FRANCHISE DISCLOSURE DOCUMENT
Chicha San Chen Corporation
dba San Chen

A California Corporation
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Chicha San Chen Corporation ("we," "us," or "our") offers for sale a Master Development Franchise ("Master" or "Master Franchise") to establish and operate food service establishment(s) offering gourmet coffees and tea, coffee or tea-based beverages, bubble tea, compatible food products, coffee and tea makers and related supplies, accessories and gifts, under the "San Chen" marks. By way of a separate Franchise Disclosure Document, we offer for sale a single unit San Chen franchise ("Unit Franchise") and an area development franchise ("Area Development Franchise") to establish and operate multiple San Chen Outlets.

The total investment necessary to begin operation of a San Chen franchised business will range from $364,000 to $547,000. This includes $301,000 to $442,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your Master Franchise Agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Lin, Hui-Chuan at Chicha San Chen Corporation, 1401 21ST ST, STE R, SACRAMENTO, CA 95811 and telephone 530-232-5985.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov 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: June 20, 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 San Chen 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 San Chen 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 California. 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 California than in your own state.

2. **Financial Condition.** 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.

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.

FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure documents uses “we,” “us,” “our,” “Franchisor” or “San Chen” to mean Chicha San Chen Corporation, the franchisor. “You” means the person, corporation, partnership or other entity that buys the franchise. Terms not defined in this Disclosure Document (including various capitalized terms) are defined in the Master Franchise Agreement attached as Exhibit A to this Disclosure Document (the “Master Franchise Agreement”).

Franchisor, Parent, and Affiliates

We do business under the name Chicha San Chen Corporation and also San Chen. Our principal business address is 1401 21ST ST, STE R, SACRAMENTO, CA 95811. We are a California corporation formed on April 1, 2020. We also conduct business under Chi Chia San Chen. We were originally incorporated under the name Chichia San Chen Corporation, but we filed a restated articles of incorporation with the Secretary of State on December 31, 2020 and amended our name as Chicha San Chen Corporation.

We have two affiliated companies. One is Fang Yuan F&B International Co., Ltd. (hereinafter as “Fang Yuan”), and the other is Chi Chia Teashop Co., Ltd. (hereinafter as “Teashop”). Fang Yuan is a Taiwan limited company formed on July 13, 2016. Fang Yuan is the owner of San Chen marks, and it authorizes us to sublicense the marks to any persons or entities in the United States to operate the San Chen franchise for 10 years from July 1, 2020 to June 30, 2030. Fang Yuan’s principal business address is 2F., No. 10-3 Sec. 2, Xitun Rd., Xitun Dist. Taichung, Taiwan 40746. At the date of this Disclosure Document, Fang Yuan owns and operates 5 outlets located in Taiwan. Fang Yuan also franchises the system to 5 franchises internationally.

Teashop is a Taiwan limited company formed on November 18, 2013. Teashop is the owner of Chi Cha Shau Pu marks. Teashop’s principal business address is 2F., No.15, Chinghai Road, Xitun District, Taichung, Taiwan. At the date of this Disclosure Document, Teashop owns and operates 10 Chi Cha Shau Pu outlets located in Taiwan. Teashop also franchises the system to two hundred franchisees in Taiwan and China.

We have never offered San Chen franchises or franchises in any other line of business, except as indicated below.

By way of this Master Franchise Disclosure Document, we are offering and selling franchises under a Master Franchise Agreement whereby the new Master Franchisee (“Master”) will acquire the rights to a substantially larger territory than a single unit franchisee is acquiring and will have certain rights to open a specified number of San Chen outlets either owned and operated by yourself or purchased and operate by third party franchisees. As a result, the Master who purchases a Master Franchise may be acting as a sub-franchisor (when selling to a third party) and those buying a franchise from it will be considered a sub-franchisee. These outlets purchased from the Master will be substantially the same as the franchised business for the single unit franchise we will be selling. We have certain obligations to consult and assist with you and also directly to the Unit Franchisees (including those which Master owns or sold to third party franchisees), including but not limited to training, website use and other support that may be required under the Master Franchise Agreement and the Unit Franchise Agreement but which we believe will not impact our ability to meet our obligations under this Master Franchise Agreement with you. Both your and our obligations to consult and assist with the Unit Franchisees are set forth in the Master Franchise Agreement. In general, our obligations are to provide initial training and also train the applicable staffs as clerks and provide various assistance with client services to you. Your obligations are to provide similar training and assistance to Unit Franchisees. Additionally, you will have the obligation to provide raw materials, administrative supplies, and other assistance that is necessary to open and operate a San Chen outlet.

Agent for Service of Process

Our agent for service of process are disclosed in Exhibit G.

Predecessor and Prior Experience

We have no predecessors. We have never offered franchises in any other line of business except as indicated in the offering for Master Franchises. We are operating a San Chen outlet in Taiwan.

The Business We Offer

We offer for sale a franchise to allow you to (1) open and operate your own distinctive drinks and beverages outlet of which is identified by the San Chen trade name, or to (2) sell the right to open such beverage outlet to third party. The beverage outlets are typically located by the street in downtown area, free-standing building, or retail shopping center. We may, however, consider alternative sites, on a case-by-case basis. We expect that you will need a basic office or work out of your home.

The Master Franchise Agreement authorizes you and any third party to whom you sell the right, to use the San Chen trade name, trademarks and service marks (collectively, the Marks) in connection with your operation of the Beverage Outlet. The Beverage Outlets are established and operated under a comprehensive design includes, but is not limited to, beverage making techniques and methods, various teapresso products, specifications and procedures for operations, quality customer service, management and financial control, training and assistance and advertising and promotional programs (collective, the "System"). The System's standards, specifications and procedures (collectively the

"System Standards") are described in our confidential operations manual ("Manual"). The System and the Manual may be changed, improved and further developed by us.

We offer the right for you to open your own outlet and to sell to third parties the right for them to also establish and operate a San Chen outlet under the terms of a Unit Franchise Agreement. The Master Franchise Agreement is signed by us, by you, and by those of your principals whom we designate as the principal franchisee-operator(s) (the "Designated Operator(s)") of the franchised business. The Designated Operator(s) (there may be up to two such individuals but only one address to which we communicate in regard to the franchise) named has the authority to act for you in all matters relating to the San Chen beverage outlet Franchise, including voting responsibilities. By signing the Master Franchise Agreement, you and the Designated Operator(s) agree to be individually bound by certain obligations in the Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Master Franchise Agreement. Depending on the type of business activities, which must be fully disclosed prior to signing this document, in which you or your Designated Operator(s) may be involved we may require you or your Designated Operator(s) to sign additional confidentiality and non-competition agreements.

The procedures for signing the Unit Franchise Agreement and designating certain owners having certain responsibilities for the Unit Franchisee, are substantially the same for the Master as described in the above paragraph.

The Development Schedule (the "Development Schedule") included in the Master Franchise Agreement will specify the dates by which you must open each Beverage Outlet. You will sign the then-current Unit Franchise Agreement for each Beverage Outlet you develop or that a third party buying franchisee opens. The number of Beverage outlets, development area and schedule must be agreed upon by us prior to execution of the Master Franchise Agreement. Before the execution of each such Agreement, we will deliver to you a Disclosure Document describing the terms of our then-current Unit Franchise Agreement and provide you with other relevant information.

Although this Franchise Disclosure Document and the Master Franchise Agreement grant you rights to sell Unit Franchises to third parties, you cannot do so until you prepare your own franchise disclosure document to be used with the third parties and also you must obtain registration of that document and offering from the California Department of Financial Protection and Innovation.

As a Master, you are authorized to open and operate you own San Chen Outlet. However, we must provide you another Franchise Disclosure Document for the sale of a unit outlet.

Market and Competitions

(1) Operation of the Master Franchise Business

To sell the San Chen franchise, you will compete with other franchisors or master franchisees of well-known trademarks in your territory. In general, the business of selling franchise of food and beverage business is very competitive and the market is already developed for decades. You must have necessary selling skills and techniques to sell the franchise. It will be helpful if you are already in the food and beverages business, because the previous experience of yours will facilitate the master franchise business.

(2) Operation of the Outlet

Your Outlet will offer products and services to the general public throughout the year and compete with other beverages and food product services business. The market for your type of products and services generally is developed and very competitive in the United States. You can expect to compete in your market with locally owned business as well as national and regional chains that sell similar products. The market for tea, coffee, tapioca milk tea, coffee drinks, and baked goods, as well as related products, is well-established and highly competitive. Beverage outlets compete on the basis of factors such as price, service, location, convenience and food quality. Additionally, you may find that there is competition for suitable locations. Principal factors that will vary but will impact our brand's competitive positions are name recognition (which is stronger in some regions than in others), product quality, variety, appearance, location, and advertising. A business such as a Beverage Outlets may also be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns.

You may also compete with other existing Beverage outlets and with new Beverage Outlets that we may operate, franchise, or license in the future. Your competition may also include other outlets selling coffee, tea, and food items, grocery stores, convenience stores, and specialty tea or coffee shops. We may grant selected franchises unique rights or franchises to operate or distribute authorized products through special distribution channels, such as airports, service plaza, universities, grocery stores. These special arrangements may involve special agreements or modifications to our standard franchise and other agreements.

