whether on its own account or as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity to those referred to in this Clause): (i) participate in, instruct, own, or enter into a partnership with, or assist any other person to carry out such activities in relation to, tea stores similar to Gong Cha Stores or the Outlet Business or any other businesses with substantially similar services or products (a "**Competing Business**") in Canada, the United States or any country which Gong Cha currently operates or is in the process of establishing operations, or (ii) take any action which may cause brand confusion.
- 10.1.2 For two (2) years following the termination or expiration of this Agreement or any master franchise agreement Master Franchisee signs upon an extension described in Article 3.2.6, Master Franchisee agrees that it shall not, and shall ensure that Master Franchisee Parties shall not directly or indirectly, in any capacity (whether on its own account or as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity to those referred to in this Clause): (i) participate in, instruct, own, or enter into a partnership with, or assist any other person to carry out such activities in relation to, a Competing Business within the Authorized

Territory or within a five (5) mile radius of any Gong Cha Store, or (ii) take any action which may cause brand confusion. Franchisor may require Master Franchisee to obtain from any or all of Master Franchisee Parties a signed non-competition and confidentiality agreement in a form satisfactory to Franchisor that incorporates the non-compete provisions and obligation of this Clause 10.1.

10.1.3 Additionally, should Master Franchisee plan to participate in, instruct, own, or enter into a partnership with any other food and beverage brand (other than tea stores similar to Gong Cha Stores or the Outlet Business or any other businesses with substantially similar service or products) at any time during the Master Franchise Term, Master Franchisee agrees to provide written notice of such intent as soon as reasonably practicable, but no later than two (2) months prior to the opening of such food and beverage brand or entering into a partnership with such food and beverage brand (whichever is the earlier).

10.1.4 Master Franchisee shall not, and shall ensure that Subfranchisees shall not, at any time during the Master Franchise Term or for two (2) years thereafter, commit any act that adversely affects the Gong Cha Stores, the Trademarks or other IP Rights, including generating any negative publicity.

10.2 General Restrictions. Master Franchisee shall not, and shall ensure that Subfranchisees shall not, at any time during or after Master Franchisee Term:

10.2.1 commit any act that adversely affects the Confidential Information;

10.2.2 except as authorized under this Agreement, use, in connection with the operation of any business wherever located, the Gong Cha System, any Trademarks or other IP Rights, or the Confidential Information, or cause or permit any such business to use or imitate the Gong Cha System or to be operated in a manner tending to have such effect;

10.2.3 use the Supplies for the purposes other than the conduct of Gong Cha Stores or the Outlet Business, and shall under no circumstances distribute, sell, resell, supply, license, sublicense, lease, rent, loan, market, provide access to, make available or transfer any Supplies (or derivatives thereof) to, or allow the same to fall into the possession of, any Persons or any food and beverage brand, or use the Supplies for any business other than Gong Cha Stores or the Outlet Business; or

10.2.4 alter, vary, or tamper with the Supplies.

10.3 Confidential Information. Master Franchisee and the Subfranchisee(s) have or will have knowledge concerning the Gong Cha System and other confidential matters necessary or useful to the successful development of Gong Cha Stores, such as Franchisor's plans, strategy, costing, prospects, and potential Gong Cha Store locations (the "**Confidential Information**"). Any and all information pertaining to the Gong Cha System, including Franchisor's know-how and that is identified in writing as confidential, either through a stamp on such information or through specific identification of such information in other written communication, or that

should reasonably be expected to be confidential, except information that is or has become a part of the public domain through publication or communication by others not subject to any obligation of confidentiality, or that Master Franchisee and/or the Subfranchisee(s) can show was already in Master Franchisee's and/or the Subfranchisee(s)' possession before receipt from Franchisor, shall be "Confidential Information" for the purposes of this Agreement. Master Franchisee acknowledges that the Confidential Information is confidential, proprietary information, and a trade secret. Franchisor's know-how and any financial, operating, statistical, customer, marketing, or similar information supplied by Master Franchisee to Franchisor or compiled by Franchisor or its auditors or other agents, directly related to Master Franchisee's operations, including any client or customer lists, and that is identified in writing as confidential, either through a stamp on such information or through specific identification of such information as confidential in other written communication or that should reasonably be expected to be confidential, except information that is or has become a part of the public domain through publication or communication by others not subject to any obligation of confidentiality, is confidential, proprietary, and constitutes a trade secret owned solely by Master Franchisee. Franchisor shall not disclose any such information owned by Master Franchisee to any third party (except its staff, agents and advisors, as necessary under law or to enforce terms of this Agreement), and shall not use the information for any purpose other than fulfilling the terms of this Agreement, without the prior written consent of Master Franchisee.

- 10.3.1 Master Franchisee hereby covenants to, and shall ensure that Subfranchisees shall, treat as confidential at all times the Confidential Information and to use all reasonable efforts to keep such information confidential. Master Franchisee acknowledges that the unauthorized use or disclosure of such Confidential Information will cause incalculable and irreparable injury to Franchisor. Master Franchisee accordingly agrees that it shall not, and shall ensure that Subfranchisees shall not, at any time during or after the Master Franchise Term disclose or use or permit the use (except as may be required by applicable law or authorized by this Agreement) of the Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person or source without Franchisor's prior written consent.
- 10.3.2 Master Franchisee shall, and shall ensure that Subfranchisees shall, grant access to the Confidential Information to its employees only on a need-to-know basis and shall prohibit its employees, during the term of their employment or thereafter, from communicating, divulging, or using for the benefit of anyone, any Confidential Information that they may acquire during their employment with Master Franchisee or the Subfranchisee(s). Franchisor may require Master Franchisee to obtain from any or all of Master Franchisee Parties, and Master Franchisee's Subfranchisees, a signed confidentiality and non-disclosure agreement in a form satisfactory to Franchisor that incorporates the confidentiality and nondisclosure provisions and obligations of this Clause 10.3 and Clause 10.4.

- 10.3.3 If Master Franchisee or any Subfranchisee has any reason to believe that any employee has violated the provisions of the confidentiality agreement, Master Franchisee shall promptly notify Franchisor and shall cooperate with Franchisor to protect Franchisor against infringement or other unlawful use including the prosecution of any lawsuits if, in the reasonable judgment of Franchisor, such action is necessary or advisable.
- 10.3.4 In view of the importance of the Confidential Information to Franchisor and the importance of Master Franchisee's confidential information to Master Franchisee, and the incalculable and irreparable harm that would result to Franchisor if Master Franchisee and/or Subfranchisees or Master Franchisee if Franchisor were to breach its covenants and agreements in connection with these matters, the Parties agree that Franchisor may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief or remedy to which Franchisor may be entitled at law or in equity, and that Master Franchisee may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Clause 10, in addition to any other relief or remedy to which Franchisor may be entitled at law or in equity.
- 10.3.5 Master Franchisee shall not disclose the substance of this Agreement to any third party, except to its attorney or as necessary to obtain any governmental permits, licenses, approvals, and other related documents, or to the extent required by the lawful order of any court of competent jurisdiction having jurisdiction over Master Franchisee, provided that Master Franchisee shall give Franchisor prior notice of such disclosure. The Parties agree to cooperate on press releases and other public communications and to coordinate any public announcements concerning this Agreement.
- 10.3.6 Notwithstanding anything to the contrary, Franchisor reserves the right to share any reports, financial statements and other information Master Franchisee provides to Franchisor with other master franchisees and to include financial information relating to Master Franchisee, the Subfranchisees and the Gong Cha Stores in Franchisor's franchise disclosure documents, and Master Franchisee consents, and shall obtain from Subfranchisees their consent, to such disclosure.
- 10.4 Trade Secrets. Master Franchisee understands and agrees that it and its Subfranchisees will come into possession of certain trade secrets of Franchisor and its Affiliates concerning the manner in which Franchisor conducts business including: recipes and formulas; know-how and methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; and any materials clearly marked or labeled as trade secrets. These trade secrets also are Confidential Information, as described in Clause 10.4. Master Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is secret, valuable, and constitutes trade secrets belonging to Franchisor and its Affiliates. Master Franchisee agrees that Franchisor and its Affiliates derive independent economic value from the foregoing information not being generally

known to, and not being readily ascertainable through proper means by another person. Master Franchisee agrees to take reasonable measures, and to ensure that Subfranchisees take reasonable measures, as may be described further in the Manuals or otherwise in writing, to keep such information secret. Upon expiration or termination of this Agreement, Master Franchisee will not, and will ensure that Subfranchisees will not, use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to Franchisor's business and/or the manner in which it is conducted, except as allowed under any agreement with Franchisor or its designee.

- 10.5 Non-Dealing. In order to protect the legitimate business interests of Franchisor, Master Franchisee agrees that it shall not, and shall ensure that Master Franchisee Parties shall not directly or indirectly, in any capacity (whether on its own account or as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity to those referred to in this Clause), directly or indirectly engage Franchisor's Designated Suppliers, including US Product Supplier, or other suppliers for the direct supply of Products.

ARTICLE 11. Insurance

- 11.1 Insurance Policies. At all times during the Initial Term and any Renewal Term of this Agreement, Master Franchisee shall purchase and maintain, and shall ensure that Subfranchisees purchase and maintain, in full force and effect, at each party's respective expense, all of the insurance coverage described in the Manuals, as well as any other insurance coverage required by law. Insurance may include: comprehensive general liability insurance, including public liability, products liability, property damage, and personal injury coverage; automobile liability insurance; workers' compensation and employer's liability; fire, vandalism, theft, burglary and extended coverage insurance; food spoilage insurance; business interruption insurance; data privacy and cyber insurance; and umbrella policies. All insurance policies shall at a minimum: (i) be issued by an insurance carrier(s) acceptable to Franchisor and that have an A.M. Best rating of A or higher; (ii) will name Franchisor and Master Franchisee and their respective Affiliates as additional insureds on a primary and non-contributory basis; (iii) contain a waiver of the insurance company's right of subrogation against Franchisor and Master Franchisee; and (iv) provide that Franchisor and Master Franchisee will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as required by the insurance carrier). Franchisor periodically may, with prior written notice to Master Franchisee, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation, changes in relevant circumstances, industry standards, experiences in the System, higher damage awards or changes in standards of liability. Master Franchisee's obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that Franchisor may maintain, nor does the procurement of required insurance by Master Franchisee, its Affiliates or Subfranchisees relieve Master

Franchisee or its Affiliates of liability under the indemnity obligations described in Clause 15.2 or otherwise in this Agreement. The insurance procurement obligations under this Clause 11 are separate and independent of the indemnity obligations of Master Franchisee and its Affiliates.

- 11.2 Evidence of Insurance. Master Franchisee will provide Franchisor with a copy of a proper certificate of insurance, endorsement or such other proof in the form Franchisor requires evidencing the existence of all insurance coverage Master Franchisee and its Affiliates are required to purchase and maintain. In addition, Master Franchisee will provide Franchisor annually, upon renewal or extension, and at Franchisor's request a proper certificate, endorsement or such other proof in the form Franchisor requires evidencing the existence of such insurance coverage required under this Clause 11. Upon our request, Master Franchisee also will provide to Franchisor copies of all policies at any time.
- 11.3 Failure to Obtain and Maintain Insurance. If at any time Master Franchisee or its Affiliates fail to purchase and maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof, Franchisor or its Affiliate has the right, but not the obligation, to purchase such insurance coverage for Master Franchisee or its Affiliates, as applicable. Master Franchisee agrees to promptly sign, or ensure its Affiliates promptly sign, any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor or its Affiliate, as applicable, on demand, any costs and premiums Franchisor or its Affiliate incurs, together with an administrative fee equal to five percent (5%) of the insurance premium. Master Franchisee also shall reserve to itself under each Subfranchise Agreement a similar right to purchase insurance coverage for any Subfranchisees that fails to purchase and maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof, and shall exercise such right if any Subfranchisee fails to purchase and maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof.

ARTICLE 12. Termination

- 12.1 Elective Termination Events. The Parties may elect to terminate this Agreement through mutual written consent at any time. Additionally, Franchisor may unilaterally terminate this Agreement at any time in the event that: (i) Master Franchisee fails to make any payment owed to Franchisor under this Agreement when due and such failure to pay continues un-remedied for a period of thirty (30) days after Franchisor notifies Master Franchisee of such nonpayment; (ii) Master Franchisee breaches or fails to perform any other obligation, warranty, duty or responsibility, or is in breach or default with respect to any term or condition as required under this Agreement and such breach, failure or default continues un-remedied for a period of thirty (30) days after Franchisor notifies Master Franchisee of such breach, failure or default; provided, however, that in the case of any breach specified in Clause 4.3.2, Franchisor shall terminate this Agreement in accordance with Clause 4.3.2, and in the case of any breach specified in Clause 7.3.3 and Clause 7.3.4, Franchisor shall terminate this Agreement in accordance with Clause 7.3.3 and

Clause 7.3.4; (iii) Master Franchisee breaches, fails to perform or otherwise defaults on its obligations under Clause 4.1 three (3) or more times during the Master Franchise Term, regardless of whether such breach, failure or default is subsequently remedied; (iv) Master Franchisee's assignment, transfer, or attempt to assign or transfer Gong Cha Stores, or any rights of this Agreement or any portion of any Outlet Premises, in a manner inconsistent with the provisions of Clause 13 of this Agreement; (v) Master Franchisee's or Master Franchisee Parties' breach of the non-compete undertaking in Clause 10.1.1; (vi) Master Franchisee's participation in fraud or criminal misconduct relating to operation of Gong Cha Stores; (vii) Master Franchisee knowingly or negligently maintains materially false records in respect of the Business or knowingly or negligently submits any materially false record or report to Franchisor; (viii) Master Franchisee operates or manages the Business in a way that materially endangers public health and safety; or (ix) Master Franchisee materially damages the reputation of the Master Franchisor or the Trademarks or Trade Name, or materially misuses any Intellectual Property Rights (including names, marks, systems, insignia or symbols) in a way that is not authorized and is materially prejudicial to Franchisor. Master Franchisee may terminate this Agreement if Franchisor is in material default under this Agreement and does not cure the default within a reasonable period of time which cannot be less than thirty (30) days after Master Franchisee notifies Franchisor of such default.

- 12.2 Automatic Termination Events. Franchisor shall have the right to terminate this Agreement with immediate effect on written notice to Master Franchisee if (i) a receiver is appointed for Master Franchisee or its property, (ii) Master Franchisee makes an assignment for the benefit of its creditors, (iii) proceedings are commenced by, for, or against either Party under any bankruptcy, insolvency, or debtors relief law, (iv) either Party is, or a petition is presented for it to be, liquidated or dissolved, or (v) any step preparatory to any of (i), (ii), (iii) or (iv) is taken in relation to any Party (each, an “**Insolvency Event**”).
- 12.3 Effect of Termination of IP License Agreement on this Agreement. Upon the termination or expiration of the IP License Agreement between GCG and Franchisor, all of the master franchise agreements, unit franchise agreements and any other agreements Franchisor entered into with sublicensees under the IP License Agreement, including this Agreement, and all of Franchisor's rights and obligations under these agreements shall terminate, unless GCG elects in its sole discretion to allow the sublicensees of Franchisor to continue to operate under the terms of their respective agreements, in which case these master franchise agreements, unit franchise agreements and other agreements, including this Agreement, shall be assigned and novated to GCG or its designee effective as of the date of such termination or expiration.
- 12.4 Effect of Termination of this Agreement on Subfranchise Agreements. Upon the termination or expiration of this Agreement or any master franchise agreement Master Franchisee signs upon an extension described in Clause 3.2.6, all of the Subfranchise Agreements, and all of Master Franchisee's rights and obligations thereunder shall terminate, unless Franchisor elects at its sole discretion to allow the

relevant Subfranchisee to continue to operate under the terms of the relevant Subfranchise Agreement, in which case the Subfranchise Agreement, shall be assigned and novated to Franchisor or its designee effective as of the date of such termination or expiration. As further described in Clause 1.2.3.4, each Subfranchise Agreement Master Franchisee enters into with Subfranchisees shall contain language regarding the arrangements described above, and Master Franchisee agrees to cooperate with Franchisor, at its own cost and expense, to effectuate the assignment and/or novation of any Subfranchise Agreements upon such termination or expiration.

- 12.5 Post Termination Obligations. Upon termination or expiration of this Agreement or any master franchise agreement Master Franchisee signs upon an extension described in Clause 3.2.6, Master Franchisee shall, at its own cost and expense: (i) immediately cease, and ensure that Subfranchisees cease, the use of all Confidential Information, Trademarks, Trade Name and other IP Rights, software, labels, logos, and other corporate identifications of Gong Cha within all Gong Cha Stores and related electronic mail addresses, websites, applications, social media accounts or other online platforms operated by Master Franchisee and/or Subfranchisee(s), including store trade dress and any other distinctive décor item associated with the Gong Cha System, Franchisor and Franchisor's business, except pursuant to a Subfranchise Agreement that is assigned to Franchisor or its designee pursuant to Clause 12.4; (ii) immediately pay all sums due and owing to Franchisor; (iii) immediately cause Subfranchisee(s) to cease operating Gong Cha Stores and selling, directly or indirectly, any Products in any store or location, except pursuant to a Subfranchise Agreement that is assigned to Franchisor or its designee pursuant to Clause 12.4; (iv) immediately return to Franchisor or destroy, at Franchisor's option, all items, material, confidential documents, management regulations, and other documents; and (v) except as used in Gong Cha Stores operated under a Subfranchise Agreement that is assigned to Franchisor or its designee pursuant to Clause 12.4, make or cause to be made such changes in the signs, buildings and structures so as to indicate to the public that Master Franchisee and Subfranchisees are no longer associated with Franchisor in any manner, and remove or permanently cover all signs, furnishings, displays, advertisements, or décor items identifiable or associated in any way with Franchisor and the Gong Cha System. In addition, if Franchisor terminates this Agreement or any master franchise agreement Master Franchisee signs upon an extension described in Clause 3.2.6 due to a default by Master Franchisee, Franchisor, at its option, may request Master Franchisee to return, at Master Franchisee's expense, any remaining Product and Supplies to a location designated by Franchisor.
- 12.6 Claims and Liabilities. Master Franchisee shall, in connection with the expiration or termination of this Agreement or any master franchise agreement Master Franchisee signs upon an extension described in Clause 3.2.6, not have the right to claim any indemnity, reimbursement, or compensation for alleged loss of clientele, goodwill, loss of profits on anticipated sales or have any other right to compensation for losses and damages resulting from such expiration or termination. In no event shall Franchisor be liable to any Subfranchisee or its customers or suppliers.

- 12.7 No Indirect, Consequential, or Incidental Damages. For the avoidance of doubt, under no circumstances shall Franchisor be liable to Master Franchisee for any indirect, consequential, or incidental damages attributable to the early termination of this Agreement.

ARTICLE 13. Transfer and Assignment

- 13.1 Transfer by Master Franchisee. Master Franchisee may not transfer or assign to a third party all or part of its rights or obligations under this Agreement, and the Principal Owner may not transfer or assign to a third party any Controlling interest in Master Franchisee, without the prior written consent of Franchisor, which may be withheld in Franchisor's sole and absolute discretion. Should Franchisor accept such assignment proposed by Master Franchisee, Master Franchisee shall first pay all sums and fees owed under this Agreement to Franchisor, and Master Franchisee and its Principal Owners and other owners (as designated by Franchisor) shall sign a general release, in the form required by Franchisor, releasing Franchisor, its Affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, of all claims, liabilities and obligations which Master Franchisee may have against Franchisor and its Affiliates. In addition, the assignee shall be required to (i) undergo a training program offered by Franchisor, and (ii) pay a transfer fee of up to USD Two Hundred Thousand Dollars (USD 200,000) and any other administrative fees deemed reasonably necessary by Franchisor. Any proposed transfer or assignment of this Agreement by Master Franchisee to a third party also must include the assignment of all Subfranchise Agreements to the same party.
- 13.2 Transfers by Subfranchisees. Master Franchisee shall ensure that any proposed transfer or assignment to a third party of all or part of a Subfranchisee's rights or obligations under its Subfranchisee Agreement, or any Controlling interest in the Subfranchisee, meets the transfer requirements contained in the Subfranchisee's Subfranchise Agreement and the prospective transferee or assignee meets all of Franchisor's then current minimum requirements for new subfranchisees. In addition, Master Franchisee shall remit to Franchisor one-half (1/2) of any transfer fee it receives from a Subfranchisee within thirty (30) days after its receipt of such transfer fee.
- 13.3 Breach. Any transfer or assignment of this Agreement or any Controlling interest in Master Franchisee to a third party without the prior written consent of Franchisor shall be null and void and will constitute a default under this Agreement.
- 13.4 Transfer by Franchisor. Franchisor may transfer, novate or assign all or part of its rights or obligations under this Agreement or any Controlling interest in Franchisor to a third party, without the prior consent of Master Franchisee, and any transfer or assignment will benefit Franchisor's successors and assigns. In the event of any such transfer, assignment or novation, in consideration of Franchisor procuring in favor of Master Franchisee an undertaking from the transferee, assignee or novatee to be bound by and perform Franchisor's obligations under this Agreement, Master

Franchisee shall in favor of such transferee, assignee or novatee agree in writing to be bound by the terms of this Agreement and shall waive any residual rights which Master Franchisee may have to require personal performance of the obligations herein by Franchisor. If required to do so by Franchisor or the transferee, novate or assignee, Master Franchisee shall re-execute this Agreement.

- 13.5 Post-Transfer Indemnity Master Franchisee shall indemnify and keep indemnified Franchisor and its Affiliates against any losses suffered or incurred by Franchisor and its Affiliates arising as a result of any breach by Master Franchisee of this Agreement or applicable law (including tort claims and claims based on competition law), provided that such breach has occurred on or after the Effective Date and prior to the date of termination or expiry of this Agreement.

ARTICLE 14. Force Majeure

- 14.1 Force Majeure Process. Save in respect of liability to pay any amount due under this Agreement or save as otherwise specified in this Agreement, no default, delay, or failure to perform on the part of either Party shall be considered a breach by such affected Party of this Agreement if such default, delay, or failure to perform is shown by such affected Party to be due entirely to a Force Majeure Event, provided that:
- 14.1.1 such affected Party shall promptly give written notice thereof to the other Party specifying the matters constituting a Force Majeure Event, together with such evidence as it reasonably can give and specifying the period for which it is estimated that such prevention or delay shall continue;
 - 14.1.2 such affected Party shall use all reasonable efforts to mitigate the effects of the Force Majeure Event of upon the performance of its obligations under this Agreement;
 - 14.1.3 such affected Party shall resume that obligation as soon as such Force Majeure Event ceases or abates; and
 - 14.1.4 the relief of liability under this Clause 14.1 shall commence from the date of such notice and only be for so long as such cause of prevention or delay shall continue.
- 14.2 Force Majeure Event. For the purposes of this Agreement, “**Force Majeure Event**” shall mean any event, cause or circumstance occurring without the fault of or beyond the reasonable control of the Party charged with such default, delay, or failure, including, without limitation, events, causes or circumstances such as strikes, lockouts and other labor disputes, riots, civil disturbances, actions or inactions of governmental authorities or suppliers, electrical power supply outage, a failure or breakdown in the services of internet service providers, epidemics, pandemics, war, embargoes, severe weather, fire, earthquake and other natural calamities or, acts of God or the public enemy.

ARTICLE 15. Limited Liability

- 15.1 Limitation on Warranties. Except as may be otherwise provided for herein, Franchisor makes no warranties, statutory, express or implied, regarding the Business, Gong Cha Stores, Outlet Premises, Supplies or the Products.
- 15.2 Indemnification by Master Franchisee. Master Franchisee hereby agrees to indemnify and hold harmless Franchisor and its Affiliates, and each of their respective directors, officers, employees, shareholders, agents, successors and assigns from any liability or damage any of them may incur, including reasonable attorney fees, as a result of claims, demands, costs, or judgment of any kind or nature, by anyone whomsoever arising out of or otherwise connected with Master Franchisee's or a Subfranchisee(s)' breach of, or negligent performance or actions with respect to, this Agreement, any Subfranchise Agreements, Trademarks, IP Rights, Confidential Information, maintenance or operation of Gong Cha Stores, or any act or omission by Master Franchisee or its Subfranchisee(s), officers, directors, shareholders or agent, except to the extent any such liability or damage arises from the gross negligence or willful misconduct by Franchisor. Master Franchisee's obligations to indemnify and the rights of Franchisor, its directors, officers, employees, shareholders and agents, to indemnification under this Clause 15.2 shall survive termination or expiration of this Agreement.

