

FRANCHISE DISCLOSURE DOCUMENT
FORMOSA UNITED INC.
dba ANDA BOBA TEA

ANDA BOBA TEA

A New York Corporation
16 TERRACE CIRCLE #13C
GREAT NECK, NY, 11021
Tel: (646) 525-1432
E-mail: alexchan0513@gmail.com
URL: <https://andacafeusa.com/>

As a ANDA BOBA TEA franchisee, you will operate a retail food establishment that sells items from a focused menu featuring a variety of teas and juice drinks, using proprietary teas, milk teas and juices, tapioca balls, recipes and preparation techniques, freshly prepared and available for carry-out or consumption on the premises.

The total investment necessary to begin operation of a ANDA BOBA TEA unit franchised business is \$190,300 to \$273,800. This includes \$103,300 to \$120,300 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alexander Lang Chih Chen at FORMOSA UNITED INC., 16 TERRACE CIRCLE #13C, GREAT NECK, NY, UNITED STATES, 11021 and telephone (415) 917-6450.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's homepage 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: February 28, 2026

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 C.
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 ANDA BOBA TEA 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 ANDA BOBA TEA franchisee?	Item 20 or Exhibit C 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 New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
2. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. Short operating history. The 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 in a system with a longer operating history.

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.

FORMOSA UNITED INC. dba ANDA BOBA TEA
FRANCHISE DISCLOSURE DOCUMENT
TABLE OF CONTENTS

<u>Item No.</u>	<u>Name</u>	<u>Page</u>
1	The Franchisor, and any Parents, Predecessors, and Affiliates	1
2	Business Experience	3
3	Litigation	3
4	Bankruptcy	4
5	Initial Fees	4
6	Other Fees.....	5
7	Estimated Initial Investment	8
8	Restrictions on Sources of Products and Services	13
9	Franchisee's Obligations.....	15
10	Financing.....	16
11	Franchisor's Assistance, Advertising, Computer Systems, and Training	16
12	Territory.....	25
13	Trademarks	27
14	Patents, Copyrights, and Proprietary Information.....	29
15	Obligation to Participate in the Actual Operation of the Franchise Business	30
16	Restrictions on What the Franchisee May Sell	30
17	Renewal, Termination, Transfer, and Dispute Resolution	30
18	Public Figures.....	34
19	Financial Performance Representations.....	35
20	Outlets and Franchisee Information	35
21	Financial Statements	37
22	Contracts.....	37
23	Receipts	38

Exhibits

"A"	Franchise Agreement
	<i>Exhibits to Franchise Agreement:</i>
	Exhibit 1: Territory, Location of Outlet
	Exhibit 2: Names and Addresses of Principal Equity Owners
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	Addendum for New York Franchisees
"G"	State Effective Dates
"H"	Receipts

ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Introduction

For simplicity, this Disclosure Document refers to FORMOSA UNITED INC. (hereafter, “Formosa,” “we,” or “us”) as the franchisor. The term “you” refers to the individual or entity seeking to purchase an ANDA BOBA TEA franchise. If the purchaser is an entity, then “you” also includes all individuals who own 20% or more of that entity (the “Principal Equity Owners”).

Franchisor, Parents, and Affiliates

Formosa is the franchisor offering and granting ANDA BOBA TEA franchises. We have no parent company. We have no affiliates that offer or sell franchises for the same or similar products or services. We have been offering unit franchises for this business for the past three years.

Predecessors

We have no predecessor entities. No other entity previously offered or sold franchises for ANDA BOBA TEA under our supervision.

Name Used by the Franchisor

We conduct business under the name “ANDA BOBA TEA.” We do not presently use or intend to use any other name when conducting the franchisor’s business.

Agent for Service of Process

Our designated agent for service of process in New York is the Secretary of State, located at: Secretary of State of New York, 99 Washington Avenue, Albany, NY 12231.

Business Organization

Formosa is a domestic business corporation organized under the laws of the State of New York on October 1, 2024. We have not operated under any other corporate name or in any other jurisdiction.

The Franchisor’s Business Activities

Formosa’s primary purpose and activity is to franchise ANDA BOBA TEA outlets. We do not currently own or operate outlets substantially identical to the franchises being offered, nor do we

engage in other business activities outside of franchising. We have offered franchises for this specific business for a period of three (3) years.

The Business You Will Conduct

By entering into a Franchise Agreement with us, you will be licensed the right to independently own and operate a single retail store (the “Outlet”) under the ANDA BOBA TEA brand. The Outlet will sell: A focused menu featuring our proprietary tea beverage (“ANDA BOBA TEA”), other tea and juice drinks (including milk teas, juices, and specialty tapioca-based beverages), and any related accessories or approved products. All prepared using our designated recipes, authorized equipment, and proprietary techniques. Products are sold for on-site consumption and/or takeout, in accordance with our system standards.

General Market for Franchised Products and Services

Your Outlet will serve a consumer market that includes anyone who prefers tea- or juice-based beverages. This market is well-established and not seasonal. Initially, we plan to target areas with a significant Asian population, or regions where brand awareness is likely to grow quickly. Over time, we expect to expand into additional markets across the United States, without focusing on any one specific demographic group.

Industry-Specific Laws and Regulations

You must comply with all federal, state, and local regulations that apply to operating a retail food and beverage business, including (but not limited to):

1. Business License and Reseller’s Permit requirements;
2. Health Permits, inspections, and approvals by municipal, county, or state health departments overseeing food handling and service;
3. Compliance with building codes, fire codes, and handicap access laws (including the Americans with Disabilities Act);
4. Food and safety regulations enforced by the U.S. Food and Drug Administration and the U.S. Department of Agriculture.

Restaurants and retail food service providers are also subject to local inspections to ensure compliance with applicable food, health, and safety standards. Additional requirements, such as indoor air quality and tobacco use restrictions, may vary by jurisdiction.

Competition

Franchised ANDA BOBA TEA outlets face competition from:

1. Other tea shops, coffee shops, and quick-service restaurants offering specialty beverages,
2. National or regional chains,
3. Smaller chains, and
4. Independent operators specializing in tea-based beverages or similar products.

Your success will depend on effectively differentiating ANDA BOBA TEA's product offerings and maintaining high-quality service to retain and grow your customer base.

Prior Experience of the Franchisor

Formosa itself is a recently formed entity (organized in 2024) with the primary purpose of franchising ANDA BOBA TEA outlets. We have no previous corporate operating history apart from the activities described above. However, our President, Alexander Lang Chih Chen, has 11 years of experience in the beverage franchise industry. Additional information about Mr. Chen's background and business experience is disclosed in Item 2 of this Disclosure Document.

ITEM 2: BUSINESS EXPERIENCE

President – Alexander Lang Chih Chen

Alexander Lang Chih Chen has served as the Founder and President of Formosa United Inc. since its inception on October 1, 2024. Formosa United Inc. is located at 16 Terrace Circle #13C, Great Neck, NY 11021.

Since September 2018, he has been the President of ANDA Cafe USA Inc., located at 83-31 Broadway, Elmhurst, NY 11373, a position he continues to hold.

ITEM 3: LITIGATION

Neither we, our predecessors, nor any of our affiliates have been involved in any pending, existing, or concluded criminal, administrative, or civil actions alleging violations of franchise laws, fraud, misrepresentation, or unfair or deceptive practices. To the best of our knowledge, no litigation

currently exists or has ever existed that would be material to this franchise offering.

ITEM 4: BANKRUPTCY

Neither the Franchisor, its predecessors, nor any of its affiliates, or their respective officers and directors, has been involved as a debtor in any bankruptcy proceedings. To our knowledge, there are no current or prior bankruptcy filings relevant to this Franchise offering.

ITEM 5: INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for a single Outlet ranges from \$25,000 to \$30,000, payable in full by cashier's check, money order, or wire transfer when you sign the Franchise Agreement. This fee is non-refundable once paid, regardless of any subsequent termination or expiration of the Franchise Agreement.

Design Fee

After we review and approve your proposed Outlet site, you must pay a Design Fee ranging from \$3,000 to \$5,000 for our direct services in designing the Outlet in accordance with ANDA BOBA TEA standards. This fee is due before we begin our design services and is non-refundable.

Security Deposit

When you sign the Franchise Agreement, you must pay a Security Deposit of \$10,000 to \$15,000. We may use all or a portion of the Security Deposit to cure any default or to compensate us or our affiliates for damages or expenses caused by your default, including costs incurred to correct your failure to perform obligations under the Franchise Agreement. If we use any part of the Security Deposit before the Agreement ends, you must restore it to a minimum balance of \$10,000. If you are not in default when the Franchise Agreement expires or terminates, we will refund any remaining balance of the Security Deposit within 30 days after the effective date of expiration or termination.

Equipment and Fixtures

You must also invest \$60,000 in equipment and fixtures necessary to operate your Outlet. This cost is due before your Outlet opens and is non-refundable.

Initial Inventory

You are required to purchase an initial inventory of approximately \$5,000 to \$10,000 in goods and supplies. This expense is necessary for opening and operating your Outlet and is non-refundable.

Marketing Fee

You must pay us the Marketing Fee of \$300, which is used to support brand-wide marketing, promotional initiatives, and related advertising efforts before opening of the franchise. This fee is non-refundable and is due on or before the date(s) we specify in the Franchise Agreement or other written notice.

Refundable and Non-Refundable Fees

Except for the Security Deposit, which may be refunded only if you are not in default upon expiration or termination of the Franchise Agreement, all other fees described in this Item are non-refundable once paid.

ITEM 6: Other Fees

Type of Fee	Amount	Due Date	Remarks
Royalty ¹	2-4% of “Gross Revenues”	The 15 th of every month ³	Royalty is due and payable on the 15 th day of each month beginning the first full calendar month after the date your Outlet opens (“Opening Date”). “Gross Revenues” include all revenue from the sale of all products and services and all other income of every kind and nature related to your franchise operation, whether for cash, by redemption of gift certificates or for credit, regardless of collection. Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority.
Initial Training Fee for Additional Attendees ¹	Up to \$5,000 ² (for each attendee)	At completion of training ³	Initial Training is provided to your Store Manager and each Principal Equity Owner at no additional charge. Each additional attendee of

			Initial Training, including replacement Store Managers, may be required to pay us up to \$5,000 for each attendee. You must pay the costs of travel, lodging and meals for all trainees.
Additional Training Fee ¹	Up to \$500 ² (per person per day)	At time of training ³	After the Outlet opens, and upon reasonable notice, we may require attendance of your Store Manager, Principal Equity Owners and other designated personnel at training courses, seminars, conferences or other programs intended for U.S.-based franchisees (typically these are provided in New York and will not exceed two days in duration). We may, at our discretion, charge an additional training fee of up to \$500 per day for ANDA BOBA TEA training courses, seminars, conferences or other programs that we require you or your representatives to attend. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings
Franchise Cooperative Fee	\$0 to \$1,000	When Franchisor-owned outlets decide cooperative fees	Franchisor-owned outlets may participate in voting on fees imposed by franchisee cooperatives. In situations where franchisor-owned outlets possess controlling voting power, the fees imposed on franchisees by such cooperatives will range from a minimum of \$0 to a maximum of \$1,000.
Renewal Fee ¹	\$15,000 ²	When you sign the renewal Franchise Agreement ³	You are qualified for renewal if all fees due us are paid and you are not in breach of any term of your Franchise Agreement.

Health Inspection Fees	The actual cost of inspection	Before we perform the inspection	We may dispatch personnel to your outlet and inspect beverages if we receive any notice that your outlet is providing beverages that use expired raw materials. We may request you provide samples of raw materials to a specific organization for further inspection or test. If the inspection fails our standard, we will ask you to cure the defects. You shall pay us all the fees relating to a health inspection.
De-identification Fees	\$3,000 per day	When a violation occurs	Within seven (7) days after expiration, termination, or rescission of the Franchise Agreement, you have to remove any signs, printing, and publicity materials that bear our trademark. If you fail to remove within the period, you have to pay us \$2,000 per day until the date of removal.
Reimbursement Fees to De-identification	Actual Cost of Removal	When the Fees incurred	We may remove the signs, printing, and publicity materials after ten (10) days of expiration, termination, or rescission of the subfranchise agreement. You have to pay us the actual fee incurred.

Notes to the Table of Other Fees:

1. Imposition, Payment, and Refundability of Fees

All fees discussed in this Item 6 are imposed solely by Formosa and must be paid directly to us. Unless otherwise specified in Item 5 or noted elsewhere in the table, all such fees are non-refundable once paid. These fees are uniformly imposed on all franchisees operating under the same or similar circumstances.

2. Annual Adjustments Based on Consumer Price Index

Certain fees may be adjusted periodically to account for changes in economic conditions, as

reflected in the annual average Consumer Price Index for All Urban Consumers (CPI) published by the Bureau of Labor Statistics of the United States Department of Labor. If the CPI is discontinued or becomes unavailable, we may instead use a comparable index reflecting changes in consumer purchasing power. Any adjustments to fees based on the CPI will apply uniformly to all franchisees subject to those fees, as of the date such adjustments take effect.

3. Late Charges, Interest, and Collection Costs

If any payment to us is not paid when due, you will be assessed a late charge of 5% of the past-due amount plus interest on the unpaid balance at an annual percentage rate (APR) of 18%, or the highest APR permitted by applicable state law if lower. Interest accrues from the date payment was originally due until it is paid in full. You must also reimburse us immediately upon demand for all reasonable costs of collection, including legal fees and related expenses, associated with recovering delinquent amounts.

ITEM 7: Estimated Initial Investment

You Estimated Initial Investment Unit Franchisee

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ^{1,2}	\$25,000 to \$30,000	Lump sum	When you sign the Franchise Agreement.	Us
Design Fee ^{1,2}	\$3,000 to \$5,000	Lump sum	When we consent to the site for your Outlet.	Us
Security Deposit ^{1, 2}	\$10,000 to \$15,000	Lump sum	When you sign the Franchise Agreement.	Us
Equipment and Fixtures	\$60,000	Lump sum	When you order Equipment and Fixtures	Us
Initial Inventory	\$5,000 to \$10,000	Lump sum	When you order inventory	Us
Marketing Fee	\$300	Lump sum	Before you open the outlet	Us
Grand Opening Advertising	\$1,500 to \$2,500	As incurred	Before you open the outlet	Advertising company

Training expenses ^{2, 3}	\$10,000 to \$12,000	As incurred	During training	Airline, travel and lodging vendors
Lease of Outlet premises and lease security deposit ^{2, 4}	\$10,000 to \$20,000	As incurred	As arranged	Landlord, utilities and other suppliers
Leasehold improvements ^{2, 5}	\$20,000 to \$30,000	As arranged	As arranged	Landlord and other vendors
Equipment, furniture and fixtures ^{2, 6}	\$20,000 to \$40,000	As arranged	As arranged	Suppliers and vendors
Point of sale system ^{2, 7}	\$1,000 to \$3,000	As incurred	As arranged	Suppliers and vendors
Interior/exterior signs and graphics ^{2, 8}	\$1,000 to \$5,000	As incurred	As arranged	Suppliers and vendors
Professional fees ^{2, 9}	\$1,500 to \$3,000	As incurred	Before and during opening	Attorneys, accountants and other professionals
Business licenses and permits ^{2, 4}	\$1,000 to \$5,000	Lump sum	As arranged	Government agencies
Business insurance ^{2, 12}	\$1,000 to \$3,000	Lump sum	As arranged	Insurance companies
Additional funds – 3 months ^{2, 13}	\$20,000 to \$30,000	As incurred	After opening	Employee, suppliers, utilities
TOTAL¹⁴	\$190,300 to \$273,800			

Notes:

1. Financial Qualification and Proof of Funds

You must pay the applicable fees in full when indicated in the Franchise Agreement and related documents. Before signing the Franchise Agreement, you must provide us with reasonable proof that you have the financial capacity to make the initial investment detailed in Item 7. This proof may include personal and/or business financial statements, bank statements, credit references, tax returns, or other documentation we deem appropriate. You must also authorize us to conduct a credit check to confirm your financial status and your ability to fund the purchase and development of your Outlet.

2. Security Deposit Refund and Non-Refundable Fees

Although we cannot guarantee it, you may receive refunds from certain third-party suppliers if you do not open your Outlet, such as refunds for any remaining Security Deposit (under the conditions described in Item 5), unused inventory you return in resalable condition, canceled insurance premiums, or unspent advertising balances. However, the payments listed in the table above—including, but not limited to, the Initial Franchise Fee, any Territory Surcharge (if applicable), and the Design Fee—are non-refundable. You should not assume you will be entitled to any refund beyond what is expressly stated in the Franchise Agreement or in applicable supplier refund policies.