Applicable Regulations

We are not aware of any regulations specific to the operation of your office facility or a beverage service business, however, in addition to laws, regulations and ordinances applicable to business generally, such as the Americans With Disabilities Act of 1990 (the "ADA"), the Federal and State Wage and Hour Laws and other laws related to employment rights and the Occupational Safety and Health Act of 1970. As to just Unit Franchisee they may have to comply with certain federal, state and local health and sanitation regulations concerning the operation of the Beverage Outlets, and state and local zoning and building code requirements governing the construction of Beverage

Outlets. If is your responsibility to ensure that you are in compliance with all local, state, provincial and federal business, retail sales, zoning, and other regulations and licensing requirements, and any applicable laws and regulations, and to identify and obtain all authorizations necessary to operate your Beverage Outlet.

You should consult with your attorney, and local and state agencies/authorities, before buying a franchise to determine if there are any specific regulations you must comply with as it related to offering the Beverage services and related products to consumers in your state and consider the effects on you and the cost of compliance. These requirements can affect a board scope of your operations, including location selections, and hiring of personnel, among other things.

ITEM 2 BUSINESS EXPERIENCE

Lin, Hui-Chuan: Chief Executive Officer

Lin, Hui-Chuan has been the Chief Executive Officer of our company since July 10, 2024. Our principal place of business is located at 1401 21st St. Ste R, Sacramento, CA 95811. In addition to her role with our company, Lin, Hui-Chuan has served as the Managing Director of Fang Yuan F&B International Co., Ltd. since July 10, 2024.

Prior to her current positions, Lin, Hui-Chuan held several key roles at Fang Yuan F&B International Co., Ltd.:

1. Chief Executive Officer from June 1, 2019, to July 9, 2024.

2. Deputy General Manager from November 20, 2015, to May 31, 2019.

Fang Yuan F&B International Co., Ltd. is headquartered at 2F., No. 10-3, Sec. 2, Xitun Rd., Xitun Dist., Taichung, Taiwan 40746.

In her roles, Lin, Hui-Chuan has had extensive management responsibilities relating to the sale and operation of franchises offered by this document.

ITEM 3 LITIGATION

In the Matter of the Commissioner of Financial Protection and Innovation v. Fang Yuan F&B International Co., Ltd and Chicha San Chen Corporation

On February 23, 2019, Fang Yuan F&B International Co., Ltd ("Fang Yuan") offered and sold a San Chen Subfranchise to Globalink USA, Inc. The Master Franchise Agreement signed by

Globalink granted it the right to itself open San Chen Franchises. Corp. Code sections 31111 and 31114 require franchisors to disclose the existence of and the name, address, and contact information for existing outlets as of the most recent fiscal year end in Item 20 of FDDs filed with the Department. Pursuant to section 31200, it is unlawful for any person willfully to make any untrue statement of a material fact in any application, notice or report filed with the Commissioner under the FIL, or willfully omit to state in any such application, notice, or report any material fact which is required to be stated therein or fail to notify the Commissioner of any material change as required by section 31123. The Commissioner finds that our failure to disclose the existing unit franchise in Item 20 of the FDD filed and failure to disclose the name, address, and contact information of the existing subfranchisor in its FDD filed are omissions of material fact under the FIL, in violation of section 31200.

We executed a Consent Order with the State on January 28, 2022 by agreeing to the following terms and conditions: (i) we are ordered to desist and refrain from the violations of Corporations Codes section 32110 and the Franchise Investment Law; and (ii) we will deliver the approved Notice of Violation to Globalink; and (iii) report to the Commissioner with proof of mailing of the Notice of Violation; and (iv) receive the remedial education; and (v) appoint a monitor to supervise the future filings.

A. Pending Arbitration – Former New York Master Franchisee

The Franchisor is currently involved in an ongoing arbitration proceeding in New York, United States, arising from disputes with a former master franchisee relating to the termination of a Master Franchise Agreement for the State of New York. The arbitration involves allegations and counter-allegations concerning, among other matters, development obligations, operational performance, post-termination rights, intellectual property usage, termination procedures, and compliance with contractual obligations under the applicable Master Franchise Agreement.

The Franchisor disputes the material allegations asserted against it and has asserted counterclaims relating to, among other matters, alleged breach of development obligations, continued post-termination use of intellectual property and trademarks, injunctive relief, and related contractual and equitable remedies. The Franchisor's position includes allegations that the former master franchisee failed to satisfy agreed development milestones under the applicable development schedule. The Franchisor further alleges that the former master franchisee's continued use of the "ChiCha San Chen" marks and related brand presentation following termination created a risk of consumer confusion and unauthorized exploitation of the brand system.

The arbitration remains ongoing as of the date of this Disclosure Document, and no final award, judgment, or finding on the merits has been issued by the tribunal. Accordingly, the matters in dispute remain contested allegations only.

ITEM 4 BANKRUPTCY

We have no bankruptcy to disclose under this Item.

ITEM 5 INITIAL FEES

Initial Master Franchise Fee

You must pay us a “Initial Master Franchise Fee” in the amount of $250,000 to $350,000, of which 10% must be paid within 7 days after signing the Letter of Intent, 40% must be paid within 10 days after signing the Master Franchise Agreement, and the remaining 50% must be paid at least 7 days before opening the first Beverage Outlet in order to obtain a specific geographic area in the United States (“Development Area”) and establish a specific number of Unit Beverage Outlets under a Unit Franchise Agreement for each. The territory and Master Initial Franchise Fee may vary based on the size, demographics, and other characteristics of the territory. This amount will be agreed upon on or prior to signing the Master Franchise Agreement. The Initial Master Franchise Fee is deemed fully earned and non-refundable upon signing the Master Franchise Agreement, even if a portion of it is paid later. If Franchisor refunds any portion of the Initial Master Franchise Fee under Section 6-1 of the Master Franchise Agreement (failure to open the first Outlet within 6 months) or as described in Item 11, Franchisor may retain fifteen percent (15%) of the Initial Master Franchise Fee as liquidated damages and may deduct any other amounts you owe us as of the date of termination. To receive a refund of the Master Initial Franchise Fee, you must sign a general release in substantially the form and substance satisfactory to Franchisor. All refunds are without interest.

Equipment Package

You must purchase equipment from us. The equipment will cost you from $10,000 to $15,000. The purchase of the equipment is related to the master franchise outlet. Without the installation and operation of the equipment necessary to run the food and beverages business, you will not be able to generate the unit franchise business and provide appropriate training to your unit franchisee(s). The equipment includes refrigerator, teapresso, icemaker, cup sealing machine, and other necessary equipment to make tea-based beverages.

Inventory and Administrative Supply

Before you open your outlet, you must order inventory and administrative supply from us that will cost from $10,000 to $15,000. The inventory and administrative supply include tea leaves, tapioca, fruit jams, cups lids, straws, uniforms, posters, gloves, masks, and other necessary inventory that is required to operate the franchise business. The opening inventory is related to the master franchise outlet. Without the inventory to demonstrate the standard of procedure of making our beverages, your potential unit franchisees will not be able to understand and trust the San Chen franchise system.

Security Deposit

The security deposit is $30,000 to $60,000. If you breach the terms and conditions of the Master Franchise Agreement, we will use the security deposit to cure the default or to compensate for our damages.

After we use and deduct the security deposit, we will notify you in writing of such usage and deduction. You will need to restore the deposit to its original amount within 10 days after the notice.

After the termination or expiration of the Master Franchise agreement, we will use the security deposit to compensate for our expenditures and damages. We will return the remainder to you within thirty 30 days after the termination or expiration of the Master Franchise Agreement. If the security deposit is not enough to compensate for our expenditures or damages, we will give you a written notice of such insufficiency. You must return the insufficient amount to us within thirty 30 days after receiving such notice.

Point of Sale System

Before you open the Outlet, you must purchase the Point-of-Sale System from us. The Point-of-Sale System will cost you from $1,000 to $2,000.

Refundability of Fees

The initial master franchise fee, training fee, equipment, point-of-sale system and inventory or administrative supplies are *not refundable*. The security deposit is refundable after we deduct the necessary expenses and damages.

ITEM 6 OTHER FEES

All fees disclosed in this Item do not include fees and initial investment for a unit franchise.