ARTICLE 16. Notices

- 16.1 Method of Delivery. Any notice or other information required or authorized by this Agreement given by either Party to the other shall be written and sent by prepaid post or email to the other Party at such Party's respective address referred to in this Agreement or another address as provided in a written notice.
- 16.2 Receipt. Any notice shall be deemed as received:
- 16.2.1 By pre-paid post: the date shown on the return receipt.
- 16.2.2 By email: the time of transmission provided however that emails shall be deemed an acceptable mode of written communication except to provide notice of any breach of this Agreement or potential termination thereof.

ARTICLE 17. Dispute Resolution and Governing Law

- 17.1 Claims, Initial Face-to-Face Meeting. Except as provided in Clause 17.6, at Franchisor's option, all claims, disputes, suits, actions, controversies, or proceedings of any type whatsoever between Master Franchisee or its Affiliates, or any of their respective owners, and Franchisor or its Affiliates, or any of their respective owners, arising out of, or in any way relating to, this Agreement or any other agreement by and between Master Franchisee or its Affiliates and Franchisor or its Affiliates, or any of the Parties' respective rights and obligations arising from such agreement (each a "**Claim**" and collectively, "**Claims**") must, prior to the filing of any legal action or arbitration proceeding, first be discussed in a face-to-face meeting held at

the principal place of business of Franchisor or one of its Affiliates, or such other place specified by Franchisor after consulting Master Franchisee within thirty (30) days after Franchisor gives to or receives from Master Franchisee written notice proposing such a meeting.

- 17.2 Arbitration and Venue. Except as provided in Clause 17.6, if the Parties have not otherwise resolved any Claim through the face-to-face meeting as described in Clause 17.1, any unresolved Claim, including the enforceability of this agreement to arbitrate and any question regarding the existence, validity, termination or expiration of this Agreement, shall be referred to and finally resolved by arbitration administered by the International Centre for Dispute Resolution (“**ICDR**”) under the then-current International Dispute Resolution Procedures of the ICDR (or any similar successor rules), which rules are deemed to be incorporated by reference in this Clause 17.2. For purposes of this Clause 17, the terms “Party” and “Parties” shall include Franchisor and its Affiliates, each of their respective owners, as applicable, and Master Franchisee and its Affiliates, and each of their respective owners, as applicable. Within fifteen (15) days of the submission of a demand for arbitration in accordance with this Clause 17.2, the Parties shall select one (1) arbitrator, unless one of the parties requests three (3) in a written notice to the other Party. In the event that neither Party requests three (3) arbitrators and the Parties are unable to agree upon a single arbitrator within the fifteen (15)-day period, the ICDR shall select the arbitrator pursuant to its rules. If one of the Parties requests three (3) arbitrators within the fifteen (15)-day period, there shall be three (3) arbitrators – one (1) selected by the Party that submitted the demand for arbitration, one (1) selected by the other Party, and one (1) (the third), who shall act as chairperson, selected by the ICDR pursuant to its rules, all three (3) of which to be selected within forty five (45) days of the submission of the demand for arbitration. If either or both of the Parties fail to select an arbitrator during the forty five (45)-day time period, the ICDR shall make the selection(s) pursuant to its rules. If replacement of an arbitrator becomes necessary, replacement shall be done by the same method(s) as above. The language of the arbitration will be English. The seat, or legal place, of arbitration shall be Boston, Massachusetts, United States. The decision of the arbitral tribunal will be final and binding upon the Parties, and such decision will be enforceable through any courts having jurisdiction. The arbitral tribunal will have no authority to amend or modify the terms of this Agreement. The arbitral tribunal will have the right to award or include in their award any other relief they deem proper in the circumstances, including money damages (with interest on unpaid amounts from the date due) and specific performance in accordance with this Agreement. The non-prevailing party shall pay the prevailing party’s reasonable legal fees and costs. However, the arbitral tribunal may not award punitive, consequential, indirect, exemplary or special damages. The costs and expenses of arbitration will be allocated and paid by the Parties as determined by the arbitral tribunal. The arbitral tribunal will have the authority to make such orders granting interim or provisional relief during the pendency of the arbitration as it deems just and equitable. Any such order will be without prejudice to the final determination of the Claim. The International Bar Association *Rules on the Taking of Evidence in International Arbitration* shall be applied, although either Party may request additional discovery, including the taking

of depositions, which is deemed reasonable under the circumstances. Either Party may nevertheless apply at any time for injunctive or other interlocutory or emergency relief from any court of competent jurisdiction. In addition, either Party shall be entitled to seek urgent injunctive relief from the emergency arbitrator of the ICDR, without going through the process of settlement of disputes described in this Clause 17, for any actual or threatened material breach or violation of this Agreement, in case of emergency.

- 17.3 Governing Law. Franchisor and Master Franchisee and its Affiliates agree that, except to the extent governed by the United States Federal Arbitration Act (9 U.S.C. § 1, et seq.) or other United States federal law, this Agreement shall be governed by and construed according to the internal laws of the State of Massachusetts, United States, exclusive of the choice of law and conflict of law rules of that state. Master Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state(s) where the Authorized Territory is located.
- 17.4 No Consolidation of Claims. Claims brought by either Party against the other, whether in arbitration or otherwise, may be only those arising out of or relating to this Agreement, and those claims may not be joined with those of any other party (except the Parties' Affiliates and owners) or heard on a class action, multiple plaintiff, representative, or consolidated basis. The Parties agree that the binding effect of any decision shall be limited to the actual dispute or claim submitted to arbitration. The arbitrator(s) must apply applicable law. No arbitration decision shall have any collateral effect with respect to any other dispute or claim.
- 17.5 Limitation on Claims. All Claims brought by either Party against the other, whether in arbitration, litigation or any other proceeding, must be commenced within one (1) year from the occurrence of the facts giving rise to such claim; otherwise such claim shall be barred. The Parties recognize that this time limit may be shorter than that otherwise allowed by law. Nothing in this Clause 17.5 shall limit or exclude any liability of either Party that cannot be excluded or limited by law.
- 17.6 Injunctive Relief. Master Franchisee recognizes that its Business, and the Gong Cha Stores established and operated by its Subfranchisees, are a part of a larger system of businesses identified by Trademarks and selling to the public similar products and services, and the failure on the part of a single master franchisee or subfranchisee of a master franchisee to comply with the terms of its respective master franchise agreement or subfranchise agreement could cause irreparable damage to Franchisor and/or to some or all of its other master franchisees and their subfranchisees. Therefore, notwithstanding anything to the contrary contained in this Clause 17, Franchisor shall have the right to: (i) in a proper case, including Master Franchisee's breach or threatened breach of any of the terms of this Agreement, including those relating to Franchisor's Trademarks, Confidential Information and IP Rights, obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from any court, wherever located, having competent jurisdiction; (ii)

enforce judgments obtained in the United States, and/or the courts in the jurisdiction where Master Franchisee is domiciled and/or the Authorized Territory is located; and (iii) seek to enforce the provisions of this Agreement which relate to restrictions on Master Franchisee's (and its owners') competitive activities in the courts of the jurisdiction where Master Franchisee is domiciled, the Authorized Territory is located and/or the competitive activities are occurring. Master Franchisee consents to the jurisdiction of the courts described in the preceding sentence. Master Franchisee agrees that Franchisor may be granted temporary or preliminary injunctive relief without showing or proving any actual damage or obtaining a bond, but upon due notice, and Master Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon a hearing regarding the same (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived). The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that Franchisor might otherwise have by virtue of Master Franchisee's breach of this Agreement.

- 17.7 Attorneys' Fees. The nonprevailing Party will pay all costs, expenses, and interest, including reasonable attorneys' fees, the prevailing Party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.
- 17.8 Waiver to Right of Jury Trial. ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT. THIS WAIVER IS DONE VOLUNTARILY AND KNOWINGLY, AND WITH THE OPPORTUNITY TO REVIEW THIS PROVISION WITH AN ATTORNEY.
- 17.9 Waiver of Punitive, Consequential, Indirect, Exemplary and Special Damages. FRANCHISOR AND ITS AFFILIATES, AND MASTER FRANCHISEE AND ITS PRINCIPAL OWNERS AND AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE, CONSEQUENTIAL, INDIRECT, EXEMPLARY OR SPECIAL DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF DIRECT DAMAGES SUSTAINED. NOTHING IN THIS CLAUSE 17.9 SHALL LIMIT OR EXCLUDE ANY LIABILITY OF EITHER PARTY THAT (I) CANNOT BE EXCLUDED OR LIMITED BY LAW OR (II) ARISES UNDER AN EXPRESS INDEMNITY PROVIDED IN THIS AGREEMENT.

17.10 Rights of Parties Are Cumulative. The rights of Franchisor and Master Franchisee under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a Party of any other right or remedy under this Agreement which it is entitled by law or this Agreement to exercise or enforce.

ARTICLE 18. Data Protection

18.1 Mutual Protection of Private Data. The Parties must mutually protect all Personal Data that may come into their possession during the Term in accordance with the provisions and principles of the Data Protection Laws and in particular Master Franchisee must ensure compliance with Franchisor's security arrangements and ensure the reliability of its staff who have access to any Personal Data held by Franchisor.

18.2 Compliance. Each party undertakes to comply with its own data protection obligations, including under Data Protection Laws.

18.3 Definitions. For the purpose of this Clause 18, the following terms shall have the meanings set out below and cognate terms shall be construed accordingly:

- (a) **"Agreed Purposes"** means any operation of the Business in compliance with the conditions of Article 5(1)(b) GDPR;
- (b) **"Customer Data"** means Personal Data pertaining to customers of the Business;
- (c) **"Data Protection Laws"** means applicable legislation protecting the personal data of natural persons, including in particular the UK Data Protection Act 2018, UK GDPR, the Privacy and Electronic Communications (EC Directive) Regulations 2003, national laws implementing the Directive on Privacy and Electronic Communications (2002/58/EC) and/or any applicable local law in the Territory and the GDPR, together with binding guidance and codes of practice issued from time to time by relevant supervisory authorities;
- (d) **"Discloser"** means a party that discloses Personal Data to the other party in the performance of its rights or obligations under this Agreement;
- (e) **"EEA"** means the European Economic Area;
- (f) **"GDPR"** means EU General Data Protection Regulation n°2016/679;
- (g) **"Information Security and Data Privacy Policy"** means the policy set out in Appendix IX, as amended, varied and/or updated by Franchisor from time to time;
- (h) **"Personal Data"**, **"Process/Processing"**, **"Controller"**, **"Processor"** **"Data Subject"** and **"Special Categories of Personal Data"** shall have the same meaning as each (or the nearest equivalent) is given under the GDPR;

- (i) “**Privacy Policy**” means the privacy policy of Master Franchisee as updated from time to time and published on its website;
- (j) “**Recipient**” means a party who received Personal Data from the other party in the performance of that party’s rights or obligations under the Agreement;
- (k) “**Subprocessor**” means any third-party sub-contractor or service provider that processes Personal Data on behalf of the Processor and pursuant to an agreement requiring the third party to comply with the instructions of the Processor (acting on its own behalf or on behalf of the other party);
- (l) “**Restricted Transfer**” means a transfer of Personal Data to a country, a territory or specified sector within a country from Discloser to Recipient that is (but for the operation of this Agreement): (i) not recognized as providing an adequate level of protection for Personal Data under Data Protection Laws (as applicable to the Personal Data transfer); or (ii) is not subject to any safeguards or derogations that would permit the transfer of the Personal Data to the country, territory or sector in accordance with Data Protection Laws (as applicable to the Personal Data transfer);
- (m) “**Staff Data**” means Personal Data pertaining to each of the parties’ and their Affiliates’ owners, guarantors, offices, directors, members, managers, partners, employees, agents, contractors and any other staff;
- (n) “**Standard Contractual Clauses**” means (a) the standard contractual clauses for the transfer of Personal Data to Controllers established in third countries which do not ensure an adequate level of protection as set out in Commission Implementing Decision (EU) 2021/914 and GDPR, as updated, amended, replaced or superseded from time to time by the European Commission; or (b) where required from time to time by a Supervisory Authority for use with respect to any specific Restricted Transfer, any other set of contractual clauses or other similar mechanism approved by such Supervisory Authority or by Data Protection Laws for use in respect of such Restricted Transfer, as updated, amended, replaced or superseded from time to time by such Supervisory Authority or Data Protection Laws; and
- (o) “**Supervisory Authority**” means (a) an independent public authority which is established by an EU member state pursuant to Article 51 GDPR; and (b) any similar regulatory authority responsible for the enforcement of Data Protection Laws.

18.4 General Requirements.

- (a) Any Restricted Transfer of Personal Data under this Agreement shall only be permissible where the relevant Standard Contractual Clauses have been executed.
- (b) The Parties acknowledge and agree that, subject to Clause 18.4(c), the applicable Standard Contractual Clauses are incorporated into this Agreement, without further need for reference, incorporation or attachment, and that by executing this Agreement the parties are deemed to have executed the applicable Standard Contractual Clauses as applicable to the relevant Restricted Transfer.

- (c) If any of the applicable Standard Contractual Clauses are invalidated or replaced in any manner that relates to a Restricted Transfer subject to this Agreement, the Parties will cooperate in good faith to promptly implement an alternative data transfer mechanism to the extent required by Data Protection Laws.
- (d) All notification obligations covered by this Clause 18 must include notification in writing to the relevant respective contact person for each party, as notified by each party to the other in writing.
- (e) Where acting as a Discloser, each party shall:
 - i. only disclose the Personal Data for the Agreed Purposes, provided that such disclosure is lawful under the Data Protection Laws;
 - ii. if considered a Controller, ensure that it has (a) procured for a notice to be made available to the relevant Data Subject(s) informing them that their Personal Data will be disclosed to the Recipient or to a category of third party describing the Recipient, and such Data Subject(s) has provided its prior consent to such disclosure or the Discloser established (to the satisfaction of the Recipient) an alternative lawful basis for the disclosure;
 - iii. ensure that it has obtained any necessary consents or authorizations required to permit the Recipient to freely process the Personal Data for the Agreed Purposes;
 - iv. only disclose any Special Categories of Personal Data to the Recipient where necessary for the Agreed Purposes and then only having obtained the explicit prior consent of the relevant Data Subjects, or established (to the satisfaction of the Recipient) an alternative lawful basis and Article 9 GDPR processing condition for the disclosure; and
 - v. be responsible for the security of any Personal Data whilst in transmission from the Discloser to the Recipient.
- (f) Where acting as a Recipient, each party shall:
 - i. not Process Personal Data in a way that is incompatible with the Agreed Purposes (other than to comply with a requirement of applicable law to which the Recipient is subject);
 - ii. not Process Personal Data for longer than is necessary to carry out the Agreed Purposes (other than to comply with a requirement of applicable law to which the Recipient is subject); and
 - iii. taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of Processing, as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons, have in place appropriate technical and organizational security measures to protect the

Personal Data against unauthorized or unlawful Processing, or accidental loss or destruction or damage.

18.5 Controller-Controller Relationship.

- (a) If and to the extent that the parties act as independent Controllers for the purposes of the Data Protection Laws in relation to the Personal Data (and not as joint Controllers), each party will each act as a separate Controller in relation to the Personal Data which it Processes, as each party independently determines the purposes and means of the Processing.
- (b) The parties will cooperate in good faith to populate Appendix X (Details of the Controller to Controller Processing) that sets out in further detail the Processing of Personal Data as separate Controllers prior to completion of any transfer of Personal Data between the Parties.
- (c) To the extent that the Processing under this Clause 18.5 involves a Restricted Transfer, the parties will cooperate in good faith to populate Appendix XI (Controller to Controller Processing – Details required for EU Standard Contractual Clauses) prior to completion of any such Restricted Transfer. The relevant information required for the purposes of the Standard Contractual Clauses is provided in this Agreement at:
 - i. Appendix X (Details of the Controller to Controller Processing); and
 - ii. Appendix XI (Controller to Controller Processing – Details required for EU Standard Contractual Clauses).
- (d) The parties shall each comply with their respective obligations under the Data Protection Laws in respect of their processing of Personal Data, including promptly dealing with requests from Data Subjects to exercise their rights in accordance with Data Protection Laws including, but not limited to, promptly notifying the other party regarding a rectification, erasure or restriction of Processing request from a Data Subject.
- (e) Franchisor and Master Franchisee will each be independently responsible for their respective processing of Staff Data. Master Franchisee will provide any co-operation and assistance to Franchisor at Franchisor's cost to permit Franchisor to process Staff Data for the Agreed Purposes (including to ensure Master Franchisee's compliance with its obligations under this Agreement) in accordance with applicable Data Protection Laws, specifically by taking into account the principle of data minimization pursuant to Article 5(1)(c) GDPR. Such co-operation and assistance shall include, without limitation, providing any notice to Data Subjects or obtaining any consent from Data Subjects (if applicable) as Franchisor reasonably requires or requests.
- (f) Master Franchisee shall, upon request from Franchisor, at any time and for any reason in connection with either party's obligations under this Agreement or Applicable

Law, provide to Franchisor any and all Customer Data (or copies thereof) requested by Franchisor provided such provisions can lawfully take place under the Data Protection Law, and the principle of data minimization pursuant to Article 5(1)(c) GDPR is complied with. In the event that Master Franchisee is prohibited from disclosing such Customer Data to Franchisor by the applicable Data Protection Laws, Master Franchisee shall, at Franchisor's cost, provide all reasonable assistance and take all reasonable steps to permit the disclosure (including providing notice to affected Data Subjects or (if applicable) obtaining their consent in accordance with Franchisor's documented, lawful instructions).

- (g) With respect to its processing of Personal Data, Master Franchisee agrees that:
- i. it will comply with all Data Protection Laws, regulations, and regulatory guidance applicable to the processing of Personal Data and any reasonable policies, procedures or guidelines notified to Master Franchisee by Franchisor from time to time, including all relevant sections of the Manual, provided the content thereof aligns with the applicable Data Protection Laws;
 - ii. it will not knowingly process Personal Data in such a manner as to cause Franchisor to breach any of its obligations under the applicable Data Protection Laws;
 - iii. any advice, guidance, information (written or otherwise) or documents in respect of applicable Data Protection Laws provided by Franchisor to Master Franchisee shall not prevent Master Franchisee from providing greater protection for Personal Data and, except in the case of negligence or willful default or breach of law, no warranty, representation or guarantee, whether express or implied, is given that such guidance, information or documentation is correct, complete or accurate;
 - iv. except in the case of its negligence, willful default or breach of law, Franchisor shall not be liable to Master Franchisee in respect of any such advice, guidance, information or documentation or for any failure of Master Franchisee to comply with its obligations pursuant to the applicable Data Protection Laws; and
 - v. Master Franchisee will notify Franchisor if, in its opinion, complying with Franchisor's guidance, information or documentation will cause Master Franchisee and/or Franchisor to breach any Data Protection Laws.

18.6 Controller-Processor Relationship.

- (a) For the purposes of this Clause 18.6, the term "Processor" shall mean the party that Processes Personal Data on behalf of the other party where so designated, including by the Manual. To the extent that either party processes Personal Data as a Processor for the purposes of the Data Protection Laws, that party will comply with the obligations applicable to it under Data Protection Laws, including any obligations required to be incorporated into agreements or other binding instruments by virtue of

Franchisor's designation as a Processor pursuant to the applicable Data Protection Laws.

- (b) Where Franchisor is a Processor, Franchisor will enter into agreements with Subprocessors which meet the requirements of the applicable Data Protection Laws and ensure that such agreements permit Master Franchisee to exercise any rights against such Subprocessors as are required to permit Master Franchisee to comply with applicable Data Protection Laws.
- (c) Subject to Clause 18.6(b), if Master Franchisee's documented authorization is required, Master Franchisee hereby provides general authorization for the appointment of Subprocessors as notified to it by Franchisor.
- (d) Master Franchisee may object to the appointment of a Subprocessor referred to in Clause 18.6(c) only if it can reasonably demonstrate that the appointment of the Subprocessor will cause Master Franchisee to be in breach of applicable Data Protection Laws, in which case Franchisor and Master Franchisee will agree to a reasonable solution.
- (e) Master Franchisee agrees and confirms that, when acting as Processor for Franchisor in relation to Customer Data, Master Franchisee shall:
 - i. only process Customer Data on the documented and reasonable instructions of Franchisor unless required to process that Customer Data for other purposes by applicable law. Where such a requirement is placed on Master Franchisee, it shall provide prior notice to Franchisor unless the relevant applicable law prohibits the giving of notice on important grounds of public interest;
 - ii. limit access to Customer Data to those employees or other personnel who have a business need to have access to such Customer Data. Further, Master Franchisee shall ensure that such employees or other personnel have agreed in writing to protect the confidentiality and security of such Customer Data in accordance with the provisions of this Agreement or are under a statutory or other obligation of confidentiality;
 - iii. inform Franchisor if, in the opinion of Master Franchisee, Franchisor's instructions would be in breach of Data Protection Laws;
 - iv. ensure that, where required by Data Protection Laws, it obtains prior written approval from Franchisor prior to appointing any Subprocessor to Process Customer Data and has a written contract with any Subprocessors it engages to process Customer Data. That contract must impose obligations on the Subprocessor equivalent to those set out in this Clause 18 as applicable, and Master Franchisee shall ensure the Subprocessor complies with those obligations and the Subprocessor does not carry out a Restricted Transfer (as a data exporter) unless an appropriate data transfer mechanism such as the Standard Contractual Clauses is in place;

- v. in the event of a Personal Data Breach concerning Customer Data Processed by Master Franchisee, Master Franchisee shall take appropriate measures to address the Personal Data Breach, including measures to mitigate its possible adverse effects, and if the Personal Data Breach is likely to result in significant adverse effects and reputational damage for Franchisor, Master Franchisee shall without undue delay, and in no event later than two Business Days after discovery of the Personal Data Breach, notify Franchisor. If Master Franchisee determines it is necessary to notify the Personal Data Breach to any relevant Supervisory Authority or Data Subject(s), Master Franchisee will notify Franchisor in writing in advance and coordinate with Master Franchisee before submitting any notification to the relevant Supervisory Authority or Data Subject(s). Master Franchisee shall document all relevant facts relating to the Personal Data Breach including its effects and any remedial action taken;
 - vi. promptly, and by no later than two (2) Business Days, notify Franchisor if Master Franchisee receives a request from a Data Subject attempting to exercise his/her rights under Data Protection Laws. Master Franchisee shall act promptly, and any event within twenty (20) calendar days, in accordance with Franchisor's reasonable instructions when dealing with that request in order to fulfil Franchisor's obligation to respond to requests from Data Subjects exercising their rights under Data Protection Laws;
 - vii. permit Franchisor to audit (by itself or using independent third-party auditors) Master Franchisees' compliance with this Agreement (including the technical and organizational measures as set out in Appendix IX (Information Security and Data Protection Policy)) and comply with the reasonable requests with reasonable notice of Franchisor to audit its Subprocessors' compliance with the written contracts Master Franchisee has entered into with the Subprocessors. Master Franchisee shall make available to Franchisor on request all information necessary to demonstrate compliance with this Agreement, as well as the audit reports regarding the Subprocessors' compliance of the written subprocessing contracts;
 - viii. promptly, and in any event within ninety (90) days of the date of termination of this Agreement or its expiry (or within such shorter timeframe as may be required by this Agreement): (i) return a complete copy of all Customer Data by secure file transfer in such a format as notified by Franchisor, at Franchisor's Cost, to Master Franchisee; and (ii) where instructed by Franchisor, delete and procure the deletion of all other copies of Customer Data Processed by Master Franchisee or any Subprocessors; and (ix) provide reasonable assistance at Franchisor's cost, to Franchisor to conduct a privacy impact assessment (and any related consultations) where required under Data Protection Laws.
- (f) Master Franchisee shall, in its capacity as Processor, promptly inform Franchisor of any Personal Data transfers of Master Franchisee outside the EEA.

- (g) Where Processing is to be carried out on behalf of one of the parties, the other party must provide reasonably sufficient guarantees to implement technical and organizational measures to meet data protection requirements.
- (h) Where required, the parties will cooperate in good faith to enter into a data processing agreement containing obligations equivalent to those set out in this Clause 18.6, prior to completion of any transfer of Personal Data, that is binding on the party acting as a Processor that sets out the Processing of Personal Data and all required information and obligations by applicable Data Protection Laws. In so far the data processing agreement applies to the Processing of Customer Data by Master Franchisee in its capacity of a Processor, the conflicting provisions in that agreement will not have precedence over the provisions in Clause 18.6(e) of this Agreement.
- (i) The Processor shall indemnify and hold harmless the Controller against all claims and proceedings and all losses reasonably incurred by the Controller (and/or any of its Affiliates) as a result of or in connection with any successful claim made or brought by a Data Subject or other person in respect of any loss caused to it as a result of or in connection with any breach of the Data Protection Laws by the Processor, its employees or agents.