3. Initial Training Expenses

The initial training program is typically conducted in two phases and may require travel by you or your representatives. Phase one consists of approximately 2 days of training at our headquarters in New York, followed by approximately 2 days of on-site training at your Outlet once it opens. The costs shown in Item 7 include estimated travel, lodging, meals, and other living expenses for you and your staff during both phases of training. These costs can vary significantly based on the travel distance, duration, personal spending habits, and local accommodation rates.

4. Lease or Rent Payments and Security Deposits

You will need to secure a suitable retail location for your Outlet. The monthly rent required security deposits, and other lease obligations will depend on the local real estate market, the landlord's policies, and the size and condition of the premises. Most commercial leases require at least the first month's rent and a security deposit upon execution. The estimates in the table generally cover the first month's rent, utilities connection fees, and utility deposits but do not include the cost of paying the last month's rent. You are also responsible for obtaining any required business licenses and paying related fees.

5. Build-Out and Tenant Improvement (TI) Considerations

You must renovate or construct your leased space to conform to our approved design and specifications for an ANDA BOBA TEA Outlet. The typical size for an Outlet ranges from 350 to 750 square feet, though we may approve smaller or alternative configurations (e.g., an "island" kiosk in a mall) under special circumstances. The final build-out cost can vary widely based on the pre-existing condition of the premises, local contractor rates, and unanticipated construction obstacles. If your lease includes a Tenant Improvement (TI) allowance, you generally must complete and pay for all build-out work before you can be reimbursed by the landlord, provided

you meet the conditions in the lease.

6. Equipment and Fixtures

You must obtain specific equipment and fixtures essential for properly preparing and serving ANDA BOBA TEA Products, which may include a label printer, sealing machine, fructose dispenser, 2-door commercial glass reach-in refrigerator, chest freezer with sliding glass door, half-moon type ice maker machine, 30-gallon kettle, steam maker, 30-liter automatic water softener, citrus juicer, induction cooker, 43-inch TV, multifunctional 8-type timer, wireless transmitter/display kiosks, and a time clock. You will also need basic furniture such as tables, chairs, and shelving. Actual costs will vary based on the suppliers used, equipment availability, and shipping or installation expenses.

7. Point of Sale (POS) System

You must procure a POS system that can efficiently process transactions and maintain accurate sales records. This system typically includes a cash register, receipt printer, computer hardware, and equipment for credit card payments. The total POS cost may vary depending on software features, service contracts, hardware configurations, and any required support or maintenance agreements.

8. Signage and Permits

You are responsible for installing exterior and/or interior signs that meet our branding guidelines. The costs for signs, including design, production, and installation, vary based on local regulations, landlord requirements, and the complexity of sign design. The estimates in the table also include typical permit filing fees. Your local municipality or landlord may have specific guidelines (e.g., size, lighting, mounting) that can impact the final cost and timeline.

9. Professional Fees (Legal and Accounting)

You will incur fees when hiring legal counsel and/or certified public accountants (CPAs) to review the Franchise Agreement, assist with entity formation, draft or review a commercial lease, and provide other professional services during the set-up of your franchise. Costs may vary based on the hourly rates of professionals and the complexity of the services they provide. Engaging competent legal and accounting advisors is strongly recommended.

10. Initial Proprietary Ingredients and Supplies

You must purchase, from us or our designated supplier, certain proprietary ingredients such as

specialized teas, fruits, flavorings, and other components essential to preparing ANDA BOBA TEA Products. The estimated cost for these items ranges from \$7,000 to \$10,000. You must also obtain proprietary administrative and promotional supplies (e.g., flyers, recruitment materials, grand opening banners, and promotional stands), typically costing \$500 to \$750. The exact quantity and total price may vary based on your projected volume and local market conditions.

11. Promotional Support

Although we do not currently require you to spend a specific amount on local promotion or marketing at this time, we will provide an initial promotion of your Outlet free of charge. We may, however, offer optional marketing programs or resources for an additional cost as your Outlet becomes established.

12. Insurance Requirements

Because you will be the independent owner and operator of your Outlet, you must secure and maintain adequate insurance to protect your business. At a minimum, you must carry general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 aggregate, as well as workers' compensation coverage as required by your state's laws. You may fulfill these requirements through a combination of primary, umbrella, or excess coverage. All liability policies must name you as the primary insured and must name us (and our affiliates, officers, and employees) as additional insureds. Insurance premiums depend on multiple factors, including your Outlet's location, prior claim history, and local market conditions. We may adjust these requirements from time to time if allowed by law.

13. Additional Funds / Working Capital

You will incur expenses during your first few months of operation, such as rent, utilities, inventory replenishment, marketing, and payroll costs (beyond the initial 30-day payroll estimate shown separately in the table). The specific amount of working capital you need will depend on your business strategy, local market conditions, and how strictly you follow our operational methods. Our figures are based on the 12 years of industry experience of our founder and CEO, but actual costs can vary. It is prudent to keep sufficient cash reserves for unanticipated expenses.

14. Overall Start-Up Expenses

The estimates in Item 7 represent our best projections of the total costs you may incur in setting up your Outlet. However, we cannot guarantee that you will not face additional expenses. We do not finance any part of your initial investment, and these figures are based on our general experience. You should review them carefully with an independent business advisor before deciding to purchase an ANDA BOBA TEA franchise.

15. No Direct or Indirect Financing

Neither the franchisor nor any affiliate provides direct or indirect financing for any portion of your initial investment, including the franchise fee, equipment, build-out, or working capital needs. You must make your own financing arrangements through third-party lenders or other sources. We do not guarantee or otherwise assume responsibility for any obligations you undertake, loans you secure, or other financial commitments you make in connection with establishing your franchised Outlet.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Point of Sale System

You must purchase a point-of-sale system (“POS System”) for your Outlet from an approved third-party supplier. A POS System typically includes the hardware (such as a touchscreen terminal, receipt printer, cash drawer, and card reader) and software needed to process sales transactions, track inventory, manage customer orders, and generate sales reports. Your POS System must also be compatible with our reporting requirements so we can monitor the performance of your Outlet and verify your compliance with system standards.

We require unlimited remote access to the transactional and operational data stored on your POS System. This access allows us to review your daily, weekly, monthly, and annual sales, track product usage, and ensure consistent operational standards across the ANDA BOBA TEA network. You agree to grant us such access and to cooperate in resolving any technical issues that may arise, including software updates, user permissions, or data retrieval.

You are also required to purchase only those goods, equipment, and services that meet our standards for appearance, function, design, quality, and performance. This includes fixtures, food preparation and storage equipment, display cases, and cash registers or computer systems, as well as storefront supplies and signage. You must display only the signs, emblems, lettering, logos, and other materials that we have approved in writing. All equipment leases will be between you and the leasing entity; you are not permitted to sign any lease on our behalf or suggest that you are doing so.

Franchisor or its Affiliates as Approved Suppliers

You must purchase all proprietary tea, fruit, and other ingredients (used to prepare ANDA BOBA TEA Products) from us or from an approved supplier we designate. You must also buy any administrative supplies bearing the ANDA BOBA TEA trademarks (the “Marks”) exclusively

from us or our approved sources. At present, aside from these items, neither we nor our affiliates sell or lease any other goods, services, supplies, or equipment necessary to open or operate your ANDA BOBA TEA Outlet.

Approved Suppliers and Approval of Alternate Suppliers

Outside of Formosa United Inc., we have not yet designated any additional suppliers of required inventory or administrative supplies, other than Broadway Panda Café Inc. If we do designate or approve other suppliers in the future, they must meet our standards for quality, reliability, capacity, and service. We may also consider commercial terms, such as pricing or delivery schedules, and we may require payment or other consideration from suppliers in connection with their designation. We may designate one or multiple suppliers for a given item or service, and we may direct you to purchase exclusively from any such supplier(s).

The Manual contains a current list of approved products and suppliers, which we may modify from time to time by written or emailed notice. If you wish to purchase products from a supplier not on our approved list, you must submit a written request that includes proof the proposed supplier meets our specifications and standards. We may require you to allow us or our representatives to inspect the supplier's facilities and/or to test product samples at a laboratory we select (with the cost of evaluation or testing to be paid by you). We will notify you in writing of our approval or disapproval within 60 days after receiving your completed request or after any required testing is finished. You must not purchase or sell any items from a proposed supplier unless and until you receive our written approval.

We may, at our sole discretion, revoke approval of any supplier or product if we determine it no longer meets our specifications or standards. If we revoke approval, you must stop purchasing or selling the disapproved product upon receiving our written notice.

Issuance of Specifications and Standards

We communicate required specifications and standards for ANDA BOBA TEA products, services, and suppliers through the Manual and other written or emailed updates. We may modify these specifications at any time, but will provide written notice and allow a reasonable time for you and your suppliers to adjust.

Revenue from Franchisee Purchases

We (or our affiliates) derive revenue from your purchase of proprietary items used to make boba teas and other tea-based beverages. Currently, you must obtain these items exclusively from us or from Broadway Panda Café Inc. We do not presently operate any purchasing or distribution

cooperatives for franchisees, although we may negotiate purchase terms with certain suppliers for the collective benefit of ANDA BOBA TEA outlets.

Negotiated Purchase Arrangements and Material Benefits

We may negotiate with suppliers on your behalf to secure favorable pricing or service terms, but we do not currently offer any material benefits or rebates directly to you for using specific suppliers or products, nor do we require you to participate in such arrangements. All approved supplier relationships, pricing, or other benefits are subject to change at our discretion.

Disclosure of Revenues from Required Purchases or Leases

For the fiscal year ending December 31, 2025, the franchisor did not derive any revenue from required purchases or leases. However, the franchisor's affiliates earned revenue totaling \$60,702 from franchisees' required purchases and leases during this period. The affiliates' total revenue from all sources was \$760,130 in 2025.

The percentage of the affiliates' total revenues derived from required purchases or leases was approximately 7.9% for the year ending December 31, 2025. These figures are based on internal financial records.

Based on available industry data and the franchisor's experience, it is estimated that required purchases and leases from the franchisor or its affiliates will constitute approximately 51% of the total purchases and leases necessary for a franchisee to establish and operate the franchised business.

ITEM 9: Franchisee's Obligation

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section in franchise agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	8
c.	Site development and other pre-opening requirements	7.1, 7.2	6, 7, 11

d.	Initial and ongoing training	6.1-6.4	11
e.	Opening	3.3, 7.2, 7.3	11
f.	Fees	4.1-4.8, 5.2, 12.2	5, 6
g.	Compliance with standards and policies/ operating manual	8.1-8.3	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	13,14
i.	Restrictions on products/services offered	3.2, 3.4, 8.1, 8.13	16
j.	Warranty and customer service requirements	3.3, 8.1	11
k.	Territorial development and sales quotas	Not applicable	12
l.	Ongoing product/service purchases	7.3	8
m.	Maintenance, appearance and remodeling requirements	5.2, 7.2, 8.5	11
n.	Insurance	8.10	6, 8
o.	Advertising	4.3, 7.4, 8.8, 8.13, 10.1, 10.2	6,11
p.	Indemnification	16.2	6
q.	Owner's participation/management/staffing	3.6, 6.1, 6.2, 6.3, 8.1, 12.6	11,15
r.	Records and reports	8.7	6
s.	Inspections and audits	8.7, 8.11	6,11
t.	Transfer	12.1-12.7	17
u.	Renewal	5.2, 5.3	17
v.	Post-termination obligations	11.2, 15.1, 15.2	17
w.	Non-competition covenants	11.1-11.3	17
x.	Dispute resolution	14.1-14.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable

ITEM 10: Financing

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

Except for the obligations and services described below, we are not required to provide you with any additional support. You should carefully review this Item to understand the scope of our assistance, the timeline for opening and operating your Outlet, and your responsibilities under the Franchise Agreement.

A. Our Pre-Opening Obligations

1. Territory Designation

We will designate your franchise territory (as outlined in Section 3.1 and Exhibit 1 of the Franchise Agreement).

2. Initial Training and Orientation

We will provide initial training in the ANDA BOBA TEA system and in the operational aspects of running the Outlet, as described in Section 6.1 of the Franchise Agreement. Your Store Manager (and any other individuals we designate) must successfully complete this training to our satisfaction before the Outlet opens.

3. Outlet Layout and Approved Suppliers

We will furnish a general plan for the layout, furnishings, and equipment needed to operate an ANDA BOBA TEA Outlet. We will also provide a written schedule of all required foods, beverages, and other items you must sell, along with a list of our approved and designated suppliers (see Section 7.2(a) of the Franchise Agreement).

4. Site Selection Assistance

Although you typically locate the site for your Outlet, we must give final consent before you can establish your business there (see Section 7.2(a) of the Franchise Agreement). You have 180 days from signing the Franchise Agreement to find a site that meets our standards. Once you submit a proposed site to us, we will consent or decline in writing within five (5) business days. If you fail to locate an acceptable site within 180 days, we may cancel the Franchise Agreement. Our site approval is based on factors such as neighborhood demographics, traffic patterns, parking availability, and lease terms; however, our consent does not guarantee the Outlet's success.

5. Access to the Manual

We will provide you with a copy of, or electronic access to, our Confidential Operations Manual (the "Manual"). The Manual contains detailed requirements for operating your Outlet (see Section 7.2 of the Franchise Agreement).

B. Length of Time to Open the Outlet

The typical length of time between the earlier of (i) the signing of the Franchise Agreement or (ii) the first payment of consideration for the franchise, and the opening of the franchised business, is approximately six (6) to nine (9) months, although the actual time may vary depending on factors such as site selection, permitting, and construction. Many factors can influence this timeline, including:

1. Your completion of our initial training program
2. The availability and negotiation of a suitable lease
3. Zoning and local ordinances
4. Construction or renovation timelines
5. Seasonal weather conditions
6. Equipment and signage delivery and installation
7. Your ability to secure financing if needed

If you have not begun operating your Outlet within 180 days after we consent to the site, or within 365 days from the date you sign the Franchise Agreement, we may cancel the Franchise Agreement. If we cancel under these circumstances, we are not obligated to refund any part of your Initial Franchise Fee.

C. Our Obligations During the Operation of the Franchise

1. Online Integration

We will provide you with access to the ANDA BOBA TEA website and will integrate your Outlet's information so customers can find you and learn about your offerings (see Sections 6.2 and 6.3 of the Franchise Agreement).

2. Telephone and Email Support

We will be reasonably available by phone and email to answer operational or management questions (see Sections 6.2 and 6.3 of the Franchise Agreement). However, we do not provide assistance in hiring your employees.

3. On-Site Visits and Additional Training

We may periodically visit your Outlet at no charge to you to review your sales and administrative processes or to offer operational guidance. If you request extended assistance or additional training and we agree to provide it, you must reimburse our travel and lodging expenses. We may also charge a daily fee of up to \$500 for extra training sessions, seminars, or conferences that you or your staff attend. The frequency, nature, and duration of any in-person assistance will be determined at our discretion (see Section 6.2 of the Franchise Agreement).

4. Maintenance of Standards

We will notify you if the general state of repair, appearance, or cleanliness of your Outlet (or its fixtures, equipment, or signs) does not meet our standards, and we will specify what you must do to correct any deficiencies (see Section 8.11 of the Franchise Agreement).

5. Suggested Pricing

From time to time, we may recommend retail prices for ANDA BOBA TEA products or other authorized items and services. You may not advertise or promote prices inconsistent with our recommended pricing (whether in-person, through printed materials, or via any media, including social media) (see Section 8.1(b) of the Franchise Agreement).

D. Advertising Program for the Franchise System

We plan to use digital media (such as the Internet, Facebook, Twitter, and other platforms) and targeted print media for marketing. In the future, we may also use local radio and television advertising. We may use both in-house personnel and external advertising or public relations firms to manage these efforts.

We are not required to spend any particular portion of our advertising budget in your territory, although you may benefit from general promotional efforts that include your region. In addition, we may provide general advertising programs and promotional materials (e.g., sample ads or campaigns) that you can adapt to your local market. If you develop your own advertising materials, you must obtain our prior written approval before using them in any medium.

National or Regional Agencies. We may engage national or regional advertising agencies to develop system-wide campaigns. These agencies may assist with large-scale media buys, branding, targeted regional promotions, or specialized social media strategies. We select these agencies based on their expertise and alignment with our overall brand strategy.

E. Advertising Fund Expenditures

The franchisor did not collect any advertising or marketing fund contributions from franchisees during the most recently completed fiscal year. Accordingly, no amounts were expended for production, media placement, administrative expenses, or other advertising-related uses. Because no advertising funds were collected, there were no unspent funds carried over to subsequent periods.

F. Franchisee Participation in Local or Regional Advertising Cooperatives

Although we are not currently involved in any formal advertising cooperatives, we reserve the right to establish local or regional advertising cooperatives in the future. If we do so, all ANDA BOBA TEA Outlets in that region (including those we own) will contribute financially to the cooperative. Details regarding cooperative management, member contributions, and governance would be outlined in separate governing documents.