Type of Fee	Amount	Due Date	Remarks

Royalty[1, 5]	4% of gross sales	Before the tenth (10) of the subsequent calendar month	The Master Franchisee shall pay a royalty to Franchisor in the amount of four percent (4%) of the gross sales before tax of the stores operated by Master Franchisee and Franchisee in a given month before the tenth (10th) day of the subsequent calendar month. *See section 7.1 of Master Franchise Agreement.*
Renewal Fee[1, 4]	$100,000	On or before you sign the renewal Master Franchise Agreement[3]	You are qualified for renewal if you pay all fees and are not in breach of any term of the Master Franchise Agreement. You have to pay us $100,000 when you request a renewal to the Master Franchise Agreement because you must open and sublicense ten (10) outlets in your territory. *See Section 1.4 of Master Franchise Agreement.*
Seasonal Training[4]	$4,500 per trainer	Before we perform the special training	The seasonal training is not mandatory. Master Franchisee may request franchisor for the training for new employees or beverages. The training program shall constitute a fifteen (15) day training. The location of training shall be at Master Franchisee's outlet. Master Franchisee shall pay for the trainer's flight tickets, lodging, food and beverages, local transportation, and application fee for the visa or working permit. Master Franchisee shall pay $4,500 for one trainer of the seasonal training. *See section 9.3 of Master Franchise Agreement.*
Additional Training and Support[4]	$4,500 per trainer	Before we perform the additional training and support	Additional Training is not mandatory. Master Franchisee may request franchisor for the training and support when it opens and operates additional outlets. The training shall constitute a fifteen (15) day training. The location of training shall be at Master Franchisee's outlet. Master Franchisee shall pay for the trainer's flight tickets, lodging, food and beverages, local

			transportation, and application fee for the visa or working permit. The hotel for the trainer shall at least be four stars. Master Franchisee shall pay $4,500 for one trainer of the additional training and support. *See Section 9.2 of Master Franchise Agreement.*
Health Inspection Fees[5]	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. *See section 10.5 (c) of Master Franchise Agreement.*
De-identification Fees[5]	$2,000 per day	When a violation occurs	Within seven (7) days after expiration, termination, or rescission of the Master 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. *See section 5.1(b) of Master Franchise Agreement.*
Reimbursement Fees to De-identification[5]	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 Master Franchise Agreement. You have to pay us the actual fee incurred. *See section 5.1 (c) of Master Franchise Agreement.*

1. All fees are imposed and collected by and are payable only to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. We impose all fees uniformly.

2. We may adjust the fees, since the effective date of the Master Franchise Agreement in the annual average of the consumer price index for all urban consumers (“CPI”), or the highest similar future index if these figures become unavailable.

3. If you do not pay us when due, you must pay a late charge of 5% of the amount past due plus interest on the unpaid amount at an annual percentage rate ("APR") of 18% (or the highest APR allowed by the law of the state where the Outlet is located, if that APR is lower). You must reimburse us immediately upon demand for all reasonable costs of the collection relating to delinquent amounts. Interest begins from the date payment was due.

4. This training is optional and is provided only at your request. You must also pay the trainer's travel and living expenses as described in the table above.

5. This fee is payable only if the described triggering event occurs.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment
To Open the Master Franchise Business

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee[1,2]	$250,000 to $350,000	Lump sum	10% is due within 7 days after you sign the Letter of Intent; 40% is due within 10 days after you sign the Master Franchise Agreement; and the remaining 50% is due at least 7 days before opening of the first Beverage Outlet	Us
Security Deposit[1,2]	$30,000 to $60,000	Lump sum	Within 5 days after you sign Master Franchise Agreement.	Us
Training expenses[2,3]	$5,000 to $10,000	As incurred	Ten (10) days after training.	Airline, travel, and lodging vendors
Point of sale system[2,5]	$1,000 to $2,000	As incurred	As arranged	Us
Inventory and Administrative Supply	$10,000 to $15,000	Lump sum	Before opening	Us
Equipment	$10,000 to $15,000	Lump sum	Before shipping	Us

Interior/exterior signs and graphics[2,6]	$3,000 to $5,000	As incurred	As arranged	Suppliers and vendors
Professional fees[2,7]	$25,000 to $30,000	As incurred	Before and during opening	Attorneys, accountants, and other professionals
Business licenses and permits[2,4]	$3,000 to $5,000	Lump sum	As arranged	Government agencies
Grand opening advertising and Promotion[2,9]	$5,000 to $10,000	As incurred	During the 90 days after you open	Advertisers and other suppliers
Business insurance[2,10]	$2,000 to $5,000	Lump sum	As arranged	Insurance companies
Additional Funds-3 months[11]	$20,000 to $40,000	As incurred	As incurred	Employee, suppliers, utilities
TOTAL[11]	$364,000 to $547,000			

(1) You have to pay the fees in full at the time indicated. To be eligible to sign the Master Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above. You must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet.

(2) Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from us for any remaining security deposit and from other suppliers for unused inventory, unspent advertising, and canceled insurance. Otherwise, the payments listed in the table above (including the Initial Master Franchise Fee) are nonrefundable.

(3) There are two phases for the training programs – First stage training for fifteen (15) days at our headquarters in Taiwan; second stage training for twenty-one (21) days in your stores before the grand opening. These expenses represent the training fee and travel and living expenses for you and your staff during training.

(4) You will need to acquire the necessary licenses and permits to run your business, and please consult the local agency or legal experts about it.

(5) The point of sale ("POS") system includes a cash register, receipt printer, computer system, and credit card reading/charging equipment. You must obtain the POS system from us and give

us unlimited access to monitor the gross revenue of your franchise business.

(6) The quantity, size, type, and cost of signs will vary substantially per lease space and under stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits.

(7) This includes registration of your franchise business with the state agency, contract review for unit franchise agreement executed between you and your franchisees, and other legal agreements that are related to establishing San Chen franchise outlets.

(8) You must buy initial proprietary tea, fruit and other proprietary ingredients needed to make San Chen beverages (at the cost of $10,000 to $15,000), and proprietary administrative supplies, including flyers, recruitment canvas strips, grand opening canvas strips, sale trial canvas strips and advertising sign stand including promotion rack (at the cost of $3,000 to $5,000) from our us immediately before you execute unit franchise agreements with Franchisees.

(9) We will provide promotion for you free of charge through our uniformed website.

(10) As an independently owned and operated franchise business, you are responsible for all costs or liabilities arising from the operation of the business, and it is imperative you carry adequate insurance to protect yourself. We recommend you obtain insurance coverage from a local carrier. The currently recommended minimum coverage and limits of insurance are (i) general liability insurance with limits of at least $1,000,000 per occurrence and $2,000,000 aggregate, and (ii) workers' compensation insurance to meet the statutory coverage of the state where your business is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella, and excess policies. Except for the worker's compensation policies, all insurance policies will name you as insured. You must also name us, subsidiaries, and affiliates, on an additional insured endorsement form. You must also include the employees, officers, and directors on the additional insured forms. The costs of premiums will vary based on the location of the Outlet and any prior claim history. The required coverage and limits are subject to change.

(11) This estimates your initial startup expenses. These figures are estimates, and we cannot guarantee that you will not have additional costs starting the business. We do not finance any part of the initial investment. We relied on the fifteen (15) years of experience of our founder and CEO in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8 RESTRICTION ON SOURCES OF PRODUCTS AND SERVICES

(1) To Operate the Master Franchise Business

You are not required to purchase raw materials, administrative supplies, and any other goods or services from us for the operations of Master Franchise Business before you sell the unit franchise to Unit Franchisees. Before the unit franchisees open any outlets, they have to purchase necessary raw materials, administrative supplies, and all other goods from you to open and manage San Chen outlets. Since unit franchisees have to purchase these goods from you, you will have to buy it from us first and then resell them to unit franchisees.

(2) To Operate the Outlet

Required Purchases

All Beverage outlets must be developed and operated to our specifications and standards. Uniformity of products sold in Beverage Outlets is important, and you have no discretion in the products that your sell. We may periodically make changes to the systems, menu, standards, and facility, signage, equipment and fixture requirements.

You may have to make additional investments in the franchised business periodically during the term of the franchise if those kinds of changes are made or if your Beverage Outlet's equipment or facilities wear out or become obsolete, or for other reasons (for example, as may be needed to comply with a change in the system standards or code changes).

We and our affiliates have spent considerable time, effort and money to develop the San Chen system. We have acquired experience and skill in developing the San Chen system, which includes producing merchandizing and selling San Chen tea leaves, bubble tea, coffee, compatible food products, and other products and merchandise that we approve. The distinguishing characteristics of our San Chen system include, among others, propriety marks, distinctive exterior and interior design, décor, color and identification schemes and furnishings; special menu items; standards, specifications, requirements and procedure for operations, manufacturing, distribution and delivery; quality and safety of products and services offered; management system and programs; training and assistance; and marketing, advertising and promotional programs. You must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adherer to these changes.

Required and Approved Suppliers

The reputation and goodwill of San Chen™ system is based upon, and can be maintained only by, the sale of high and stable quality products. All beverages products, supplies, equipment and materials of your Beverage Outlet and services to your Beverages Outlet must meet our specifications, standards, and requirement. You must purchase these items from suppliers that we approve (including manufactures, distributors and other providers of goods and services). On this issuance date of this Franchise Disclosure Document, we currently do not have any designated or approved suppliers of required inventory or administrative supplies. None of our officer owns an interest in designated or approved suppliers. If we do so in the future, we will only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, and who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing.

You can expect that the items you will have to purchase from approved suppliers in accordance with our specifications represent over 82.5% of the total purchases for establishing and operating the franchised business. Suppliers are required to share shipping distribution and all other information with us, and you will be required to cooperate.