18.7 Information Security and Data Privacy Policy.

Master Franchisee shall at all times comply, and request that its Affiliates and the Subfranchisees comply, with the Information Security and Data Privacy Policy. For this purpose, all references within the Information Security and Data Privacy Policy to “Franchisee” shall be deemed to be references to Master Franchisee or the Subfranchisees, as appropriate, and references to “Franchisor” shall be deemed to be references to Franchisor.

18.8 Further Co-operation and Assistance.

- (a) Each party shall co-operate with the other, to the extent reasonably requested, in relation to:
 - i. any requests from Data Subjects exercising their rights under Data Protection Laws;
 - ii. any other communication from a Data Subject concerning the Processing of their Personal Data; and
 - iii. any communication from a Supervisory Authority concerning the Processing of Personal Data, or compliance with the Data Protection Laws.
- (b) Master Franchisee shall be responsible for implementing and complying with its Privacy Policy and ensuring its compliance with the Data Protection Laws.
- (c) In connection with the Privacy Policy, Master Franchisee, shall, within one year of the Effective Date, amend the Privacy Policy to include Franchisor and its Affiliates

as persons with whom Master Franchisee, in its capacity as a Controller, may share Customer Data to the extent lawfully permitted under the Data Protection Laws. The parties agree that they may share Customer Data based on legitimate interests as defined under applicable Data Protection Laws and shall co-operate and take all necessary actions to that end.

ARTICLE 19. Miscellaneous

- 19.1 Interpretation. In this Agreement: (i) whenever the words “include”, “includes” or “including” are used in this Agreement, they will be deemed to be followed by the words “without limitation”; (ii) the appendices to this Agreement will be incorporated into and deemed part of this Agreement and all references to this Agreement will include the appendices to this Agreement; (iii) references to a Clause Recital or Appendix will be to such Clause recital or appendix of this Agreement, unless otherwise expressly provided; (iv) words importing the singular will also include the plural and vice versa where the content requires; (v) the headings in this Agreement are for convenience of reference only and will not be deemed to be part of this Agreement or be taken into consideration in the interpretation or construction of this Agreement; (vi) unless otherwise provided, any reference to any statute or legislation will be deemed a reference to such statute or legislation as amended from time to time or to a newly adopted statute or legislation replacing a repealed statute or legislation and be deemed to include any subsidiary legislation made thereunder; (vii) all references to a number of days mean calendar days, unless expressly indicated otherwise and all references to a number of months means calendar months, unless expressly indicated otherwise; and (viii) except as otherwise expressly set forth in the body of this Agreement, in any appendices or in the Manuals, in the event of a conflict or inconsistency between the provision in the body of this Agreement and the provisions in the appendices or the Manuals, the provisions in the body of this Agreement will prevail.
- 19.2 Integration. This Agreement and all appendices attached hereto constitute the entire agreement between the Parties with respect to its subject matter and supersede any prior understanding or communication. This Agreement may be amended or modified only in writing and specifically refers to this Agreement and is signed by authorized representatives of all Parties. Any amendments or modifications to the Manuals or any other document referred to in this Agreement for which an express right to amend or modify or a procedure for the implementation of the same has been specifically provided under any other provision of this Agreement, will not be subject to the aforementioned provision. Without prejudice to the generality of Clause 19.2, the Parties’ rights to vary, amend this Agreement in the manner aforesaid may be exercised without the consent of any person or entity who is not a party to this Agreement. Nothing in this Agreement or any agreements signed in connection with it is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Master Franchisee.
- 19.3 Relationship of the Parties.

- 19.3.1 Master Franchisee is an independent contractor and is not, and shall not hold itself out as, a partner, joint-venturer, agent, employee, or legal representative of Franchisor, and is not otherwise authorized to act for or on behalf of Franchisor as a result of this Agreement or any other agreement and cannot act for nor legally bind Franchisor. Master Franchisee is not authorized to make any agreement, warranty, covenant, or other representation or to create any obligation, express or implied, on behalf of Franchisor, nor shall Master Franchisee represent that it has any right or power to do so. Master Franchisee should file its business registration certificate and reveal the structure of its shareholders or other owners, as well as other businesses that Master Franchisee and its shareholders or other owners are involved in or operate to prevent competition with the Gong cha brand.
- 19.3.2 This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Master Franchisee is solely responsible for the management and control of the Franchising Business under this Agreement, including its daily operations, hiring, managing and directing employees, agents and independent contractors, and paying all costs and expenses relating to the Franchising Business. None of the employees, agents or independent contractors of Master Franchisee of its Affiliates or Subfranchisees that are not its Affiliate shall be deemed to be Franchisor's employee, agent or independent contractor, and each employee, agent and independent contractor shall be so notified by Master Franchisee and its Subfranchisees, as applicable. All personnel decisions relating to the Franchising Business and the Gong Cha Stores will be made by Master Franchisee and its Subfranchisees, without any influence or advice from Franchisor, and the decisions and actions of Master Franchisee and its Subfranchisees are not a decision or action of Franchisor's. Further, the Parties acknowledges and agree that the Subfranchisees of Master Franchisee are not the subfranchisees or franchisees of Franchisor.
- 19.4 No Waiver. The failure or delay of any Party to require performance by the other Party of any provision of this Agreement shall not affect its right to require performance of such provision nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.
- 19.5 Taxes. Master Franchisee shall have sole responsibility to collect and promptly pay when due all taxes, including withholding and other applicable payroll taxes, worker's compensation, contributions, unemployment insurance premiums, and all similar taxes, fees, and charges.
- 19.6 Severability. If any one or more of the provisions contained in this Agreement or any document executed in connection herewith is held to be invalid, illegal or unenforceable in any respect under any applicable law, such provision shall be fully severable and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

- 19.7 Each Party Responsible for Own Costs and Expenses. Except as otherwise expressly provided in this Agreement, each Party shall be responsible for and bear its own taxes, fees, costs and expenses imposed, levied, assessed or incurred on or by the Party for or in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby.
- 19.8 Rights of Third Parties. A person or entity who is not a party to this Agreement will have no right to enforce any term of this Agreement, regardless of whether such person or entity has been identified by name, as a member of a class or as answering a particular description. For the avoidance of doubt, nothing in this Clause 19.8 will affect the rights of any permitted assignee or transferee of this Agreement.
- 19.9 Other Master Franchises and Variations among Agreements. Master Franchisee acknowledges that Franchisor and its Affiliates have or will enter into other Gong Cha master franchise agreements at different times and in different situations, and further acknowledge that the provisions of such master franchise agreements may vary substantially from those contained in this Agreement. In addition, Franchisor and its Affiliates reserve the right to vary standards for any other master franchisees based on a particular area, circumstance, business practice or other condition that they deem important to the other master franchisee's successful operation. Master Franchisee has no rights based on these variations from standard practices and will not be entitled to require Franchisor or its Affiliates to grant Master Franchisee a similar variation under this Agreement.
- 19.10 Pricing Policies. Franchisor may periodically make suggestions to Master Franchisee with regard to its pricing policies. Master Franchisee may decide whether or not to follow these suggestions. Franchisor also has the right to establish maximum prices to be charged by Master Franchisee for the Supplies and other products and services Master Franchisee sells to Subfranchisees, and to establish maximum prices to be charged by Subfranchisees for the sale of Products and other products and services at the Gong Cha Stores, but any exercise of that right will be specifically set forth in writing. Master Franchisee must honor, and ensure that Subfranchisees honor, all maximum prices Franchisor establishes in accordance with this Clause 19.10.
- 19.11 Notice of Potential Profit. Franchisor advises Master Franchisee that Franchisor and/or its Affiliates make available to Master Franchisee the Supplies, and may make available to Master Franchisee and Subfranchisees other products and services for use in Gong Cha Stores on the sale of which Franchisor and/or its Affiliates may make a profit. Franchisor further advises Master Franchisee that Franchisor and its Affiliates periodically may receive consideration from suppliers and manufacturers, including Designated Suppliers, respecting sales of products or services to Master Franchisee or Subfranchisees or in consideration for services provided or rights licensed to such parties. Master Franchisee agrees that Franchisor and its Affiliates will be entitled to such profits and consideration.

- 19.12 Competition Law and Future Changes. In the event that Franchisor decides that amendments to this Agreement or the arrangements between the parties are necessary to conform with or otherwise take account of applicable competition law in the UK and/or Authorized Territory, or future changes thereto, Master Franchisee hereby agrees to enter into a Supplemental Agreement in a form prescribed by Franchisor to adopt such amendments, forthwith on demand.
- 19.13 Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which will be deemed to be an original and all of which together will constitute the same Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

GONG CHA USA FRANCHISING, LLC

By: _____

Name: _____

Title: _____

(as Franchisor)

[MASTER FRANCHISEE]

By: _____

Name: _____

Title: _____

(as Master Franchisee)

Appendix I

AUTHORIZED TERRITORY



Appendix II

DEVELOPMENT SCHEDULE

Date	Cumulative No. of Gong Cha Stores
1st Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
2nd Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
3rd Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
4th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
5th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
6th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
7th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
8th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
9th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores
10th Anniversary of Effective Date	At least [] Gong Cha Stores currently in operation in the Authorized Territory, of which at least [two (2)] are Affiliate Owned Gong Cha Stores

1. Development Quotas. The annual Development Quotas described in the table above set out the minimum number of Gong Cha Stores Master Franchisee shall open in the Authorized Territory in each year of the Initial Term. Master Franchisee is permitted to open a greater number of Gong Cha Stores and/or open Gong Cha Stores at a faster rate than as specified in this Development Schedule (such that as long as Master Franchisee has at least the relevant number of Gong Cha Stores open as indicated in this Appendix II at the end of the relevant year Master Franchisee will be in compliance with the Development Schedule), provided such openings are in accordance with the other terms of this Agreement.
2. Store Licensing Fees. Master Franchisee shall pay to Franchisor the Store Licensing Fee in respect of each new Gong Cha Store on or before the opening date of the individual Gong Cha Store.
3. Definition of “Open”. For the purposes of this Development Schedule, a Gong Cha Store shall be considered “open” if it is trading and has daily cash sales of at least Five Hundred United States Dollars (USD \$500) (or equivalent) on an ongoing basis (e.g., open during normal business hours without anticipated business interruptions or intermittent closures).
4. Failure to meet Development Quotas. If Master Franchisee fails to meet any of the annual Development Quotas as set forth in this Appendix II for any year of the Initial Term and does not cure such failure within the period of sixty (60) days of the date on which the relevant store(s) should have opened, Franchisor shall have the right to (i) terminate Master Franchisee’s exclusivity within the Authorized Territory under this Agreement for the remainder of the Initial Term and any Renewal Term, and/or (ii) terminate Master Franchisee’s Development Rights under this Agreement for the remainder of the Initial Term and any Renewal Term, but allow Master Franchisee to retain its Operating Rights, as further set out in Clause 4.3.2.1.

Appendix III

DOMESTIC SUPPLIED MATERIALS APPLICATION FORM

- (1) **Without having our approval in advance, no local ingredients can be sold or used in the menu items.** We will give feedback in 7 working days after receiving your application to confirm if the application is accepted or not, or more data is required.
- (2) Your application along with the sample will be reviewed by our R&D department and QA department. It takes 30 working days for the whole procedure to gain our approval if the quality and SOP of the ingredients or products are tested safe and secure. However, it might take longer if there's anything in question at our sole and absolute discretion. **Thus, please file your application at least 3 months before proposed launching schedule.**
- (3) **Samples must be provided for testing and review. If not available, please specify reasons. Otherwise, the procedure will only be initiated upon receiving the sample of applied ingredients.**
- (4) All local sourcing ingredients are limited to temporarily use only unless there's any legal problem to import same ingredients from us. Once we provide similar substitute, the approval will be withdrawn at our sole and absolute discretion any time.
- (5) The form can be modified from time to time we deem necessary.
- (6) By submitting the application form, Master Franchisee agrees that Franchisor may share or modify the sop and recipe of applied products with other regions at its sole discretion.
- (7) **Products that contains Domestic Supplied Materials are subject to "Special Licensed Products".**

- Application Date:
- Area:
- Applied Reason:

Result:

- For new menu item
- For complementary product
- For substituting RTT ingredient
- Others _____

Item	
Brand	
Name and Address of Supplier/Manufacturer	
Ingredient Composition & Percentage	
Country of Origin	
Specification	
Ingredient Cost (tax-inclusive & tax-exclusive price)	
Shelf Life	
Preservation Method	
	<input type="checkbox"/> Sample sent, dated _____
Duration of Using	From __ (month) _____, __ (year)___ to __ (month)__, ____ (year)_____
Disclaimer	<p>By filing this application, you have expressly acknowledged that:</p> <ol style="list-style-type: none"> (1) Applicant has to take full responsibility of the safety, sanitation and quality of the item hereof. (2) If the item is claimed non-compliance with local regulations, this approval shall become void immediately and Applicant has to cease using and selling the products containing such item without objection. (3) All local sourcing ingredients are limited to temporarily use only unless there's any legal problem to import same ingredients from Franchisor. Once Franchisor provides similar substitute, the approval will be withdrawn at our sole and absolute discretion any time.

Remarks	
---------	--

Applicant's Signature _____

Appendix IV

SPECIAL LICENSED PRODUCTS APPLICATION FORM

Attention:

- (1) **You are required to submit sales report before 10th day of each month and update special licensed products lists stating all items sold, including discontinued-products at current, to us for reference, as well as for censoring sales data. Thus, equipped with POS system to link and integrate all stores sales is necessary.**
- (2) **Without having our approval in advance, no special licensed products can be sold or used in the menu items.** We will give feedback in 7 working days after receiving your application to confirm if the application is accepted or not, or more data is required.
- (3) Your application along with the sample will be reviewed by our R&D department and QA department. It takes 30 working days for the whole procedure to gain our approval if the quality and SOP of the ingredients or products are tested safe and secure. However, it might take longer if there's anything in question at our sole and absolute discretion. **Thus, please file your application at least 3 months before proposed launching schedule.**
- (4) **Samples must be provided for testing and review. If not available, please specify reasons. Otherwise, the procedure will only be initiated upon receiving the sample of applied ingredients.**
- (5) The form can be modified from time to time we deem necessary.
- (6) By submitting the application form, Master Franchisee agrees that Franchisor may share or modify the sop and recipe of applied products with other regions at its sole discretion.
- (7) **Products that contains Domestic Supplied Materials are subject to "Special Licensed Products".**

- Application Date:
- Area:
- Applied Reason:

Result:

- For new menu item (Gong Cha made drinks)
- Seasonal limit (Gong Cha made drinks)
- Complimentary product (deserts, pastry, bottles, tumblers... for sale)
- Ready-to-drink products

Others

Item/Name	
Brand	
Name and Address of Supplier/Manufacturer	
Ingredients Composition & Percentage	
SOP & Size	
Specification	
Selling Price (tax-inclusive & tax-exclusive price)	
Shelf Life	
Storage method	
	<input type="checkbox"/> Sample sent, dated _____
Required Equipment	
Duration of Selling	From __ (month)____, __ (year)__ to __ (month)__, __ (year)____
Outlet of Selling	
Pictures (taken from top, bottom, front, back, right and left)	

Disclaimer	<p>By filing this application, you have expressly acknowledged and agreed that:</p> <ul style="list-style-type: none"> - Applicant has to take full responsibility of the safety, sanitation and quality of the item hereof. - If the item is claimed non-compliance with local regulations, this approval shall become void immediately and Applicant has to cease using and selling the products without objection. - All local sourcing ingredients are limited to temporarily use only unless there's any legal problem to import same ingredients from Franchisor. Once Franchisor provides similar substitute, the approval will be withdrawn at our sole and absolute discretion any time. - Franchisor has right to use and share the SOP and product info to other areas, including but not limited to develop new menu items based on the SOP here provided for other areas, to make modification, to source and develop same items and designs and so on. The Clause of co-developed products in the Master Franchise Agreement shall be applicable for such applications.
Royalty Fee Rate	
Remarks	

Applicant's Signature _____

Appendix V

TRADEMARKS

Trademark	Registration Date	Registration Number
 The trademark consists of the English text "Gong cha" in a serif font, followed by the Chinese characters "貢茶" in a red, stylized font.	December 29, 2020	6231001
 The trademark features a red square logo containing the Chinese characters "貢茶" in white. Below the logo, the English text "Gong cha" is written in a serif font.	December 14, 2021	6585699

Appendix VI

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Master Franchise Agreement of even date herewith (“Agreement”) by GONG CHA USA FRANCHISING, LLC (“Franchisor”), each of the undersigned (a “Guarantor”) hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the Master Franchise Term of the Agreement (as defined in the Agreement) and thereafter as provided in the Agreement, that, _____ (“Master Franchisee”) shall timely pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; (2) shall be personally bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities; and (3) acknowledges that if Guarantor meets the definition of a “Principal Owner” under the Agreement, the Guarantor hereby makes all of the covenants, representations, warranties and agreements of the Principal Owners set forth in the Agreement.

Each Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right the Guarantor may have to require that an action be brought against Master Franchisee or any other person or entity, including, without limitation, any other Guarantor, as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which the Guarantor may be entitled.

Each Guarantor consents and agrees that: (1) Guarantor’s direct and immediate liability under this guarantee shall be joint and several; (2) Guarantor will make any payment or perform any obligation required under the Agreement upon demand if Master Franchisee fails or refuses timely to do so; (3) Guarantor’s liability hereunder shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Master Franchisee or any other person or entity, including, without limitation, any other Guarantor; (4) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Master Franchisee or any assignee or successor; (5) Guarantor’s liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Master Franchisee or to any other person or entity, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the Master Franchise Term of the Agreement and thereafter as provided in the Agreement; and (6) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses Franchisor incurs in enforcing this guarantee against Guarantor or any negotiations relative to the obligations hereby guaranteed.

IN WITNESS WHEREOF, each of the Guarantors has signed this Guaranty as of the date written below.

GUARANTORS:

Individually

Print Name
Date: _____

Address

City State Zip Code

Telephone
Percentage of Ownership Interest _____%

Individually

Print Name
Date: _____

Address

City State Zip Code

Telephone
Percentage of Ownership Interest _____%

Individually

Print Name
Date: _____

Address

City State Zip Code

Telephone
Percentage of Ownership Interest _____%

Individually

Print Name
Date: _____

Address

City State Zip Code

Telephone
Percentage of Ownership Interest _____%

Appendix VII

SELECTION CRITERIA

This schedule sets out a non-exhaustive list of characteristics, capabilities and criteria to which Master Franchisee must have regard in assessing the suitability of a prospective Subfranchisee or proposed transferee. Compliance and/or satisfaction with all the characteristics, capabilities and criteria in this schedule does not oblige Franchisor or Master Franchisee to approve the prospective Subfranchisee or proposed transferee but is a precondition to such approval. Franchisor may recommend amendments to the Selection Criteria from time to time by reasonable notice in writing to Master Franchisee.

In this schedule, “**Principal Operator**” means the principal operator appointed by a Subfranchisee or proposed transferee pursuant to a Franchise Agreement.

1. General Requirements

The prospective Subfranchisee or proposed transferee:

1.1 shall be able to meet the financial, operating and other technical standards to perform the obligations under the relevant Subfranchise Agreement;

1.2 shall be able to meet the requirements of the Subfranchise Agreement for a Gong Cha Store, including (if required) that it has procured the execution of a guarantee of Subfranchisee’s obligations and liabilities under the Subfranchise Agreement by such guarantors as Franchisor and/or Master Franchisee require;

1.3 its owners and proposed Principal Operator shall have undergone a clear and thorough background check (considering in particular liabilities, credit and reputational issues) using a reputable third-party agency and any other KYC-related checks which Franchisor may require from time to time.

2. Personal Attributes, Commitment

The prospective Subfranchisee or proposed transferee should demonstrate:

2.1 Gong cha values and a passion for the Brand and Business;

2.2 business, commercial, and financial acumen;

2.3 evidence of access to sufficient funds to execute the obligations under the Subfranchise Agreement;

2.4 an understanding of and willingness to undertake the administrative and legal requirements associated with operating a Gong Cha Store;

2.5 citizenship or permanent residency status (as applicable) of the Subfranchisee and/or its Principal Operator;

2.6 satisfactory character and/or trade references of the Subfranchisee owner and its proposed Principal Operator.

3. Demonstrated Intentions

The prospective Subfranchisee or proposed transferee should:

3.1 understand that it will be permitted to only grow to such number of Gong Cha Stores that Franchisor in its reasonable opinion concludes from time to time as being the optimum number of Gong Cha Stores;

3.2 demonstrate commitment to devote full-time attention to the Business (such term having the meaning given to it in the Subfranchise Agreements) on a daily basis;

3.3 demonstrate understanding, capacity, commitment and intention to comply with the terms of the Subfranchise Agreement and the Manual.

4. Non-favorable characteristics

Franchisor is unlikely to approve a prospective Subfranchisee or proposed transferee where any of the characteristics set out below is evident:

4.1 the prospective Subfranchisee or proposed transferee demonstrates an inability or unwillingness to or is otherwise unlikely to be able to comply with the Subfranchise Agreement and the Manual;

4.2 the prospective Subfranchisee or proposed transferee has a prior criminal record;

4.3 the prospective Subfranchisee or proposed transferee has a record of bankruptcy or insolvency; or

4.4 the proposed transferee intends to finance its purchase or fund its operations using vendor finance.

Appendix VIII

FORM OF PROFIT AND LOSS STATEMENT FOR A GONG CHA STORE

Outlet P&L Metrics	Comments
Net Sales	Required disclosure of split between i) Category (LTO, Standard etc.), ii) Sales Channel (Takeaway, Dine in, Delivery etc.) & iii) Asset type (Flagship, Standard format, Kiosk etc.)
Cost of Sales (COS)	Required disclosure of split as per detail set out above
Cost of Labor (COL)	Required disclosure of split between Crew and Management Team. Need to disclose TPLH (Transaction per Labor Hour) excluding corporate G&A Required disclosure of Corporate G&A (if included here)
Delivery	Required disclosure of Aggregator commission and service fee expense with split per Aggregator in terms of cost and number of orders
Rent	Required disclosure of split between Rent and other associated costs Clarification of cost structure (variable and/or fixed)
Depreciation	Required disclosure of depreciation periods per asset category Any other detail (if available) to be disclosed
Marketing	Required disclosure of split of Brand Marketing Fees and Regional Marketing Fees
Royalties	

Appendix IX

INFORMATION SECURITY AND DATA PROTECTION POLICY

1. Definitions

In this Appendix IX, the following terms have the meanings set out below:

“**Payment Card Data**” means credit and debit cardholder data;

“**Personal Information**” means any information that identifies, relates to, describes, or is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household, including, but not limited to, his or her name, social security number, physical characteristics, physical address, email address, telephone number, government issued ID number, unique identifier, financial information (e.g. credit card number) or medical information, or any other information that qualifies as “personal information” as such term (or the nearest equivalent) is defined in applicable country level Data Protection Laws and all Personal Data, and “Personal Information” shall be deemed to be Confidential Information for the purposes of this Agreement; and

“**Security Incident**” means the indication or reasonable belief that systems have been compromised, which may lead to (a) the actual or suspected unauthorized access, use, disclosure, modification, storage, destruction or loss of business and/or personal information in the possession, custody or control of the Franchisee or its suppliers; or (b) compromise any of the physical, technical, administrative or organizational safeguards put in place by Master Franchisee or a Subfranchisee that relate to the protection of the security, confidentiality or integrity of Personal Information or other data relevant to Business operations.

2. Policy Purpose

Franchisee needs a considerable amount of Confidential Information and Personal Information to advance and operate the Business and continually enhance the employee and customer experience. Information security and data privacy policies are designed to optimize technology and information value while mitigating cybersecurity risks and addressing legal and compliance requirements. Applicable Franchisees shall comply with all security policies outlined in this Appendix IX (this “**Policy**”).

3. Policy Scope

This new global Policy applies to all Confidential Information that is collected, processed, stored, or transmitted on systems, networks, platforms, databases, firewalls, switches, routers, WIFI devices, websites, mobile apps, CCTV, and all restaurant devices (e.g., POS, Kiosk, etc.) that are owned, operated, or used by the Franchisee, including third-party systems contracted on behalf of the Franchisee.