1. Mandatory Membership

Once established, membership in the cooperative will be mandatory for all franchisees in the designated area.

2. Franchisee Contributions

Each franchisee will contribute a set percentage of their gross sales to the cooperative. The percentage and payment schedule will be determined by the cooperative's governing body.

3. Franchisor-Owned Outlets

Any Outlet owned by us or our affiliates in the same region will contribute under the same terms.

4. Administration and Governance

The cooperative will generally be administered by a board of franchisee-elected representatives. This board oversees the allocation of funds, advertising decisions, and ensures consistency with the ANDA BOBA TEA brand. We may appoint a representative to the board but will not manage the cooperative's daily operations.

5. Governing Documents

The cooperative's bylaws and operating procedures will be made available to participating franchisees. These documents govern the cooperative's structure, responsibilities, decision-making, and enforcement of policies.

G. Franchisor Assistance with Premises

We do not provide services or pay any expenses related to:

1. Compliance with Local Laws

Ensuring that your premises meet local ordinances, building codes, zoning requirements, and related regulations is solely your responsibility.

2. Permitting

Obtaining building permits, health and safety approvals, or any other legal requirements for operating your Outlet is your responsibility. We do not participate in any application or approval processes.

3. Construction, Remodeling, or Decorating

You are responsible for overseeing the construction, renovation, or interior design of your Outlet, including selecting and managing contractors. You must comply with our brand standards and all applicable laws and regulations.

4. Hiring and Training Employees

We do not offer direct assistance in hiring, screening, or training your employees. While we may provide general operational guidelines or brand-specific training materials, you are responsible for all staffing decisions and compliance with employment laws.

5. The Franchisor does not generally own the premises of the franchised business and does not lease the premises to the franchisee. Franchisees are responsible for securing their own lease or ownership interest in the premises.

We do not own the premises and do not lease the premises to the franchisees.

H. Electronic Cash Registers and Computer Requirements

You must purchase a POS System from us (see Section 8.4(a) of the Franchise Agreement), which

we estimate will cost between \$1,000 and \$3,000. This system is used to process sales, track inventory, and gather other operational data. You agree to grant us unrestricted access to all data and reports stored on or generated by your POS System. This includes daily sales figures, product usage data, and other pertinent transaction information that allows us to monitor system-wide performance and ensure compliance.

You are responsible for all maintenance, repairs, software updates, and any annual maintenance or support fees. We estimate these ongoing costs to range from \$500 to \$1,000 per year.

We also require you to maintain an active email account and to communicate regularly about sales and operational matters as specified in the Manual (see Section 8.4(b) of the Franchise Agreement). The cost of email service and potential maintenance or support contracts may be \$500 to \$1,000 annually, though this amount can vary based on your chosen service provider.

I. Ownership of Premises

The Franchisor does not own the premises, nor does it lease the premises to the Franchisee. The Franchisee is solely responsible for securing its own lease or ownership arrangement for the franchise location.

J. Estimated Time to Open for Business

The typical length of time between the earlier of either (a) the signing of the franchise agreement or (b) the first payment of consideration for the franchise, and the actual opening of the franchisee's business, is approximately six (6) months.

K. Franchisor's Obligation for Local Advertising and Media Coverage

The franchisor may conduct advertising and promotional programs for the benefit of the franchise system, consistent with customary practices in similarly situated franchise systems. Such advertising and media coverage are primarily conducted at the local and regional levels. The franchisor does not have an obligation to conduct national advertising

Operations Manual

We will loan you one copy of our Manual (containing a total of 17 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will modify the Manual, and you must comply with these changes when you receive them, but no

modification will alter your status and rights under the Franchise Agreement. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the Franchise Agreement) and we would be entitled to recover damages from you).

The following is the Table of Contents of the Manual as of the date of this disclosure document:

Topic	Number of Pages
CHAPTER 1: Brand Introduction and Business Specification	3
1. Brand Overview	1
2. Brand Positioning and Target Customer Groups	1
3. Brand Vision and Mission	1
4. Business Philosophy / The Top Three Iron Laws	1
CHAPTER 2: Employee Image and Service Standards and Service	1
1. Employee Image Management	1
2. Service Process and Code of Conduct	1
CHAPTER 3: Counter Ordering / Beverage Production and Checkout Operation Specification	1
1. Standardize the Checkout Process	1
2. Six-step Code of Beverage Making	1
3. Beverage Delivery and Customer Experience	1
CHAPTER 4: Health and Safety Management	1
1. Standard for Operating Area Cleaning	1
2. Standard for Food Raw Materials	1
3. Equipment Disinfection and Safety Inspection Process	1
4. Safety Inspection Key Points	1
5. Waste Treatment and Environmental Protection Requirements	1
- Special Requirements and Commonly Used Appliances and Equipment	1
CHAPTER 5: Inventory and Supply Chain Management	1
1. Raw Material Procurement and Acceptance Criteria	1
2. Inventory-Taking Mechanism	1
CHAPTER 6: Employee Training and Assessment	1
1. Pre-Job Training System	1
2. Appraisal Mechanism	1
CHAPTER 7: Store Operation and Management	1
1. Routine Maintenance Plan	1
2. Fault Repair Process	1

3. Peak Response Plan, Three-Level Response Mechanism	1
CHAPTER 8: Supplementary Provisions	1
1. The SOP Revision Mechanism	1
2. Supervision and Execution	1
3. New Penalty Rules	1
Total Pages	17

Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manual.

Training Program

Day	Topics	Hours of Classroom Training	Hours of On The Job Training	Location
1	Operation Manual Introduction to Drinks Quiz on Tea Making & Charts	1	2	Our Outlet
2	Tea Cooking & Store Opening Procedure Order Taking & Equipment: Operation Practice In-Store Field Work (Position Assignment) Quiz on Flavored & Unflavored Tea Operation Manual (Supplementary)	1	2	Our Outlet
3	Store Opening In-Store Field Work (Position Assignment) Quiz on Sugar Cane & Old-Fashioned Drink Operation Manual (Supplementary)	1	2	Our Outlet
4	Store Opening In-Store Field Work (Position Assignment) Quiz on Fresh Milk Tea & Fruit Tea Operation Manual (Supplementary)	1	2	Our Outlet
	Total	4	8	

The training program above is effective as of the date of this disclosure document. Initial classroom training is typically provided within 60 days before your Outlet opens and is typically scheduled not more frequently than monthly. All classroom training takes place in our office, or another training center designated by us. All on-the-job training takes place at your Store immediately before and during the opening of your Store.

The instructional material consists of appropriate handouts and information directly from the

Manual. Currently, our principal instructor is our CEO, who has been with us and our affiliates for more than 10 years, and who has 8 years of experience in the subject matters being taught.

The franchisor requires that any instructor must have completed a minimum of 1 year of training in their respective field before they are eligible to provide instruction under the franchise system. This training may include formal education, professional certification, or equivalent practical experience relevant to the services offered by the franchised business.

We do not charge for this training or service for the designated Store Manager and any other Principal Equity Owners (each additional trainee may have to pay us up to \$1,500 for training). You must pay all travel and living expenses of persons you send to training.

The successful completion of initial training by your designated Store Manager to our satisfaction is a condition to your opening of an Outlet to the public. If your designated Store Manager fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training. We will issue a Certificate of Completion upon successful completion of the training.

After you open your Outlet, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings that we deem relevant or appropriate to the operation of the Franchised Business. You specifically agree in the Franchise Agreement that only persons we train or under your supervision will have overall responsibility for the operation of the Outlet and conduct of the Franchised Business there, and that you will send your Store Manager to us for additional training if we request this. We may at our discretion charge you an additional training fee of up to \$200 per day for ANDA BOBA TEA training courses, seminars, conferences or other programs that we require you or your representatives to attend (section 6.1(c) of the Franchise Agreement).

You must pay all the expenses incurred by your trainees and attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (section 6.1(d) of the Franchise Agreement).

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (section 6.3 of the Franchise Agreement). Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your other Principal Equity Owners).

ITEM 12: TERRITORY

You will receive an exclusive territory (the “Territory”) surrounding your Outlet, determined by us with your consent and specified in your Franchise Agreement. Typically, the Territory is defined either as (a) a specific geographic area depicted on a map attached to the Franchise Agreement or (b) a radius around your Outlet that may vary from one-quarter ($\frac{1}{4}$) mile in densely populated areas to one (1) mile in rural areas, based on local population density and other demographic factors. By referring to this Territory as “exclusive,” we mean that, provided you fulfill your material obligations under the Franchise Agreement (as reasonably determined by us), we will not grant another ANDA BOBA TEA franchise or operate a company-owned Outlet within your Territory during the term of your Franchise Agreement.

However, you will not receive protection from competition by other franchisees or by us operating under different trademarks, brands, or distribution channels that are distinct from ANDA BOBA TEA. You may also face competition from alternative methods of distribution and other channels we use to sell ANDA BOBA TEA products (including online sales)

Compensation for Soliciting or Accepting Orders in Franchisee’s Territory

The franchisor is not obligated to pay any compensation to the franchisee for soliciting or accepting orders within the franchisee’s designated territory.

Relocation of Your Outlet

You may relocate your Outlet only with our prior written consent, which we will not unreasonably withhold. You must provide us with at least ninety (90) days’ written notice (or as soon as reasonably possible if circumstances require immediate relocation) outlining the reasons for your move and including detailed information on the proposed new site. We will approve or disapprove your request in writing within twenty (20) business days after receiving your submission. If we disapprove, you may submit an alternative location for consideration.

The continuation of territorial exclusivity is not dependent upon the franchisee achieving any minimum sales volume, market penetration, or other performance-based criteria. The franchisor does not have the right to modify, reduce, or terminate a franchisee’s exclusive territory based on the franchisee’s failure to meet any such performance standards

Reservation of Rights

We reserve the right to develop and operate other systems or lines of business—whether similar or dissimilar to ANDA BOBA TEA—under different service marks, trademarks, and trade names that we own or control. We also reserve the right to market and sell ANDA BOBA TEA products

in venues other than ANDA BOBA TEA Outlets (including the Internet) and through other distribution channels, both inside and outside your Territory, without compensating you.

You may offer and sell ANDA BOBA TEA products only from your authorized Outlet location. You may not advertise outside of your Territory, including via mail, television, telemarketing, direct marketing, or other media, without our prior written consent. Similarly, you may not solicit or accept orders from outside your Territory. You are prohibited from establishing or operating your own websites (other than approved social media sites) to advertise or sell ANDA BOBA TEA products; we will maintain the official ANDA BOBA TEA website and own all related domain names.

Although we currently have no plans to do so, we may in the future offer franchises for other concepts that do not directly compete with ANDA BOBA TEA, and we are not obligated to offer you any rights in those concepts.

Franchisee Options and Rights to Acquire Additional Franchises

1. Options to Acquire Additional Franchises

Under certain conditions, you may have the opportunity to acquire additional ANDA BOBA TEA franchise units within your designated Territory or in other regions. These options, if granted, would be governed by the terms of the Franchise Agreement or a separate addendum, which may outline performance benchmarks, system compliance requirements, and financial qualifications.

2. Right of First Refusal

If we decide to offer a new franchise in your Territory or an adjacent area, we will notify you in writing, and you will have a specified period (e.g., 30 days) to exercise a right of first refusal. To do so, you must agree to the new franchise's terms, sign the required agreements, and satisfy any prerequisites (such as demonstrating financial capability).

3. Similar Rights

We may, at our discretion, grant other or similar expansion rights to existing franchisees, subject to factors like operational performance, adherence to brand standards, and availability of suitable territories.

4. Conditions and Limitations

Any options, rights of first refusal, or similar expansion rights are subject to the conditions in the Franchise Agreement and may include additional requirements we impose based on your operating history and the strategic needs of the ANDA BOBA TEA system.

5. No Guarantee of Additional Opportunities

We do not guarantee that opportunities for additional franchises will be available. Market conditions, system-wide strategy, and your compliance with existing agreements will affect whether new development options are offered.

ITEM 13: Trademarks

You are licensed to operate and identify your Outlet under the principal trademark “ANDA BOBA TEA”, as shown on the cover of this Disclosure Document, along with any related or future trademarks, service marks, or trade names that we designate for use in the ANDA BOBA TEA system (collectively, the “Marks”).

On August 24, 2021, ANDA CAFE USA INC. filed the principal trademark “ANDA BOBA TEA” with the United States Patent and Trademark Office (“USPTO”) for registration on the Principal Register in International Class 43 (restaurant services), under Serial Number 90894353. On January 3, 2023, the trademark was registered, receiving Registration Number 6944726. All required maintenance filings and renewals have been completed, and the registration remains valid and in full force. We have filed all required affidavits.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator, or any court regarding the Marks, nor are there any pending interference, opposition, or cancellation proceedings involving the Marks. We are not currently subject to any material agreements that significantly limit our rights to use or license the Marks, nor is there any material federal or state court litigation pending concerning our ownership or usage rights. We have timely filed all required affidavits and renewals to maintain our registrations.

All Marks are owned by ANDA CAFE USA INC., which has granted us a license (the “Trademark License”) to use and to sublicense the Marks to ANDA BOBA TEA franchisees. The Trademark License remains in effect until terminated by ANDA CAFE USA INC. If the Trademark License is ever terminated, ANDA BOBA TEA franchisees may continue to use the Marks for the duration of their existing Franchise Agreements (or for as long as required by applicable law), unless otherwise specified in the Franchise Agreement.

You must strictly follow our rules and guidelines for using the Marks, including those set forth in

the Franchise Agreement and the Confidential Operations Manual. You cannot:

1. Use our principal trademark (or any of our Marks) as part of your legal or corporate name;
2. Combine or modify the Marks with any other words, designs, or symbols without our prior written consent;
3. Use the Marks in connection with any unauthorized products or services; or
4. Use the Marks in any manner or for any purpose that we have not expressly authorized in writing.

We reserve the right to direct and control any administrative or legal proceedings relating to the Marks. You must promptly notify us if you learn about any alleged infringement or unauthorized use of the Marks, or if you receive any claim or challenge regarding your use of the Marks. We will determine the appropriate response and will indemnify you against third-party claims alleging infringement or unfair competition based solely on your use of the Marks in compliance with your Franchise Agreement (see Section 9.5(b) of the Franchise Agreement). However, we will not indemnify you if the claim relates to your misuse of the Marks or your use of the Marks in violation of the Franchise Agreement or our written guidelines.

If we or the trademark owner modify or discontinue the use of any particular Mark, you must promptly comply with any corresponding requirements to alter or cease using that Mark. You agree not to contest (directly or indirectly) our ownership or the trademark owner's rights to the Marks, trade secrets, or any associated business techniques.

We have no knowledge of any prior, superior rights or infringing uses of the Marks that would materially affect your use of the Marks in New York or any other state. Nevertheless, it is possible that third parties might claim infringement or contest our rights to the Marks. We do not and cannot guarantee that the Marks are free from infringement claims by others in your area, or that the Marks will not be subject to additional limitations or challenges that we are not now aware of.

Registration of a trademark with the USPTO does not guarantee that the mark will be free from challenge or objection by third parties. We will take whatever action we deem reasonably appropriate to protect and defend the Marks, but we cannot assure that we will be successful in any given action. If you learn of any unauthorized use of or challenge to the Marks, you must promptly inform us so we can decide how best to respond. If the Marks or any portion thereof become unavailable for your use, you may be required to adopt or use a substitute trademark that we specify, at your own expense (unless otherwise required by applicable law).

Other than the rights of ANDA CAFE USA INC. in the Marks, there are no known superior rights or infringing uses that would materially affect your ability to use the ANDA BOBA TEA Marks as contemplated under the Franchise Agreement. If any changes in our rights or additional restrictions on the Marks arise, we will promptly notify you in writing and advise you of any required changes to your use of the Marks.

ITEM 14: Patents, Copyrights, and Propriety Information

Patents and Copyrights

We do not own rights in, or licenses to, patents or copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual (and only you or your authorized employees can have access to and use the proprietary information in the Manual).

We do not currently have any pending patent applications that are material to the franchise.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information or trade secrets to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

ITEM 15: Obligation to Participate in the Actual Operation of the Franchise Business

We are seeking franchisees whose principal owner plans to actively participate in the direct management and operation of your Outlet. Additionally, as disclosed in section 8.1(a) of the Franchise Agreement, you must employ at least one designated Store Manager (if you are a sole proprietor, this will be you, and if you are an entity, this will be a Principal Equity Owner of at least 50% of the franchisee entity) who has successfully completed our initial training program.