Approval of Alternative Suppliers

You may also suggest suppliers, but please note that every supplier must demonstrate, to our satisfaction, that it can meet all specifications, standards, and requirements and has adequate capacity to supply our franchisee's quality and delivery needs, which may mean, among other things, the ability to supply all franchisees in the San Chen™ system. Before approving any supplier, we may take into consideration: (a) consistency of products and/or name brands in our San Chen™ system; and (b) economies of scale achieved by larger volumes, and (c) certain other benefits that a particular supplier may offer, such as capability to develop new products. When approving a supplier, we take into consideration the San Chen™ system as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval of a supplier for any reason. A list of approved suppliers is available on request.

Our criteria for approving alternative suppliers will be available to you or your proposed suppliers. You and the supplier may request approval by submitting the request to us in writing. We may require that samples from the supplier be delivered to us or to a designated independent testing laboratory for testing prior to approval and use. All requests will be reviewed in accordance with our then-current procedures and we will take into consideration our available resources, which may affect the timing of our response. The supplier must meet our then-current specifications, standards and requirements, which may include signing a non-disclosure agreement and a guarantee or performance. We may change our specifications, standards and requirements at any time. There is no limit on our right to do so. If the supplier that you propose is initially approved or rejected, we will notify you and the supplier within 60 days depending on the nature of the products or services. We may withdraw our approval at any time if the supplier's performance does not meet our criteria, we change our specifications, standards or requirements or other reasons. You or the supplier will be required to reimburse us for all costs that we incur in the testing and approval process whether the supplier is approved or not.

We may limit the number of potential suppliers that we consider for approval and for some categories of products we will designate a third party or ourselves as an exclusive supplier. We may in the future designate ourselves or a third party as an exclusive supplier for some categories of products or services, which may include purchasing, distribution, fountain and packaged beverage products, point of sale equipment, integrated point of sale back office, help desk support, and high-speed internet access.

You must obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations as provided in the Master Franchise Agreement. Premiums depend on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name us as an additional insured party.

Revenue from Franchisee Purchases

We (the "Franchisor") and our affiliate (the "Affiliate"), Fang Yuan F&B International Co., Ltd, may derive revenue, rebates, or other material consideration in connection with the required purchases or leases of products, supplies, equipment, or services by our franchisees. Affiliate's revenue from sales to franchisees based on the most recent audited financial statements. The following disclosures are based on the most recent audited financial statements of our parent company:

(a) Franchisor Revenue

The Franchisor, Chicha San Chen Corporation, did not derive any revenue, rebates, or other material consideration from required purchases or leases during the most recent fiscal year.

(b) Affiliate Revenue

Our affiliate, Fang Yuan F&B International Co., Ltd., derives revenue from required purchases made by franchisees. Based on its audited financial statements for the fiscal year ended December 31, 2025:

Total revenue: $13,912,000
Revenue from required purchases: $10,525,000

(c) Percentage

This represents approximately 75.6% of the affiliate’s total revenue.

(d) Source

These figures are derived from the audited financial statements of Fang Yuan F&B International Co., Ltd.

These figures are drawn from the audited financial statements of Fang Yuan F&B International Co., Ltd for the fiscal year ended December 31, 2025.

Payments to us and purchases from designated vendors and approved suppliers (i) in establishing your franchise business will range from 28% to 36% of your total initial investment and (ii) in operating the Outlet will range from 23% to 27% of your total monthly expenses.

Other Requirements

We must approve your proposed location for the outlet. We must receive and review a proposed lease or purchase agreement in form for execution. We will use commercially reasonable effort to inform you of your approval or disapproval within a reasonable time after our receipt of the proposed lease or purchase agreement.

Before you use advertising materials, you must send us for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive our written approval within 30 days after we receive the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Cooperatives

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the San Chen system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular supplier.

Negotiated Prices

We currently do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees, although we reserve the right to do so for the benefit of the San Chen system as described above.

ITEM 9 FRANCHISEE'S OBLIGATION

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

	Obligation	Section in Master Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	3.2	6,11
b.	Pre-opening purchases/leases	12.3-12.9	8
c.	Site development and other pre-opening requirements	3-1	6, 7, 11
d.	Initial and ongoing training	9	11
e.	Opening	3.2	11
f.	Fees	6, 7, 8	5, 6
g.	Compliance with standards and policies/ operating manual	1.1, 16.2	11
h.	Trademarks and proprietary information	1.1, 2.1, 4.1, 4.4, 4.5, 4.6, 20.1	13,14
i.	Restrictions on products/services offered	10.2	16
j.	Warranty and customer service requirements	2	11
k.	Territorial development and sales quotas	1.1, 3.1	12
l.	Ongoing product/service purchases	10.2, 12.3-12.5	8
m.	Maintenance, appearance and remodeling requirements	12.7, 13, 19.3, Appendix 2	11
n.	Insurance	10.6	6, 8
o.	Advertising	16	6,11
p.	Indemnification	10.5 (a)-(b), 24	6
q.	Owner's participation/management/staffing	Not applicable	11,15
r.	Records and reports	7.2-7.4	6
s.	Inspections and audits	7.4, 12.11, 17.4	6,11
t.	Transfer	27.2	17
u.	Renewal	1.4, Appendix 2	17
v.	Post-termination obligations	5.1, 22.2, 23, 24	17
w.	Non-competition covenants	22	17
x.	Dispute resolution	25.2, 25.3	17
y.	Compliance with anti-terrorism and other federal laws	Not applicable	Not applicable

ITEM 10 FINANCING

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

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

(1) Operation of the Master Franchise Business

There is no specific pre-opening assistance related to the Master Franchise business. You may advertise yourself to potential unit franchisees as our Master after you sign the Master Franchise Agreement and pay the Initial Master Franchise Fee. It is uncommon that you are able to recruit any unit franchisees before you start to operate your own outlet, because all potential unit franchisees want to see how it works in the real outlet. Additionally, you will need to provide training programs and other necessary assistance to the unit franchisees in your outlet or other training center you established.

(2) Operation of the Beverage Outlet

A Pre-Opening Assistance

Before you open the Beverage Outlet

1. We will provide you with training within 90 days after you purchase the Master Franchise. You, as the Designated Operator, and any proposed Manager (if approved by us) must attend and complete, to our satisfaction, our initial training program. We will determine whether you or your Manager (if approved by us) has satisfactorily completed our initial training. If you do not satisfactorily complete training, we may terminate the Agreement. At any time throughout the term of the Agreement, you fail to have any replacement Manager or successor Designated Operator attend the mandatory training and be certified as meeting our requirements, we may charge you a Support Fee of $1,000 per week, plus travel and living expense, until the replacement successfully completes our required training. You must pay for all expenses you and your Manager and other personnel incur for any training program, including costs of travel, lodging meals and wages.

2. We will provide to you our current written Site Selection Guideline for your office which may differ from the one for Unit Franchisee. If you locate a site, we will approve or disapprove of the site within 30 days after receipt of the Location Report from you. If we cannot agree on a site, we may extend the time for you to obtain a site, or we may cancel the Agreement. We may in the future retain a commercial real estate brokerage company to assist you in locating a suitable site.

3. Site Selection and Approval Factors:

We consider several critical factors when selecting and approving sites for new franchise locations to ensure optimal performance and alignment with our brand standards. The following criteria are evaluated during the site selection process:

a. Demographics: We analyze the local population's characteristics, including age distribution, income levels, education, and household size, to determine market potential and target customer base suitability.

b. Traffic Patterns: Assessment of both vehicular and pedestrian traffic is conducted to gauge visibility and accessibility. High traffic volumes can increase brand exposure and customer footfall.

c. Competition Analysis: The presence of direct competitors and complementary businesses in the vicinity is evaluated. A location with minimal direct competition and beneficial neighboring businesses can enhance market share and cross-promotional opportunities.

d. Accessibility and Visibility: The site's proximity to major roads, public transportation, and ease of entry and exit are considered. High visibility from main thoroughfares and adequate signage opportunities are essential for attracting customers.

e. Site Characteristics: We examine the physical attributes of the location, including size, layout, parking availability, and compliance with zoning and building codes. The site must accommodate our operational requirements and branding elements.

f. Economic Factors: Analysis of rental or purchase costs, local taxes, utility expenses, and potential incentives is performed to ensure the financial viability of the site.

g. Market Trends: Current and projected economic and development trends in the area are reviewed to assess long-term sustainability and growth potential.

h. Legal and Regulatory Compliance: The site must meet all local, state, and federal regulations, including permits, licenses, and environmental requirements.

i. Franchisee Input: We consider insights and preferences from franchisees regarding the local market, as their firsthand knowledge can be valuable in the selection process.

j. Brand Alignment: The location should enhance our brand image and be consistent with our strategic objectives, ensuring a cohesive customer experience across all franchises.

Our real estate team will work closely with you to identify and evaluate potential sites based on these factors. Final site approval is granted only after a thorough analysis confirms that the location meets all our criteria and standards.