4. Applicable Laws And Regulations

Applicable Franchisees shall comply with all applicable data security and data privacy laws and regulations governing the region, country, province, or territory in which they operate.

5. Data Security And Privacy Program

Franchisee shall maintain a comprehensive written and evidenced data security, and data privacy program to ensure reasonable measures consistent with policies outlined in this Appendix, are used to protect the confidentiality, integrity and availability of Confidential Information and Personal Information. Such programs should be included in a broader risk management program to address enterprise, operational, and vendor risks.

6. Right To Audit

Franchisor reserves the right, with reasonable notice, to audit and inspect Franchisee data security and data privacy program, risk management program, supplier management program, and security services. Upon request, Franchisee shall make available documentation sufficient to demonstrate compliance with all requirements outlined in this Policy. Such documentation will include a copy of all third-party certifications and or audits in their then-most-current form, that relate to Franchisee's compliance with data security, data privacy, or information security requirements.

7. Payment Card Data Security

Where Franchisee is responsible for processing, storing and or transmitting Payment Card Data (credit or debit card data), Franchisee shall ensure that Franchisee or third-parties providing payment card services on behalf of the Franchisee, is and shall continuously remain fully compliant with all applicable local laws and regulations including, but not limited to the payment card data security and compliance requirements as required by the merchant bank, acquiring bank or payment card agreement.

8. User Access And Password Security

8.1 Authentication

Franchisee systems shall utilize industry accepted sign-on requirements, including Multifactor Authentication (MFA) and Single Sign-On (SSO). Franchisee shall implement remote access controls to authenticate all users, limit activity to required system resources and data, audit log activity while on the network, and connections are encrypted.

8.2 Password

Franchisee systems and platforms shall be secured with passwords. Franchisee shall implement technical and organizational controls for password configurations and management that meet or exceed widely accepted industry requirements. Franchisee shall change all default vendor supplied passwords. Passwords must be used to authenticate the identity of the user prior to accessing the information asset.

User account passwords must be changed during the first login session and whenever a password is reset by anyone other than the user.

8.3 User Accounts

Franchisee user accounts shall be created and revoked through a standard approval process. User accounts uniquely assigned to individuals shall not be shared. User accounts used on devices such as routers, switches, and firewalls etc., shall be unique to each restaurant. User accounts shall be identified as privileged, restaurant, service, or user. Default user accounts shall be identified and disabled or removed from device and have required assignment of access that enforces separation of duties.

8.4 User Access

Franchisee shall ensure user access to systems is appropriate and in-line with current job function or role, and such access is not excessive and is restricted solely to what is needed to perform their job function or job responsibility. User access shall be reviewed at least annually or as users change job functions.

9. Network And Firewall Security

Franchisee shall implement controls and procedures to secure and monitor networks and systems that provide connectivity and process business and restaurant data.

Network access controls are present at any boundary between a trusted network and or any untrusted or public network. All external (internet) facing applications must be protected following the three-zone network layer architecture. Internet Zone to DMZ Zone to Trust Zone.

Network access controls are implemented to detect, prevent and alert on unauthorized devices connected to the network. Scans for unauthorized network devices must be performed continuously.

Unauthorized devices found are disabled immediately and prevented from connecting to the network. If an unauthorized intrusion has been identified, Franchisee shall take reasonable measures to mitigate such issue and or shut down access or connectivity until proof of the intrusion or incident has been mitigated.

10. Cryptographic Controls

Franchisee shall encrypt Confidential Information and Personal Information in-transit and at rest, including communications from external web services to internal Franchisee systems. Transmission of data between a device and wireless access point, open or public networks, as well as virtual private networks shall be encrypted. Only trusted keys and/or digital certificates to store, process and/or transmit data shall be used. Encryption methods and technologies utilized shall be limited to industry accepted encryption methods. The use of proprietary encryption algorithms is prohibited.

11. Endpoint Protection

Franchisee shall ensure that industry accepted anti-malware software is utilized and continuously active on all business-critical systems, such as restaurant level devices. Franchisee shall ensure anti-malware software is kept up to date with releases provided by the software vendor. Franchisee shall ensure anti-malware software settings cannot be disabled or modified.

12. System Event Logging And Monitoring

- 12.1 Event Logging For business-critical systems, including, but not limited to systems and platforms supporting ecommerce or network capabilities, Franchisee shall implement effective audit logging and monitoring processes covering user access and system events and log collection.
- 12.2 Log Review and Retention System administrators shall be alerted to all suspected unauthorized attempts to access, manipulate or disable associated systems, data or application services. Processes shall be in place to prevent unauthorized modifications to logs and audit trails. All systems should be set to UTC universal time standard. Alerts shall be actively monitored, and security event logs will be maintained for at least a minimum of ninety (90) days.

13. Application Design, Development, And Maintenance

Franchisee shall implement development policies, controls, and procedures to support a secure System Development Life Cycle (SDLC). This requires the involvement of trained security personnel in product development and implementation, and verification that development and software products meet security requirements prior to migrating code changes to production. The secure SDLC incorporates leading practices including, but not limited to authentication, authorization, and access control; data validation, transmission, and storage; cryptography; session management; and error handling. When performing website development, Franchisee shall comply with Open Web Application Security Project (OWASP) Top 10 Controls.

14. Website And Mobile App Security (Applicable When Ecommerce Platforms And Mobile Apps Are Operated And Controlled By Franchisee)

For websites and mobile apps that support ecommerce capabilities and the collection of Personal Information (such as Customer Data), Franchisee may utilize Franchisor Approved Security Services, at its own expense, where available. When Franchisee elects not to use Franchisor Approved Vendor Security Service (being those services noted with an * below), Franchisee shall select an equivalent service aligned to the requirements outlined in this Policy and provide evidence of compliance.

- 14.1 Domain and certificate management

Register all websites using an industry standard website domain and certificate service.

- 14.2 Web application firewall (WAF)

Use an industry standard website protection service to mitigate website attacks, outages and user account takeovers.

14.3 Penetration testing

Use an industry standard penetration testing service to identify and remediate security exploits.

14.4 Website scanning

Use an industry standard website scanning service to identify and remediate known system vulnerabilities.

14.5 Data encryption

Encrypt personal information in-transit and at-rest using industry accepted encryption methods. Use https throughout the entire website to ensure a secure session. HTTP or mixed content implementations are not permitted. Use secure connections between interconnected systems and applications (HTTPS, TLS 1.2+, VPN, SFTP).

14.6 Access and Authentication

Require authenticated access for the ability to view or modify Personal Information. Encrypt remote connections and require multifactor authentication.

14.7 Secure payment gateways

Only leverage payment gateway providers approved by country level bank.

15. Vulnerability Management

15.1 Requirements Franchisee shall perform vulnerability scanning on all business-critical production systems and platforms (including restaurant devices) on a scheduled or regular basis prior to initial move to production, prior to deploying updated system images and after any major upgrade or modification. Scans shall be conducted using an automated vulnerability scanning software or a commercial vulnerability scanning service. Scans shall leverage credentials created and supplied to facilitate authenticated scanning on systems.

15.2 Patch Management Franchisee shall implement a patching process to identify and remediate vulnerabilities on a timely basis. When vulnerabilities are identified they are patched in a timely manner in line with critically of issue. Patches are to be tested prior to deployment to production.

16. Security Incident Management Plan, Notification, And Remediation

16.1 Plan

Franchisee shall maintain an incident management plan to address a potential event of a Security Incident. Franchisee shall review the plan on a periodic basis and test annually to ensure the adequacy of the response process and associated procedures. Franchisee shall designate, and train specific personnel with security incident responsibilities to actively support and respond to alerts.

16.2 Notification

Franchisee shall immediately notify Franchisor in writing of any Security Incident, or suspected Security Incident that may result in the unauthorized access to, collection, use or disclosure of or access to confidential or personal information.

16.3 Remediation

Franchisee shall comply with Franchisor's requests and will make all reasonable efforts to assist Franchisor in relation to the investigation of any incident. Franchisee shall take all necessary and appropriate steps to adequately address the cause of any security incidents to Franchisor's satisfaction and to remedy any breach of security and any claim allegation, action, proceeding or litigation with respect to the unauthorized access, use or disclosure of the personal information.

17. Systems And Data Backup

Franchisee shall regularly back up data and regularly test its back-up processes to ensure that they are effective and that they can be completed within operation guidelines for recovery. Timing and frequency of system and data backup and recovery processes shall be aligned requirements outlined by the business.

18. Physical Security

Franchisee shall ensure the use of appropriate facility entry controls (e.g., authorized/guest access, badge readers, id cards, etc.) to limit and monitor physical access to systems.

Appendix X

DETAILS OF THE CONTROLLER TO CONTROLLER PROCESSING

The table below describes the sharing of Personal Data between the parties in accordance with their obligations under Clause 18.

The parties acknowledge that the table below may not represent a complete list of the sharing of Personal Data between the parties. Where certain sharing of Personal Data are not referenced in the table below but are being undertaken by the

parties, the parties agree and acknowledge that this Agreement will apply to such sharing where applicable. The parties agree that if they identify any additional data sharing activities that have not been included in the table below (or any subsequent amendments or updates to the table) that they will notify the other party and agree to make any necessary amendments to the table.

Name of Discloser	Name of Recipient	Categories of Data Subjects	Categories of Personal Data	Special Categories of Personal Data (if applicable)	Nature and purpose(s) of Processing	Maximum data retention periods	Where there is a Restricted Transfer, specify whether it takes place on either (i) a one-off basis; or (ii)

Appendix XI

**CONTROLLER TO CONTROLLER PROCESSING – DETAILS REQUIRED FOR EU
STANDARD CONTRACTUAL CLAUSES**

Reference	Option Selected
Clause 7 – Docking clause (optional)	This optional clause is not selected
Clause 11	The Recipient shall inform Data Subjects in a transparent and easily accessible format, through individual notice or on its website, of a contact point authorized to handle complaints. It shall deal promptly with any complaints it receives from a Data Subject
Clause 17 – Governing law	The Clauses in this Agreement shall be governed by the law of one of the EU Member States, provided such law allows for third-party beneficiary rights. The parties agree that this shall be the law of _____ (specify Member State).
Clause 18 – Choice of forum and jurisdiction	The parties agree that those shall be the courts of _____ (specify Member State).
Annex 1A – List of parties	Organization name and address can be found at the parties section of this Agreement. Contact person’s name, position and contact details can be found in Clause 18.4(d) of this Agreement. Activities relevant to the data transferred under these Clauses can be found in Appendix X (Details of the Controller to Controller Processing). Signature and date can be found in the signatory page of this Agreement
Annex 1B – Description of transfer	This information can be found in Appendix X (Details of the Controller to Controller Processing). To the extent applicable, the descriptions of safeguards applied to special categories of Personal Data can be found in Appendix X (Information Security and Data Protection Policy).
Annex 1C – Competent Supervisory Authority	The Parties have identified the competent supervisory authority/ies in accordance with clause 13 of the EU Standard Contractual Clauses as: _____
Additional contractual protections (if any) identified as part of a transfer impact assessment	The Recipient shall: [●]

Appendix XII

SUBFRANCHISE AGREEMENT

4884-0943-9565, v. 16

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on this _____ day of _____, 20__ (the “**Effective Date**”), by and between:

- ◆ _____ a [resident of]
[corporation organized in] [limited liability company organized in] [*select one*], having offices at _____

- ◆ _____ (“**Franchisor**”); and
- ◆ _____ a [resident of]
[corporation organized in] [limited liability company organized in] [*select one*], having offices at _____

_____ (“**Franchisee**”).

BACKGROUND:

A. Franchisor is a U.S. master franchisee of Gong cha USA Franchising, LLC (“**Master Franchisor**”) for the geographic territory or territories consisting of the following: _____ (the “**Authorized Territory**”). Master Franchisor has granted to Franchisor the right within the Authorized Territory to operate, and sub-license to franchisees, the Gong Cha 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 “**Gong Cha Store**”). Gong Cha 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, colour 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 Master Franchisor and/or 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 “Gong Cha” and other marks (the “**Proprietary Marks**”). The Proprietary Marks are owned by Master Franchisor and have been licensed to Franchisor so that Franchisor may sub-license them to its franchisees.

D. Franchisee desires to enter into the business of operating a Gong Cha 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 Master Franchisor’s and Franchisor’s high standards of quality and service and the uniformity of those standards at all Gong Cha 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 Gong Cha 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 single Gong Cha Store (the “**Franchised Store**”), (b) use, only in connection therewith, the Proprietary Marks, the System and the Manuals (as defined in Section 10), as they may be changed, improved, or further developed from time to time by Master Franchisor and/or Franchisor; and (c) operate the Franchised Store only at the Approved Location (as defined in Section 1.3 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 the 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 Gong Cha 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 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 catalogues, 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 Gong Cha Store at any location within the territory specified in Exhibit A (the “**Territory**”). Franchisor and/or Master Franchisor retain the following rights, among others, on any terms and conditions Franchisor and/or Master Franchisor (as applicable) 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, Gong Cha 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, Gong Cha 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 Master Franchisor’s Proprietary Marks, provided that distribution within the Territory shall not be from a Gong Cha Store established under the System that is operated from within the Territory;

1.5.5 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) to any customer, business or enterprise located within or outside the Territory through any delivery or catering process determined in Franchisor’s and/or Master Franchisor’s sole discretion, including those products bearing Master Franchisor’s Proprietary Marks, notwithstanding the actual or threatened impact on sales of the Franchised Store;

1.5.6 To (i) acquire one or more retail businesses that are the same as, or similar to, Gong Cha 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 Gong Cha Store under the System, subject to the following conditions that apply to each Acquired Business located within the Territory:

1.5.6.1 Except as provided in Section 1.5.6.2 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 Gong Cha 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 1.5.6.2), 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.

1.5.6.2 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 and/or Master Franchisor may own, acquire, establish, and/or operate and license others to establish and operate, Gong Cha 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 ten (10) years from the Effective Date.

2.2 **Renewal.** Franchisee may apply to operate the Franchised Store for one (1) additional term of ten (10) years, if the following conditions are met prior to renewal:

2.2.1 For each renewal 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 For each renewal 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 For each renewal 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 For each renewal 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 For each renewal 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 For each renewal Franchisee shall comply with the then-current qualification and training requirements of Franchisor;

2.2.7 For each renewal 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 For each renewal 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 each 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 For each renewal Franchisee shall remit to Franchisor a renewal fee in an amount equal to [XX] Dollars (\$[XX]) [Note: Maximum renewal fee as set out in Franchisor's MFA with Master Franchisor].

3. **DUTIES OF FRANCHISOR**

3.1 **Franchisor's Plans.** Franchisor shall make available to Franchisee, design plans and specifications for the construction of a Gong Cha 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 applicable law, code or regulation, 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 Gong Cha 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 5.4 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 6.1 of this Agreement, for up to three (3) trainees [Include highlighted language below if Area Development Agreement is in force or may be introduced] [(unless this Agreement is for the fourth or subsequent Gong Cha 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 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. [Include highlighted language below if Area Development Agreement is in force or may be introduced] [Notwithstanding the foregoing, if this Agreement is for the second or subsequent Gong Cha Store being developed by Franchisee pursuant to an Area Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee) or otherwise, then Franchisee shall be responsible for conducting opening training, and Franchisor shall not be responsible for providing assistance to Franchisee with respect to pre-opening, opening and initial business operation at Franchisee's Premises.]

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, and as may be updated by the Franchisor and/or Master Franchisor from time to time, 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.

4. **FEES**

4.1 **Franchise 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 [XX] Dollars (\$[XX]) [Note: Maximum Franchise Fee per store as set out in Franchisor's MFA with Master Franchisor] (the "Franchise Fee") as reflected in Exhibit A, 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 two (2) 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 5.1), 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 [Include highlighted language below if Area Development Agreement is in force or may be introduced] [, subject to a development credit, if any, that may be applied from the remaining portion (if any) of the Area Development Fees that Franchisee previously paid to Franchisor pursuant to a separate Area Development Agreement executed between Franchisor and Franchisee relating to the Franchised Store.]

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 **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 [XX] percent ([XX]%) [Note: Maximum Royalty Fee as set out in Franchisor's MFA with Master Franchisor] 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:

4.3.1 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.

4.3.2 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.

4.3.3 In the event Franchisor miscalculates any Royalty Fee payment, or any other fee or payment herein, resulting in an overpayment from Franchisee to Franchisor, such miscalculation shall not be considered a breach under this Agreement. Franchisor agrees that in such event it will promptly provide Franchisee with a credit of any overpaid amount resulting from any such miscalculation.

4.4 **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.

4.5 **When Payments Are Due.** All payments required by Sections 4.3 and 4.4 above based on the Net Sales for the preceding Week, and the Sales Report required by Section 4.3 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 any 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 to 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 the same against any claims or alleged claims Franchisee may allege against Franchisor, the System Ad 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 [XX] Dollars (\$[XX]) in Franchisee's bank account against which such electronic funds transfers shall be drawn for the Franchised Store operated under this Agreement.

4.6 **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.

4.7 **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.

4.8 **Overdue Payments and Reports.** Any payment, contribution, statement, or report due to 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 administration 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 four percent (4%) above the Bank of England base rate from time to time. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

4.9 **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 non-renewal 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.

4.10 **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 two (2) 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 the 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 (20) business 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 (20) business 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 at 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.**

5.2.1 Franchisee shall acquire or lease the Approved Location at its own expense.

5.2.2 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. Lease review fees incurred by Franchisor in connection with Franchisor's first lease review are included as part of the Franchise Fee and Franchisee shall not be required to pay a lease review fee in connection therewith. If Franchisor is required to engage in more than one lease review for the proposed franchised location (or a different proposed franchised location), Franchisee shall pay Franchisor or its designated supplier a lease review fee of [XX] Dollars (\$[XX]) for each lease review Franchisor undertakes ("**Lease Review Fee**"). The Lease Review Fee covers the expenses that Franchisor incurs to have the lease agreement reviewed on Franchisor's behalf. Franchisee is not a third-party beneficiary of the lease review. Franchisee agrees that Franchisor does not guarantee that the terms, including rent, shall represent the most favorable terms available in the market. Franchisor is not required and has no obligation to negotiate the terms of Franchisee's lease. Franchisee shall provide Franchisor with a copy of Franchisee's fully executed lease agreement immediately after signing.

5.2.3 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 F to this Agreement.

5.2.4 Franchisee shall comply with the terms and conditions of any lease agreement in relation to the Approved Location and make all payments due under the lease punctually.

5.3 **Lease Renewal Efforts.** If the term of the lease for the Premises is shorter than the term that this Agreement is in force, Franchisee agrees to use its best efforts to obtain a renewal of the existing lease of the Premises, or a new lease for the Premises, to enable Franchisee to continue to operate the Franchised Store at the Approved Location for the duration of the term of this Agreement. Franchisee shall provide Franchisor with written notice of lease expiration no later than eight (8) months prior to the expiration of Franchisee's lease term.

5.4 **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:

5.4.1 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.

5.4.2 Franchisee shall comply with all applicable laws, codes and regulations regarding the construction, design and operation of the Franchised Store.

5.4.3 Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by applicable 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 Gong Cha 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 Gong Cha Stores. Such review is not designed to assess compliance with applicable local laws and regulations, 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.

5.4.4 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.

5.4.5 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.

5.4.6 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.

5.4.7 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.

5.5 **Opening Date.** Unless delayed by the occurrence of events constituting "force majeure" as defined in Section 5.7 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 ("**Opening Timeline**"). If Franchisee does not construct, furnish, and open the Franchised Store in accordance with the foregoing Opening Timeline, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee. Time is of the essence. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Franchisee's failure to meet the foregoing Opening Timeline, which include, but are not limited to: (i) loss of the limited exclusivity, or reduction in the scope of protections, granted to Franchisee under Section 1.5 herein for the Territory; (ii) reduction in the size or scope of the Territory; and/or (iii) implementation of a sum of liquidated damages payable by Franchisee to Franchisor of [XX] Dollars (\$[XX]) for each month (prorated for partial months) Franchisee fails to construct, furnish, and open the Franchised Store following a six (6) week period after expiration of the foregoing Opening Timeline, which amount the parties acknowledge and agree (without prejudice to Franchisor's ability to make any claim in respect of further damage exceeding such amount) is reasonable, proportionate, and a genuine pre-estimate of the loss that would be suffered by Franchisor due to the delayed opening of the Franchised Store. If Franchisor exercises any such rights, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement.

5.6 **Other Opening Conditions.** 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.

5.7 **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.

5.8 **Franchised Store Closure.** In the event that Franchisee wishes to close or cease trading from any Franchised Store, the Franchisee shall discuss such action with Franchisor and provide Franchisor with business rationale for such action, along with evidence of its prior attempts to improve the performance of the Franchised Store. Franchisee shall not take any such action without the prior written agreement of Franchisor (not to be unreasonably withheld).

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 8.3.1 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 [Include highlighted language below if Area Development Agreement is in force or may be introduced] [(unless this Agreement is for the fourth or subsequent Gong Cha 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 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 [Include highlighted language below if Area Development Agreement is in force or may be introduced] [If this Agreement is for the fourth or subsequent Gong Cha 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 enrol 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 Gong Cha 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. Franchisor may moreover require that Franchisee or its Designated Principal and General Manager attend re-training programs held by Master Franchisor.

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 Gong Cha 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 Gong Cha Stores, between or among Gong Cha Stores, and between and among the Franchised Store and Franchisor, Master 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. 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**").

7.1.4 Franchisor, in its sole discretion, reserves the right to charge Franchisee for any service, system or platform Franchisor provides or requires in connection with the Computer System and the Required Software. Any such charges are subject to change in Franchisor's sole discretion.

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 and/or Master Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor and/or Master Franchisor may request, in the manner, form, and at the times requested by Franchisor and/or Master Franchisor.

7.1.6 Franchisee shall grant the Franchisor and/or Master Franchisor access to the Cash Register Systems at such times or frequency as Franchisor and/or Master Franchisor may request. Franchisor and Master Franchisor shall have the right to integrate with Franchisee's Cash Register Systems to access information and reports in real time, and Franchisee shall execute all documents and do all things requested by Franchisor and/or Master Franchisor to enable and facilitate such integration.

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 and Master Franchisor will have the right to use such data in any manner that they deem appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor and/or Master 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 and Personal Data Protection.** Franchisee shall comply with the provisions of Exhibit H and its Appendices, the terms of which are (for the avoidance of doubt) hereby incorporated into this Agreement.

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 Master 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, Gong Cha Stores, the franchising of Gong Cha Stores, and/or the System. Master 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; Master Franchisor shall also have the right to discontinue operation of the website.

7.6.2 Master 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 Master Franchisor's Website. Franchisee shall comply with Master Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Master 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 and Master Franchisor's prior written approval (which Franchisor and Master Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's and Master 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 Master Franchisor shall control all social media channels and consumer-facing communications relating to the System, Trademarks, Trade Name or Products. Franchisee shall not operate or make any statement on any such social media channels or make any such consumer-facing communications without the prior written consent of Franchisor and Master Franchisor. Without prejudice to the generality of the foregoing, Franchisee shall not make any statement on any social media channel or any other consumer-facing communication that would bring into disrepute or otherwise be prejudicial to the goodwill, reputation, image or prestige of Franchisor or Master Franchisor, the System, the Trademarks, Trade Name or the demand for the Products provided under the Trademarks and Trade Name.

7.6.5 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 and Master 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 using the Proprietary Marks or regarding Gong Cha Stores, the System or the Products by e-mail or any other “**Electronic Media**” without Franchisor’s and Master Franchisor’s prior written consent and in accordance with such specific programs, policies, terms and conditions as Franchisor or Master 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.

7.10 **Aggregators**. Franchisee may sell Products to customers via third party online delivery services (“**Aggregators**”) provided that:

7.10.1 such Aggregators fulfil the requirements set out in the Manuals and their quality and standards have thereby been approved by the Franchisor in writing in advance; and

7.10.2 the Franchisee: (i) provides any proposed agreement between and any Aggregator (an “**Aggregator Contract**”) to Franchisor for its approval (if the proposed contract is in a form approved by Franchisor, such approval shall not be unreasonably withheld or delayed) in advance of it entering into such Aggregator Contract; (ii) ensures as far as is reasonably practicable that the terms of any Aggregator Contract shall require any Aggregator to provide Franchisee with ownership and/or broad

access and/or use rights to the customer data collected by the Aggregator with respect to customers ordering from the Franchisee's business, to help ensure continuity in customer relationships; and (iii) complies with Franchisor's and/or Master Franchisor's global or regionally negotiated Aggregator Contracts and policies for Aggregator Contracts, where applicable.