You must disclose the identity of the Store Manager to us and if for any reason the Store Manager is no longer acting in this capacity, you must notify us immediately and in writing. The Store Manager cannot have an interest or business relationship with any of our business competitors. The Store Manager must devote full time during normal business hours to the management, operation and development of the Franchised Business.

ITEM 16: Restrictions on What the Franchisee May Sell

You must offer and sell at your Outlet only ANDA BOBA TEA Products and other goods and services that we designate as required for all franchisees or have approved.

We have the right to change and add other authorized goods and services that you will be required to offer. There are no limits on our right to do so except that the additional investment required of you for equipment, supplies and initial inventory will not exceed \$10,000 per year.

There are no restrictions on the customers to whom you may sell ANDA BOBA TEA Products and related products at your Outlet.

ITEM 17: Renewal, Termination, Transfer, and Dispute Resolution

The Franchise Relationship

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	5.1	The initial term of the Franchise Agreement is 3 years.
b.	Renewal or extension of the term	5.2	Under the Franchise Agreement, you can add additional 3-year terms upon written notice delivered to us not less than 120 days before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you.
c.	Requirements for franchisee to renew or extend	5.2	Sign Renewal Franchise Agreement (or addendum to existing Franchise Agreement extending its term), remodel your Outlet (if necessary), pay renewal fee of \$10,000, and sign release. The Franchise Agreement you sign at renewal may have materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	13.1(a)	If we are in material breach (beyond any applicable cure periods), you can terminate your Franchise Agreement.
e.	Termination by	Not	Not applicable.

	franchisor without cause	Applicable	
f.	Termination by franchisor with cause	13.1-13.11	We can terminate the Franchise Agreement only if you are in material default.
g.	“Cause” defined – curable defaults	13.3	You have 60 days after notice to cure defaults under your Franchise Agreement (including defaults under a lease for your Outlet) that can be cured.
h.	“Cause” defined – non- curable defaults	13.2	Non-curable defaults: your bankruptcy or insolvency; abandonment of the franchise; you engage in conduct that reflects materially and unfavorably upon the operation or reputation of ANDA BOBA TEA or our franchise system; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Outlet is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 60 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; you fail to pay any franchise fees or other amounts due to us or our affiliate within 5 days after receiving written notice that such fees are overdue; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or your financial condition is impaired to the point that it is reasonable to conclude that you will not be able to fully discharge your obligations under this Agreement and that impairment continues for at least 60 days.
i.	Franchisee’s obligations on	15.1	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary

	termination or non- renewal		information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r. in this Table, below). Under the Area Developer Agreement, you will be able to maintain ownership and operation of the Store which you have developed so long as you are in material breach of the Agreement; however, you will forfeit (i) any further exclusive rights under the Development Schedule, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Store that were not developed.
j.	Assignment of contract by franchisor	12.1	No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume our obligations as franchisor under the Franchise Agreement.)
k.	“Transfer” by franchisee – defined	12.2	Includes transfer of contract or assets or ownership change.
l.	Franchisor’s approval of transfer by franchisee	12.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	12.2	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee (see r. below). Within 30 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	12.3, 12.4, 12.5, 12.6	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) or (ii) to your heirs, personal representatives or conservators in the case of death or legal incapacity of the individual franchisee or Majority Equity Owner or (iii) to an affiliated entity organized for purposes of operating the franchised business and owned in same amount of

			ownership as prior to such transfer.
o.	Franchisor's option to purchase franchisee's business	15.2(d)	Within 30 days after the termination, expiration or non-renewal of the Franchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by you in your franchised operation.
p.	Death or disability of franchisee	12.6	Franchise must be assigned by estate to approved buyer within 270 days.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	No competing business for 1 year within 25 miles of your Outlet or any other ANDA BOBA TEA Outlet (this obligation also applies to you if you assign your franchise).
s.	Modification of the agreement	8.2, 16.14(c)	No modifications generally, but Manual subject to change.
t.	Integration/merger clause	16.14	Only the terms of the franchise agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document, Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	14.1-14.5	The parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due under the Franchise Agreement, or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within 5 business days after a dispute arises to conduct a good faith discussion and negotiation of the issues with a view to arriving at a

			settlement. If this meeting does not result in a settlement of the dispute (or the meeting does not take place), within 10 business days after the date the meeting took place (or should have taken place), the parties may submit the dispute to non-binding mediation in New York. If a mediation takes place but does not resolve the dispute, or no mediation takes place, the dispute will be resolved by arbitration by and before American Bar Association. Or if the parties mutually agree, the dispute may be submitted to arbitration by and before another mutually acceptable arbitration organization.
v.	Choice of forum	14.2(b), 14.3	Arbitration proceedings must take place in New York. Any mediation proceeding will take place at a mutually agreed location. Any litigation proceedings will be filed in an appropriate court in New York. This provision is subject to applicable state law.
w.	Choice of law	16.13	The Federal Arbitration Act (9 U.S.C. §1 et seq.) governs the arbitration of disputes under the Franchise Agreement. Otherwise, the laws of New York govern the Franchise Agreement. This provision is subject to applicable state law.

ITEM 18: Public Figures

We do not currently pay or provide any other benefit to a public figure for the right to use their name to promote the sale of ANDA BOBA TEA franchises, but we may do so in the future.

ITEM 19: Financial Performance Representations

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

We do not make any representation 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 our President, Alexander Lang Chih Chen, FORMOSA UNITED INC., 16 TERRACE CIRCLE #13C, GREAT NECK, NY, UNITED STATES, 11021, telephone (646) 525-1432; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary For years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	1	1	0
	2024	1	2	+1
	2025	2	2	0
Company-Owned	2023	3	3	0
	2024	3	4	+1
	2025	4	4	0
Total Outlets	2023	4	4	0
	2024	4	6	+2
	2025	6	6	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025

State	Year	Number of Transfers
Totals	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets For years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2023	1	0	0	0	0	0	1

NY	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Totals	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2

Table No. 4
Status of Company-Owned Outlets For years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
NY	2023	3	0	0	0	0	3
	2024	3	1	0	0	0	4
	2025	4	0	0	0	0	4
Totals	2023	3	0	0	0	0	3
	2024	3	1	0	0	0	4
	2025	4	0	0	0	0	4

Table No. 5
Projected New Franchised Outlets as of December 31, 2025

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
NY	0	2	2
Totals	0	2	2

Exhibit C lists, as of December 31, 2025, (i) the names, addresses and telephone numbers of all open and operating ANDA BOBA TEA franchise outlets and (ii) the names, addresses and telephone numbers of all franchisees who signed franchise agreements but have not yet opened their ANDA BOBA TEA outlets.

Exhibit D lists, as of December 31, 2025, the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. Your contact information may be disclosed if you buy this franchise and then later leave the system.

During the last 3 fiscal years, we have not signed any agreements with current or former franchisees

that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the ANDA BOBA TEA franchise being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to this Disclosure Document contains our audited financial statements for the fiscal years ended December 31, 2025 and December 31, 2024.

Because we have not been in business for three years or more, we are not required to include three years of historical financial statements. Our fiscal year concludes on December 31 of each calendar year.

ITEM 22: CONTRACTS

Exhibit A - Franchise Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit H at the very end of this disclosure document.

FRANCHISE AGREEMENT

EXHIBIT A

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made and entered into as of _____ (the “Effective Date”), by and among FORMOSA UNITED INC., a New York Corporation doing business as “ANDA BOBA TEA” (“Franchisor”), and _____ (“Franchisee”), and (if Franchisee is not a sole proprietorship) each person owning 20% or more of the Franchisee entity, who will sign and be a party to this Agreement (in such context, “Principal Equity Owner”), with reference to the following facts:

RECITALS

An entity affiliated with Franchisor (the “Owner of the Marks”) owns the ANDA BOBA TEA trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized Franchisor to license them to ANDA BOBA TEA franchisees.

Franchisee desires to be franchised and licensed by Franchisor to use Franchisor's “System” (as defined in Article I below), “Marks” (as defined in Article I below) and goodwill to conduct the “Franchised Business” (as defined in Article I below) at a specific “Store” (as defined in Article I below and identified in Exhibit 1 attached).

Franchisor is willing to grant Franchisee a “Franchise” (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Abandoned. The term “Abandoned” means cessation of operation of the Franchised Business for a period of five consecutive business days, without Franchisor's prior written consent. A repeated pattern of inactivity at Franchisee's Store for periods of less than five consecutive business days may result in the Franchised Business being deemed Abandoned by Franchisee if in Franchisor's judgment such inactivity adversely impacts the Franchised Business. However, the Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond Franchisee's control, provided that Franchisee gives Franchisor notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and Franchisee acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Franchisee re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity, or such longer period as Franchisor may permit.

Anniversary Year. The term “Anniversary Year” means the 12-month period between the

“Opening Date” (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary.

Confidential Information. The term “Confidential Information” means information, know-how, and materials, other than Trade Secrets, that is of value to Franchisor (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term Confidential Information includes, without limitation: (i) the Confidential Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, “ANDA BOBA TEA Products” (as defined in this Article I), insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

Confidential Operations Manual. The term “Confidential Operations Manual” means the manual or manuals (regardless of title) containing the policies and procedures, menus, food preparation techniques and other proprietary requirements to be adhered to by Franchisee in performing under this Agreement, including all amendments and supplements thereto provided to Franchisee from time to time.

Control. The term “Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

CPI. The term “CPI” means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor

(or the highest similar future index if these figures become unavailable).

Force Majeure. The term “Force Majeure” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non- performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee's financial inability to perform or Franchisee's insolvency will not be a Force Majeure.

Franchised Business. The term “Franchised Business” means the sale of items from a focused menu featuring ANDA BOBA TEA Products, as well as other authorized goods and services at the Store pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business.

Gross Revenues. The term “Gross Revenues” means all revenues, however generated or received, derived by Franchisee from operating the Franchised Business at or through Franchisee's Store, excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts.

Initial Training. The term “Initial Training” means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term “Intellectual Property” means intangible property, including “Trade Secrets” (as defined in this Article I); inventions; pictorial, literary, graphic and photographic works of authorship; designs; symbols; and trademarks, domain names, other names and logos owned by Franchisor and used in the Franchised Business or at the Store.

Intellectual Property Rights. The term “Intellectual Property Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

Marks. The term “Marks” means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, domain names, trade names, logos, insignias, designs and other commercial symbols which Franchisor now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business. Franchisor will list in the Confidential Operations Manual a schedule of Marks Franchisee is authorized to use under this Agreement and update this schedule as necessary.

Opening Date. The term “Opening Date” means the day Franchisee opens its Store, furnished, inventoried and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the Franchised Business at this Store.

Proprietary Information. The term “Proprietary Information” means, refers to, and includes Trade Secrets and Confidential Information of Franchisor (or if any other third party provided such information to or on behalf of Franchisor). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Required Inventory. The term “Required Inventory” means the proprietary teas and other proprietary ingredients needed to make “ANDA BOBA TEA Products” (as defined in this Article I) and other merchandise and supplies (including containers and uniforms) needed for the operation of the Store.

Store. The term “Store” means a retail food establishment at a location Franchisor consents to, which is dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Store Manager. The term “Store Manager” means the individual (must be a Principal Equity Owner) who has been designated by Franchisee as the person responsible for the day-to-day operation of the Store, and who has successfully completed “Initial Training” (as defined in this Article I).

Suggestions. The term “Suggestions” means any new products or services, specifications, suggestions or other feedback made by Franchisee or Principal Equity Owners to modify the System.

System. The term “System” means comprehensive marketing and operational systems prescribed

by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to ANDA BOBA TEA Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text and other Intellectual Property Rights that Franchisor makes available to Franchisee. In its sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term “Territory” means the designated and agreed geographical area surrounding Franchisee's Store as set forth in Exhibit 1 attached hereto.

Trade Dress. The term “Trade Dress” means the unique and distinctive layout, design and color schemes relating to the Store, and furnishings; menus; the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging; point of purchase materials; and signs related to ANDA BOBA TEA Products.

Trade Secret. The term “Trade Secret” means information constituting a trade secret within the meaning of the federal Defend Trade Secrets Act (18 U.S.C. § 1836, et seq.), as amended from time to time.

Transfer. The term “Transfer” means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

ANDA BOBA TEA Products. The term “ANDA BOBA TEA Products” means Franchisor’s proprietary “ANDA BOBA TEA”, as well as a variety of other teas and juice drinks, using proprietary teas, milk teas and juices, recipe and preparation techniques, freshly prepared and available for carry-out or consumption at the Outlet, and related products and accessories sold to retail customers.

II. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.

Franchisor is engaged in the administration, development, operation and licensing of businesses that operate Stores offering the Franchised Business, using the Marks, operational techniques,

service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies. Franchisor's activities in general and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Stores; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.

Franchisor has developed and supervises the franchise System operated under the Marks and in accordance with the provisions of this Agreement and Franchisor's Confidential Operations Manual, as amended from time to time.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at Franchisee's Store within Franchisee's Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term, unless sooner terminated. So long as Franchisee complies with this Agreement, Franchisor will not authorize another ANDA BOBA TEA franchisee to operate, or operate itself, a Store in Franchisee's Territory.

(b) Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale food service businesses outside the Territory. FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE SHOP WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION.

3.2 Reserved Rights.

(a) Nothing contained herein accords Franchisee any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or associated with the System, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT FRANCHISEE'S SHOP AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOWS FRANCHISEE TO OFFER**

ANDA BOBA TEA PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without necessarily granting Franchisee any rights in those systems. Franchisor reserves all rights to market and sell ANDA BOBA TEA Products at venues other than Stores and through other channels of distribution anywhere, including within Franchisee's Territory.

3.2 Promotion and Development of Franchisee's Store.

Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business at its Store;(ii) develop, to the best of its ability, the potential for future Franchised Business within Franchisee's Territory; and (iii) devote and focus a substantial portion of Franchisee's attentions and efforts to such promotion and development.

3.3 Extent of Grant.

(a) Franchisee understands and agrees that Franchisee is licensed hereby only for the operation of the Franchised Business at and from Franchisee's Store and only within Franchisee's Territory. Franchisee must offer and sell at Franchisee's Store and in Franchisee's Territory only ANDA BOBA TEA Products and other goods and services that Franchisor designates as required or approved for all franchisees. Franchisor has the right to change and add other authorized goods and services that Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except that the additional investment required of Franchisee for equipment, supplies and inventory will not exceed \$50,000 in any 12 consecutive months.

(b) Franchisee may not deliver ANDA BOBA TEA Products (or other products or services ordered from Franchisee's Store or otherwise associated with the Marks) outside Franchisee's Territory without Franchisor's prior written consent. If Franchisee does so without Franchisor's consent, it will be a material violation of this Agreement.

(c) Franchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.4 Electronic Execution and Copies.

(a) An executed counterpart of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or

similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as “electronic”), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor and Franchisee or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation or other rule of law to the contrary, Franchisee agrees any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.5 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement or other agreement between the equity owners.

(b) If Franchisee is an entity, any person or entity that at any time after the Effective Date becomes a Principal Equity Owner will automatically acquire all the obligations of a Principal Equity Owner under this Agreement at the time such person or entity becomes a Principal Equity Owner. Before approving and entering into any transaction that would make any person or entity a Principal Equity Owner, Franchisee must notify such person about the content of this section 3.6(b).

(c) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

“THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED_____, 20____, BETWEEN THIS ENTITY AND FORMOSA UNITED INC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY.”

INITIAL AND ONGOING PAYMENTS BY FRANCHISEE

4.1 Initial Fees; Security Deposit

(a) Initial Franchise Fee

The “Initial Franchise Fee” (which includes the cost of standard initial training and the initial review and consent to the proposed Store location) for one franchised Store is \$_____. This amount is fully earned by Franchisor and due in full when Franchisee signs this Agreement and is non-refundable for any reason.

(b) Payment Method

The Initial Franchise Fee and any other fees due at signing must be paid to Franchisor by cashier’s check, money order, wire transfer, or other form of payment acceptable to Franchisor. Franchisee acknowledges that no portion of the Initial Franchise Fee will be credited, offset, or otherwise reduced under any circumstances.

(c) Design Fee

In addition to the Initial Franchise Fee, Franchisee must pay Franchisor a “Design Fee” for Franchisor’s direct services in designing the Store as an ANDA BOBA TEA retail outlet. This Design Fee is \$_____ per square foot (or such other amount specified in Exhibit 1 of this Agreement). The Design Fee is fully earned when due and is payable immediately after Franchisor consents to the proposed location. Franchisee acknowledges that the Design Fee is non-refundable.