4. Site Selection Time Limits and Approval Consequences

We are committed to assisting you in finding a suitable location that aligns with our brand standards. You are required to identify and submit proposed sites for our approval within 90 days from the signing of the Franchise Agreement. Upon receiving your submissions, we will evaluate and respond within 30 days. If a site is not approved within the initial 90-day period, you may request a one-time extension of 60 days to continue the search.

If a mutually agreeable site is not secured within the specified time frames, either party has the right to terminate the Franchise Agreement. Should termination occur due to your inability to propose acceptable sites, any initial fees or deposits paid may be forfeited. Conversely, if we terminate the agreement because we have not approved any of your proposed sites despite them meeting our criteria, we will refund your initial franchise fee, less any reasonable costs incurred during the site evaluation process.

Our real estate team will work closely with you throughout the site selection period, providing guidance on market analysis, site evaluation, and regulatory compliance. All proposed sites must receive our written approval before you proceed with lease or purchase agreements to ensure consistency with our brand image and operational standards. Adhering to these time frames is crucial for facilitating a smooth opening process for your franchise location.

5. Currently with the execution of your Agreement, we will loan you one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We may modify the manual. The Table of Contents of the Manual is attached to this Document as Exhibit C.

6. Within 30 calendar days of execution of your Agreement, we will provide your (through the Manual or otherwise) with specifications f or the layout and design of your office.

7. Within 30 calendar days of execution of your Agreement, we will provide you (through the Manual or otherwise) with a list of the equipment and products, fixtures, furnishings, supplies. And any signs to be used in your office.

8. We will license you the use of our trademarks.

9. We will consult and advise with you on the advertising, marketing and promotion Fund activities

of the Unit Franchisees.

We are not required to provide any other service or assistance to you before you open for business.

We are selling or intend to sell franchises under a Master Franchise Agreement whereby the new Master will acquire the rights to a substantially large territory than a Unit Franchisee is acquitting and will have certain rights to open a specified number of San Chen™ Beverage Outlets either owned and operate by itself or purchased and operated by third parties. As a result, the Master who purchases a Master License franchise will be acting as a sub-franchisor as those buying a franchise from it will be considered a sub-franchisee. These outlets purchased from the Master will be substantially the same as the Unit Franchise business.

B Typical Length of Time Before Operation

We will authorize the opening of your Beverage Outlet when (1) all of your pre-opening obligations have been fulfilled, (2) pre-opening training has been completed, (3) all amount due us have been paid, (4) copies of all insurance policies (and payment of premiums) and all other required documents have been received by us, and (v) all permits have been approved. The length of time between the signing of the Master Franchise Agreement, and payment of your initial franchise fees, and the opening of your Beverage Outlet must be within 6 months. In certain instances, and in our reasonable discretion, we may extend the opening time for an additional 3 months. At times, the site may not be available for several months due to construction, rebuilding, zoning variances, and other instances that are beyond our and your control.

C Our Obligations During the Operation of the Franchise Business

During the operation of the franchised business

1. We will specify or approve certain equipment and suppliers to be used in the franchised business.

2. We will provide additional training to you and any of your employees at your request. You are responsible for any and all costs associated with such additional training.

3. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf. We will pass the cost onto you.

D The Marketing Fund and Advertising

As of the issuance date of this Franchise Disclosure Document, we have not established an

Advertising Fund. However, we reserve the right, in our sole discretion, to establish such a fund in the future (the "Fund"). If we establish the Fund, we will administer it and require franchisees to contribute a stated percentage of their gross revenues or a fixed fee, as disclosed in the then-current Franchise Disclosure Document. Advertising funded by the Marketing Fund may be developed through in-house personnel, as well as national, regional, or local advertising agencies and third-party marketing firms retained by us.

Contributions to the Fund may be used to create, produce, place, and administer advertising, marketing, and promotional activities for the Brand and the Franchise System. Advertising may be developed and placed through our in-house marketing department, as well as through outside national and regional advertising agencies, public relations firms, digital marketing firms, and other professional service providers retained by us. Accordingly, the sources of brand fund advertising may include both in-house creative efforts and campaigns prepared and executed by outside agencies.

We will have sole discretion over the selection of agencies and service providers, the geographic areas in which advertising is placed, the media used, and the allocation of expenditures, including between production, media placement, and administrative costs. Franchisees will not have the right to direct or control Fund expenditures. Any unspent contributions, if applicable, will be carried forward for use in subsequent fiscal years and will not be refunded.

We will direct all public relations, advertising, and promotions with sole discretion over the message, creative concepts, materials, and media used in the programs and the placement and allocation thereof. We will pay for these activities. We will use traditional advertising activities, such as website development, social media, public relations, advertising campaigns (television, radio, print or other media), or other promotions which will raise awareness of our brand San Chen.

You are responsible for local marketing activities to attract prospective franchisees and customers. You may develop advertising materials for your own use, at your own cost. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. You must first obtain our advanced written approval before any form of co-branding, or advertising with other brands products or services.

You must strictly follow the social made guideline, code of conduct, and etiquette as set forth in the Manual regarding social media activities. Any use of social media by you pertaining to the Beverage Outlets must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Beverage Outlet that does not comply with the Unit Franchise or Master Agreement or the Manual.

We reserve the right, if necessary and in our sole judgment, to establish a Franchisee Advertising Counsel. The Franchisee Advertising Counsel will be composed of an elected body of San Chen's Beverage Outlet franchisees for the purpose of providing us with input on advertising and marketing issues. The Franchise Advertising Counsel will operate under its own by-laws and will be purely advisory in mature and will have no operational or decision-making authority. We have the power to form, change, or dissolve any such advertising council.

E Training

You will not be trained to sell the San Chen franchise to potential franchisees, because the selling skills are related to your own business experience and relationship you have with local communities. The training will focus on the necessary knowledge and skills of opening and operating beverage outlets. You should be familiar with the training, because you will need the knowledge and skills to open and operate outlets, additionally, you will need to provide the training to your Unit Franchisees.

Before the opening of your office, we will provide you and any Regional Manager ("Manager") with a mandatory Initial Training Program at out training facility. We do not charge you a fee for the Initial Training Program if you and your manager receive training at the same time. If the franchisee is a business entity, then the Designated Owner(s) named in the Master Agreement or the Manager must successfully complete the initial training at the training center and additional required training and also comply on an ongoing basis with all training requirement to out satisfaction. Subject to availability, and with our approval, you may have additional employees attend the training program, simultaneously with your, at no additional charge. However, you are responsible for all travel, lodging, food, wages, wage related expenses and other expenses in connection with training for you and your employees.

The length of our Initial Training program is approximately 15 days, or for any other time period as we select in our sole discretion, with a combination of classroom training at our training center, or other location we designate, and on-the-job training at a Beverage Outlet owned by our affiliate or at another training facility that we designate. The training covers the basis aspects of establishing and operating a Beverage Outlet, including beverage making techniques, the POS reporting system, the Computer System, forms, cost control, purchasing, inventory control and disposition, customer service, marketing, selling skills, employ hiring training and scheduling procedures, job functions and maintenance of quality standards. You and/or your Manager must attend all scheduled training days and times and must complete the Initial Training Program to our satisfaction.

We retain the right to reduce your training as to hours and subjects if you have prior experience in those areas and you agree it is not necessary.

Training requirements are communicated and updated through periodic memos, publications and manuals. The following is the Table of Contents of the Educational and Function Training Manual as of the date of this disclosure document:

Topic	Number of Pages
Chapter 1 Brand Introduction Business: Brand Introduction Chapter 1 Brand Introduction Business: Business Philosophy	7
Chapter 2 Clothing and Service: Appearance and Dress Code Chapter 2 Clothing and Service: Service Essentials	5
Chapter 3 Checkout Counter Recognition and Teaching: Procedure at Check Out Counter Chapter 3 Checkout Counter Recognition and Teaching: Drink Item Introduction Chapter 3 Checkout Counter Recognition and Teaching: Beverage Serving Process Chapter 3 Checkout Counter Recognition and Teaching: The Assessment Forms Dedicated to Checkout Counters	11
Chapter 4 Tea Brewing Knowledge and Teaching: Tea Leaves Knowledge Chapter 4 Tea Brewing Knowledge and Teaching: The Introduction of Teapresso Machines Chapter 4 Tea Brewing Knowledge and Teaching: Tea Brewing Utensils Chapter 4 Tea Brewing Knowledge and Teaching: Tea Brewing Process Chapter 4 Tea Brewing Knowledge and Teaching: Cleaning Process After Tea Brewing Chapter 4 Tea Brewing Knowledge and Teaching: Teapresso Machine Backwash Chapter 4 Tea Brewing Knowledge and Teaching: Teapresso Machine Handles Cleaning Process Chapter 4 Tea Brewing Knowledge and Teaching: Tea Brewing Assessment Forms	6
Chapter 5 Kitchen Knowledge: Utensil Introduction Chapter 5 Kitchen Knowledge: Material Introduction Chapter 5 Kitchen Knowledge: Material Storage Location Chapter 5 Kitchen Knowledge: Material Conditioning Chapter 5 Kitchen Knowledge: Material Expiries Chapter 5 Kitchen Knowledge: Material Preparation Registration Forms Chapter 5 Kitchen Knowledge: Kitchen Assessment Forms	6
Chapter 6 Bar Counter: Utensil Introduction Chapter 6 Bar Counter: Beverage Preparing Process Chapter 6 Bar Counter: Drink Making Process Chapter 6 Bar Counter: The Maintenance Method of Quantitative Fructose Dispenser Machine Chapter 6 Bar Counter: Bar Counters Assessment Forms	6