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, Master 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 Gong Cha Stores operating under the System, and to protect the reputation and goodwill of Franchisor and Master 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.** In order to protect and enhance the System and the goodwill associated with the Proprietary Marks, 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. 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, in addition to compliance with all applicable laws, rules and

regulations.

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 ensure 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 or, once given, subsequently withdraw such approval at any time, for any reason. In no way limiting the foregoing, Franchisor reserves the right to charge a special royalty fee of [XX] percent ([XX]%) [Note: Maximum as set out in Franchisor's MFA with Master Franchisor] of Net Sales generated by special products it approves for Franchisee to sell through the Franchised Store (“**Special Product Royalty Fee**”). The products subject to the Special Product Royalty Fee shall be determined and approved in Franchisor's sole discretion. This Special Product Royalty Fee is in addition to the Royalty Fee as defined in Section 4.3 and all other fees under this Agreement. If incurred, the Special Product Royalty Fee shall be paid in the same manner as the Royalty Fee is paid.

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 Gong Cha 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 Gong Cha 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 [XX] Dollars (\$[XX]) 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.

8.6.6 Franchisor or Master Franchisor may mandate that an authorized third party service provider performs health and safety audits at Gong Cha Stores up to four (4) times per annum.

8.7 **Purchases and Approved Suppliers.** Franchisee shall purchase all equipment, fixtures, furnishings, signs, décor, 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) 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 Master Franchisor, Franchisor or any of their affiliates. In the event Franchisor establishes itself, Master Franchisor or an affiliate 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, Master Franchisor or an affiliate of either. Franchisee acknowledges and agrees that its purchase of equipment, fixtures, furnishings, signs, décor, supplies, services, and products (including the Products) required for the establishment and operation of the Franchised Store in accordance with this Section 8.7 and Section 8.8 below is subject to the non-dealing obligations described in Section 18.10 below.

8.7.1 Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements for Proprietary Products from Franchisor or Master Franchisor, as set forth in Section 8.8 below (through such distributor or distributors as Franchisor may designate). Franchisor and Master 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 Gong Cha 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 Gong Cha 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 Gong Cha 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, Master Franchisor and their affiliates may receive payments or other compensation from Suppliers on account of such Suppliers' dealings with Franchisee and other franchisees; and Franchisor and Master Franchisor may use all amounts so received for any purpose Franchisor, Master Franchisor and their affiliates deem appropriate.

8.7.7 Franchisee must at all times pay Franchisor, Master Franchisor (or their affiliates) 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, Master Franchisor (or their affiliates) for any and all items and Products it purchases from them 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. In no way limiting the foregoing, Franchisee agrees to adhere to all ordering, delivery and payment policies required by Franchisor and set forth in the Manuals or otherwise in writing with respect to all Products including the Proprietary Products. In particular, Franchisee shall pay Franchisor, Master Franchisor (or their affiliates) for purchases, including all logistics-related costs, five (5) business days in advance of the clean bill of lading (shipping). Franchisor, Master Franchisor (and their affiliates) reserve the right not to ship any supplies prior to receipt of such payment in full. If the Franchisee wishes to change any order it can do so without any additional cost within five (5) business days from the date of order. If the Franchisee wishes to change any order after six (6) business days from the date of order then, the Franchisor, Master Franchisor (or affiliates, as the case may be) shall have the right to charge Franchisee an administrative fee of two hundred US Dollars (US \$200.00) in addition to any reasonable change fee to cover any costs it incurs as a result and/or any wasted stock, which the Franchisee shall pay by the date specified by Franchisor or Master Franchisor (or their affiliates).

8.7.8 Franchisee must not, during the term of this Agreement or thereafter, distribute, resell, supply, or otherwise provide access to, make available or transfer any supplies required for the preparation and sale of the Products, and all equipment (including machines) and other materials required for the operation of the Franchised Store, including Proprietary Products, to, or allow such supplies to fall into the possession of, any third party or use such supplies for any purpose other than the operation of the Franchised Store in accordance with this Agreement, or alter vary or tamper with such supplies.

8.7.9 Franchisee shall maintain adequate inventory levels of products and supplies through accurate demand forecasting to ensure that it does not experience out of stock occurrences.

8.8 **Proprietary Products.** Franchisee acknowledges and agrees that the Proprietary Products offered and sold at Gong Cha Stores are manufactured in accordance with secret recipes, standards, and specifications of Master Franchisor, and are Proprietary Products of Master Franchisor and/or its affiliates. In order to maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Gong Cha Stores in the System, Franchisee agrees to purchase Proprietary Products only from Franchisor, Master Franchisor or their affiliates, 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, Master Franchisor or their affiliates, Franchisee acknowledges that any action or inaction by any third party (e.g., a food manufacturer or an independent carrier) in connection with the manufacturing, handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor constitute negligence of Franchisor or Master Franchisor. Franchisee acknowledges and agrees the Franchisor, Master Franchisor and/or their affiliates may earn revenues on account of such sales of Proprietary Products to Franchisee. Franchisee must at all times promptly pay Franchisor, Master Franchisor or their affiliates as applicable 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, Master Franchisor and either of their 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, Master Franchisor or either of their agents, and without limiting other rights of Franchisor or Master 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 or Master 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, colour, location, and manner prescribed by Franchisor. Franchisee shall place and illuminate all interior and exterior signs and décor items in accordance with Franchisor's specifications.

8.12 **Menu and Pricing.** Franchisee shall sell or offer to sell those items only on the Gong Cha 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 recommended prices for menu items, or a range of recommended prices, or may establish maximum prices that shall (in the case of maximum prices only) be adhered to by Franchisee and all other similarly situated Gong Cha Stores.

8.13 **Compliance.** Franchisee shall comply with all applicable laws, rules, regulations, by-laws, orders and ordinances (including, without limitation, in relation to health and safety, the conduct of its business and management of its employees) 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.** 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 administrative fee equal to [XX] Dollars (\$[XX]) 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, which amount of liquidated damages the parties acknowledge and agree is reasonable and proportionate and represents a genuine pre-estimate of the Franchisor's loss in such circumstances, considering the reputational damage to the System and costs of enforcement against the Franchisee. The prohibited product or service administrative fee shall be in addition to all other remedies available to Franchisor under this Agreement or at law, including the Franchisor's right to claim such damages as may be suffered in addition to such liquidated damages.

8.17 **Participation in Promotions.** Franchisee shall participate in promotional programs developed by Franchisor or Master 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 Gong Cha 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 Gong Cha Stores and for making timely payment to Franchisor, other operators of Gong Cha Stores, or a third-party service provider for Gift Cards issued from the Franchised Store that are honoured by Franchisor or other Gong Cha 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 Gong Cha Store design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Gong Cha 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. Without prejudice to the generality of the foregoing obligation, at least every ten (10) years, such refurbishment shall consist of a full-store refit, including the replacement and modernization of the supplies, fixtures, signs, and equipment used at and in the Franchised Store.

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, including the business rationale for such action, along with evidence of its prior attempts to improve the performance of the Franchised Store to be relocated, reasons why the proposed relocation premises is preferable and a comparison between the existing and relocation premises, and any preliminary document, proposal, plan, report, accounts and other information as Franchisor may require relating to the potential relocation premises, including such financial data as Franchisor may request.

8.25.2 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 Gong Cha Stores; (iii) the lease (if applicable) for the proposed substitute location must comply with Franchisor's then-current lease requirements for Gong Cha 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 in an amount greater than fifty percent (50%) of the Franchise Fee under this Agreement, and execute a general release in favour of Franchisor in the form prescribed by Franchisor.

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

8.25.4 Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any approved relocation, as well as relocation fee amounting to fifty percent (50%) of the Franchise Fee under this Agreement.

8.25.5 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.

8.25.6 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 Gong Cha 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 Gong Cha Stores and to prevent any possibility of confusion therewith by the public (including, without limitation, removal of all distinctive physical and structural features identifying Gong Cha 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 Gong Cha 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 and/or Master 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 Gong Cha 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 favour 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, décor, colour 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 and Master Franchisor reserve the right, in their 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 and Master Franchisor deem to be important to the operation of any Gong Cha Store or the System. Franchisee shall have no recourse against Franchisor or Master Franchisor 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, neither Franchisor nor Master Franchisor 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 Master Franchisor 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 and Master Franchisor shall have the right to incorporate the proposed change into the System and Master Franchisor shall thereupon obtain all right, title, and interest therein without compensation to Franchisee in accordance with Section 11.4, (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 System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in 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 Master Franchisor during the term of this Agreement or for two (2) years 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 **Warranties.** Franchisee shall not, without Franchisor's prior written consent, make any representations to customers or give any warranties other than those contained in the Manuals or other instructions provided by Franchisor.

9. **PROPRIETARY MARKS**

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

9.1.1 Master Franchisor 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 Master Franchisor 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 Master 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, during the term of this Agreement and for two (2) years thereafter, 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 “Gong Cha” and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor, shall not use the Proprietary Marks or any part thereof in combination or conjunction with any other marks, names, logos, symbols or devices, or engage in any co-branding or collaboration activities save with the prior written approval of Franchisor, and shall not attach any trade marks other than the Proprietary Marks to any Product or otherwise use any such trade marks in connection with the Franchised Store and associated business.

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 “Gong Cha,” 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 or Master Franchisor; and

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

9.3.8 It shall not use the Proprietary Marks in any manner which would bring them into disrepute or otherwise prejudicial to the goodwill, reputation, image or prestige of Franchisor, Master Franchisor, the System, the Proprietary Marks and/or the demand for the Products provided under the Proprietary Marks.

9.3.9 It shall cease use of any of the Proprietary Marks if such use is, in the sole opinion of the Franchisor, contrary to or does not comply with this Agreement or otherwise with Franchisor's instructions, directions and guidelines, or is prejudicial to the goodwill, reputation, image or prestige of Franchisor, Master Franchisor, the System, the Proprietary Marks and/or the demand for the Products provided under the Proprietary Marks.

9.4 **Franchisee Representations.** Franchisee expressly understands, agrees, and represents that:

9.4.1 During the term of this Agreement, Franchisee shall not directly or indirectly contest the validity of, or take any other action that may affect the validity and enforceability of, Franchisor’s or Master Franchisor’s right to use and to license others to use, the Proprietary Marks, or which might or would diminish the distinctiveness or goodwill attached to the Proprietary Marks or reduce their commercial value;

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 Master Franchisor, 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 Marks;

9.4.4 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor and/or Master Franchisor thus have and retain 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 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 Master Franchisor, 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, and in any event within ninety (90) days, 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, colour 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 Franchisee is associated with Franchisor or Master 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 and Master Franchisor for which Franchisor and Master 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 Master Franchisor, 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 "Gong Cha" 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, Master Franchisor and their respective agents shall have the right at all reasonable times to inspect and investigate Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's and Master Franchisor's representative in such inspections;

9.4.10 Franchisee shall be required to affix the ™ or ® symbol (as directly or as otherwise applicable) upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Gong Cha" 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, Master 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 Master 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 brought or threatened 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, Master Franchisor, or Franchisee; and

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

9.4.15 Franchisee shall fully cooperate with, and provide all assistance deemed necessary by, Franchisor or Master Franchisor in any action, claim or proceedings brought or threatened in respect of the Proprietary Marks and not, without Franchisor's or Master Franchisor's prior written consent, make any admission in respect of or compromise or settle any such action claim or proceeding.

9.4.16 Franchisee shall not at any time during the term of this Agreement or for two (2) years thereafter commit any act that adversely affects the Gong Cha Stores or the Proprietary Marks, including generating any negative publicity.

9.5 **No Assistance**. Where the provisions of this Section 9 require Franchisee not to carry out any act, Franchisee shall not assist any other person directly or indirectly in any such act.

10. **MANUALS**

10.1 **The Manuals and Furnishings to Franchisee**. In order to protect the reputation and goodwill of Franchisor and Master 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 or Master 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.** Master Franchisor and 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 ensure 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. Franchisee acknowledges and agrees that the Manuals are subject to periodic revision and re-issue, including (without limitation) in relation to brand and in-store operating standards, and that its obligations under this Agreement in respect of the Manuals relate to the latest version of the Manuals or other documents provided to it by or on behalf of Franchisor from time to time.

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. To the extent of any inconsistency between any provision of the Manuals and any provision of this Agreement, the provision of this Agreement will prevail.

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, or commit any act that adversely affects, any confidential information, knowledge, or know-how concerning Franchisor, Master 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 treat such information as confidential at all times and use all reasonable efforts to keep such information confidential. 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 or Master 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. Such covenants shall be in a form approved by Franchisor, including specific identification of Franchisor and Master Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current form of which is attached as Exhibit E. If Franchisee has any reason to believe that any such personnel has violated the provisions of such covenants, Franchisee shall promptly notify Franchisor and shall cooperate with Franchisor to protect Franchisor and Master Franchisor against unlawful use of such confidential information including the prosecution of any legal proceedings.

11.3 **Remedies for Breach.** Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor and/or Master Franchisor irreparable injury, and Franchisee agrees that Franchisor and/or Master Franchisor may seek specific performance and/or injunctive relief to enforce this Section 11, in addition to any other relief or remedy to which Franchisor and/or Master Franchisor may be entitled, 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 **Improvements.** Franchisee shall fully and promptly disclose to Franchisor all ideas, concepts, products, recipes, process methods, techniques, improvements, additions relating to the development and/or operation of Gong Cha Stores or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of Gong Cha Stores or the System, or any advertising or promotion ideas related to the Gong Cha Stores or the System (collectively, the "**Improvements**") that Franchisee, its affiliates, owners, employees or agents conceive or develop during the Master Franchise Term. All Improvements shall be Master Franchisor's property. Franchisee shall, and shall procure that its affiliates, owners, employees or agents shall, sign all documents necessary to evidence the assignment of the Improvements to Master Franchisor without any additional compensation. Franchisee acknowledges and agrees that Master Franchisor has the perpetual right to use and authorize others to use the Improvements without any obligation to Franchisee, its Affiliates or Subfranchisees, or their respective owners, employees or agents, for royalties or other fees.

11.5 **Trade Secrets.** Franchisee understands and agrees that it will come into possession of certain of Franchisor's and/or Master Franchisor's trade secrets concerning the manner in which Franchisor and/or Master Franchisor conducts business including: recipes and formulas; methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; and any materials clearly marked or labelled as trade secrets. These trade secrets also are confidential information under this Section 11. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is secret, valuable, and constitutes trade secrets belonging to Franchisor and/or Master Franchisor. Franchisee agrees that Franchisor and/or Master Franchisor derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person. Franchisee agrees to take reasonable measures, as may be described further in the Manuals or otherwise in writing, to keep such information secret. Upon expiration or termination of this Agreement, Franchisee will not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to Franchisor's and/or Master Franchisor's business and/or the manner in which it is conducted.

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 supply to Franchisor and (on request) Master Franchisor the following information:

12.2.1 Subject to applicable laws, the following financial reporting:

- a) sales by day and by store for the previous week before each Tuesday;
- b) by the tenth (10th) of each month, a sales report for the previous month that shall include date of reporting, data period, total store number, average daily sales for single store, average cups sold by single store, average unit price, sales share of each item, sales by channel (sit-in, take away, delivery) and any other information that Franchisor or Master Franchisor may reasonably require;
- c) as soon as they are available, but in any event within 90 days after the end of each of its financial years: (i) annual store-level profit and loss statements in spreadsheet form for each Franchised Store including all information set out at Exhibit I (Form of Profit and Loss Statement for a Gong Cha Store); (ii) its audited consolidated financial statements for that financial year; and (iii) projections for the next financial year of (1) its indebtedness with debt to equity ratio and (2) capital expenditures in respect of each Franchised Store; and
- d) as soon as they are available, but in any event within 45 days of the end of each calendar quarter, its unaudited financial statements for that quarter; and

12.2.2 The following non-financial reporting: all non-financial environment, social and governance (ESG) reporting from all Franchised Stores as reasonably requested by Franchisor or Master Franchisor, including in relation to sustainability, diversity and inclusion, data privacy and modern slavery; and

12.2.3 The following product inventory transparency and sales information in respect of each Gong Cha Store for the previous month, by the tenth (10th) of each month:

- a) product and supplies inventory levels;
- b) product sales quantity and mix;
- c) online sales mix as compared to in-store sales (if applicable);

- d) cost of sales per item;
- e) the stock keeping units, bill of materials, volume and cost of supplies purchased from all suppliers (including without limitation Franchisor, Master Franchisor and their affiliates); and
- f) any other reasonably requested information.

12.2.4 Franchisee shall prepare financial statements 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 that such statements be prepared on a review basis by an independent certified public accountant. Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP.

12.2.5 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.

12.2.6 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, Master Franchisor and their respective 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 and Master Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. Franchisee shall cooperate with the auditor(s) and provide information and assistance upon the auditor(s)' request. 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 [XX] percent ([XX]%) per annum, or the highest interest rate allowed by state law. 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 (or Master Franchisor as applicable) 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 [XX] percent ([XX]%) [Note: Maximum as set out in Franchisor’s MFA with Master Franchisor] 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 System Ad 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: [XX] percent ([XX]%) [Note: Minimum as set out in Franchisor’s MFA with Master Franchisor] of Net Sales shall be contributed by Franchisee to the System Ad Fund (“**Brand Marketing Fees**”) and [XX] percent ([XX]%) [Note: Maximum as set out in Franchisor’s MFA with Master Franchisor] 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 (“**Regional Marketing Fees**”) will not exceed [XX] percent ([XX]%) [Note: Maximum as set out in Franchisor’s MFA with Master Franchisor] of Franchisee’s Net Sales, unless the members of such Cooperative Ad Fund vote to exceed the maximum amount. Any Regional Marketing Fees paid by Franchisee 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 [XX] percent ([XX]%) [Note: Match with 13.1.1] 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) Regional Marketing Fees that, when aggregated with Franchisee’s other requirements under this Section 13, would cause Franchisee’s Advertising Obligation to exceed [XX] percent ([XX]%) [Note: Match with 13.1.1] of Franchisee’s Net Sales.

13.2 **System Ad Fund.** Master Franchisor shall have the right at any time, in its sole discretion to establish a fund for system-wide advertising and promotion of the System (the “**System Ad Fund**”). During the existence of the System Ad Fund, Franchisee shall contribute to the System Ad Fund in the manner specified in Section 4.5 above, such amounts as Franchisor may specify in accordance with Section 13.1 above. The System Ad Fund shall be maintained and administered by Master Franchisor as follows:

13.2.1 Master 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. Master Franchisor is not obligated, in administering the System Ad 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 System Ad Fund.

13.2.2 The System Ad 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 Master 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 Gong Cha Stores operating under the System.

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

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

13.2.5 Master Franchisor reserves the right, in its sole discretion, to discontinue the System Ad Fund upon written notice to Franchisor.

13.2.6 Master Franchisor may, but is not required to, make available to Franchisee from time to time, through Franchisor, 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 System Ad Fund. Franchisee acknowledges and agrees that it shall be reasonable for Franchisor or Master 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 System Ad Fund. Additionally, if monies of the System Ad Fund are used to produce point of sale materials, or other samples or other promotional materials and items, Master Franchisor may, on the behalf of the System Ad 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 System Ad 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 Gong Cha Store that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each Gong Cha Store franchisee shall be entitled to cast one (1) vote for each Gong Cha Store it 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 System Ad Fund in the event there are no longer any Gong Cha 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 Two Thousand Dollars (\$2,000) 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.**

13.6.1 All advertising, marketing and promotion to be used by Franchisee, the System Ad 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.

13.6.2 Franchisee shall not make any advertisements or representations, whether oral or written, which may (i) confuse, mislead, or deceive the public or (ii) be detrimental to the good name, trademarks, goodwill, image, prestige or reputation of Franchisor, Master Franchisor, System, Proprietary Marks or Products or (iii) contravene any applicable federal, state or local laws and/or regulations.

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 25 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 System Ad 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 Master 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 or Master 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, Master Franchisor and other operators under the System of Franchisor or Master Franchisor without any compensation to Franchisee.

13.10 **Master Franchisor Initiated Campaigns.** Master Franchisor may, in its sole discretion, initiate new marketing campaigns in relation to Gong Cha Stores and the System. Franchisee shall take all action necessary to accommodate such initiatives, including by participation in such initiatives as require participation within thirty (30) days of notice from Franchisor or Master Franchisor.

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, Franchisor and Master 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, Master Franchisor and such of their 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 the terms, 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 Gong Cha 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; (ii) business interruption in an amount no less than [XX] Dollars (\$[XX]) per occurrence; and (iii) data privacy and cyber insurance in an amount no less than [XX] Dollars (\$[XX]) 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 [XX] Dollars (\$[XX]) per occurrence, and [XX] Dollars (\$[XX]) general aggregate, and product liability insurance with limits of at least [XX] Dollars (\$[XX]) 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 [XX] Dollars (\$[XX]) combined single limit, and [XX] Dollars (\$[XX]) general aggregate limit.

14.2.6 Excess liability coverage over general liability, automobile liability, and employer's liability, with at least [XX] Dollars (\$[XX]) 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 cancelled 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 AND SUBLICENSE 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 "Gong Cha 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 and/or Master 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;

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

Gong Cha 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 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 franchise fee to compensate Franchisor for its expenses incurred in connection with the transfer.

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 any applicable 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 any insolvency or bankruptcy proceeding under applicable laws, 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.

15.15 **No Sublicense**. Franchisee shall not have the right to grant any subfranchise or sublicense in relation to the Franchised Store or subcontract, delegate or otherwise arrange for another person to perform any part of the establishment, management and/or operation of the Franchised Store or any part thereof.

16. **DEFAULT AND TERMINATION**

16.1 **Termination for Insolvency**. Franchisee shall be in default under this Agreement, and Franchisor shall be entitled to terminate this agreement with immediate effect on written notice to Franchisee (in the manner provided under Section 25 hereof), if Franchisee's financial position deteriorates so far as to reasonably justify the opinion that its ability to give effect to the terms of this agreement is in jeopardy or if (where such termination is permitted by law) Franchisee becomes insolvent, makes an assignment on behalf of its creditors, has a receiver or administrator of its undertaking or the whole or a substantial part of its assets appointed, or an order is made, or an effective resolution is passed, for its administration, receivership, liquidation, winding-up or other similar process, or has any distress, execution or other process levied or enforced against the whole or a substantial part of its assets (which is not discharged, paid out, withdrawn or removed within 28 days), consents to an involuntary petition pursuant to any bankruptcy, reorganization or insolvency law of any jurisdiction or country, or is subject to any proceedings which are equivalent or substantially similar or preparatory to any of the foregoing under any applicable jurisdiction, or ceases to trade or threatens to do so (each, an "**Insolvency Event**").

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 25 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 5.5 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 or negligently maintains false books or records, or knowingly or negligently submits any false statements or reports to Franchisor or Master 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 or Franchisor considers that Franchisee is likely to do so;

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 or intellectual property rights in the System, or if Franchisee otherwise materially damages the reputation or goodwill associated with the System, Proprietary Marks, Products, the rights of Franchisor or Master Franchisor therein, or the Franchisor or Master Franchisor;

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 25 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 or Master 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 25 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 **Loss of Master Franchising Rights**. In the event that the master franchising agreement between Franchisor and Master Franchisor expires or is terminated, for any reason whatsoever, this Agreement shall terminate automatically unless Master Franchisor elects at its sole discretion to allow Franchisee to continue to operate under the terms of this Agreement, in which case Franchisee shall do all such things as may be required to assign and novate this Agreement to Master Franchisor or its designee in place of Franchisor. Franchisee expressly waives any claims, demands or damages arising from or related to termination or expiration of the master franchising agreement and/or termination of this Agreement 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.

16.6 **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 or Master 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 “Gong Cha” and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, trade dress, distinctive decor 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 “Gong Cha” 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 Gong Cha 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 18.2.2 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.

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 colourable imitation of the Proprietary Marks or System, 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 or Master Franchisor in and to the Proprietary Marks and System. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, Master 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, Master 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, Master 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, in any capacity (whether for itself, as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity, 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 Gong Cha 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; and/or

18.2.2 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 Gong Cha 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 18.2.2 if such person was subject to the covenants of this Section 18.2.2.

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, in any capacity (whether for itself, as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity, 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 or within a five (5)-mile radius of the Approved Location for the Franchised Store, or at or within a five (5)-mile radius of any Gong Cha Store; and

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 18.2.2 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 publicly listed corporation.