(d) Security Deposit

When Franchisee signs this Agreement, Franchisee must pay Franchisor a Security Deposit of \$_____. If Franchisee defaults under this Agreement or any other agreement with Franchisor or its affiliates, or if Franchisor incurs damages or expenses due to Franchisee’s default (including, without limitation, unapproved material purchases or use of substandard ingredients in ANDA BOBA TEA Products), Franchisor may apply all or any part of the Security Deposit toward curing the default or compensating Franchisor for such damages or expenses. Franchisor may also use the Security Deposit to satisfy any late charges, interest, penalties, and fees arising from any obligations that Franchisee fails to perform. If after the termination or expiration of this Agreement any amounts remain due to Franchisor, Franchisor may retain all or part of the Security Deposit to cover these sums. Should Franchisor use any portion of the Security Deposit

at any time, Franchisee must immediately restore the Security Deposit balance to \$ _____. If, on the date this Agreement expires or terminates, Franchisee is not in default under this Agreement or any agreement with Franchisor, Franchisor will return the remaining Security Deposit (if any) to Franchisee within thirty (30) days after the effective date of expiration or termination.

4.2 Equipment and Fixtures:

Before opening the Outlet, Franchisee must invest a total of \$60,000 in equipment and fixtures, as detailed in the Confidential Operations Manual and other written specifications. This amount, which is due in full before the Outlet opens, is non-refundable and covers all necessary items to ensure compliance with brand standards. Franchisee must maintain these fixtures and equipment in good working order and promptly replace or repair them if they become unsuitable for continued operation under the system.

4.3 Initial Inventory:

Franchisee is required to purchase an initial inventory of goods and supplies valued at \$ _____. This cost, which is also non-refundable, includes all ingredients, packaging, and other consumables needed to operate the Outlet at opening. All such items must be obtained only through suppliers designated or approved by Franchisor, and Franchisee agrees to consistently maintain adequate inventory levels to meet the standards for product quality and freshness.

4.4 Marketing Fee:

In addition, Franchisee must pay an annual Marketing Fee of \$ _____ to support overall brand promotion and advertising initiatives for the ANDA BOBA TEA system. This fee, payable by the date(s) specified in the Franchise Agreement or in any subsequent written notice, is non-refundable once paid, regardless of any termination or expiration of the Franchise Agreement. Franchisor has sole discretion over the allocation of this fee, and no portion of it is guaranteed to be spent specifically in Franchisee's territory.

4.5 Royalty

(a) Amount and Calculation

Beginning on the first day of the first full calendar month following the Opening Date, Franchisee must pay Franchisor a monthly "Royalty" equal to _____ percent

(_____%) of Franchisee's monthly Gross Revenues (or \$_____, whichever is greater), unless otherwise specified in this Agreement or in Franchisor's written notices to Franchisee.

(b) Due Date and Reporting

The Royalty is due and payable on or before the 15th day of each month for the Gross Revenues earned during the immediately preceding calendar month. Each Royalty payment must be accompanied by a sales report (in the form or format that Franchisor prescribes) reflecting Franchisee's monthly Gross Revenues and any additional information Franchisor reasonably requires.

4.6 Electronic Funds Transfer

Franchisor requires payment of all fees and amounts due under this Agreement (including, but not limited to, Required Inventory costs, Royalties, Marketing and Promotion Fees) by electronic funds transfer ("EFT") through the Automated Clearing House ("ACH") network or another automatic payment mechanism Franchisor designates. Franchisee must provide Franchisor with all necessary banking and authorization forms to facilitate EFT payments directly from Franchisee's account into Franchisor's operating account.

4.7 Fees Fully Earned; No Setoffs

All payments due under this Article IV are fully earned by Franchisor upon receipt and non-refundable, except as specifically noted in Section 4.1(d) above. Franchisee will make all payments to Franchisor without any setoff, deduction, defense, counterclaim, or recoupment of any kind.

4.8 Late Fee

Any fees owed under this Agreement (including Required Inventory costs, Royalties, or Marketing and Promotion Fees) that are not received by Franchisor on or before the applicable due date constitute a material breach of this Agreement. In addition, Franchisee must pay Franchisor a late charge of five percent (5%) of the overdue amount, or \$1,000 (whichever is higher). Franchisee agrees that this late charge is a fair and reasonable estimate of Franchisor's administrative, collection, and other costs resulting from delayed payment.

4.9 No Accord or Satisfaction

If Franchisee tenders any amount less than the total due under this Agreement, Franchisor

may accept such partial payment without prejudice to its rights to collect the full outstanding balance. Franchisor's acceptance of a check or any payment marked "paid in full" or bearing a similar notation will not constitute an accord or satisfaction, nor will it limit Franchisor's right to seek the remaining amounts owed or pursue any other remedies.

4.10 CPI Adjustments

Franchisor may adjust any stated dollar amount in this Agreement (including, but not limited to, the Initial Franchise Fee, the Royalty, or any fixed fees) in its sole discretion, based on changes in the Consumer Price Index ("CPI") or a similar measure if the CPI ceases to be published. Any adjustments will be communicated in writing and will become effective on the date stated in Franchisor's notice to Franchisee.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term

The initial term of this Agreement (which applies solely to the Store franchised hereunder) begins on the Effective Date and continues until the _____ anniversary of the Opening Date, unless sooner terminated as provided in this Agreement.

5.2 Renewal Terms

(a) Renewal Option

Subject to Sections 5.2(b) through 5.2(g), Franchisee may renew its rights under this Agreement for successive _____-year renewal terms. To exercise this option, Franchisee must deliver written notice of its intent to renew to Franchisor at least one hundred twenty (120) days before the expiration of the then-current term.

(b) Renewal Eligibility Requirements

At the time of renewal, Franchisee must satisfy all of the following conditions:

1. Solvency:

Franchisee must be solvent (able to pay debts as they become due and having assets exceeding liabilities).

2. Continued Operation:

Franchisee must not have abandoned the Store.

3. Compliance with Standards:

Franchisee must not be operating the Store in a manner that endangers public health or safety or materially damages the ANDA BOBA TEA brand or reputation.

4. Accuracy of Reporting:

Franchisee must not have knowingly submitted any false or incomplete reports to Franchisor during the initial term.

(c) No Obligation to Renew

Notwithstanding Section 5.2(a), Franchisor is not obligated to renew the rights granted under this Agreement if any one or more of the following apply or occur:

1. Franchisee Declines Renewal:

Franchisee gives Franchisor written notice of its intention not to renew this Agreement at least one hundred eighty (180) days before the expiration of the initial or any successor term.

2. Sale of the Franchised Business:

Within one hundred eighty (180) days before the term ends, Franchisor consents to Franchisee's sale of the Store to a buyer who meets Franchisor's then-current requirements for a new or renewal franchise.

3. Termination Grounds:

Franchisor would be entitled to terminate this Agreement under Sections 13.1 or 13.2.

4. Mutual Non-Renewal:

Franchisor and Franchisee mutually agree in writing that the franchise will not be renewed.

5. Market Withdrawal:

Franchisor decides to cease offering its products or services through franchises in Franchisee's geographic market, provided that:

- (A) After the franchise expires, Franchisor will not enforce any non-compete covenant against Franchisee or its owners; and
- (B) The non-renewal is not intended to convert the Store to a company-operated business under Franchisor's direct control.

6. Criminal Conviction:

At the time of renewal, Franchisee or any Principal Equity Owner has been convicted of a felony or any crime involving moral turpitude, consumer fraud, or other offense likely (in Franchisor's reasonable judgment) to harm the Marks, the System, or their associated goodwill.

7. Failure to Agree to Updated Terms:

Franchisor and Franchisee are unable to agree on the updated terms and conditions that Franchisor customarily uses at the time for renewal franchises (or, if Franchisor is not granting a significant number of renewal franchises, the terms for new franchises). Franchisor may require Franchisee to sign a renewal franchise agreement reflecting such updated terms by a date set forth in a written notice; if Franchisee does not sign by that date, Franchisee's failure to do so will be deemed a notice of intent not to renew.

(d) Renewal Documentation

As a condition of renewal, no later than ninety (90) days before the term expires, Franchisee and Franchisor must sign either:

1. Renewal Franchise Agreement:

Franchisor's then-current form of franchise agreement, modified by an addendum to remove provisions only applicable to a new franchisee (such as the initial franchise fee or initial training requirements); or

2. Addendum Extending This Agreement:

An addendum extending this Agreement for an additional three-year term.

FRANCHISEE UNDERSTANDS AND AGREES THAT ANY RENEWAL FRANCHISE AGREEMENT MAY CONTAIN MATERIAL REVISIONS TO THE TERMS AND CONDITIONS FROM THIS AGREEMENT, consistent with Franchisor's then-current standards.

(e) Compliance with Monetary Obligations

To renew, Franchisee must be current on all monetary and other material obligations owed to Franchisor and Franchisor's affiliates. At any time within sixty (60) days of Franchisee's renewal date, Franchisor has the right to review Franchisee's books and records during normal business hours to verify Franchisee's compliance with these obligations.

(f) General Release

Franchisee and its Principal Equity Owners must execute Franchisor's standard form of release, which discharges all actual or potential claims Franchisee or its owners may have against Franchisor, its affiliates, and their respective officers, directors, agents, and employees as of the effective date of the renewal.

(g) Updating the Store

No later than ninety (90) days after signing the Renewal Franchise Agreement, Franchisee must make any physical or operational updates to the Store necessary to meet Franchisor's then-current system standards, including modifications to accommodate new ANDA BOBA TEA products, equipment, and branding elements.

(h) Renewal Fee

Upon signing the Renewal Franchise Agreement, Franchisee must pay Franchisor a "Renewal Fee" of \$_____, which is subject to adjustment in Franchisor's sole discretion based on any changes in the Consumer Price Index (CPI) since the Effective Date.

5.3 Month-to-Month Extension; Longer Notice Requirements

(a) Month-to-Month Extension

If the renewal procedures in Section 5.2 are not completed, or if Franchisor elects not to offer a formal renewal, Franchisor may, at its sole discretion, extend this Agreement on a month-to-month basis. Franchisor may terminate such month-to-month extension upon at least thirty (30) days' written notice to Franchisee, requiring that the franchise either be renewed formally under Section 5.2 or that the Agreement expire without renewal.

(b) Longer Notice Required by Law

If applicable law requires Franchisor to provide a longer notice period before the end of the initial or any successor term, this Agreement will continue on a month-to-month basis until the required notice period has elapsed. Once that period ends, this Agreement will expire unless properly renewed under Section 5.2 or further extended pursuant to Section 5.3(a).

VI. TRAINING AND ASSISTANCE

6.1 Initial Training

(a) Requirement and Purpose

It is essential that Franchisee's Store Manager—and any Principal Equity Owners holding at least fifty percent (50%) equity in an entity Franchisee—receive comprehensive instruction on the Franchised Business and the System. Accordingly, Franchisor will provide a _____ days Initial Training program in New York, covering orientation to the System and detailed guidance on day-to-day operations (collectively, "Initial Training"). Afterward, when the Store opens, Franchisor will send at least _____ representatives to provide on-site training. Franchisee may not open or operate the Store until its Store Manager successfully completes Initial Training to Franchisor's satisfaction, as determined solely by Franchisor.

(b) Failure to Complete Training

If the designated Store Manager does not complete Initial Training to Franchisor's satisfaction, Franchisor may terminate this Agreement. Before such termination, however, Franchisee may either (i) have the same Store Manager repeat the entire Initial Training program, or (ii) designate one (1) replacement Store Manager to attend the program. Franchisor retains full discretion to determine whether Initial Training has been successfully completed.

(c) Content of Initial Training

Franchisor will determine the content and format of Initial Training in its sole discretion. Generally, the training will emphasize ANDA BOBA TEA products, operational procedures, marketing strategies, customer service, recordkeeping, and equipment maintenance. Franchisor may adjust the curriculum as needed to align with System standards.

(d) Training Expenses

All expenses related to Initial Training, including travel, lodging, and meals for Franchisee's trainees, are the sole responsibility of Franchisee. Only individuals with a direct role in Store management or operation may attend. Franchisor will not reimburse any costs or expenses incurred by Franchisee or its representatives in connection with the Initial Training program.

6.2 Training and Assistance After Opening

(a) Post-Opening Website Integration

After the Store opens, Franchisor will provide Franchisee with access to, and may list the Store on, the FORMOSA UNITED INC. website. Franchisor may also integrate Store-specific information into the website. Any future updates or modifications to Franchisee's online presence, beyond the initial listing, may be made at Franchisee's cost and expense. Franchisor may also grant digital access to the Confidential Operations Manual, subject to Franchisor's continued discretion and any applicable fees.

(b) Telephone, Email, and On-Site Guidance

Following the on-site opening assistance described in Section 6.1(a), Franchisor will offer reasonable telephone and email support to address operational inquiries. Franchisor's representatives may periodically visit Franchisee's Store to provide further assistance; however, the frequency, scope, and duration of such visits are within Franchisor's sole discretion. Franchisor does not assist Franchisee in hiring or retaining employees or contractors.

(c) Ongoing Training Requirements

Franchisor may require Franchisee's designated personnel to attend additional training sessions, seminars, or conferences that Franchisor deems relevant. Only individuals

previously trained by Franchisor or under Franchisee's supervision may manage the Store. If Franchisor deems it necessary, Franchisee must send its Store Manager for supplemental training. Franchisor may charge a fee of up to \$1,000 per day for these required programs, plus Franchisee's related travel, lodging, and meal expenses.

(d) Optional Training Offerings

At its discretion, Franchisor may offer optional courses, coaching sessions, business mentoring, or conferences at a location it designates. Franchisor may also charge up to \$1,000 per day for such optional programs. All travel and living expenses remain the Franchisee's responsibility.

(e) Updates and Supplemental Materials

In addition to periodic revisions to the Confidential Operations Manual, Franchisor may supply Franchisee with instructional materials or other documentation relevant to operating the Franchised Business. Franchisor may also make available, for purchase, optional materials that Franchisee can use to enhance its Store operations.

(f) Cost Responsibility

Franchisee must bear all expenses (including, but not limited to, travel, lodging, and meals) for its personnel who attend any training or meetings required or provided by Franchisor under this Section 6. Only personnel who hold active responsibilities in the Store's management or operations may attend such training programs.

(g) Training for Transfers

If a Transfer of the Franchise occurs pursuant to Section 12.2, the transferee must complete Franchisor-approved training as a condition of Franchisor's consent. The Store may not open or re-open under the transferee's ownership until Franchisor has given written acknowledgment that the transferee is fully qualified to operate the Franchised Business.

6.3 Proprietary Materials

During Initial Training and subsequent training events or conferences, Franchisor may provide Franchisee with training curricula, proprietary information, and related materials (collectively, "Proprietary Information"). All such content remains Franchisor's exclusive property.

- (a) Hard-Copy Materials: If Proprietary Information is delivered in printed form, Franchisee must keep it in a locked receptacle at the Store when not in use by authorized personnel and must strictly limit its access to individuals directly involved in Store operations.
- (b) Electronic Format: If Proprietary Information is provided electronically, Franchisee must safeguard passwords and refrain from sharing them beyond authorized personnel. Franchisee will promptly notify Franchisor if any physical or digital copies are lost or destroyed.
- (c) Prohibitions: Franchisee and its personnel are strictly prohibited from copying, reproducing, distributing, or disclosing Proprietary Information to any unauthorized third party without Franchisor's express prior written consent.

VII. OPENING OF SHOP AND FRANCHISED BUSINESS

7.1 Franchisee's Store

The Franchised Business may only be operated from the physical premises of Franchisee's Store. If the Store location has not been identified at the time of signing this Agreement, the exact address will be added to a restated Exhibit 1 once that location has been determined and approved by Franchisor. To promote efficient service of ANDA BOBA TEA customers, Franchisee must not cater or deliver ANDA BOBA TEA Products outside the designated Territory without Franchisor's prior written consent.

7.2 Building Out Franchisee's Store

(a) Site Selection and Review

1. Franchisee must locate and secure premises acceptable to Franchisor for the Store within ninety (90) days after the execution date of this Agreement. Franchisor will review and either consent to or disapprove a proposed location within ten (10) business days after Franchisee presents the site. If Franchisor disapproves, Franchisee must promptly propose an alternative location.
2. If Franchisee fails to find a suitable site that Franchisor consents to within ninety (90) days after the Effective Date, Franchisor may cancel this Agreement. Upon cancellation, Franchisor will not refund the Initial Franchise Fee and any Territory Surcharge paid by Franchisee.

(b) Store Construction and Opening

1. After Franchisor consents to the Store premises, Franchisee must configure and equip the Store, and begin operating the Franchised Business there, within ninety (90) days of Franchisor's consent. Construction and related services must use architects, contractors, subcontractors, project managers, and key equipment suppliers designated or approved by Franchisor.
2. If Franchisee has not commenced operations within one hundred and eighty (180) days after the Effective Date, Franchisor may terminate this Agreement by providing written notice. If this occurs, Franchisee will not be entitled to any refund of the Initial Franchise Fee.
3. Franchisor may, in its sole discretion, grant Franchisee a reasonable extension of time to meet these deadlines if it determines that Franchisee made diligent efforts to open but was unable to do so for reasons beyond Franchisee's reasonable control.