Chapter 7 Tasting Knowledge: Utensil Introduction Chapter 7 Tasting Knowledge: Tea Leaves-Qingxin Oolong Tea Chapter 7 Tasting Knowledge: On-Site Brewed Tea Integrated with Designated Terminology and Phrases Chapter 7 Tasting Knowledge: On-Site Brewing Designated Terms and Phrases Procedure Q&A Chapter 7 Tasting Knowledge: Tasting Assessment Forms	7
Annex I: Chi Cha San Chen-Lishan Oolong Tea	22
Annex II: Product and Sales Planning	6
Total Pages	76

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

Training Program

Topics	Hours of Classroom Training	Hours of On the Job Training	Location
Brand Introduction, Philosophy, and Dress Code	8	0	Taichung, Taiwan
Greeting, Drink Serving, Order, Operation of Point of Sale System, Confirmation after Ordering, and Beverage Pickup Procedure	6	2	Taichung, Taiwan
Introduction to the Base Tea, Honey, Fruit Tea, Milk, Toppings, and All-Star Products (Part 1)	6	2	Taichung, Taiwan
Introduction to the Base Tea, Honey, Fruit Tea, Milk, Toppings, and All-Star Products (Part 2)	6	2	Taichung, Taiwan
Introduction to the Base Tea, Honey, Fruit Tea, Milk, Toppings, and All-Star Products (Part 3)	6	2	Taichung, Taiwan
Introduction to Packing and Serving of Beverages	6	2	Taichung, Taiwan
Introduction to Knowledge of Tea Leaves, Teapresso Machines, Tea Brewing Utensils, Tea Brewing Process, Cleaning Process after Brewing, Cleaning and Washing to Teapresso (Part 1)	8	0	Taichung, Taiwan
Introduction to Knowledge of Tea Leaves, Teapresso Machines, Tea Brewing Utensils, Tea Brewing Process, Cleaning Process after Brewing, Cleaning and Washing to Teapresso (Part 2)	8	0	Taichung, Taiwan
Introduction to Knowledge of Tea Leaves, Teapresso Machines, Tea Brewing Utensils, Tea Brewing Process, Cleaning Process after Brewing, Cleaning and Washing to Teapresso (Part 3)	0	8	Taichung, Taiwan

Introduction to Utensil, Raw Materials, Storage, Preparation of Registration Forms (Part 1)	8	0	Taichung, Taiwan
Introduction to Utensil, Raw Materials, Storage, Preparation of Registration Forms (Part 2)	4	4	Taichung, Taiwan
Introduction to Maintenance Method of Quantitative Fructose Dispenser Machine (Part 1)	8	0	Taichung, Taiwan
Introduction to Maintenance Method of Quantitative Fructose Dispenser Machine (Part 2)	4	4	Taichung, Taiwan
Introduction to Maintenance Method of Quantitative Fructose Dispenser Machine	6	2	Taichung, Taiwan
Introduction to Operating behind Bar Counters	4	4	Taichung, Taiwan
On-site Operational Training; Preparation of Cold Drinks and Hot Drinks; Customer Service at an Operational Outlet	0	120	Your outlet
Total	88	152	

The training program above is effective as of the date of this disclosure document. Initial classroom training in Taiwan 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 Taichung City, Taiwan, or another training center designated by us. All on-the-job training takes place at our training center that has proper machines, apparatus, and device. The on-site operating training takes place at your outlet.

The instructional material consists of appropriate handouts and information directly from the Manual. Currently, our principal instructors experience staff of Training Department, who has at least 3 years of experience in the subject matters being taught.

We do not charge for the first stage training for up to 5 employees of yours. After the training programs, there will be performance evaluation designed to test the necessary knowledge of your employees. To our experience, all trainees will pass the evaluation if they attend all training programs. If any of the trainees failed the evaluation, you need to send other trainees to complete the training. For the extra training, you will need to pay us $4,500 as training fee. You must pay all travel and living expenses of persons you send to training.

The second stage on-site training will be performed at your outlet before the business is opened. This stage of training is free for you and will continue for 21 days. We will pay for the trainers' flight tickets. You have to pay the actual cost for the trainers' hotels, local transportation, and food.

The successful completion of training by your employees to our satisfaction is a condition to your opening of an Outlet to the public. If your designated employees fail 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 Beverage Outlet is opened, 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 Master 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 employees to us for additional training if we request this. We may at our discretion charge you an additional training fee of $4,500 for one trainer from us. In general, we will not initiate additional training unless we receive requirements by you or customer complaints for the poor quality of goods and service provided at your Outlets.

You must pay all the expenses incurred by your trainees and attendees in connection with the 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.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location. Attendance of at least one of your employees at these meetings will be mandatory.

ITEM 12 TERRITORY

Master Franchise Agreement

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

You will operate the Master Business at a specific location approved by us. You are granted a certain Development Area consisting of one or more states or one or more cities in certain counties. We have analyzed the market and using a number of factors, including population density, income, traffic patterns, number of residents, to determine an appropriate area for you before you sign the Master Franchise Agreement.

You may face competition from other master franchisors, franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as expressly provided in the Master Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future Beverage

Outlets, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Beverage Outlets or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to your Development Area whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and related businesses, products and/or services, in which we may be involved, now or in the future.

We expressly reserve all other rights, and can (along with anyone we designate)

(1) own, operate, or authorize others to own or operate any kind of business using the Marks we have licensed to you, whether or not using the same Mark, including, without limitation, other franchises, whether or not using the same Mark and System licensed to you.

(2) develop or become associated with other concepts (including dual branding and/or other franchise system), whether or not using the System and/or the Marks, and award franchises under such other concepts for business located and/or operating anywhere

(3) acquire, be acquired by, merge, affiliate with or engage in any transaction with other business (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the San Chen's Beverage Outlets). You may be responsible for any reasonable conversion costs.

Internet Sales/Alternative Channels of Commerce

We may sell products and services to customers located anywhere, even if such products and services are similar to what we sell to you and what your franchisees offer at their Beverage Outlets. We may use the internet or alternative channels of commerce to sell San Chen brand products and services. You may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Beverage Outlet must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We reserve the right to "occupy" any social media website/pages and be the sole provider of information regarding the Beverage Outlet on such websites/pages (e.g. a system-wide Facebook page).

No Competing Marks

Neither we nor any of our affiliates currently operate, or have any plans to operate, franchise, or license businesses under a different trademark that sells or offers goods or services that are the same as, or substantially similar to, those you will sell under the Franchise Agreement. We also do not intend to establish or authorize any such competing businesses in the future. As a result, you will not face competition from us or our affiliates operating under a different trademark offering the same or similar goods or services. If at any time in the future we or our affiliates begin to operate or franchise businesses under another trademark offering similar goods or services, we will update our disclosure documents accordingly.

ITEM 13 TRADEMARKS

We grant you the right to operate under the name San Chen. You may also use other current or future trademark. By trademark, we mean trade names, trademarks, service marks, and logos used to identify your business and the Beverage Outlets. The following Marks are registered by Fang Yuan, our affiliated company, on the Principal Register of the United States Patent and Trademark Office. We are authorized by Fang Yuan to license San Chen to any person or entity from July 1, 2020 to June 30, 2030.

Mark	Registration/ Serial No.	Registration or Application/Filing Date
San Chen (Word Mark)	Registration No 6025313	Registration Date March 31, 2020
(Design Mark)	Registration No 6025312	Registration Date March 31, 2020

You are licensed to operate and identify the outlet under the principal trademark San Chen, Chi Cha San Qian, logotype displayed on the cover of this disclosure document, and other current or future trademarks.

On February 19, 2019, Fang Yuan filed the principal trademark San Chen with the United States Patent and Trademark Office ("USPTO"), for registration on Principal Register in class 30, 35 and 43, serial number 88307356. On March 31, 2020, the trademark is registered. The registration number is 6025313. All registrations have been renewed.

On February 12, 2019, Fang Yuan filed another trademark Chi Cha San Qian with the USPTO for registration on Principal Registrar in class 30, 35, and 43, serial number 88307352. On March 31, 2020, the trademark is registered. The registration number is 6025312. All registrations have been renewed.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. The franchisor has filed all required affidavits.

You must follow our rules when you use the marks. You cannot use our principal trademark as part of a corporate name, or with modifying words, designs or symbols except for those which we license to you. You may not use the trademarks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a trademark licensed to you. You must notify us promptly when you learn about an alleged infringement, unfair competition, unauthorized third-party use of or challenge to your use of the trademarks. We will promptly take the action we think appropriate. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the trademarks. But we have no obligation to defend or indemnify you if the claim against you relates to your use of the trademarks in violation of the Master Franchise Agreement.