18.5 **Personal Covenants.** 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 and other personnel employed by Franchisee who have received or will receive training and/or other confidential information. Every covenant required by this Section 18.5 shall be in a form approved by Franchisor, including specific identification of Franchisor and Master Franchisor as a third-party 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 or Master 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 26 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 defence to the enforcement by Franchisor or Master 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, Master Franchisor and the System, and that in the event of a breach of covenants contained in this Section

18, the damage to Franchisor and/or Master Franchisor would be difficult to ascertain and, in addition to other rights and remedies, Franchisor and/or Master 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.

18.10 **Non-Dealing**. In order to protect the legitimate business interests of Franchisor and Master Franchisor, Franchisee covenants with Franchisor that it shall not either directly or indirectly, in any capacity (whether for itself, as a member, shareholder, director, employee, agent, partner, joint venture participant, master franchisor, franchisee, adviser, consultant, or any other equivalent capacity, or through, on behalf of, or in conjunction with any person or legal entity) engage the Franchisor's or the Master Franchisor's suppliers for the direct supply of Products.

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.**

20.3.1 Franchisee shall comply with all applicable 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.

20.3.2 Franchisee shall, on Franchisor's or Master Franchisor's request, assist Franchisor and/or Master Franchisor to obtain and maintain, all licences, permits, approvals and registrations necessary under applicable laws relating to the arrangements contemplated under this Agreement.

20.3.3 Franchisee shall provide such assistance as may be requested by Franchisor and/or Master Franchisor for Franchisor and/or Master Franchisor to comply with applicable laws and regulations, including any applicable reporting requirements.

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 applicable 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, including language identifying Franchisee as an independent business in all dealings with customers, employees, suppliers and others.

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 Master Franchisor, or to incur any debt or other obligation in the name of Franchisor or Master Franchisor; and Franchisor and/or

Master Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor and/or Master 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 or Master Franchisor.

21.4 **Indemnification.**

21.4.1 Franchisee must defend, indemnify, and hold harmless Franchisor and Master Franchisor and their affiliates, and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the “**Indemnified Parties**”), from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or threatened or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the Franchised Store’s operation, Franchisee’s conduct of business under this Agreement, Franchisee’s breach of this Agreement, or Franchisee’s noncompliance or alleged noncompliance with any law, ordinance, rule, or regulation, including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee’s acts or omissions relating to Franchisee’s employees. Franchisor will promptly notify Franchisee of any claim that may give rise to a claim of indemnity under this provision, provided, however, that its failure to provide such notice will not release Franchisee from its indemnification obligations under this Section except to the extent Franchisee is actually and materially prejudiced by such failure.

21.4.2 Franchisee has the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of such counsel’s fees and disbursements. If (a) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the Indemnified Party’s reasonable opinion, Franchisee’s counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee’s interests, or (b) Franchisee does not assume responsibility for such Losses in a timely manner or fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and Franchisee must pay the fees and disbursements of such Indemnified Party’s counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party’s own expense. Franchisee or the Indemnified Party (as the case may be) agrees to keep the other reasonably apprised of, and respond to any reasonable requests concerning, the status of the defense of any claim, and Franchisee and the Indemnified Party agree to cooperate in good faith with each other with respect to the defense of any such claim. Franchisee may not, without the Indemnified Party’s prior written consent, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with this Section may be settled by the Indemnified Party without Franchisee’s prior written consent. Notwithstanding anything to the contrary in this Section, if a claim involves the Proprietary Marks or any intellectual property rights or confidential information associated with the System, Franchisee agrees that Franchisor and/or Master Franchisor (at Master Franchisor’s election) has the exclusive right to assume the defence of such claim, at Franchisee’s expense with counsel selected by Franchisor and/or Master Franchisor, but reasonably satisfactory to Franchisee.

21.4.3 Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or

arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, wilful misconduct, or wilful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or Franchisor's failure to compel Franchisee to comply with this Agreement.

21.4.4 For purposes of this Section, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

21.4.5 Franchisee's obligations in this Section will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee under this Section. Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section.

22. **RELATIONSHIP WITH MASTER FRANCHISOR**

22.1 **Information Rights.** Without prejudice or limitation to any other provision of this Agreement granting any right to Master Franchisor, Master Franchisor shall be entitled to:

22.1.1 Receive from Franchisor, and Franchisor shall be entitled to provide to Master Franchisor, all such documents, materials and information pertaining to Franchisee, this Agreement, the arrangements contemplated herein, and the Franchised Store as Master Franchisor shall request, including without limitation (i) an executed copy of this Agreement and any other related agreements, (ii) information pertaining to any breach of this Agreement by Franchisee, (iii) development reports regarding the purchase or lease of Premises and construction of the Franchised Store;

22.1.2 Share any reports, financial statements and other information received pursuant to Section 22.1.1 with other master franchisees of Master Franchisor and to include financial information relating to Franchisee and the Franchised Store in Master Franchisor's disclosure documents; and

22.1.3 Communicate directly with Franchisee.

22.2 **Inspection Rights.** Franchisee shall allow Master Franchisor or its designee to have access (including online remote access) to Franchisee's facilities, systems (including Computer System), books and records, and the Premises, whether during or after normal business hours in order to exercise any of its other rights under this Agreement and/or for purposes of determining Franchisee's compliance with the terms of this Agreement.

22.3 **Step-In Rights.** The parties agree that, in the event that the Franchisor fails to enforce any of the Franchisee's obligations under this Agreement as required in accordance with its obligations to Master Franchisor, or is unable to do so for any reason, Master Franchisor shall be entitled to exercise Franchisor's rights under, and enforce the provisions of this Agreement against, Franchisee as if it were the Franchisor.

22.4 **No Direct Franchisee Relationship.** The parties acknowledge and agree that Franchisee is the franchisee of Franchisor, not of Master Franchisor and shall have no recourse, and covenants not to bring any action or proceeding, against Master Franchisor in relation to any matter arising out of or in connection with this Agreement.

22.5 **Enforcement.** For the avoidance of doubt, Master Franchisor may enforce the terms of this Section 22 and any other provision of this Agreement that expressly confers any right or benefit to Master Franchisor notwithstanding the fact that it is not a party.

23. **APPROVALS AND WAIVERS**

23.1 **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.

23.2 **Non-waiver.** No failure of Franchisor or Master 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 or Master Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor or Master 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 or Master 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 or Master 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 or Master Franchisor's rights nor shall such constitute a waiver by Franchisor or Master Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor or Master Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor or Master Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

24. **WARRANTIES OF OPERATOR**

24.1 **Franchisee's Warranties.** Franchisee warrants and represents to Franchisor that, as at the Effective Date:

24.1.1 it has full power and authority to execute, deliver and perform its obligations under this Agreement and the related agreements;

24.1.2 the persons executing this Agreement and the related agreements have been duly authorized to perform such actions on behalf of Franchisee;

24.1.3 there are no agreements or arrangements with any third party the terms of which would prevent it from entering into this Agreement or the related agreements or would materially impede the performance by it of its obligations under this Agreement or the related agreements;

24.1.4 it is not, and nor are any of its directors or officers, party to any litigation proceedings or disputes which may have a material adverse effect upon its ability to perform its obligations under this Agreement or the related agreements;

24.1.5 it is not the subject of any Insolvency Event; and

24.1.6 it has not been convicted or found guilty of a criminal offense that has not been disclosed in writing to Franchisor or otherwise involved in any pattern or practice of acts or conduct that may prejudicially affect the reputation of Franchisor, Master Franchisor, the Trademarks, Trade Name, and/or the System.

24.2 **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, complete and not misleading in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted.

24.3 **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.

25. **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.

26. **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 supersedes 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 26 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits.

27. **SEVERABILITY AND CONSTRUCTION**

27.1 **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.

27.2 **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.

27.3 **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, Master Franchisor, and their respective affiliates, officers, directors, shareholders, agents, and employees, successors and assigns, any rights or remedies under or by reason of this Agreement.

27.4 **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 or Master 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.

27.5 **Franchisor's Application of its Rights.** Franchisor and Master 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 and/or Master 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 and/or Master Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor and/or Master Franchisor, and in its judgment of what is in Franchisor's and/or Master Franchisor's best interests and/or in the best interests of Franchisor's and/or Master 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 and/or Master Franchisor; (ii) the decision or action of Franchisor and/or Master Franchisor will promote its financial or other individual interests; (iii) Franchisor's and/or Master Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's and/or Master Franchisor's company-owned operations; or (iv) Franchisor's and/or Master 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 and/or Master Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and/or Master Franchisor and Franchisee intend that the exercise of Franchisor and/or Master 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/or Master 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 and/or Master Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

27.6 **Competition Law and Future Changes.** In the event that the Franchisor decides that amendments to this Agreement or the arrangements between the parties are necessary to conform with or otherwise take account of applicable competition law, or future changes thereto, Franchisee hereby agrees to enter into a Supplemental Agreement in a form prescribed by the Franchisor to adopt such amendments, forthwith on demand.

28. **APPLICABLE LAW AND DISPUTE RESOLUTION**

28.1 **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of [REDACTED].

28.2 **Non-Binding Mediation.** [Proposed language for 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, other intellectual property rights or confidential information). Any such mediation shall be non-binding and shall 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 Franchisor agrees otherwise in writing. Notwithstanding anything to the contrary, this Section 28.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under applicable laws, including the applicable laws for obtaining interim 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 (½) the cost of the mediator or mediation service. This Section 28.2 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).

28.3 **Arbitration.** [Proposed language for arbitration] Franchisor and Franchisee agree that, subject to Section 28.2 herein, and except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks, other intellectual property rights 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. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the American Arbitration Association'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. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

28.3.1 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.

28.3.2 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.

28.3.3 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.

28.3.4 Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right to seek interim injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit the applicable dispute for arbitration on the merits as provided in this Section 28.3.

28.3.5 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.

28.4 **Consent to Jurisdiction.** [Subject to the mediation and arbitration obligations in Sections 28.2 and 28.3], any judicial action must be brought in a court of competent jurisdiction in the State of [_____]. 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 court in the jurisdiction in which Franchisee resides or the Franchised Store is located.

28.5 **No Rights Exclusive of Other Rights.** No right or remedy conferred upon or reserved to Franchisor, Master 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.

28.6 **Release.** By executing this Agreement, Franchisee, for itself and its affiliates, and for its and its affiliates' directors, officers, shareholders, partners, members, managers, employees and agents, and for the predecessors, successors, assigns, heirs, administrators and executors of it and any and all of them (collectively, the "Franchisee Parties"), hereby release, remise, acquit, and forever discharge Franchisor, its affiliates, its and its affiliates' directors, officers, shareholders, partners, members, managers, employees and agents, and the predecessors, successors, assigns, heirs, administrators and executors of it and any or all of them (collectively, the "Franchisor Parties"), from and against any and all obligations, debts, liabilities, demands, claims, actions, causes of action, loss, losses, damage and damages (actual, consequential, multiplied, exemplary, enhanced, punitive, or otherwise), of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise, for any matter, of whatever source or origin, arising out of or related to any and all transactions of any kind or character, at any time prior to and including the Effective Date. Franchisee covenants, warrants, and agrees that it has the authority to bind the Franchisee Parties (as herein defined) as provided herein. Franchisee, on behalf of itself and the Franchisee Parties, further covenants not to sue any of the Franchisor Parties on any of the claims released by the foregoing and represents that it has not assigned any such claims to any individual or entity who is not bound by the foregoing.

28.7 **Injunctive Relief.** Nothing herein contained shall bar the right of Franchisor or Master 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 applicable laws, including applicable laws for obtaining interim injunctions.

28.8 **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.

28.9 **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 applicable laws.

28.10 **Attorneys' Fees.** In the event Franchisor or Master 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 and/or Master 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.

28.11 **Signature.** Delivery of a copy of this Agreement bearing (i) an original signature by facsimile transmission, (ii) an original signature by electronic mail in "portable document format" form or (iii) an electronic signature facilitated by a digital transaction management services provider (such as DocuSign), shall have the same effect as physical delivery of the paper document bearing the original signature.

29. **ACKNOWLEDGMENTS**

29.1 **FRANCHISEE'S INVESTIGATION OF THE BUSINESS POSSIBILITIES.** FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF OPERATING A GONG CHA 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.

29.2 **Receipt of FDD and Complete Agreement.** Franchisee 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.

29.3 **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.

29.4 **Franchisee’s Responsibility for Operation of Business.** Although Franchisor and Master Franchisor retain 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. Franchisee acknowledges that it is solely responsible for all aspects of the Franchised Store’s operations, including employee and human resources matters. Franchisee further acknowledges that any controls implemented by Franchisor and/or Master Franchisor are for the protection of the System and the Proprietary Marks and not to exercise any control over the day-to-day operation of the Franchised Store.

29.5 **Sole and Exclusive Employer.**

29.5.1 Franchisee hereby irrevocably acknowledges, affirms, attests and covenants that Franchisee’s employees are employed exclusively by Franchisee and in no fashion are any such employees employed, jointly employed or co-employed by Franchisor. Franchisee further acknowledges, affirms and attests that each of Franchisee’s employees is under Franchisee’s exclusive dominion and control and never under Franchisor’s direct or indirect control in any fashion whatsoever. Franchisee alone hires each of Franchisee’s employees; sets their schedules; establishes their compensation rates; and pays all salaries, benefits and employment-related liabilities (such as workers’ compensation insurance premiums/payroll taxes/ unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate Franchisee’s employees to the exclusion of Franchisor, and Franchisee acknowledges that Franchisor has no such authority or ability. Franchisee further acknowledges, attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that the Franchised Store is at all times staffed at those levels necessary to operate the Franchised Store in conformity with the System and other Gong Cha Store brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee acknowledges, affirms, warrants and understands that Franchisee may staff the Franchised Store with as many employees as Franchisee desires at any time so long as Franchisor’s minimal staffing levels are achieved. Franchisee also acknowledges, affirms and attests that any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, and that Franchisee is entirely free to disregard Franchisor’s recommendations regarding such employee compensation. Moreover, Franchisee acknowledges, affirms and attests that any training provided by Franchisor to Franchisee’s employees is for the purpose of imparting critical System and brand information to those employees, and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee’s employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending such allegations, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor’s behalf (and, as may be necessary, submitting to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee’s employees). To the extent

Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue.

29.5.2 Immediately upon hiring of any employee, Franchisee shall obtain from such employee, including every management personnel, and any other personnel hired at the Franchised Store, the signed Non-Disclosure and Non-Competition Agreement form, which form is attached hereto as Exhibit E.

29.6 **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.

29.7 **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.

29.8 **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.

29.9 **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.

29.10 **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.

[SIGNATURE PAGE FOLLOWS]

**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:

FRANCHISEE:

By:

By:

Name:

Name:

Title:

Title:

Address for Notices:

Address for Notices:

Telephone:

Telephone:

Fax:

Fax:

**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:

4. The Franchise Fee shall be \$[XX] (See Section 4.1).

5. [Include highlighted language below if Area Development Agreement is in force or may be introduced.] [If this Franchise Agreement is executed pursuant to an Area Development Agreement, the development credit applied to the initial Franchise Fee shall be [XX] (See Section 4 of Area Development Agreement).]

FRANCHISOR

Initial: _____

Date: _____

FRANCHISEE

Initial: _____

Date: _____

**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 Principal's 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

FRANCHISOR

Initial: _____

Date: _____

FRANCHISEE

Initial: _____

Date: _____

FRANCHISE AGREEMENT
EXHIBIT C
GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to _____ (“**Franchisor**”) to enter into the Franchise Agreement between Franchisor and _____ (“**Franchisee**”), dated _____, 20____ (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 “Gong Cha” 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 England and Wales. In the event of any conflict of law, the laws of England and Wales shall prevail (without regard to, and without giving effect to, the application of 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: _____

**FRANCHISE AGREEMENT
EXHIBIT D
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS**

As part of the Franchise Agreement with _____ (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 interest in accordance with the Franchise Agreement. Sales Reports, Royalty Fees, and advertising contributions are due no later than the third business day after the close of each Week and are 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 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 dishonour 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: _____.

Financial Institution Routing Number Account Number

Signature of Authorized Signer: _____ Date: _____

Please Attach Actual VOIDED CHECK

**FRANCHISE AGREEMENT
EXHIBIT E
NON-DISCLOSURE AND NON-COMPETE
FOR FRANCHISEE'S EMPLOYEES**

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (“Agreement”) is made this _____ day of _____, 20____, by and between _____ (“**us**” “**we**” “**our**” or the “**Franchisee**”), and _____, an employee of Franchisee (“**you**” or the “**Employee**”).

Introduction

_____ (the “**Franchisor**”) is a master franchisee of Gong cha USA Franchising, LLC (“**Master Franchisor**”). Master 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 “Gong Cha” (each is referred to as a “**Gong Cha Store**”). Master Franchisor has granted to Franchisor the right to operate, and sublicense to franchisees, the System.

Franchisor and Franchisee have executed a Franchise Agreement (“**Franchise Agreement**”) granting Franchisee the right to operate a Gong Cha Store (the “**Franchised Store**”) under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your employment with Franchisee, you will be trained by us and you will learn of Franchisor’s and Master Franchisor’s confidential information and know-how concerning the methods of operation of a Gong Cha Store and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and 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 obligations:

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 Gong Cha Store) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise;
- ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor, Master Franchisor and the System; and/or
- iii. 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, 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) at or within a radius of five (5) miles of the Approved Location of the Franchised Store or any Gong Cha Store located anywhere at that time.

4. Acknowledgement. You acknowledge that you are an employee of us as the Franchisee and independent owner of a Gong Cha Store franchise, and you are not an employee of Franchisor or Master Franchisor. You further acknowledge that (i) one of our key roles and responsibilities is to properly train our employees; and (ii) neither the training program that you attend or any other training or direction you receive, nor any recommendations, guidelines or suggestions received from Franchisor or its representatives in any way modifies our training obligations or is intended to exert or exercise any direct, indirect or potential control over our employees, our training obligations or any aspect of our employment relationship with you or any other employees. The training program that you attend or any other training or direction you receive is not intended in any way to change or modify your employment relationship with us. Franchisor is not an employer or joint employer of any of our employees.

5. 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 Franchisor and/or Master Franchisor, and that:

a. We 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 defences 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 Franchisor and/or Master Franchisor for any court costs and reasonable attorney's fees that Franchisor and/or Master Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

6. Severability. Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor or Master Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor or Master 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.

7. Delay. No delay or failure by us or Franchisor or Master 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.

8. Third-Party Beneficiary. You acknowledge and agree that Franchisor and Master Franchisor are intended third-party beneficiaries of this Agreement with the right to enforce it, independently or jointly with us.

9. Jurisdiction: Applicable Law. You agree that any lawsuit brought by Franchisor or Master Franchisor to enforce its rights under this Agreement shall be brought in the courts of England and Wales, 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 England and Wales. In the event of any conflict of law, the laws of England and Wales shall prevail, without regard to, and without giving effect to, conflict of law rules.

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

Signature: _____

Printed Name: _____

**FRANCHISE AGREEMENT
EXHIBIT F
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 Gong Cha Store, which is currently: a retail business offering tea, coffee and juice, along with related products and services, under the name "Gong Cha," 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 Gong Cha 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 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 and/or upon the Franchisee's deficiency under the lease.
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 Gong Cha 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.

**FRANCHISE
AGREEMENT
EXHIBIT G
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

[Note: This Statement may need to be modified or removed in some franchise registration states.]

As you know, [] (the “**Franchisor**”) and you are preparing to enter into a franchise agreement (the “**Franchise Agreement**”) for the establishment and operation of a “**Gong Cha Store**.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“**Broker**”) that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Gong Cha Store from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Gong Cha Store from an existing Franchisee?

Yes _____ No _____

2. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

4. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("**Disclosure Document**") that was provided to you?

Yes _____ No _____

5. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

6. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand?
(Attach additional pages, if necessary.)

7. Have you discussed the benefits and risks of establishing and operating a Gong Cha Store with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8. Do you understand that the success or failure of your Gong Cha Store will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

9. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Gong Cha Store operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating a Gong Cha Store that is contrary to or different from the information contained in

the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue a Gong Cha Store will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating a Gong Cha Store that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Gong Cha Store?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

15. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

16. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who?

If you have answered No to question 8, or Yes to any one of questions 9-16, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 8, and No to each of questions 9-16, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____,
20 _____,
and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

The name of the sales person or salespersons that handled this franchise sale was:

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
 - (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
 - (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism;
- or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti- Terrorism Measure.

Acknowledged this _____ day of _____, 20_____.

INDIVIDUAL

 Signature
 Print Name: _____

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

 Print Name of Legal Entity
 By: _____

 Signature
 Print Name: _____

FRANCHISE AGREEMENT
EXHIBIT H
DATA PROTECTION

- 1 The Parties must mutually protect all Personal Data that may come into their possession during the Term in accordance with the provisions and principles of the Data Protection Laws and in particular the Franchisee must ensure compliance with Franchisor's security arrangements and ensure the reliability of its staff who have access to any Personal Data held by the Franchisor.
- 2 Each Party undertakes to comply with its own data protection obligations, including those under Data Protection Laws.

3 Definitions

For the purpose of this Exhibit H, the following terms shall have the meanings set out below and cognate terms shall be construed accordingly:

- (a) “**Agreed Purposes**” means any operation of the Business in compliance with the conditions of Article 5(1)(b) GDPR;
- (b) “**Customer Data**” means Personal Data pertaining to customers of the Business;
- (c) “**Data Protection Laws**” means applicable legislation protecting the personal data of natural persons, including in particular the UK Data Protection Act 2018, UK GDPR, the Privacy and Electronic Communications (EC Directive) Regulations 2003, national laws implementing the Directive on Privacy and Electronic Communications (2002/58/EC) and/or any applicable local law in the Territory and the GDPR, together with binding guidance and codes of practice issued from time to time by relevant supervisory authorities;
- (d) “**Discloser**” means a party that discloses Personal Data to the other party in the performance of its rights or obligations under this Agreement;
- (e) “**EEA**” means the European Economic Area;
- (f) “**GDPR**” means EU General Data Protection Regulation n°2016/679;
- (g) “**Information Security and Data Privacy Policy**” means the policy set out in Appendix I to Exhibit H, as amended, varied and/or updated by Franchisor from time to time;
- (h) “**Personal Data**”, “**Process/Processing**”, “**Controller**”, “**Processor**” “**Data Subject**”, “**Personal Data Breach**” and “**Special Categories of Personal Data**” shall have the same meaning as each (or the nearest equivalent) is given in the GDPR;

- (i) “**Privacy Policy**” means the privacy policy of Franchisor as updated from time to time and published on its or Master Franchisor’s website;
- (j) “**Recipient**” means a party who received Personal Data from the other party in the performance of that party’s rights or obligations under the Agreement;
- (k) “**Subprocessor**” means any third party sub-contractor or service provider that processes Personal Data on behalf of the Processor and pursuant to an agreement requiring the third party to comply with the instructions of the Processor (acting on its own behalf or on behalf of the other party);
- (l) “**Restricted Transfer**” means a transfer of Personal Data to a country, a territory or specified sector within a country from Discloser to Recipient that is (but for the operation of this Agreement): (i) not recognized as providing an adequate level of protection for Personal Data under Data Protection Laws (as applicable to the Personal Data transfer); or (ii) is not subject to any safeguards or derogations that would permit the transfer of the Personal Data to the country, territory or sector in accordance with Data Protection Laws (as applicable to the Personal Data transfer);
- (m) “**Staff Data**” means Personal Data pertaining to each of the parties' and their Affiliates' owners, guarantors, offices, directors, members, managers, partners, employees, agents, contractors and any other staff;
- (n) “**Standard Contractual Clauses**” means (a) the standard contractual clauses for the transfer of Personal Data to Controllers established in third countries which do not ensure an adequate level of protection as set out in Commission Implementing Decision (EU) 2021/914 and GDPR, as updated, amended, replaced or superseded from time to time by the European Commission; or (b) where required from time to time by a Supervisory Authority for use with respect to any specific Restricted Transfer, any other set of contractual clauses or other similar mechanism approved by such Supervisory Authority or by Data Protection Laws for use in respect of such Restricted Transfer, as updated, amended, replaced or superseded from time to time by such Supervisory Authority or Data Protection Laws; and
- (o) “**Supervisory Authority**” means (a) an independent public authority which is established by an EU member state pursuant to Article 51 GDPR; and (b) any similar regulatory authority responsible for the enforcement of Data Protection Laws.