(c) Franchisor's Role in Site Selection

1. Franchisor will provide direct and indirect assistance in the site selection process. However, securing suitable premises is Franchisee's ultimate responsibility.
2. Franchisor reserves the exclusive right of final review and consent for any Store location. Such consent does not guarantee successful operation of an ANDA BOBA TEA Store at that site.

(d) Right of Inspection

Franchisor may periodically inspect Franchisee's Store and any other location where Franchisee conducts business under this Agreement.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state law and regulations, Franchisee must be, or employ, a Store Manager (must be either a sole proprietor or a Principal Equity Owner owning at least 50% of the Franchisee entity) who will devote their entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business. The Store Manager must ensure that Franchisee fulfills its obligations to Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours.

(b) Franchisee understands and agrees that the maintenance of the quality of the ANDA BOBA TEA Products offered by each ANDA BOBA TEA franchisee is of primary importance to Franchisor to properly promote and protect the public image of these goods and services, and to protect the Marks under which ANDA BOBA TEA franchisees are licensed to operate. Franchisee therefore agrees to only provide at its Store ANDA BOBA TEA Products that are properly prepared in accordance with Franchisor's confidential recipes and procedures. Franchisee must only sell to customers at Franchisee's Store ANDA BOBA TEA Products and other food and beverages specified in Franchisor's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale by Franchisee at Franchisee's Store in accordance with this Agreement and the Confidential Operations Manual (as amended from time to time by Franchisor). Franchisee must only operate the Franchised Business at Franchisee's Store, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to Franchisee by Franchisor in writing. Franchisee must always maintain an adequate level of supplies and Required Inventory to properly operate Franchisee's Store. Franchisee must use the standard signs and formats that Franchisor prescribes in operating the Store and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires that Franchisee comply with the methodology Franchisor prescribes in providing ANDA BOBA TEA Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's franchisees and the strength of the Marks in inter-brand competition, and subject to applicable antitrust laws, Franchisor may recommend retail prices for specific ANDA BOBA TEA Products and other products and services Franchisor authorize for sale at Franchisee's Store. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Otherwise, Franchisor does not determine maximum or minimum prices for ANDA BOBA TEA Products and other products and services Franchisor authorize for sale at Franchisee's Store.

(d) Franchisee's Store must be open during the normal business hours that apply to the premises where the Store is located. The obligation to remain open will not apply if Franchisee is subjected to an event of Force Majeure.

(e) Franchisee must promptly satisfy any *bona fide* indebtedness that Franchisee incurs in operating the Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with Franchisee.

(f) Franchisee must comply with all health, administrative and governmental regulations relating to the storage, sale and shipment of ANDA BOBA TEA Products. Franchisee must notify

Franchisor in writing within 10 days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect Franchisee's operations at the Store or Franchisee's ability to meet its obligations hereunder.

(g) Upon the occurrence of any event that occurs at the Store or in the Territory that has caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or its affiliates, Franchisee must immediately inform Franchisor's designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor with respect to Franchisor's response to an incident described in this section 8.1(g).

(h) If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Franchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Store or any of its improvements.

(i) Franchisee may not engage in any co-branding in the Store or otherwise in connection with the Franchised Business except with Franchisor's prior written consent. Franchisor is not required to approve any co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that co-branding chain as an approved co-brand for operation within the System. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within Franchisee's Store or the Franchised Business Franchisee operate in Franchisee's Territory or is adjacent to Franchisee's Store and operated in a manner which is likely to cause the public to perceive it to be related to the Store and Franchised Business licensed to Franchisee hereunder.

8.2 Confidential Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be provided to Franchisee either in print or through restricted access (available to the Store Manager and other Principal Equity Owners) on Franchisor's website. To the extent that the Confidential Operations Manual is furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Confidential Operations Manual and take adequate precautions to ensure that the Confidential Operations Manual is kept in a locked receptacle at the Store when not in use by

authorized personnel. To the extent that the Confidential Operations Manual is furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of the Confidential Operations Manual that is maintained in a tangible media is lost or destroyed for any reason.

(b) Franchisee must keep the Confidential Operations Manual confidential and current, and the master copy of the Confidential Operations Manual maintained by Franchisor at its principal office will control in the event of a conflict related to the contents of the Confidential Operations Manual. Franchisor has the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on Franchisor's website is changed.

(c) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated ANDA BOBA TEA franchisees. As modified by Franchisor from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as modified or amended by Franchisor from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that Franchisee may have printed and maintain, the master copy of the Confidential Operations Manual that Franchisor maintains at its headquarters and available on Franchisor's website will be the controlling version and will supersede all prior versions.

(d) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee must request a replacement within three business days, and Franchisee will be deemed to be in material breach of this Agreement and all other agreements Franchisee has with Franchisor and its affiliated entities.

(e) Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee must immediately return to Franchisor any printed portions of the Confidential Operations Manual then in Franchisee's possession. Except as specifically permitted by Franchisor, at no time may Franchisee, or Franchisee's employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except Franchisee's authorized employees and agents when required in the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor's Trade Secrets or other Proprietary Information

from any computers and other media storage devices Franchisee retains after expiration, cancellation or termination of this Agreement.

8.3 Menu and Standards of Operation.

(a) A standard menu format is required by Franchisor and must be used by Franchisee. Any changes, additions or deletions in the menu format to be used at the Store must be approved in writing by Franchisor prior to its use by Franchisee. Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees and agents harmless from and against all losses, damages, costs or expenses, including reasonable attorneys' fees, resulting from any change Franchisee makes in the standard menu or for any deviation of Franchisee's products from the descriptions contained in Franchisor's approved menu. Franchisor may change the standard menu format at any time and from time to time.

(b) Franchisor is entitled to prescribe standard uniforms and attire for all of Franchisee's ANDA BOBA TEA personnel to enhance the customer experience at the Store and to protect Franchisor's reputation for quality service. Franchisee is required to obtain such uniforms and attire only from an e-store set up by Franchisor's affiliates or from other approved manufacturers or distributors.

(c) Franchisee agrees that Franchisor, Franchisee and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at Franchisee's Store and elsewhere in Franchisee's Territory. Therefore, Franchisee agrees to maintain the standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Confidential Operations Manual as it may be revised from time to time, and as Franchisor may otherwise direct in writing. In order that Franchisor may establish and maintain an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Point of Sale System.

(a) Franchisee is required to purchase computerized point of sale cash collection system ("POS System") to track and process retail sales at the Store from Franchisor. Upon 90 days prior notice, Franchisor may also require that Franchisee acquire and use a suitable computer system to manage and record its sales and monitor its operations at the Store.

(b) Franchisee is also required to maintain an e-mail account and communicate with Franchisor regularly concerning sales and operations at the Store, in the manner Franchisor specifies in the Manual or otherwise in writing.

8.5 Maintenance of and Refurbishments to the Store.

(a) Franchisor requires that Franchisee maintain, and from time to time refurbish, the Store to conform to the then-current Trade Dress and color schemes applicable for a Store. Such maintenance and refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Stores, or to accommodate new ANDA BOBA TEA Products. In this regard, the following requirements are applicable:

(i) Franchisee must maintain all equipment and furnishings used at the Store in good working order and make repairs or perform maintenance on an as needed basis. And Franchisee must immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies.

(ii) Franchisee must make all upgrades to equipment and any technology used in Franchisee's Store that Franchisor may require.

(iii) Franchisor may periodically require Franchisee to update the Trade Dress used at Franchisee's Store. Such updates will be contained in the Confidential Operations Manual or otherwise provided to Franchisee in writing. Such updates may require Franchisee to install new color schemes, logos, signage or other visual elements. Franchisor anticipates that such Trade Dress updates will be required no more frequently than once every five years.

(b) Franchisor will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that Franchisor make a good faith determination that Franchisee's Store is substantially inconsistent with prevailing System-wide standards (for example, either in terms of the Trade Dress, the overall condition of the Store, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell ANDA BOBA TEA Products) and that, as a result of its appearance or condition, Franchisee's Store is either (i) not adequately positioned to promote and sell ANDA BOBA TEA Products as then required or (ii) damaging the integrity of the ANDA BOBA TEA image, brand and/or Marks.

8.6 Relocation of Franchisee's Store.

(a) If Franchisee desires to relocate the Store, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing

complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation in Franchisor's reasonable discretion. In the event of disapproval of a proposed relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this section 8.6.

8.7 Record Keeping and Reporting Requirements.

(a) Franchisee agrees to track, account for and report if requested by Franchisor on the financial performance of the Franchised Business.

(b) All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(c) Franchisor has the right to use any financial or statistical information that Franchisee provides Franchisor, as Franchisor deems appropriate. Franchisor will not identify Franchisee, Franchisee's Store or Franchisee's Territory as the source of the information and will not disclose any of this information except (i) with Franchisee's written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(d) Franchisee must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. Franchisor will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Confidential Operations Manual guidelines.

8.9 Telephone Numbers.

At its sole expense, Franchisee must list the telephone number for Franchisee's Store in accordance with procedures prescribed by the Confidential Operations Manual. At the time of termination or expiration of this Agreement, for any reason, Franchisee must transfer the telephone numbers for Franchisee's Store to Franchisor or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

8.10 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance and other insurance that is legally required or reasonably prudent for Franchisee to operate Franchisee's business (for example, workers' compensation insurance). Policy coverage requirements and limitations and other terms relating to insurance may be set forth in the Confidential Operations Manual. Any policies of insurance that Franchisee maintains must contain a separate endorsement naming Franchisor and the Owner of the Marks (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by payment of any loss under such insurance. This provision applies regardless of Franchisor has received a waiver of subrogation endorsement from the insurer. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII or better and authorized to do business in the state where the Franchisee's Store is located, unless otherwise approved in writing by Franchisor.

(b) Within 30 days after the Opening Date and within 30 days after each succeeding anniversary of the Opening Date, Franchisee must deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days (10 days for non-payment) prior written notice to Franchisee and to Franchisor. Franchisee must notify Franchisor in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(c) The failure of Franchisee, for any reason, to procure and maintain the insurance coverage required under this Agreement will be deemed a material breach of this Agreement.

8.11 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours, to Franchisee's Store (or any other facility from which Franchisee sells ANDA BOBA TEA Products or any other offices relating to Franchisee's conduct of the Franchised Business) to review and inspect Franchisee's operations, business methods, service, management and administration relating to the Franchised Business or

its equivalent, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor and specified in the Confidential Operations Manual.

(b) Franchisor and its designated agents also have the right at all reasonable times, upon 10 days prior notice, to examine, copy and audit the books and records relating to the Store and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an annual percentage rate ("APR") of 18% (or the highest APR rate permitted in the state where the Store is located, if that APR is lower). If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 5% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

(c) Franchisee must fully cooperate in permitting Franchisor's representatives to access Franchisee's Store (or any other facility from which Franchisee sells ANDA BOBA TEA Products or any other offices relating to Franchisee's conduct of the Franchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

8.12 Compliance with Laws.

Franchisee must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants that it will obtain and always maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Store is situated. Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, Franchisee will use the ANDA BOBA TEA website and any other Internet or social media only as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing to market the Franchised Business conducted at Franchisee's Store. Franchisee shall not register an Internet domain or social networking media outlet name using any of the Marks.

(b) All domain names used by Franchisee must be pre-approved by Franchisor who will control the usage and right to use of all domain names. Upon termination or expiration of, or transfer of the rights and obligations granted under, this Agreement, Franchisee will have no further need or right to use these domain names.

(c) Any alternative distribution methods and programs Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, are subject to Franchisor's prior written approval, which approval will be in Franchisor's sole discretion.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at the Store. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types *other than* the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. Franchisee may only use the Marks and Franchisor's Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all its employees and agents to insure the proper use of the Marks in compliance with this Agreement.

(b) Franchisee acknowledges and agrees Franchisee's use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership

interests in the Marks and that Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. Franchisee acknowledges that the use of the Marks outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title and interest in and to the Marks. Franchisee agrees that as between Franchisee and Franchisor, all rights to use the Marks within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by Franchisee's franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

(c) Franchisee agrees that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, Franchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, ANDA BOBA TEA Products, any ANDA BOBA TEA retail shop and the System, without any form of compensation or remuneration. Franchisee also agrees to have any affected employee of Franchisee who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual that authorizes Franchisor to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Franchisee's Initials:_____Principal Equity Owners' Initials:_____]

(e) Franchisee acknowledges that Franchisor prescribes uniform standards respecting the nature and quality of ANDA BOBA TEA Products provided by Franchisee in connection with which the Marks are used. Nothing herein gives Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Franchisee and all Principal Equity Owners agree that all materials associated with

Franchisor, ANDA BOBA TEA Products or other services, artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors and any other party with whom Franchisee may contract to have such materials produced, to promptly execute all appropriate documents in this regard. As between Franchisee and Franchisor, the Suggestions and all Intellectual Property Rights in and to the Suggestions are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship because of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights which cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(g) If necessary, Franchisee agrees to join with Franchisor and share the expenses in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee hereby consents to the cancellation and agrees to join in any cancellation petition. Franchisee will bear the expense of any cancellation petition.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Store, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Store and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "ANDA BOBA TEA" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Franchisee's letterhead, contract agreements, invoices, authorized social media or Internet sites, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of Franchisor or the Owner of the Marks, or (iii) any of Franchisor's other franchisees.

(e) If Franchisee is an entity and not an individual proprietor, Franchisee cannot use any of the Marks in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is licensing Franchisee access to Franchisor's Proprietary Information, Trade Secrets and other confidential data and information. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are Franchisor's confidential trade secrets and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential

Operations Manual. Franchisor will disclose to Franchisee certain Trade Secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

(b) Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including Franchisor's Trade Secrets; that such information is being imparted to Franchisee only by reason of Franchisee's special status as a franchisee of the System; and that Franchisor's Proprietary Information is not generally known to Franchisor's industry or the public at large and are not known to Franchisee except by reason of such disclosure. To the extent that Trade Secrets are furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Trade Secrets and take adequate precautions to ensure that the Trade Secrets are kept in a locked receptacle at the Store when not in use by authorized personnel. To the extent that the Trade Secrets are furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of its Trade Secrets that is maintained in a tangible media is lost or destroyed for any reason. Franchisee further acknowledges that Franchisee will acquire no interest in the Proprietary Information and Trade Secrets disclosed to Franchisee, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement.

(c) Franchisee agrees that Franchisee will not do or permit any act or thing to be done in derogation of any of Franchisor's rights in connection with the Marks, either during the term of this Agreement or thereafter, and that Franchisee will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and Franchisee's employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(d) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all "Losses" (as defined in section 16.2 below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Franchisee or its employees and agents. Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other form of security is required to obtain such equitable

relief and Franchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to monetary damages.

(e) 18 USC Section 1833(b) states: “An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” Accordingly, Franchisor and Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.

Franchisor may add to, substitute or modify any or all of the Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. Franchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Franchisee must notify Franchisor within 10 days of any such claim, suit, demand or misuse. Franchisee will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Franchisee agrees to cooperate fully in such matters.

(b) Franchisor will indemnify Franchisee and hold Franchisee harmless from and against all judgments resulting from any claim, suit or demand arising from Franchisee's authorized and use of the Marks or Franchisor's Intellectual Property in accordance with the terms of this Agreement. Franchisor has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or Franchisor's Intellectual Property being used by Franchisee or constitutes a misuse of the Marks or Franchisor's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against all judgments resulting from any claim, suit or demand arising from Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

X. Deleted.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including, without limitation, information regarding ANDA BOBA TEA Products and the operational, sales, promotional and marketing methods and techniques of the System and Franchisor's Trade Secrets. In consideration for the use and license of such valuable information, Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to ANDA BOBA TEA Products or the Franchised Business, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion.

(b) It is the intention of both Franchisee and Franchisor that Franchisee maximizes the Franchised Business within the Territory, and any action of Franchisee that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Owner may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of one year after termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement ("Expiration Date"), Franchisee agrees that neither Franchisee nor any Principal Equity Owner may (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to ANDA BOBA TEA Products or the Franchised Business, within a radius of 25 miles of Franchisee's Territory or any other authorized retail location selling ANDA BOBA TEA Products, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Following termination or expiration of this Agreement, Franchisee must always refrain from any use, direct or indirect, of any of Franchisor's Proprietary Information.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then section 11.2(a) will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions regarding Non-Competition Covenants.