If you learn that any third-party whom you believe is not authorized to use our trademarks is using them or any variant of them, you must promptly notify us. We will determine whether or not to take any action against the third party.

You must modify or discontinue the use of a trademark if the trademark owner modifies or discontinues it. You must not directly or indirectly contest the trademark owners' rights to the trademarks, trade secrets, or business techniques that are part of our business.

Except for the proprietary rights of our parent company in the marks, there are no infringing uses or previous superior rights known to us that can materially affect your use of the marks in this state or any other state in which the franchised business is to be located.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Manual. The Manual is described in Item 11. Item 11 also describes the limitations on the use of the Manual by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, software source code and other Confidential Information as defined below.

There currently are no effective determinations of the Copyright Office (or any court regarding any of the copyrighted materials). There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

In general, our proprietary information includes "Confidential Information" as defined in Section 21.1 of the Master Franchise Agreement, some of which is contained in our Manual, and includes, among other things, all information (current and future) relating to the operation of the Beverage Outlet or the System, including, among other things, all (i) manuals, training, techniques, process, policies, procedure, systems data and know how regarding the development, marketing, operation and franchising of the Beverage Outlets, (ii) designs specifications and information about products and services, and (iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information needed for the operation of a San Chen's Beverage Outlet and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest is the Confidential Information is the right to use it under your Master Franchise Agreement.

Both during and after the term of your Master Franchise Agreement, you must use the Confidential Information only for the operation of your business, maintain the confidentiality of the Confidential Information, not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information and follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

We have the right to use and authorize others to use all ideas, techniques, methods and process relating to the Beverage Outlet that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas without compensation or other obligation.

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

You may designate a Regional Manager or a Manager (together a "Manager"), who has successfully completed our training program and meets our then-current standards to assist in the direct, day-to-day supervision of the operations of your business.

You are solely responsible for the hiring and management of your employees, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Manager involved in the operation of your business and their contact information.

You and your employees must comply with the confidentiality provisions described in Item 14. You must execute a personal guaranty concurrently with the signing of the Master Franchise Agreement. If you are a legal entity having more than one owner, all owners, shareholders, partners, joint ventures, franchisee's spouse and any other person who directly or indirectly owns a 10% or greater interest in the franchised business must execute a personal guaranty.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only those products and services, and deal only with those suppliers, that we authorize or require (Item 8). We expect that you will have few, if any, products to sell that we have not authorized. Failure to comply with your purchasing restrictions may result in the termination of your Master Franchise Agreement.

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We reserve the right to change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we require from time to time.

You must refrain from any merchandising, advertising or promotional practice that is unethical or may be injurious to our business and/or other franchised business or to the goodwill associated with the Marks.

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 Master Franchise Agreement	Summary
a.	Length of the franchise term	Section 1.1	The term is 10 years from the date the Master Franchise Agreement is signed.
b.	Renewal or extension of term	Section 1.4 (b)	The renew term is 5 years from the end of the existing term of the Agreement.
c.	Requirements for renewal or extension	Section 1.4 (a)	(a) If you intend to renew the Master Franchise Agreement upon expiration of the term, you shall notify us in writing your intent for renewal 1 year prior to the expiration of the term. We will negotiate the terms and conditions for renewal based on the then effective criteria (as indicated in the Appendix 2 hereto). If we agree to the terms and conditions for renewal, we need to execute an amendment and restatement attached to this Master Franchise Agreement in writing before taking effect. "Renewal" refers to the process by which a master franchisee may extend their master franchise agreement for an additional term after the initial term has expired. It is important to note that during the renewal process, the franchisor may require the master franchisee to sign a new master franchise agreement. This new agreement may contain materially different terms and conditions from those in the original master franchise agreement. These changes could include modifications to fees, territorial rights, training requirements, or operational standards, among other provisions.
d.	Termination by franchisee	Sections 24.1(a) and 24.1(d)	(1) If we cease operation, closes business, applies for dissolution or liquidation, declares bankruptcy, merges with another entity, divides into separate entities, or transfers main business; or variation in the control rights of shareholder, you may terminate the Master Franchise Agreement; (2) If we are in material breach or non-performance of any of the provision of the Master Franchise Agreement and failure to cure the breach and does not cure the default within thirty (30) calendar days from the date we received your written notice to cure, you may terminate the Master

			Franchise Agreement.
e.	Termination by franchisor without cause	None	
f.	Termination by franchisor with cause	Sections 24.1(a), 24.1 (b), and 24.1 (c)	(1) If you cease operation, closes business, applies for dissolution or liquidation, declares bankruptcy, merges with another entity, divides into separate entities, or transfers main business; or variation in the control rights of shareholder, we may terminate the Master Franchise Agreement; (2) If you breach Section 4, Section 10, Sections 12.3 and 12.4, Section 13 causing death or serious injury of personnel, Sections 19.1 and 19.2 or concealment or inducement of Franchisor to mistakenly believe the net sales, and breach of Sections 21 and 22 or other breaches that cause us to be subjected to investigation conducted by government authority or judicial agency, we may terminate the Master Franchise Agreement; (3) If you breach any other provision of the Master Franchise Agreement and fails to cure the breach within the time specified by us in writing (including via e-mail), or if you breaches any provision of the Master Franchise Agreement for a total of three times during a calendar year, we may terminate the Master Franchise Agreement.
g.	"Cause" defined – curable defaults	Sections 1, 2, 3, 5, 6, 7, 8, 9, 11, 14, 15, 16, 17, 18, and 20	The notice of renewal is not received one (1) year prior to the expiration of the term, you violate any laws and regulations without tell us, you select the site for outlets without acquiring our approval, you do not remove all signs that bears our franchise logo after termination or expiration of the term, you are in delay of paying Master Franchise fee, royalty, security deposit, training fees, you do not send the required trainees to receive first stage and second stage training, you do not notify us that the contact person or address is changed, you do not apply necessary license or receive approvals from government, you do not acquire or prior notice to sell other goods, you advertise without out approval, you fail to provide audit documents within the specified period of time,

			you fail to provide market survey data to us, or you fail to correct or remove free riding trademark.
h.	"Cause" defined – non-curable defaults	Sections 4, 10, 12, 13, 19.1, 19.2, 21, and 22	Infringement to our intellectual property rights, damage to our franchise image, purchase equipment or raw materials from unapproved suppliers, you decorate the outlet without apply the franchise's CIS, you use the POS system that is not approved by us, you do not grant us unlimited access to the POS system to verify your gross sale, you reveal confidential manuals and information to any other third parties, or compete with our franchise business during the term or after termination or expiration of the Master Franchise Agreement.
i.	Franchisee's obligations on termination or non-renewal	Section 5.1	You should not personally or have any third-party use our Intellectual Property beyond the scope and purpose of operating beverage stores within Territory, upon expiration of the Master Franchise Agreement, termination, or rescission of the Master Franchise Agreement. You should cease using and shall dismantle and remove at your own expense together with written evidence to us. You should not use or make any Licensed Products after the termination of the Master Franchise Agreement. You shall return any and all art designs (including but not limited to any diagram, drawing or three-dimensional models) within 7 days and you should not keep any copies or electronic files.
j.	Assignment of contract to third party by franchisor	None	There is no provision in the Master Franchise Agreement restricting our right to assign the Agreement.
k.	"Transfer" by franchisee– defined	Section 27.2(a)	Assignment and transfer of the San Chen franchise means that the assignor and transferor assign and transfer of contact, assets, ownership, and right to operate the San Chen franchise to the assignee and transferee.
l.	Franchisor's approval of transfer by Master Franchisee	Section 27.2(b)	Without our prior written consent, you shall not assign, transfer, license, lease, loan, use, trust, pledge, encumbrances or dispose of to any third party.
m.	Conditions for franchisor approval	Section 27.2(c)	New assignee or transferee shall have comparable experience as a Master Franchisee, receive qualified

	of transfer		training program, and sign the new Master Franchise Agreement with the Franchisor.
n.	Franchisor's right of first refusal to acquire franchisee's business	None	
o.	Franchisor's option to purchase franchisee's business	None	
p.	Death or disability of franchisee	Section 27.13	If you are deceased or disable to operate the San Chen franchise business, the Master franchise right shall be assigned by estate to approved buyer within six (6) months after the incident occurs.
q.	Non-competition covenants during the term of the franchise	Section 22.2	You shall not, during the term of the Master Franchise Agreement and for a period of two (2) years after the expiration, rescission, or termination of the Master Franchise Agreement or the sale of any Store or any interest therein, either directly or indirectly, by yourself or on behalf of any person, own, manage, operate, maintain, engage in, consult with or have any interest in any "Competitive Business" within the Territory other than one expressly authorized by the Master Franchise Agreement or any other written agreement between you and us.
r.	Non-competition covenants after the franchise is terminated or expires	Section 22.2	You shall not, during the term of the Master Franchise Agreement and for a period of two (2) years after the expiration, rescission, or termination of this Agreement or the sale of any Store or any interest therein, either directly or indirectly, by yourself or on behalf of any person, own, manage, operate, maintain, engage in, consult with or have any interest in any "Competitive Business" within the Territory other than one expressly authorized by the Master Franchise Agreement or any other written agreement between you and us.
s.	Modification of the Master Franchise Agreement	Section 27.14	The Master Franchise Agreement cannot be modified or changed except by a written instrument signed by you and us.
t.	Integration and merger clause	Section 27.10	The Master Franchise Agreement and the documents referred to will be the entire, full and complete agreement between you and us concerning the subject