4 General Requirements

- (a) Any Restricted Transfer of Personal Data under this Agreement shall only be permissible where the relevant Standard Contractual Clauses have been executed.
- (b) The parties acknowledge and agree that, subject to paragraph 4(c) of this Exhibit H, the applicable Standard Contractual Clauses are incorporated into this Agreement, without further need for reference, incorporation or attachment, and that by executing

this Agreement the parties are deemed to have executed the applicable Standard Contractual Clauses as applicable to the relevant Restricted Transfer.

- (c) If any of the applicable Standard Contractual Clauses are invalidated or replaced in any manner that relates to a Restricted Transfer subject to this Agreement, the parties will cooperate in good faith to promptly implement an alternative data transfer mechanism to the extent required by Data Protection Laws.
- (d) All notification obligations covered by this Exhibit H must include notification in writing to the relevant respective contact person for each party:
 - (i) Franchisor contact person's name, position and contact details: [to be completed]
 - (ii) Franchisee contact person's name, position and contact details: [to be completed]
- (e) Where acting as a Discloser, each party shall:
 - (i) only disclose the Personal Data for the Agreed Purposes, provided that such disclosure is lawful under the Data Protection Laws;
 - (ii) if considered a Controller, ensure that it has (a) procured for a notice to be made available to the relevant Data Subject(s) informing them that their Personal Data will be disclosed to the Recipient or to a category of third party describing the Recipient, and such Data Subject(s) has provided its prior consent to such disclosure or the Discloser established (to the satisfaction of the Recipient) an alternative lawful basis for the disclosure;
 - (iii) ensure that it has obtained any necessary consents or authorisations required to permit the Recipient to freely process the Personal Data for the Agreed Purposes;
 - (iv) only disclose any Special Categories of Personal Data to the Recipient where necessary for the Agreed Purposes and then only having obtained the explicit prior consent of the relevant Data Subjects, or established (to the satisfaction of the Recipient) an alternative lawful basis and Article 9 GDPR processing condition for the disclosure; and
 - (v) be responsible for the security of any Personal Data whilst in transmission from the Discloser to the Recipient.
- (f) Where acting as a Recipient, each party shall:
 - (i) not Process Personal Data in a way that is incompatible with the Agreed Purposes (other than to comply with a requirement of applicable law to which the Recipient is subject);

- (ii) not Process Personal Data for longer than is necessary to carry out the Agreed Purposes (other than to comply with a requirement of applicable law to which the Recipient is subject); and
- (iii) taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of Processing, as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons, have in place appropriate technical and organisational security measures to protect the Personal Data against unauthorised or unlawful Processing, or accidental loss or destruction or damage

5 Controller-Controller Relationship

- (a) If and to the extent that the parties act as independent Controllers for the purposes of the Data Protection Laws in relation to the Personal Data (and not as joint Controllers), each party will each act as a separate Controller in relation to the Personal Data which it Processes, as each party independently determines the purposes and means of the Processing.
- (b) The parties will cooperate in good faith to populate Appendix II to Exhibit H (Details of the Controller to Controller Processing) that sets out in further detail the Processing of Personal Data as separate Controllers prior to completion of any transfer of Personal Data between the Parties.
- (c) To the extent that the Processing under this paragraph 5 of this Exhibit H involves a Restricted Transfer, the parties will cooperate in good faith to populate Appendix III to Exhibit H (Controller to Controller Processing – Details required for EU Standard Contractual Clauses) prior to completion of any such Restricted Transfer. The relevant information required for the purposes of the Standard Contractual Clauses is provided in this Agreement at:
 - (i) Appendix II to Exhibit H (Details of the Controller to Controller processing); and
 - (ii) Appendix III to Exhibit H (Controller to Controller Processing – Details required for EU Standard Contractual Clauses).
- (d) The parties shall each comply with their respective obligations under the Data Protection Laws in respect of their processing of Personal Data, including promptly dealing with requests from Data Subjects to exercise their rights in accordance with Data Protection Laws including, but not limited to, promptly notifying the other party regarding a rectification, erasure or restriction of Processing request from a Data Subject.
- (e) Franchisor and Franchisee will each be independently responsible for their respective processing of Staff Data. Franchisee will provide any co-operation and assistance to Franchisor at Franchisor's cost to permit Franchisor to process Staff Data for the

Agreed Purposes (including to ensure Franchisee's compliance with its obligations under this Agreement) in accordance with applicable Data Protection Laws, specifically by taking into account the principle of data minimization pursuant to Article 5(1)(c) GDPR. Such co-operation and assistance shall include, without limitation, providing any notice to Data Subjects or obtaining any consent from Data Subjects (if applicable) as Franchisor reasonably requires or requests.

- (f) Franchisee shall, upon request from Franchisor, at any time and for any reason in connection with either party's obligations under this Agreement or Applicable Law, provide to Franchisor any and all Customer Data (or copies thereof) requested by Franchisor provided such provisions can lawfully take place under the Data Protection Law, and the principle of data minimization pursuant to Article 5(1)(c) GDPR is complied with. In the event that Franchisee is prohibited from disclosing such Customer Data to Franchisor by the applicable Data Protection Laws, Franchisee shall, at Franchisor's cost, provide all reasonable assistance and take all reasonable steps to permit the disclosure (including providing notice to affected Data Subjects or (if applicable) obtaining their consent in accordance with Franchisor's documented, lawful instructions).
- (g) With respect to its processing of Personal Data, Franchisee agrees that:
 - (i) it will comply with all Data Protection Laws, regulations, and regulatory guidance applicable to the processing of Personal Data and any reasonable policies, procedures or guidelines notified to Franchisee by Franchisor from time to time, including all relevant sections of the Manual, provided the content thereof aligns with the applicable Data Protection Laws;
 - (ii) it will not knowingly process Personal Data in such a manner as to cause Franchisor to breach any of its obligations under the applicable Data Protection Laws;
 - (iii) any advice, guidance, information (written or otherwise) or documents in respect of applicable Data Protection Laws provided by Franchisor to Franchisee shall not prevent Franchisee from providing greater protection for Personal Data and, except in the case of negligence or wilful default or breach of law, no warranty, representation or guarantee, whether express or implied, is given that such guidance, information or documentation is correct, complete or accurate;
 - (iv) except in the case of its negligence, wilful default or breach of law, Franchisor shall not be liable to Franchisee in respect of any such advice, guidance, information or documentation or for any failure of Franchisee to comply with its obligations pursuant to the applicable Data Protection Laws; and
 - (v) Franchisee will notify Franchisor if, in its opinion, complying with Franchisor's guidance, information or documentation will cause Franchisee and/or Franchisor to breach any Data Protection Laws.

6 Controller-Processor Relationship

- (a) For the purposes of this paragraph 6 of Exhibit H, the term “Processor” shall mean the party that Processes Personal Data on behalf of the other party where so designated, including by the Manual. To the extent that either party processes Personal Data as a Processor for the purposes of the Data Protection Laws, that party will comply with the obligations applicable to it under Data Protection Laws, including any obligations required to be incorporated into agreements or other binding instruments by virtue of Franchisor's designation as a Processor pursuant to the applicable Data Protection Laws.
- (b) Where Franchisor is a Processor, Franchisor will enter into agreements with Subprocessors which meet the requirements of the applicable Data Protection Laws and ensure that such agreements permit Franchisee to exercise any rights against such Subprocessors as are required to permit Franchisee to comply with applicable Data Protection Laws.
- (c) Subject to paragraph 6(b) of this Exhibit H, if Franchisee’s documented authorization is required, Franchisee hereby provides general authorization for the appointment of Subprocessors as notified to it by Franchisor.
- (d) Franchisee may object to the appointment of a Subprocessor referred to in paragraph 6(c) of this Exhibit H only if it can reasonably demonstrate that the appointment of the Subprocessor will cause Franchisee to be in breach of applicable Data Protection Laws, in which case Franchisor (as applicable) and Franchisee will agree to a reasonable solution.
- (e) Franchisee agrees and confirms that, when acting as Processor for Franchisor in relation to Customer Data, Franchisee shall:
 - (i) only process Customer Data on the documented and reasonable instructions of Franchisor unless required to process that Customer Data for other purposes by applicable law. Where such a requirement is placed on Franchisee, it shall provide prior notice to Franchisor unless the relevant applicable law prohibits the giving of notice on important grounds of public interest;
 - (ii) limit access to Customer Data to those employees or other personnel who have a business need to have access to such Customer Data. Further, Franchisee shall ensure that such employees or other personnel have agreed in writing to protect the confidentiality and security of such Customer Data in accordance with the provisions of this Agreement or are under a statutory or other obligation of confidentiality;
 - (iii) inform Franchisor if, in the opinion of Franchisee, Franchisor's instructions would be in breach of Data Protection Laws;
 - (iv) ensure that, where required by Data Protection Laws, it obtains prior written approval from Franchisor (as applicable) prior to appointing any Subprocessor to

Process Customer Data and has a written contract with any Subprocessors it engages to process Customer Data. That contract must impose obligations on the Subprocessor equivalent to those set out in this Exhibit H as applicable, and Franchisee shall ensure the Subprocessor complies with those obligations and the Subprocessor does not carry out a Restricted Transfer (as a data exporter) unless an appropriate data transfer mechanism such as the Standard Contractual Clauses is in place;

- (v) in the event of a Personal Data Breach concerning Customer Data Processed by Franchisee, Franchisee shall take appropriate measures to address the Personal Data Breach, including measures to mitigate its possible adverse effects, and if the Personal Data Breach is likely to result in significant adverse effects and reputational damage for Franchisor, Franchisee shall without undue delay, and in no event later than two Business Days after discovery of the Personal Data Breach, notify Franchisor. If Franchisee determines it is necessary to notify the Personal Data Breach to any relevant Supervisory Authority or Data Subject(s), Franchisee will notify Franchisor in writing in advance and coordinate with Franchisor before submitting any notification to the relevant Supervisory Authority or Data Subject(s). Franchisee shall document all relevant facts relating to the Personal Data Breach including its effects and any remedial action taken;
- (vi) promptly, and by no later than two Business Days, notify Franchisor if Franchisee receives a request from a Data Subject attempting to exercise his/her rights under Data Protection Laws. Franchisee shall act promptly, and any event within 20 calendar days, in accordance with Franchisor's reasonable instructions when dealing with that request in order to fulfil Franchisor's obligation to respond to requests from Data Subjects exercising their rights under Data Protection Laws;
- (vii) permit Franchisor to audit (by itself or using independent third-party auditors) Franchisees' compliance with this Agreement (including the technical and organisational measures as set out in Appendix I to Exhibit H (Information Security and Data Protection Policy)) and comply with the reasonable requests with reasonable notice of Franchisor to audit its Subprocessors' compliance with the written contracts Franchisee has entered into with the Subprocessors. Franchisee shall make available to Franchisor on request all information necessary to demonstrate compliance with this Agreement, as well as the audit reports regarding the Subprocessors' compliance of the written subprocessing contracts;
- (viii) promptly, and in any event within 90 days of the date of termination of this Agreement or its expiry (or within such shorter timeframe as may be required by this Agreement): (i) return a complete copy of all Customer Data by secure file transfer in such a format as notified by Franchisor, at Franchisor Cost, to Franchisor; and (ii) where instructed by Franchisor, delete and procure the deletion of all other copies of Customer Data Processed by Franchisee or any Subprocessors; and (ix) provide reasonable assistance at Franchisor's cost, to Franchisor to conduct a privacy impact assessment (and any related consultations) where required under Data Protection Laws.

- (f) Franchisee shall, in its capacity as Processor, promptly inform Franchisor of any Personal Data transfers of Franchisee outside the EEA.
- (g) Where Processing is to be carried out on behalf of one of the parties, the other party must provide reasonably sufficient guarantees to implement technical and organisational measures to meet data protection requirements.
- (h) Where required, the parties will cooperate in good faith to enter into a data processing agreement containing obligations equivalent to those set out in this paragraph 6 of Exhibit H, prior to completion of any transfer of Personal Data, that is binding on the party acting as a Processor that sets out the Processing of Personal Data and all required information and obligations by applicable Data Protection Laws. In so far the data processing agreement applies to the Processing of Customer Data by Franchisee in its capacity of a Processor, the conflicting provisions in that agreement will not have precedence over the provisions in paragraph 6(e) of this Exhibit H.
- (i) The Processor shall indemnify and hold harmless the Controller against all claims and proceedings and all losses reasonably incurred by the Controller (and/or any of its Affiliates) as a result of or in connection with any successful claim made or brought by a Data Subject or other person in respect of any loss caused to it as a result of or in connection with any breach of the Data Protection Laws by the Processor, its employees or agents.

7 Information Security and Data Privacy Policy

Franchisee shall at all times comply, and request that its Affiliates comply, with the Information Security and Data Privacy Policy set out at Appendix I to Exhibit H.

8 Further Co-operation and Assistance

- (a) Each party shall co-operate with the other, to the extent reasonably requested, in relation to:
 - (i) any requests from Data Subjects exercising their rights under Data Protection Laws;
 - (ii) any other communication from a Data Subject concerning the Processing of their Personal Data; and
 - (iii) any communication from a Supervisory Authority concerning the Processing of Personal Data, or compliance with the Data Protection Laws.
- (b) Franchisee shall be responsible for implementing and complying with its Privacy Policy and ensuring its compliance with the Data Protection Laws.
- (c) In connection with the Privacy Policy, Franchisee, shall, within one year of the Effective Date, amend the Privacy Policy to include Master Franchisor and its

Affiliates as persons with whom Franchisee, in its capacity as a Controller, may share Customer Data to the extent lawfully permitted under the Data Protection Laws. The parties agree that they may share Customer Data based on legitimate interests as defined under applicable Data Protection Laws and shall co-operate and take all necessary actions to that end.

Appendix I to Exhibit H Information Security and Data Protection Policy

1. Definitions

In this Appendix I, the following terms have the meanings set out below:

“Payment Card Data” means credit and debit cardholder data;

“Personal Information” means any information that identifies, relates to, describes, or is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household, including, but not limited to, his or her name, social security number, physical characteristics, physical address, email address, telephone number, government issued ID number, unique identifier, financial information (e.g. credit card number) or medical information, or any other information that qualifies as “personal information” as such term (or the nearest equivalent) is defined in applicable country level Data Protection Laws and all Personal Data, and “Personal Information” shall be deemed to be Confidential Information for the purposes of this Agreement; and

“Security Incident” means the indication or reasonable belief that systems have been compromised, which may lead to (a) the actual or suspected unauthorised access, use, disclosure, modification, storage, destruction or loss of business and/or personal information in the possession, custody or control of the Franchisee or its suppliers; or (b) compromise any of the physical, technical, administrative or organisational safeguards put in place by Franchisee that relate to the protection of the security, confidentiality or integrity of Personal Information or other data relevant to Business operations.

2. Policy Purpose

Franchisee needs a considerable amount of Confidential Information and Personal Information to advance and operate the Business and continually enhance the employee and customer experience. Information security and data privacy policies are designed to optimize technology and information value while mitigating cybersecurity risks and addressing legal and compliance requirements. Applicable Franchisees shall comply with all security policies outlined in this Appendix I (this "**Policy**").

3. Policy Scope

This new global Policy applies to all Confidential Information that is collected, processed, stored, or transmitted on systems, networks, platforms, databases, firewalls, switches, routers, WIFI devices, websites, mobile apps, CCTV, and all restaurant devices (e.g., POS, Kiosk, etc.) that are owned, operated, or used by the Franchisee, including third-party systems contracted on behalf of the Franchisee.

4. Applicable Laws And Regulations

Applicable Franchisees shall comply with all applicable data security and data privacy laws and regulations governing the region, country, province, or territory in which they operate.

5. Data Security And Privacy Program

Franchisee shall maintain a comprehensive written and evidenced data security, and data privacy program to ensure reasonable measures consistent with policies outlined in this Appendix I, are used to protect the confidentiality, integrity and availability of Confidential Information and Personal Information. Such programs should be included in a broader risk management program to address enterprise, operational, and vendor risks.

6. Right To Audit

Franchisor reserves the right, with reasonable notice, to audit and inspect Franchisee data security and data privacy program, risk management program, supplier management program, and security services. Upon request, Franchisee shall make available documentation sufficient to demonstrate compliance with all requirements outlined in this Policy. Such documentation will include a copy of all third-party certifications and or audits in their then-most-current form, that relate to Franchisee's compliance with data security, data privacy, or information security requirements.

7. Payment Card Data Security

Where Franchisee is responsible for processing, storing and or transmitting Payment Card Data (credit or debit card data), Franchisee shall ensure that Franchisee or third-parties providing payment card services on behalf of the Franchisee, is and shall continuously remain fully compliant with all applicable local laws and regulations including, but not limited to the payment card data security and compliance requirements as required by the merchant bank, acquiring bank or payment card agreement.

8. User Access And Password Security

8.1 Authentication

Franchisee systems shall utilize industry accepted sign-on requirements, including Multifactor Authentication (MFA) and Single Sign-On (SSO). Franchisee shall implement remote access controls to authenticate all users, limit activity to required system resources and data, audit log activity while on the network, and connections are encrypted.

8.2 Password

Franchisee systems and platforms shall be secured with passwords. Franchisee shall implement technical and organizational controls for password configurations and management that meet or exceed widely accepted industry requirements. Franchisee shall change all default vendor supplied passwords. Passwords must be used to authenticate the identity of the user prior to accessing the information asset. User account passwords must be changed during the first login session and whenever a password is reset by anyone other than the user.

8.3 User Accounts

Franchisee user accounts shall be created and revoked through a standard approval process. User accounts uniquely assigned to individuals shall not be shared. User

accounts used on devices such as routers, switches, and firewalls etc., shall be unique to each restaurant. User accounts shall be identified as privileged, restaurant, service, or user. Default user accounts shall be identified and disabled or removed from device and have required assignment of access that enforces separation of duties.

8.4 User Access

Franchisee shall ensure user access to systems is appropriate and in-line with current job function or role, and such access is not excessive and is restricted solely to what is needed to perform their job function or job responsibility. User access shall be reviewed at least annually or as users change job functions.

9. Network And Firewall Security

Franchisee shall implement controls and procedures to secure and monitor networks and systems that provide connectivity and process business and restaurant data.

Network access controls are present at any boundary between a trusted network and or any untrusted or public network. All external (internet) facing applications must be protected following the three-zone network layer architecture. Internet Zone to DMZ Zone to Trust Zone.

Network access controls are implemented to detect, prevent and alert on unauthorized devices connected to the network. Scans for unauthorized network devices must be performed continuously.

Unauthorized devices found are disabled immediately and prevented from connecting to the network. If an unauthorized intrusion has been identified, Franchisee shall take reasonable measures to mitigate such issue and or shut down access or connectivity until proof of the intrusion or incident has been mitigated.

10. Cryptographic Controls

Franchisee shall encrypt Confidential Information and Personal Information in-transit and at rest, including communications from external web services to internal Franchisee systems.

Transmission of data between a device and wireless access point, open or public networks, as well as virtual private networks shall be encrypted. Only trusted keys and/or digital certificates to store, process and/or transmit data shall be used. Encryption methods and technologies utilized shall be limited to industry accepted encryption methods. The use of proprietary encryption algorithms is prohibited.

11. Endpoint Protection

Franchisee shall ensure that industry accepted anti-malware software is utilized and continuously active on all business-critical systems, such as restaurant level devices. Franchisee shall ensure anti-malware software is kept up to date with releases provided by the software vendor. Franchisee shall ensure anti-malware software settings cannot be disabled or modified.

12. System Event Logging And Monitoring

12.1 Event Logging For business-critical systems, including, but not limited to systems and platforms supporting ecommerce or network capabilities, Franchisee shall implement effective

audit logging and monitoring processes covering user access and system events and log collection.

12.2 Log Review and Retention System administrators shall be alerted to all suspected unauthorized attempts to access, manipulate or disable associated systems, data or application services. Processes shall be in place to prevent unauthorized modifications to logs and audit trails. All systems should be set to UTC universal time standard. Alerts shall be actively monitored, and security event logs will be maintained for at least a minimum of 90 days.

13. Application Design, Development, And Maintenance

Franchisee shall implement development policies, controls, and procedures to support a secure System Development Life Cycle (SDLC). This requires the involvement of trained security personnel in product development and implementation, and verification that development and software products meet security requirements prior to migrating code changes to production. The secure SDLC incorporates leading practices including, but not limited to authentication, authorization, and access control; data validation, transmission, and storage; cryptography; session management; and error handling. When performing website development, Franchisee shall comply with Open Web Application Security Project (OWASP) Top 10 Controls.

14. Website And Mobile App Security (Applicable When Ecommerce Platforms And Mobile Apps Are Operated And Controlled By Franchisee)

For websites and mobile apps that support ecommerce capabilities and the collection of Personal Information (such as Customer Data), Franchisee may utilize Franchisor Approved Security Services, at its own expense, where available. When Franchisee elects not to use Franchisor Approved Vendor Security Service (being those services noted with an * below), Franchisee shall select an equivalent service aligned to the requirements outlined in this Policy and provide evidence of compliance.

14.1 Domain and certificate management

Register all websites using an industry standard website domain and certificate service.

14.2 Web application firewall (WAF)

Use an industry standard website protection service to mitigate website attacks, outages and user account takeovers.

14.3 Penetration testing

Use an industry standard penetration testing service to identify and remediate security exploits.

14.4 Website scanning

Use an industry standard website scanning service to identify and remediate known system vulnerabilities.

14.5 Data encryption

Encrypt personal information in-transit and at-rest using industry accepted encryption methods. Use https throughout the entire website to ensure a secure session. HTTP or mixed content implementations are not permitted. Use secure connections between interconnected systems and applications (HTTPS, TLS 1.2+, VPN, SFTP).

14.6 Access and Authentication

Require authenticated access for the ability to view or modify Personal Information. Encrypt remote connections and require multifactor authentication.

14.7 Secure payment gateways

Only leverage payment gateway providers approved by country level bank.

15. Vulnerability Management

15.1 Requirements Franchisee shall perform vulnerability scanning on all business-critical production systems and platforms (including restaurant devices) on a scheduled or regular basis prior to initial move to production, prior to deploying updated system images and after any major upgrade or modification. Scans shall be conducted using an automated vulnerability scanning software or a commercial vulnerability scanning service. Scans shall leverage credentials created and supplied to facilitate authenticated scanning on systems.

15.2 Patch Management Franchisee shall implement a patching process to identify and remediate vulnerabilities on a timely basis. When vulnerabilities are identified they are patched in a timely manner in line with critically of issue. Patches are to be tested prior to deployment to production.

16. Security Incident Management Plan, Notification, And Remediation

16.1 Plan

Franchisee shall maintain an incident management plan to address a potential event of a Security Incident. Franchisee shall review the plan on a periodic basis and test annually to ensure the adequacy of the response process and associated procedures. Franchisee shall designate, and train specific personnel with security incident responsibilities to actively support and respond to alerts.

16.2 Notification

Franchisee shall immediately notify Franchisor in writing of any Security Incident, or suspected Security Incident that may result in the unauthorised access to, collection, use or disclosure of or access to confidential or personal information.

16.3 Remediation

Franchisee shall comply with Franchisor's requests and will make all reasonable efforts to assist Franchisor in relation to the investigation of any incident. Franchisee shall take all necessary and appropriate steps to adequately address the cause of any security incidents to Franchisor's satisfaction and to remedy any breach of security and any claim allegation, action, proceeding or litigation with respect to the unauthorised access, use or disclosure of the personal information.

17. Systems And Data Backup

Franchisee shall regularly back up data and regularly test its back-up processes to ensure that they are effective and that they can be completed within operation guidelines for recovery. Timing and frequency of system and data backup and recovery processes shall be aligned requirements outlined by the business.

18. Physical Security

Franchisee shall ensure the use of appropriate facility entry controls (e.g., authorized/guest access, badge readers, id cards, etc.) to limit and monitor physical access to systems.

**Appendix II to Exhibit H
Details of the Controller to Controller Processing**

The table below describes the sharing of Personal Data between the parties in accordance with their obligations under Exhibit H.

The parties acknowledge that the table below may not represent a complete list of the sharing of Personal Data between the parties. Where certain sharing of Personal Data are not referenced in the table below but are being undertaken by the parties, the parties agree and acknowledge that this Agreement will apply to such sharing where applicable. The parties agree that if they identify any additional data sharing activities that have not been included in the table below (or any subsequent amendments or updates to the table) that they will notify the other party and agree to make any necessary amendments to the table.