(a) Franchisee acknowledges that the restrictions contained in this Article XI are reasonable and necessary in order to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalty and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(b) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain as a result of any breach of this Article XI by Franchisee, any Principal Equity Owner, or Franchisee's Store Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason

of any such breach or threatened breach of this Agreement. Franchisee and each Principal Equity Owner further agree that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee and each Principal Equity Owner further acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to, monetary damages.

(c) This Article XI applies to Franchisee's Store Manager, Principal Equity Owners and each of Franchisee's other managers, directors, officers, general partners and affiliates.

(d) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound by (i) the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and (ii) all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Franchisor.

Franchisor has the right to Transfer this Agreement, and all of Franchisor's rights and privileges hereunder to any other person, firm or corporation ("Franchisor's Assignee"); provided that, in respect to any Transfer ("Assignment by Franchisor") resulting in the subsequent performance by Franchisor's Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Franchisor, Franchisor's Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Franchisor's Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Franchisor in compliance with the terms set forth in the preceding sentence, Franchisor will be relieved of all obligations or liabilities after the effective date of the assignment.

12.2 Assignment by Franchisee.

(a) This Agreement is being executed in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its Principal Equity Owners and the trust and confidence Franchisor reposes in Franchisee and in them. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor more than 50% of the equity interest in Franchisee (if Franchisee is an entity), nor all or substantially all of the assets of the Franchised Business, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject

to Franchisor's right of first refusal provided for in section 12.3 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 12.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, the Store, all or substantially all the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, delivered to Franchisor in accordance with section 16.1 hereof and include the following:

(i) The name and address of the proposed assignee ("Franchisee's Assignee");

(ii) If requested by franchisor, a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) Franchisee's Assignee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees if those forms are readily made available to Franchisee. If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 16.1 hereof within 15 calendar days. As soon as practicable after the receipt of Franchisee's Assignee's application, Franchisor will notify Franchisee and Franchisee's Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, Franchisor will communicate the standards to Franchisee within 15 calendar days.

(c) Within 30 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise its right of first refusal, or should such right of first refusal be inapplicable, as herein provided, the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor will include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following

conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Franchisee's Assignee must complete Franchisor's application for a Franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees that (A) a Store Manager successfully trained by Franchisor must at all times be employed to operate the Store and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by Franchisee's Assignee's Store Manager and other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, that Franchisee's Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, Franchisee must pay Franchisor a non-refundable "Transfer Fee" of \$15,000 (the Transfer Fee is not payable if Franchisor exercises its right of first refusal pursuant to section 12.3 of this Agreement). The Transfer Fee is subject to adjustment in Franchisor's discretion based on corresponding changes in the CPI since the

Effective Date.

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which will not be unreasonably withheld.

(e) Any attempt by Franchisee to assign or any purported Assignment by Franchisee in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Store. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) enter into an assignment of the lease for the Store premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Store).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Franchisee's heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan, Franchisee's right to Transfer Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Franchisee must deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new ANDA BOBA TEA franchisee, and any other related information requested by Franchisor. If the specified terms and conditions

include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept the Assignment by Franchisee itself or on behalf of Franchisor's nominee upon the terms and conditions specified in the notice.

(d) If Franchisor elects not to exercise its right of first refusal and consent to the Assignment by Franchisee, Franchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by Franchisor), or if said 60-day period expires, Franchisor will again have such right of first refusal with respect thereto and Franchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Franchisor no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members.

Franchisee or a Principal Equity Owner, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in Franchisee's franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.

Franchisee or a Principal Equity Owner may without Franchisor's consent, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee's franchised entity to an entity that is (i) organized for the purpose of operating the Franchised

Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction. Also, Franchisee acknowledges and agrees that any Transfer to an affiliate will not relieve Franchisee from its obligations under this Agreement.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Franchisee's death or legal incapacity, if Franchisee is an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest in the franchisee entity ("Majority Equity Owner"), if Franchisee is an entity (corporation, limited liability company or partnership), the transfer of Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her heirs, personal representatives or conservators, as applicable, will not be deemed an Assignment by Franchisee provided that a responsible management employee or agent of Franchisee that has been satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of the death of a sole proprietor Franchisee or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, Franchisor may (but is not obligated to) immediately commence operating the Store on Franchisee's behalf for a period of up to 90 days, renewable as necessary for up to one year and Franchisor will periodically discuss the status with the heirs of the decedent. For such management assistance, Franchisee or the successor in interest must pay a reasonable *per diem* management fee/charge to Franchisor for serving as the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Franchisee's (or a Majority Equity Owner's) heirs, personal representatives or conservators.

However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.7 Other Transfers.

Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in section 12.3 hereof, Franchisee or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in Franchisee's franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to Franchisor and only with Franchisor's written consent, which will not be unreasonably withheld. Franchisor will exercise Franchisor's good faith business judgment in determining whether to give or withhold Franchisor's consent to a Transfer under this section 12.7. Such exercise of good faith business judgment may include Franchisor's consideration of certain skills and qualifications of the prospective transferee which are of business concern to Franchisor, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or Franchisor or any of Franchisor's affiliates.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated only for good cause, which means a failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event will be less than 60 days from the date of the notice of noncompliance, to cure the failure (provided that this section 13.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 13.2 below).

(b) If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 60 days in which to cure the default. A material breach of this Agreement by Franchisor means any unauthorized action or omission seriously impairing or adversely affecting Franchisee or the relationship between Franchisor and Franchisee created by

this Agreement. However, if Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement unless a state or federal court issues an order otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the default within 60 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right to exercise all remedies available to it at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee admits its inability to pay its debts as they come due, or Franchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Franchisee Abandons the Franchise by failing to operate the Store for five consecutive business days during which Franchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the

operation and reputation of the Franchised Business or the System;

(v) Franchisee fails, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) after curing any failure in accordance with section 13.3 below, Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Franchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 60 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the Franchise;

(x) Franchisee fails to pay any franchise fees or other amounts due to Franchisor or its affiliate within five (5) days after receiving written notice that such fees are overdue;

(xi) An audit or investigation conducted by Franchisor discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of Franchisee's Gross Revenues; or

(xii) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an

event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee 60 days in which to cure the default. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within 60 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure the default within 60 days, Franchisee will be given additional time (up to 30 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at its option, declare Franchisee in default of all of the other franchise agreements or other agreements Franchisee has with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for Franchisee's failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) The description of any default in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

(e) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to evidence the termination not later than 10 days after Franchisee receives it, or the mutual agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

13.4 Description of Default.

The description of any default in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.

Notwithstanding anything to the contrary in this Article XIII, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

13.6 Extended Cure Period.

Notwithstanding anything contained herein to the contrary, including, without limitation, section 13.3(c) hereof, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right, to be exercised in its sole discretion, to grant to Franchisee in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

13.7 Franchisor's Right to Cure Franchisee's Defaults.

In addition to all other remedies herein granted, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure the default for Franchisee's account and on Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof will be due and payable by Franchisee to Franchisor on demand.

13.8 Waiver and Delay.

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect

to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Collection Costs.

Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.10 Continuance of Business Relations.

Any continuance of business relations between Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet (without their respective legal counsel) in person at Franchisor's principal executive office (or in Franchisor's discretion by videoconference) within five business days after a party notifies the other party that a Dispute has arisen to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in

section 14.1 above, within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation in New York conducted by and before a mediator, and at a location, mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings may take place at any mutually agreed location and should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(c) and 13.3(c) above, any Dispute between Franchisor (and/or its affiliated entities) and Franchisee (and/or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by one arbitrator administered by American Arbitration Association or if the parties in dispute mutually agree, through binding arbitration by one arbitrator administered by any other mutually agreeable arbitration organization. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14.2.

(b) All hearings and other proceedings will take place at the American Arbitration Association business location in 725 S Figueroa St#400, Los Angeles, CA 90007, USA.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If

either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE ACKNOWLEDGES FRANCHISEE IS AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY RIGHT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _____ Franchisee's Initials: _____]
[Principal Equity Owners' Initials: _____]

14.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in New York, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 will be a sufficient bond (this amount may be adjusted by changes in the CPI since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. Franchisee acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

14.5 Survival.

The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other brand or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Franchisee must contact online review sites and other online directories and websites which has mentioned Franchisee's Outlet during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former franchised Store (and the physical address of the former Store) and all use of former reviews from the period Franchisee was a ANDA BOBA TEA franchisee. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Franchisee must comply with section 11.2 of this Agreement respecting post-termination competition and:

(i) Remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) Permanently discontinue all advertising of Franchisee that states or implies Franchisee is associated or affiliated with Franchisor or the System (if Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Franchisee's present and former employees, agents, officers, shareholders and partners observe

the foregoing obligations); and

(iv) Assign all interest and right to use all telephone numbers and all listings applicable to the Store in use at the time of such termination to Franchisor and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(iv) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Store or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating all of Franchisee's rights in any trade name Franchisee has used that contains any of the Marks.

15.2 Franchisor's Rights.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any of Franchisor's rights against Franchisee and such termination, cancellation, expiration or assignment will not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Franchisor which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) Franchisor may direct that all applicable suppliers immediately cease providing Franchisee with equipment, inventory, marketing materials, email access, website access, accessories and other items comprising or to be used to provide ANDA BOBA TEA Products.

(c) Franchisee is obligated to return, at no expense to Franchisor, all copies of the Confidential Operations Manual and all other ANDA BOBA TEA proprietary materials and any other items that were supplied by Franchisor for Franchisee's use without additional charge in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retains after expiration, cancellation or termination of this Agreement.

(d) Within 30 days after termination, expiration or non-renewal of this Agreement, Franchisor has the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by Franchisee in Franchisee's franchised operation. Franchisor will

be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's inventory of apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof as Franchisee and Franchisor mutually determine. In determining the fair market value of such items, Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase. The closing will occur no less than 30 days from the date Franchisor exercises its option to purchase unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisor will designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor:

FORMOSA UNITED INC.

(ii) If to Franchisee:

(b) Unless previously delivered in person by an agent of the sending party, notices between Franchisee and Franchisor will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier or in person by an agent of the sending party.

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) Franchisee and its Principal Equity Owners, jointly and severally, hereby agree to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Store and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material default of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, its Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, negligence of, or material breach by, Franchisee (or any of its Principal Equity Owners, or other owners, affiliates, officers, directors, employees or attorneys of Franchisee) of any terms of, or Franchisee's obligations arising under, this Agreement.

(c) In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified

Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all of its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

(d) The term “Losses” means, refers to, and includes all “Expenses” (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term “Expenses” means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery Royalty and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term “Proceeding” means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

16.3 Franchisee's Relationship to Franchisor as Franchisee; Customer Reviews.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venture of or with the other, each being independent. Franchisee and all Principal Equity Owners jointly and severally agree none will hold itself out as Franchisor's agent, employee, partner or co-venture or the Owner of the Marks. All employees or agents hired or engaged by or working for

Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor or the Owner of the Marks, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

(b) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee, its employees and agents, in a diligent and professional manner and Franchisee agrees to cooperate with representatives of Franchisor or the Owner of the Marks in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

16.4 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.6 Successors and Assigns.

Subject to restrictions on Assignment by Franchisee contained herein, this Agreement is binding upon (i) Franchisor and inures to the benefit of Franchisor's successors and assigns, (ii) Franchisee and inures to the benefit of Franchisee's successors and assigns, and (iii) Principal Equity Owners and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.

If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.8 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9 Gender.

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.

This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee and each of the Principal Equity Owners certify that none of Franchisee, the Principal Equity Owners, employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (available at <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Owners will comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each of the Principal Equity Owners certify, represent and warrant that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other

agreement Franchisee entered into with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges that Franchisee is not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor does Franchisee or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. Franchisee and the Principal Equity Owners agree that Franchisee will notify Franchisor in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

16.13 Governing Law.

The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of New York govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement 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, the signatories each agree and promise each other that this Agreement, the Confidential Operations Manual, and the representations made by Franchisor in the ANDA BOBA TEA Franchise Disclosure Document (“FDD”) that was provided to Franchisee, supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Confidential Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Franchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to Franchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all the parties

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by Franchisee and by Franchisor and only after Franchisee was provided a complete FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee and each of Franchisee's Principal Equity Owners hereby jointly and severally represent and warrant that the following statements in this section 18.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for purely speculative purposes and has

no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Store is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee and all of Franchisee's Principal Equity Owners.

(g) Franchisee and its Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply with the terms hereof and be bound hereby. Franchisee also recognizes that the Franchise involves significant risks, making the success of the Store largely dependent on Franchisee's abilities and attention. Franchisor expressly disclaims the making of, and Franchisee agrees that Franchisee has not received or relied on, any representation or warranty from Franchisor regarding the likelihood of Franchisee's success at Franchisee's Store or in Franchisee's operating the Franchised Business.

(h) IN ENTERING INTO THIS AGREEMENT, FRANCHISEE HAS NOT RELIED ON ANY REPRESENTATION BY FRANCHISOR, OR ANY OF FRANCHISOR'S OFFICERS, MANAGERS, DIRECTORS, PARTNERS, SHAREHOLDERS, EMPLOYEES OR AGENTS, CONCERNING THE FRANCHISED BUSINESS CONTRARY TO THE TERMS OF THIS AGREEMENT, THE DOCUMENTS INCORPORATED INTO THIS AGREEMENT (OR ATTACHED TO IT), OR THE FDD THAT WAS PROVIDED TO FRANCHISEE.

(i) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree

that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees that Franchisor has no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other ANDA BOBA TEA franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(j) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(k) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(l) Franchisee and each Principal Equity Owner acknowledge that in operating the System, Franchisor must take consider the needs of the entire System and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

(m) Franchisee and each Principal Equity Owner acknowledge that the success of the business venture is speculative and depends in large part on Franchisee's participation in the daily affairs of the Franchised Business.

18.1 Additional Information Respecting Franchisee and Franchisee's Principal Equity Owners.

(a) Attached as Exhibit 2 is a schedule containing complete information regarding Franchisee's Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to section 16.1 hereof) where Franchisee's financial and other records are maintained is either [] the same address as provided in section 16.1 hereof, or [] the following address:

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

FRANCHISEE:

By: _____

[PRINTED NAME AND TITLE]

FRANCHISOR:

FORMOSA UNITED INC.

By: _____

Chief Executive Officer

FRANCHISEE'S PRINCIPAL EQUITY OWNERS:

(Note: each Principle Equity Owner is signing below
As a party to this Agreement, and is individually
obligated to perform or guarantee the performance
by an entity franchisee of all duties and obligations
of the franchisee under this Agreement)

x _____

[PRINTED NAME]

x _____

[PRINTED NAME]

x _____

[PRINTED NAME]

x _____

[PRINTED NAME]

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory, Location of Store and Design Fee

Exhibit 2 – Names and Addresses of Principal Equity Owners

EXHIBIT 1 – TERRITORY, LOCATION OF SHOP AND DESIGN FEE

The Territory is either ☐ a radius of _____ miles around the Store or ☐ the geographical area surrounding the Store as depicted in a map attached to this Exhibit 1.

The Store is located at:

(If the address of the Store is unknown when this Agreement is signed, as soon as the address is determined, it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

The Design Fee is set at \$3.3 per square foot, and the amount due and payable is \$_____.

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Franchisee is a corporation or limited liability company, list below the names, residential addresses and respective percentage equity ownership interests of each Principal Equity Owner:

1. _____

_____ %

2. _____

_____ %

3. _____

_____ %

4. _____

_____ %

5. _____

_____ %

FINANCIAL STATEMENTS

EXHIBIT B

FORMOSA UNITED INC.

Financial Statements

**As of and for the Periods Ended
December 31, 2025 and 2024**

With Independent Auditor's Report

FORMOSA UNITED INC.

Table of Contents

	Page
Independent Auditor's Report	3-4
Financial Statements	
Balance sheet	5
Statement of operations	6
Statement of changes in shareholders' equity	7
Statement of cash flows	8
Notes to financial statements	9-11

T1 Accounting LLC

Accounting, Tax, Audit, and Advisory Services

136-20 38th Ave, Suite 3A-1, Flushing, NY 11354

Tel: (646)652-8395 Fax: (646)998-8056

E-mail: info@t1accounting.com

INDEPENDENT AUDITOR'S REPORT

Board of Managers
Formosa United Inc.
Great Neck, NY

Opinion

We have audited the financial statements of Formosa United Inc. (the Company), which comprise the balance sheet as of December 31, 2025 and 2024 (year of inception), and the related statements of operations, changes in stockholder's equity, and cash flows for the year and then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 (year of inception), and the results of its operations and its cash flows for the year and then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 the Company'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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Partnership's preparation and fair presentation of the financial statements 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 Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Yung-Chih Li, CPA
New York License no. 111909
T1 Accounting LLC
Flushing, New York
February 28, 2026

FORMOSA UNITED INC.
BALANCE SHEET
DECEMBER 31, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 278	\$ 15,000
Total current assets	<u>278</u>	<u>15,000</u>
 TOTAL ASSETS	 <u>\$ 278</u>	 <u>\$ 15,000</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Loans from shareholder	\$ -	\$ 7,000
Income tax payable	25	13
Total current liabilities	<u>25</u>	<u>7,013</u>
 Total liabilities	 <u>25</u>	 <u>7,013</u>
 Shareholders' equity:		
Common stock, no par value, 200 shares authorized; issued and outstanding	15,550	15,550
Additional paid-in capital	7,000	-
Retained earnings	<u>(22,297)</u>	<u>(7,563)</u>
 Total shareholders' equity	 <u>253</u>	 <u>7,987</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u>\$ 278</u>	 <u>\$ 15,000</u>

FORMOSA UNITED INC.
STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue	\$ -	\$ -
Cost of revenue	<u>-</u>	<u>-</u>
Gross profit	-	-
General and administrative expenses	<u>14,709</u>	<u>7,550</u>
Earnings before income tax expenses	(14,709)	(7,550)
Income tax expenses	<u>25</u>	<u>13</u>
Net earnings	<u><u>\$ (14,734)</u></u>	<u><u>\$ (7,563)</u></u>

FORMOSA UNITED INC.
STATEMENT OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Common stock and additional paid-in capital		
Beginning balances	\$ 15,550	\$ -
Common stocks issued	-	15,550
Additional paid-in capital	7,000	-
Ending balances	<u>22,550</u>	<u>15,550</u>
Retained earnings (Accumulated deficit)		
Beginning balances	(7,563)	-
Net income (loss)	(14,734)	(7,563)
Ending balances	<u>(22,297)</u>	<u>(7,563)</u>
Accumulated other comprehensive income (loss)		
Beginning balances	-	-
Net income (loss)	-	-
Ending balances	<u>-</u>	<u>-</u>
Total shareholders' (deficit) equity, ending balances	<u>\$ 253</u>	<u>\$ 7,987</u>

See accompanying notes to financial statements

FORMOSA UNITED INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net loss	\$ (14,734)	\$ (7,563)
Changes in assets and liabilities:		
Income tax payable	12	13
Net cash provided by operating activities	<u>(14,722)</u>	<u>(7,550)</u>
Cash flows from investing activities:		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Proceed from shareholder	(7,000)	7,000
Proceed from issuance of common stock	7,000	15,550
Net cash used in financing activities	<u>-</u>	<u>22,550</u>
Net increase/ (decrease) in cash	(14,722)	15,000
Cash, beginning of period	<u>15,000</u>	<u>-</u>
Cash, end of period	<u><u>\$ 278</u></u>	<u><u>\$ 15,000</u></u>

FORMOSA UNITED INC.

Notes to the Financial Statements For the Years Ended December 31, 2025 and 2024

NOTE 1 – PRESENTATION AND NATURE OF OPERATIONS

Formosa United Inc. (the “Company”) was incorporated under the laws of the State of New York on October 1, 2024. The Company plans to grant franchises to beverage retail stores specializing in tea-related beverages and provide technical support, business strategies, marketing, and certain trademarks to its franchisees. The Company intends to generate income through the margin on initial franchise fees, royalties collected from franchisees, and service fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which is based on the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax purposes. Pursuant to this election, the taxable income and loss of the Company is included in the income tax returns of the stockholders. Consequently, no federal income tax provision is recorded in the accompanying financial statements.

As of December 31, 2025, the State of New York imposed a franchise tax of \$25 on the Company.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis 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; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Areas which include significant estimates made by management include, but not limited to, the collectivity of accounts receivable and the reliability of deferred income tax. Actual results could materially differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less. The carrying amounts reported on the balance sheet for cash and cash equivalents are approximately fair value.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Cash

The Company maintains cash in one account within a financial institution. The standard insurance amount is \$250,000 per depositor under the FDIC's general deposit insurance rules. As of December 31, 2025, the uninsured cash balance was \$Nil.

NOTE 4 – RELATED PARTY TRANSACTIONS

Loan from Shareholder

During the period from October 1, 2024 (inception) through December 31, 2024, the sole shareholder, who also serves as the Company's CEO and CFO, paid operating expenses totaling \$7,550 on behalf of the Company. As of December 31, 2024, the outstanding balance of the loan owed to the sole shareholder was \$7,000. The loan was non-interest-bearing, unsecured, and payable on demand. On January 1, 2025, the sole shareholder converted the \$7,000 loan balance into additional paid-in capital. As of December 31, 2025, all amounts owed by the Company to the sole shareholder had been fully settled.

NOTE 5 – SUBSEQUENT EVENTS

ASC 855 "Subsequent Events" establishes management to evaluate events and transactions that may occur for potential recognition and disclosure in the financial statement after the balance sheet date through the date the financial statements are available to be issued and determines the circumstances under which such events or transactions must be recognized in the financial statements.

NOTE 5 – SUBSEQUENT EVENTS (CONTINUED)

The Company has evaluated subsequent events through the date the financial statements were available to be issued. Management does not believe any subsequent events have occurred that would require further disclosure or adjustment to the financial statements.

FORMOSA UNITED INC.

Financial Statements

**As of and for the Period Ended
December 31, 2024**

With Independent Auditor's Report

Independent Auditor's Report	3-4
Financial Statements	
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Stockholder's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9-12

Independent Auditor's Report

Board of Directors
Formosa United Inc.
Great Neck, NY

Opinion

We have audited the financial statements of Formosa United Inc. (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in stockholder's equity, and cash flows for the period from October 1, 2024 (Date of inception) to December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the period from October 1, 2024 (Date of inception) to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 the Company'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 the Company'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.

Simon & Edward, LLP

Rowland Heights, California
February 26, 2025

FORMOSA UNITED INC.

Balance Sheet

December 31,

2024

ASSETS

Current Assets:

Cash and cash equivalents	\$	15,000
Total current assets		15,000

Total assets	\$	15,000
--------------	----	--------

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:

Loans from shareholder	\$	7,000
Income tax payable		13
Total current liabilities		7,013

Total liabilities		7,013
--------------------------	--	--------------

Stockholder's Equity:

Common stock, no par value; 200 shares authorized, issued and outstanding		15,550
Accumulated deficit		(7,563)
Total stockholder's equity		7,987

Total liabilities and stockholder's equity	\$	15,000
---	-----------	---------------

See accompanying notes to financial statements.

FORMOSA UNITED INC.

Statement of Operations

For the period from October 1, 2024(date of inception) to December 31,

2024

Revenue	\$	-
Cost of revenue		-
Gross profit		-
Operating expense:		
General and administration expenses		7,550
Total operating expense		7,550
Loss from operations		(7,550)
Loss before income tax		(7,550)
Current income tax expense		13
Net income	\$	(7,563)

See accompanying notes to financial statements.

FORMOSA UNITED INC.

Statement of Changes in Stockholder's Equity

	Common Stock		Accumulated deficit	Stockholder's Equity
	Shares Issued	Amount		
Balance – October 1, 2024 (inception)	-	\$ -	\$ -	\$ -
Common stock issued for cash	200	15,550	-	15,550
Net loss	-	-	(7,563)	(7,563)
Balance - December 31, 2024	200	\$ 15,550	\$ (7,563)	\$ 7,987

See accompanying notes to financial statements.

FORMOSA UNITED INC.

Statement of Cash Flows

For the period from October 1, 2024(date of inception) to December 31,

2024

Cash flows from operating activities:

Net loss	\$	(7,563)
Changes in assets and liabilities:		
Income tax payable		13
Net cash used in operating activities		(7,550)

Cash flows from investing activities:

Net cash used in investing activities		-
---------------------------------------	--	---

Cash flows from financing activities:

Proceed from shareholder		7,000
Proceed from issuance of common stock		15,550
Net cash used in financing activities		22,550

Net Increase in cash 15,000

Cash and cash equivalents – beginning of period -

Cash and cash equivalents – end of period \$ 15,000

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Income taxes	\$	-
Interest	\$	-

See accompanying notes to financial statements.

Notes to Financial Statements

1. PRESENTATION AND NATURE OF OPERATIONS

Formosa United Inc. (the “Company”) was incorporated under the laws of the State of New York on October 1, 2024. The Company plans to grant franchises to beverage retail stores specializing in tea-related beverages and provide technical support, business strategies, marketing, and certain trademarks to its franchisees. The Company intends to generate income through the margin on initial franchise fees, royalties collected from franchisees, and service fees..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which is based on the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax purposes. Pursuant to this election, the taxable income and loss of the Company is included in the income tax returns of the stockholders. Consequently, no federal income tax provision is recorded in the accompanying financial statements.

As of December 31, 2024, the State of New York imposed a franchise tax of \$13 on the Company.

Basis 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; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Areas which include significant estimates made by management include, but not limited to, the collectivity of accounts receivable and the reliability of deferred income tax. Actual results could materially differ from those estimates.

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less. The carrying amounts reported on the balance sheet for cash and cash equivalents are approximately fair value.

Accounting Standards Issued but Not Yet Adopted

ASUs issued but not yet adopted were assessed and determined to be not applicable or are not expected to have a material impact on the Company's financial statements or financial statement disclosures.

3. CONCENTRATION OF CREDIT RISK

Cash

The Company maintains cash in one account within a financial institution. The standard insurance amount is \$250,000 per depositor under the FDIC's general deposit insurance rules. As of December 31, 2024, the uninsured cash balance was \$Nil.

4. RELATED PARTY TRANSACTIONS

Loan from Shareholder

During the period from October 1, 2024 (date of inception) to December 31, 2024, the sole shareholder, who is also the Company's CEO and CFO, paid operating expenses totaling \$7,550 on behalf of the Company. As of December 31, 2024, the balance of the loan owed to the sole shareholder totaled \$7,000, bearing no interest, unsecured, and due on demand.

5. SUBSEQUENT EVENTS

ASC 855 "Subsequent Events" establishes management to evaluate events and transactions that may occur for potential recognition and disclosure in the financial statement after the balance sheet date through the date the financial statements are available to be issued and determines the circumstances under which such events or transactions must be recognized in the financial statements.

The Company has evaluated subsequent events through the date the financial statements were available to be issued. Management does not believe any subsequent events have occurred that would require further disclosure or adjustment to the financial statements.

LIST OF FRANCHISE OUTLETS

EXHIBIT C

LIST OF FRANCHISE OUTLETS

This exhibit provides the names and contact information of all current ANDA BOBA TEA franchisees operating within the United States as of the date specified below. We encourage you to contact these franchisees to discuss their experiences in owning and operating an ANDA BOBA TEA franchise. In doing so, you will gain valuable insights into matters such as day-to-day operations, costs, market conditions, and overall satisfaction.

State	Franchise Name	Contact Name	Address	Phone
NY	Richmond Hills	Hong Feng Wu	118-18 Liberty Ave Richmond Hills, NY 11419	(718) 885-4575
	Rockville Centre	Liang Liang Lin	19 S Park Ave. Rockville Centre, NY 11570	F

LIST OF TERMINATED FRANCHISES

EXHIBIT D

LIST OF TERMINATED FRANCHISES

Pursuant to Item 20 of the Franchise Disclosure Document, this exhibit provides a detailed list of franchise outlets that have been terminated over the past fiscal year. The information is presented in a tabular format to ensure clear and accessible communication of the relevant details.

No franchisee has failed to communicate with us within the 10 weeks ending on the date of this disclosure document.

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:

Department of Business Oversight
1515 K St., Ste. 200, Sacramento, CA 95814
(866) 275-2677

Hawaii:

Business Registration Division
Hawaii Department of Commerce & Consumer Affairs
335 Merchant St., Rm. 203
Honolulu, HI 96813
(808) 586-2722

Illinois:

Office of the Attorney General
Franchise Division
500 S. 2nd St., Springfield IL 62701
(217) 782-4465

Indiana:

Indiana Secretary of State
Securities Division
Room E-111, 302 W. Washington St.
Indianapolis, IN 46204
(317) 232-7781

Maryland:

Maryland Office of Attorney General
Securities Division
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
G Mennen Williams Building
525 West Ottawa, 1st Floor
Lansing, MI 48913
(517) 373-7117

Minnesota:

Minnesota Department of Commerce
85 7th Pl. E., Ste 280
Saint Paul, MN 55101
(651) 296-6328

New York:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Dakota:

North Dakota Securities Department
600 E. Boulevard Ave., 5th Floor
Bismarck, ND 58505
(701) 328-4712

Rhode Island:

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex-Bldg. 69-1
Cranston RI 02920
(401) 462-9527

South Dakota:

Franchise Administrator
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste.104
Pierre SD 57501
(605) 773-4823

Virginia:

State Corporation Commission
Division of Securities & Retail Franchising
1300 E. Main St., 9th Floor
Richmond, VA 23209

Washington:

Department of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501-6456
(360) 902-8760

Wisconsin:

Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, suite 300
Madison, WI 53703

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:

Commissioner of Business Oversight Department
of Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814
(866) 275-2677

Hawaii:

Commissioner of Securities
Dept. of Commerce and Consumer Affairs Business
Registration Division
335 Merchant St., Rm. 204
Honolulu, HI 96813
(808) 586-2722

Illinois:

Illinois Attorney General
Franchise Division
500 S. 2nd Street
Springfield IL 62706
(217) 782-4465

Indiana:

Indiana Secretary of State
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Maryland Securities Commissioner
Office of Attorney General
200 Saint Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan:

[Not Applicable]

Minnesota:

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Pl. E., Ste 280
Saint Paul, MN 55101
(651) 539-1600

New York:

Secretary of State of New York
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

North Dakota:

Securities Commissioner
North Dakota Securities Department
600 E. Boulevard Ave.
Bismarck, ND 58505

Rhode Island:

Director of Rhode Island Department of Business
Regulation
Division of Securities
1511 Pontiac Ave. Bldg. 69-1
Cranston RI 02920
(401) 462-9527

South Dakota:

Director of the Division of Securities
Department of Labor and Regulation
Division of Insurance – Securities Regulation
124 S. Euclid Ave., Ste.104
Pierre SD 57501
(605) 773-4823

Virginia:

Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

Washington:

Director
Department of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:

Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, WI 5370

ADDENDUM FOR NEW YORK FRANCHISEES

EXHIBIT F

STATE EFFECTIVE DATES

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
California	Not registered
Hawaii	Not registered
Illinois	Not registered
Indiana	Not registered
Maryland	Not registered
Michigan	Not registered
Minnesota	Not registered
New York	[Pending]
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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.

RECEIPTS

EXHIBIT H

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If FORMOSA UNITED INC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Please note however that New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If FORMOSA UNITED INC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Alexander Lang Chih Chen, 16 TERRACE CIRCLE #13C, GREAT NECK, NY, UNITED STATES, 11021; telephone (646) 525-1432.

Date of Issuance: February 28, 2026

FORMOSA UNITED INC. authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated February 28, 2026, that included the following Exhibits:

“A” Franchise Agreement

Exhibits to Franchise Agreement:

Exhibit 1: Territory and Location of Outlet

Exhibit 2: Names and Addresses of Principal Equity Owners

“B” Financial Statements

“C” List of Franchise Outlets

“D” List of Terminated Franchises

“E” State Franchise Administrators and Agents for Service of Process

“F” Addendum for New York Franchisees

“G” State Effective Dates

“H” Receipts

DATED: _____
(Do not leave blank)

If a business entity:

(Name of Business Entity)

(Signature of Primary Contact Owner)

(Print Name and Title)

If an individual:

(Signature of Prospective Franchisee)

(Print Name)

Please date and sign this page, and then keep it for your records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If FORMOSA UNITED INC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Please note however that New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If FORMOSA UNITED INC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Alexander Lang Chih Chen, 16 TERRACE CIRCLE #13C, GREAT NECK, NY, UNITED STATES, 11021; telephone (646) 525-1432.

Date of Issuance: February 28, 2026

FORMOSA UNITED INC. authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated February 28, 2026, that included the following Exhibits:

“A” Franchise Agreement

Exhibits to Franchise Agreement:

Exhibit 1: Territory and Location of Outlet

Exhibit 2: Names and Addresses of Principal Equity Owners

“B” Financial Statements

“C” List of Franchise Outlets

“D” List of Terminated Franchises

“E” State Franchise Administrators and Agents for Service of Process

“F” Addendum for New York Franchisees

“G” State Effective Dates

“H” Receipts

DATED: _____

(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

Please date and sign this page, and then return it by first class mail to FORMOSA UNITED INC., 16 TERRACE CIRCLE #13C, GREAT NECK, NY, UNITED STATES, 11021; or by e-mail to alexchan0513@gmail.com