Name of Discloser	Name of Recipient	Categories of Data Subjects	Categories of Personal Data	Special Categories of Personal Data (if applicable)	Nature and purpose(s) of Processing	Maximum data retention periods	Where there is a Restricted Transfer, specify whether it takes place on either (i) a one-off basis; or (ii)

Appendix III to Exhibit H
Controller to Controller Processing – Details Required for EU Standard Contractual Clauses

Reference	Option Selected
Clause 7 – Docking clause (optional)	This optional clause is not selected
Clause 11	The Recipient shall inform Data Subjects in a transparent and easily accessible format, through individual notice or on its website, of a contact point authorized to handle complaints. It shall deal promptly with any complaints it receives from a Data Subject
Clause 17 – Governing law	The Clauses in this Agreement shall be governed by the law of one of the EU Member States, provided such law allows for third-party beneficiary rights. The parties agree that this shall be the law of the United Kingdom.
Clause 18 – Choice of forum and jurisdiction	The parties agree that those shall be the courts of the United Kingdom.
Annex 1A – List of parties	Organization name and address can be found at the parties section of this Agreement. Contact person’s name, position and contact details can be found in Clause 18.4(d) of this Agreement. Activities relevant to the data transferred under these Clauses can be found in Appendix II (Details of the Controller to Controller Processing). Signature and date can be found in the signatory page of this Agreement
Annex 1B – Description of transfer	This information can be found in Appendix II (Details of the Controller to Controller Processing). To the extent applicable, the descriptions of safeguards applied to special categories of Personal Data can be found in Appendix I (Information Security and Data Protection Policy).
Annex 1C – Competent Supervisory Authority	The Parties have identified the competent supervisory authority in accordance with clause 13 of the EU Standard Contractual Clauses as: United Kingdom Information Commissioner’s Office
Additional contractual protections (if any) identified as part of a transfer impact assessment	The Recipient shall: [●]

FRANCHISE AGREEMENT
EXHIBIT I
FORM OF PROFIT AND LOSS STATEMENT FOR A GONG CHA STORE

Outlet P&L Metrics	Comments
Net Sales	Required disclosure of split between i) Category (LTO, Standard etc.), ii) Sales Channel (Takeaway, Dine in, Delivery, etc.) & iii) Asset type (Flagship, Standard format, Kiosk, etc.)
Cost of Sales (COS)	Required disclosure of split as per detail set out above
Cost of Labor (COL)	Required disclosure of split between Crew and Management Team. Need to disclose TPLH (Transaction per Labor Hour) excluding corporate G&A Required disclosure of Corporate G&A (if included here)
Delivery	Required disclosure of Aggregator commission and service fee expense with split per Aggregator in terms of cost and number of orders
Rent	Required disclosure of split between Rent and other associated costs Clarification of cost structure (variable and/or fixed)
Depreciation	Required disclosure of depreciation periods per asset category Any other detail (if available) to be disclosed
Marketing	Required disclosure of split of Brand Marketing Fees and Regional Marketing Fees
Royalties	

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EXHIBIT B
FINANCIAL STATEMENTS

GONG CHA USA, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM
FEBRUARY 8, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

GONG CHA USA, INC.
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE
PERIOD FROM FEBRUARY 8, 2021 (INCEPTION) THROUGH
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder
Gong Cha USA, Inc.

Opinion

We have audited the accompanying financial statements of Gong Cha USA, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in shareholder's equity and cash flows for the year ended December 31, 2022 and for the period from February 8, 2021 (inception) through December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gong Cha USA, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and for the period from February 8, 2021 (inception) through December 31, 2021, 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. 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 Gong Cha 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, and for 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 Gong Cha USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Gong Cha 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 Gong Cha 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.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York

February 3, 2023, except for Note 6, as to which the date is July 31, 2023.

“Citrin Cooperman” is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients’ business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

GONG CHA USA, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ <u>499,067</u>	\$ <u>199,571</u>
TOTAL ASSETS	\$ <u>499,067</u>	\$ <u>199,571</u>
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>		
Liabilities	\$ <u>-</u>	\$ <u>-</u>
Commitments and contingencies (Notes 1 and 5)		
Shareholder's equity:		
Common stock - \$.001 par value; 100 shares authorized, issued and outstanding	-	-
Additional paid-in capital	500,000	200,000
Accumulated deficit	<u>(933)</u>	<u>(429)</u>
Total shareholder's equity	<u>499,067</u>	<u>199,571</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ <u>499,067</u>	\$ <u>199,571</u>

See accompanying notes to financial statements.

GONG CHA USA, INC.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM
FEBRUARY 8, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
Revenues	\$ -	\$ -
Selling, general and administrative expenses	<u>504</u>	<u>429</u>
NET LOSS	<u>\$ (504)</u>	<u>\$ (429)</u>

See accompanying notes to financial statements.

GONG CHA USA, INC.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD
FROM FEBRUARY 8, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Shareholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance - February 8, 2021 (inception)	-	\$ -	\$ -	\$ -	\$ -
Contributions	100	-	200,000	-	200,000
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(429)</u>	<u>(429)</u>
Balance - December 31, 2021	100	-	200,000	(429)	199,571
Contributions	-	-	300,000	-	300,000
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504)</u>	<u>(504)</u>
BALANCE - DECEMBER 31, 2022	<u>100</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ (933)</u>	<u>\$ 499,067</u>

See accompanying notes to financial statements.

GONG CHA USA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 21, 2022 AND FOR THE PERIOD
FROM FEBRUARY 8, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
Cash used in operating activities:		
Net loss	\$ (504)	\$ (429)
Cash provided by financing activities:		
Contributions from shareholder	<u>300,000</u>	<u>200,000</u>
Net increase in cash	299,496	199,571
Cash - beginning	<u>199,571</u>	<u>-</u>
CASH - ENDING	<u>\$ 499,067</u>	<u>\$ 199,571</u>

See accompanying notes to financial statements.

GONG CHA USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Gong Cha USA, Inc. (the "Company") was formed on February 8, 2021, as a Delaware corporation to guarantee the duties and obligations of Gong Cha Global Limited (the "Parent"), the Company's parent and the franchisor of Gong Cha franchises, to the Parent's master franchisees under its master franchise registration in each state in the United States where the master franchise is registered (the "Master Franchise Agreement") and to its unit franchisee under its franchise registration in each state in the United States where the unit franchise is registered (the "Unit Franchise Agreement"). The Company will continue to guarantee such duties and obligations, with total exposure not to exceed total Company assets available, which amounted to \$499,067 as of December 31, 2022, until the earlier of (a) all such obligations under the Unit and Master Franchise Agreements are satisfied or (b) until the liability of the Parent to its master franchisees under the Master Franchise Agreement has been completely discharged.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Income taxes

The Company uses the asset and liability method of accounting for income taxes pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under the asset and liability method of FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

GONG CHA USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

As of December 31, 2022 and 2021 and for the year ended December 31, 2022 and for the period from February 8, 2021 (inception) through December 31, 2021, no tax balances are reported.

Variable interest entities

In accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* ("ASU 2018-17"), FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the entity disclosed in Note 4, meet the conditions under ASU 2018-17, and accordingly the Company has elected not to consolidate this entity.

Subsequent events

The Company has evaluated all material subsequent events through February 3, 2023, the date on which these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

NOTE 4. RELATED-PARTY TRANSACTIONS

As discussed in Note 1, the Company was formed to guarantee the duties and obligations of the Parent and franchisor of Gong Cha franchises. The Parent absorbs various legal and accounting expenses on behalf of the Company that will not be billed back to the Company.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Litigation

The Company and the Parent may be, from time to time, involved in ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's financial position. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on the Company's financial position.

GONG CHA USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6. RESTRUCTURING

As of May 1, 2023, the Parent implemented a corporate United States restructuring (the "US Restructuring"), to further support management's planned expansion in the United States. As part of the US Restructuring, the Parent formed Gong Cha USA Franchising, LLC ("GCUSF"), as a wholly-owned subsidiary of the Company's affiliate Gong Cha Americas, Inc. ("GCA") to act as the new United States franchisor. Under an assignment agreement between the Parent and GCUSF, effective May 1, 2023, the Parent assigned all of the existing Master Franchise Agreements in the United States to GCUSF, as well as the existing franchise agreements in the United States that the Parent entered into with its affiliates. Following the US Restructuring, the Parent continues to own the intellectual property and proprietary rights relating to the franchise system, including the IP rights. The Parent has entered into an "IP License Agreement" with GCUSF, effective May 1, 2023, under which the Parent has granted to GCUSF, for an ongoing license and royalty fee as further detailed in the IP License Agreement, the exclusive right to use and to license the right to use, the Parent's intellectual property and proprietary rights relating to the franchise system, including the IP rights in the United States, and, to among other things, offer and sell Gong Cha master, multi-unit and unit franchises, and operate Gong Cha stores. Additionally, and in conjunction with the May 1, 2023 assignment agreement, Gong Cha USA, Inc.'s guarantee of the duties and obligations of Gong Cha Global Limited, to its Master and Unit Franchisees was amended to transfer such guarantee to GCUSF's duties and obligations to its Master and Unit Franchisees as of May 1, 2023. Gong Cha USA, Inc. will continue to guarantee such duties and obligations until the earlier of (a) all such obligations under the Master and Unit Franchise Agreements are satisfied or (b) until the liability of the GCUSF to its master franchisees under the Master Franchise Agreement has been completely discharged.

GONG CHA USA, INC.
UNAUDITED FINANCIAL
STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND YEAR ENDED
DECEMBER 31, 2022

GONG CHA USA, INC.
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND YEAR ENDED
DECEMBER 31, 2022

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GONG CHA USA, INC.
UNAUDITED BALANCE
SHEETS
JUNE 30, 2023 AND DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ <u>498,989</u>	\$ <u>499,067</u>
TOTAL ASSETS	\$ <u>498,989</u>	\$ <u>499,067</u>
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>		
Liabilities	\$ <u>-</u>	\$ <u>-</u>
Commitments and contingencies		
Shareholder's equity:		
Common stock - \$.001 par value; 100 shares authorized, issued and outstanding	-	-
Additional paid-in capital	500,000	500,000
Accumulated deficit	<u>(1,011)</u>	<u>(933)</u>
Total shareholder's equity	<u>489,989</u>	<u>499,067</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ <u>489,989</u>	\$ <u>499,067</u>

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

GONG CHA USA, INC.
UNAUDITED STATEMENTS OF
OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND FOR THE YEAR ENDED
DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ -	\$ -
Selling, general and administrative expenses	<u>78</u>	<u>504</u>
NET LOSS	<u>\$ (78)</u>	<u>\$ (504)</u>

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

GONG CHA USA, INC.
UNAUDITED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND FOR THE YEAR ENDED
DECEMBER 31, 2022

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Shareholder's</u>
			<u>Capital</u>		<u>Equity</u>
Balance – December 31, 2021	100	\$ -	\$ 200,000	\$ (429)	\$ 199,571
Contributions	-	-	300,000	-	300,000
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504)</u>	<u>(504)</u>
Balance - December 31, 2022	100	-	500,000	(933)	499,067
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>(78)</u>
BALANCE – June 30, 2023	<u>100</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ (1,011)</u>	<u>\$ 498,989</u>

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

GONG CHA USA, INC.
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND FOR THE YEAR ENDED
DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net loss	\$ (78)	\$ (504)
Cash flow from financing activities:		
Contributions from shareholder	_____ -	_____ 300,000
Net increase/(decrease) in cash	(78)	299,496
Cash - beginning	_____ 499,067	_____ 199,571
CASH - ENDING	<u>\$ 498,989</u>	<u>\$ 499,067</u>

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

EXHIBIT C

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, Gong Cha USA, Inc., a Delaware corporation (the “Guarantor”), located at 200 Clarendon St., 56th floor, Boston, Massachusetts 02116, absolutely and unconditionally guarantees to assume the duties and obligations of Gong Cha Global Limited, a limited liability company formed in England and Wales (“Franchisor”), located at Unit 34A Waterside, 44-48 Wharf Road, London N1 7UX United Kingdom, and its successor and assignee Gong cha USA Franchising, LLC, to its master franchisees under its franchise registration in each state in the United States where the master franchise is registered, and to its master franchisees under its Master Franchise Agreement identified in its Master Franchise Franchise Disclosure Document issued July 31, 2023, as it may be amended, and as that Master Franchise Agreement may be entered into with master franchisees and amended, modified or extended from time to time, and under the Master Franchising Agreement between Franchisor and Gong Cha CA Franchise, LLC (“GCCA”) dated February 15, 2015, as renewed effective July 1, 2021, and under the Master Franchising Agreement between Franchisor and Gong Cha Tea, LLC (“Gong Cha Tea”) dated January 15, 2015, as amended (Franchisor’s Master Franchising Agreements with GCCA and Gong Cha Tea, and any master franchise agreements Franchisor and its successor and assignee Gong cha USA Franchising, LLC have entered into or may enter into with master franchisees are collectively referred to herein as the “Master Franchise Agreements”), to its unit franchisees under its franchise registration in each state in the United States where the unit franchise is registered, and to its unit franchisees under its Unit Franchise Agreement identified in its Unit Franchise Franchise Disclosure Document to be issued in August 2023, as it may be amended, and as that Unit Franchise Agreement may be entered into with unit franchisees and amended, modified or extended from time to time and any unit franchise agreements Franchisor and its successor and assignee Gong cha USA Franchising, LLC have entered into or may enter into with unit franchisees are collectively referred to herein as the “Unit Franchise Agreements”). This guarantee continues, to the extent of Guarantor’s assets, until all such obligations of Franchisor and its successor and assignee Gong cha USA Franchising, LLC to its master franchisees under its franchise registrations and the Master Franchise Agreements, and to its unit franchisees under its franchise registrations and the Unit Franchise Agreements, are satisfied or until the liability of Franchisor and its successor and assignee Gong cha USA Franchising, LLC to GCCA, Gong Cha Tea or its other master franchisees under the Master Franchise Agreements, or to its unit franchisees under the Unit Franchise Agreements, has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a master franchisee or a unit franchisee against Franchisor or its successor and assignee Gong cha USA Franchising, LLC remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of Franchisor or its successor and assignee Gong cha USA Franchising, LLC. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Atlanta, Georgia, on the 31 day of July, 2023.

Guarantor:

GONG CHA USA, INC.

By: _____

Name: Geoffrey Henry

Title: President



[2023 US MF FDD]

4858-5110-9491, v. 2

EXHIBIT D

FORMER AND EXISTING U.S. MASTER FRANCHISEES

List of Existing U.S. Master Franchisees

(As of March 31, 2023)

Master Franchisee: Gong Cha CA franchise, LLC

Authorized Territory: California

Contact: Larry or Michelle Chen

Address: 3859 Bret Harte Drive, Redwood City, CA 94061

Telephone: 408-802-6300

Master Franchisee: GC Master Franchise of Colorado, LLC

Authorized Territory: Colorado

Contacts: Nam Vo; Phuong (“Mindy”) Thai

Address: 7246 S. Valdai Circle, Aurora, CO 80016-2402

Telephone: 720-496-9936; 720-876-8734

Master Franchisee: GCDMV LLC

Authorized Territory: District of Columbia, Maryland, Virginia

Contact: Kam Yiu Wong, President

Address: 12063 Tech Rd., Silver Spring, MD 20904

Telephone: 301-335-3843

Master Franchisee: Uncommon Enterprise, LLC

Authorized Territory: Michigan

Contacts: Robert M. Song

Address: 2110 Methodist Street, Okemos, MI 48864

Telephone: 989-284-2833

Master Franchisee: Louisiana GC, LLC

Authorized Territory: Louisiana

Contacts: Daniel Tsang; Ping Wen Bai

Address: 1891 Rousseau Street, Suite 1, New Orleans, LA 70130

Telephone: +1 504-621-8412; +1 917-399-7299

Master Franchisee: Gong Cha Franchise LLC (the franchisor entity in the Master Territory)
Gong Cha Tea, LLC (affiliate of Gong Cha Franchise LLC that entered into a master franchise agreement with Gong Cha International Co., Ltd. for the Master Territory and sublicensed the right to use the trademarks to it)

Authorized Territory (or Master Territory): Florida, Georgia, Massachusetts, New Jersey, New York, North Carolina, South Carolina, Texas. This Existing Master Franchisee also has been granted additional development rights to Connecticut, Pennsylvania, Rhode Island, Oklahoma and New Hampshire. As of February 2023, this Existing Master Franchisee acquired development rights in Florida, Georgia, North Carolina and South Carolina from former master franchisee Hands Investment, LLC.

Contact: Anchal Lamba

Address: 206 Terminal Drive, Plainview, NY 11803

Telephone: 516-813-9593; 718-791-7141

List of Former U.S. Master Franchisees Who Left the System During 2022

Master Franchisee: Hands Investment, LLC*

Contact: Luc Tran, CEO and Co-founder

Address: 1394 Indian Trail Lilburn Rd., Suite 201, Norcross, GA 30093

Telephone: 678-330-4629

*The development rights of this master franchisee were acquired by other master franchisee in February, 2023, and thus, this master franchisee left the system after the end of 2022, but before the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT E

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	California Department of Financial Protection and Innovation	2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana (State Administrator)	Indiana Secretary of State Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204 (317) 232-6681
Indiana (Agent)	Indiana Secretary of State	200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933 (517) 373-7117
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8222
New York (Agent)	New York Secretary of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	North Dakota Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept 414 Bismarck, ND 58505-0510 (701) 328-4712
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920 (401) 462-9527
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, 2 nd Floor Pierre, SD 57501 (605) 773-3563

Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630 (804) 371-9051
Washington (State Administrator)	Washington Dept. of Financial Institutions Securities Division	PO Box 9033 Olympia, WA 98507 (360) 902-8760
Washington (Agent)	Washington Dept. of Financial Institutions Securities Division	150 Israel Road SW Tumwater, Washington 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 261-9555

EXHIBIT F
STATE ADDENDA

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The Franchise Disclosure Document is amended to include the following information:
 - A. Gong cha USA Franchising, LLC's Franchise Disclosure Document is currently registered or exempt from registration in: None
 - B. The states in which this proposed registration is or will be shortly on file, or is or will shortly be exempt from registration: Hawaii, Illinois, Indiana, Michigan, Minnesota, New York, Rhode Island, Washington, and Wisconsin
 - C. The states, if any, which have refused, by order or otherwise, to register these franchises: None
 - D. The states, if any, which have revoked or suspended the right to offer these franchises: None
 - E. The states, if any, in which the proposed registration of these franchises has been withdrawn: None
2. **THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**
3. **THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**
4. **THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE MASTER FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.**

5. The franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

6. No release language set forth in the Master Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.
7. 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.
8. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this addendum.

HAWAII ADDENDUM TO MASTER FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Act, §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Master Franchise Agreement, to the extent that the Master Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

No release language set forth in the Master Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Master Franchise Agreement.

3. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Master Franchise Agreement. In the event of any conflict between this Addendum and the Master Franchise Agreement, the terms and conditions of this Addendum shall apply.

5. 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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Gong cha USA Franchising, LLC

MASTER FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Illinois law governs the Master Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. 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 the Illinois Franchise Disclosure Act or any other law of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
5. The page **Special Risks to Consider About *This* Franchise** is amended with the addition of the following:
 3. **Short Operating History**. This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
 6. 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.

ILLINOIS ADDENDUM TO MASTER FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Master Franchise Agreement, to the extent that the Master Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Master Franchise Agreement.

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

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

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 the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2. 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.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Master Franchise Agreement.

4. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Master Franchise Agreement. In the event of any conflict between this Addendum and the Master Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Gong cha USA Franchising, LLC

MASTER FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

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 Disclosure Document or agreement(s) can abrogate or reduce (a) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

To the extent required by Minnesota Statutes, Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Master Franchise Agreement.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Master Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 with respect to limitation of claims.

General Additional Disclosure:

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.

MINNESOTA ADDENDUM TO MASTER FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Master Franchise Agreement, to the extent that the Master Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Master Franchise Agreement.

To the extent required by the Minnesota Franchise Act, franchisor will protect franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided Franchisee is using the names in marks in accordance with the Master Franchise Agreement.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Master Franchise Agreement; or (3) failure of the franchisee to cure a default under the Master Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (a) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot

consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. 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.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Master Franchise Agreement.

4. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Master Franchise Agreement. In the event of any conflict between this Addendum and the Master Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Gong cha USA Franchising, LLC

MASTER FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§19-28.1-1 to 19.28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in the franchise agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

RHODE ISLAND ADDENDUM TO MASTER FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§19-28.1-1 to 19.28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Master Franchise Agreement, to the extent that the Master Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in the franchise agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Master Franchise Agreement.

3. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

This Addendum is being entered into in connection with the Master Franchise Agreement. In the event of any conflict between this Addendum and the Master Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Gong cha USA Franchising, LLC

MASTER FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

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 Master 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 Master 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 Master 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 master 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 Master Franchise Agreement or elsewhere are void and unenforceable in Washington.

The following language is added to the page titled “**Special Risks to Consider About This Franchise**”:

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the master franchisee has (a) received all initial training and other initial obligations that it is entitled to under the Master Franchise Agreement and the Franchise Disclosure Document, and (b) the master franchisee has commenced operation of its master franchise business.

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.

WASHINGTON ADDENDUM TO MASTER 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 Master 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 Master 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 Master 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 Master Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

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 master franchise agreement or elsewhere are void and unenforceable in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the master franchisee has (a) received all initial training and other initial obligations that it is entitled to under the Master Franchise Agreement and the Franchise Disclosure Document, and (b) the master franchisee has commenced operation of its master franchise business.

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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Gong cha USA Franchising, LLC

MASTER FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Master Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO MASTER FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Master Franchise Agreement, to the extent that the Master Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Master Franchise Agreement.

3. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Master Franchise Agreement. In the event of any conflict between this Addendum and the Master Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Gong cha USA Franchising, LLC

MASTER FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT G
OPERATIONS MANUAL
TABLE OF CONTENTS

Subject	Number of Pages
Business Concept	2
Uniform and Appearance Regulation	2
Work-Safe and First Aid with Burns	4
Service Process Management	2
Standard Serving Dialogue	4
Process for Phone Order & Delivery	2
Dealing with Customer Complaints	2
SOP for Maintenance and Cleaning	6
Store Opening	2
Drink Tasting Activity	2
Tea & Topping Preparation	2
Measures for Irregular Situation	8
Smoothie Maker/Blender Operation	2
Tea Extractor Operation	2
Syrup Dispenser Operation	2
Sealing Machine Operation	4
Induction – Stove Operation	2
TOTAL	50

EXHIBIT H

STATE EFFECTIVE DATES AND RECEIPTS

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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:

State	Effective Date
Hawaii	
Illinois	
Indiana	
Minnesota	
New York	<i>Separate FDD</i>
Rhode Island	
Washington	
Wisconsin	

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

This disclosure document summarizes certain provisions of the master franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Gong cha USA Franchising, LLC offers you a master franchise, Gong cha USA Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Gong cha USA Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the master franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding master franchise or other agreement or the payment of any consideration, whichever occurs first.

If Gong cha USA Franchising, LLC 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, D.C. 20580 and those state administrators listed on Exhibit E.

Issuance Date: July 31, 2023

The franchisor is Gong cha USA Franchising, LLC, located at 200 Clarendon St., Suite #5600, Boston, MA 02116. Its telephone number is (508) 277-4148.

The franchise seller involved in offering and selling the master franchise to you includes Andrew Sternburg, who can be reached at 200 Clarendon Street, Suite #5600, Boston, Massachusetts 02116; (508) 277-4148. Any other franchise sellers involved in offering and selling the franchise to you are listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____

Gong cha USA Franchising, LLC authorizes the respective state agencies identified on Exhibit E to receive service of process for Gong cha USA Franchising, LLC in the particular state.

I have received a disclosure document with an issuance date of July 31, 2023, that included the following Exhibits: A) Master Franchise Agreement, including form Subfranchise Agreement (Appendix XII); B) Financial Statements; C) Guarantee of Performance; D) Existing and Former U.S. Master Franchisees; E) List of State Administrators/Agents for Service of Process; F) State Addenda; G) Operations Manual Table of Contents; and H) State Effective Dates and Receipts.

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

By: _____

Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Copy for Prospective Master Franchisee

Receipt

This disclosure document summarizes certain provisions of the master franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Gong cha USA Franchising, LLC offers you a master franchise, Gong cha USA Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Gong cha USA Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the master franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding master franchise or other agreement or the payment of any consideration, whichever occurs first.

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Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

By: _____

Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to andrew.sternburg@gong-cha.com by email.

Copy for Gong cha USA Franchising, LLC