			matter of the San Chen franchise, which supersedes all prior agreements.
u.	Dispute resolution by arbitration or mediation	Sections 25.2 and 25.3	(1) Mediation- before any dispute is submitted to mediation, our executive officers and your principal equity owners need to confer first at your principal executive office in order to solve the dispute and reach a settlement. If we are not able to reach any settlement, we should submit the dispute to a non-binding mediation in California. If we are not able to agree upon the mediator's proposal or solution to the dispute, we need to send the dispute to arbitration. (2) The arbitration shall be conducted in California by the American Arbitration Association. The arbitrator decision is binding and final. No punitive damage is allowed by the arbitration.
v.	Choice of forum	Sections 25.2 and 25.3	Arbitration proceedings must take place in California. Any mediation proceeding will take place at a mutually agreed location or California. Any litigation proceedings will be filed in an appropriate court in California. This section is subject to applicable state law.
w.	Choice of law	Section 25.1	The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under the Master Franchise Agreement. Otherwise, the laws of California and the Uniform Arbitration Act governs the Master Franchise Agreement. This section 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 Chicha San Chen 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 Chief Executive Officer, Lin, Hui-Chuan, Chicha San Chen Corporation, 1401 21ST ST, STE R, SACRAMENTO, CA 95811; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 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	5	12	+7
	2024	12	11	-1
	2025	11	10	-1
COMPANY-OWNED*	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
TOTAL OUTLETS	2023	5	12	+7
	2024	12	11	-1
	2025	11	10	-1

*Any outlets shown in these tables are with regard to our Master Franchise Outlets not our Unit franchisees which as shown in the Unit Franchise Disclosure Document.

TABLE 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR THE YEARS 2023 to 2025

STATE	YEAR	NUMBER OF TRANSFERS
TOTAL OUTLETS	2023	0

	2024	0
	2025	0

TABLE 3
STATUS OF FRANCHISE OUTLETS
FOR YEARS 2023 to 2025

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMI-NATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
CA	2023	1	1	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
GA	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
IL	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
MA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NV	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NY	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
OR	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
PA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TX	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
UT	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
WA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
	2023	5	7	0	0	0	0	12

TOTAL	2024	12	0	1	0	0	0	11
	2025	11	0	1	0	0	0	10

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2023 TO 2025

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
TOTAL	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

TABLE 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025

STATE	MASTER 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
CA	0	2	0
TOTAL	0	2	0

A list of the names, addresses and telephone numbers of our current Master Franchisee as of the Issuance Date of this Disclosure Document is attached as Exhibit E.

As list of the names, address and telephone numbers of our Master Franchisees who have had a franchise terminated canceled, not renewed or otherwise voluntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Master Franchise Disclosure Document, is attached as Exhibit F.

Confidentiality Clauses

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Trademark-Specific Franchise Organizations

There are no trademark-specific franchise organizations.

If you buy the franchise offered in this Disclosure Document, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document, as Exhibit D, are our audited Financial Statements as of December 31, 2025, 2024, and 2023. Exhibit D also includes our unaudited financial statements from January 1 to May 31, 2026. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The following agreement are attached to this Disclosure Document

Exhibit A Master Franchise Agreement
Exhibit B Form of General Release
Exhibit C Table of Contents of the Manual
Exhibit D Financial Statements
Exhibit E List of Franchise Outlets
Exhibit F List of Terminated Franchises
Exhibit G State Franchise Administrators and Agents for Service of Process
Exhibit H State Specific Addendum
Exhibit I State Effective Dates
Exhibit J Receipts

ITEM 23 RECEIPTS

Our and your copies of the Master Franchise Disclosure Document Receipt are located on the last two pages of this Disclosure Document, as Exhibit J.

MASTER FRANCHISE AGREEMENT

San Chen

EXHIBIT A

MASTER FRANCHISE AGREEMENT

This Master Franchise Agreement (together with all appendixes hereto, this "Agreement") is made and effective on _______________ ("effective date") by and between Chicha San Chen Corporation, a California corporation, with its principal place of business at 1401 21ST ST, STE R, SACRAMENTO, CA 95811 ("franchisor"); and ________________, a __________________ company, with its principle place of business at ____("Master Franchisee").

Franchisor and Master Franchisee are hereinafter referred to individually as "party" and collectively as "parties".

RECITALS

Whereas the franchisor intends to grant the Master Franchisee an right to license a third party ("Franchisee") to open an outlet under its proprietary trademark or to open and operate its outlet, and allow the Master Franchisee to open its own outlet, the parties agree as follows:

1. Subject, Scope, and Term of Authorization

1.1 Scope of License

Subject to the terms and conditions of this agreement, the Franchisor agrees to grant the Master Franchisee commencing from ____________ to _____________ ("term"), in a total of ten (10) years, limited to the purpose of licensing franchise or operation outlets under the proprietary trademark within ____________ ("territory"), the right to use the trademarks specified in Appendix 1 of this agreement and the "Brand Identity System and Design Specification Manual" ("Brand Manual"). The Brand Manual includes the Corporate Identity System ("CIS") design, standards of use, supporting colors, images, and packaging materials examples. The Master Franchisee may use Franchisor's trade secret, technology, know-how, deco, and layout of outlets. The Master Franchisee may only use the trademarks within the term and territory for the operation of the beverage business. The Master Franchisee shall not use the trademarks on any other goods or services, collaborate with other brands, or conduct a cross-industry alliance without the franchisor's prior written consent. All products that bear the Franchisor's trademarks shall acquire the Franchisor's prior written consent before production.

1.2 Scope of License

Franchisor retains the exclusive right to unilaterally amend or revise the Brand Manual, as well as the scope of any trade secrets, technologies, and know-how provided, at any given time. Such amendments or revisions shall fall within the ambit of the license hereby granted. Upon receiving written notification from Franchisor, which may be conveyed via email, the Master Franchisee is obligated to implement and adapt to these changes within a period of six (6) months from the date of receipt of such notice. These modifications may encompass, but are not limited to, alterations in store layout, décor, slogans, signage, color schemes, corporate symbols, formulas, mixing ratios, and packaging, all aimed at preserving the uniformity of the Franchisor's brand identity and quality standards. It is the responsibility of Master Franchisee to incur all costs associated with implementing these changes.

1.3 Master Franchisee's Obligation

Master Franchisee shall perform the obligation mandated in this Agreement and operate the franchise business in its operation. The Master Franchisee shall not transfer any rights or obligations to others. The Master Franchisee warrants that its shareholders are the beneficial owners who hold ultimate and complete rights. None of its shareholders is under control of, or subject to the exercise of any person or a nominal owner for the benefit of any other person. The Master Franchisee agrees to cooperate with and provide necessary documentation to the franchisor to verify its ultimate ownership.

1.4 Renewal of Term

(a) If Master Franchisee intends to renew this Agreement upon expiration of the Term, Master Franchisee shall notify Franchisor in writing of its intent to renew at least one (1) year prior to the expiration of the Term. The Parties will negotiate the terms and conditions for renewal based on the then-effective criteria indicated in Appendix 2 hereto, and Franchisor may require Master Franchisee to sign Franchisor's then-current form of Master Franchise Agreement, which may contain terms and conditions materially different from this Agreement. Any renewal shall take effect only upon execution by the Parties of a written amendment and restatement of, or successor agreement to, this Agreement. (b) The renewal term is five (5) years from the end of the then-existing term of this Agreement. (c) Master Franchisee shall pay Franchisor a renewal fee of $100,000 on or before signing the renewal Master Franchise Agreement and must have paid all fees due and not be in breach of any term of this Agreement in order to qualify for renewal.

2. Intellectual Property Rights

2.1 Licensed Scope

Franchisor represents and warrants that during the term the granted trademark, copyright, patent, secret, technology, and know-how are lawfully obtained and may be licensed to the Master Franchisee.

2.2 Master Franchisee's Warranty

The Master Franchisee represents and warrants that none of the execution, delivery, or performance of this agreement, on and after the effective date hereof, constitute any of the following event:

(a) Violate any laws or regulations, or any judgments or orders from a court or governmental body; and

(b) Violate any of its articles of incorporation, resolutions of shareholders or board of directors or its bylaws; and

(c) Violate or breach any material contracts or agreements to which it is a party, or which may restrain its assets.

3. Licensing

3.1 License Right

Subject to the terms under the Term, Franchisor agrees to grant the Master Franchisee the right in the territory. If the Master Franchisee fails to fulfill the expansion plan set forth in Appendix 3 (the “expansion plan”) and, after meetings of the Parties at least twice in a year, the Master Franchisee still fails to achieve the adjusted goal of the expansion plan (if any) indicated by the Franchisor, the franchise right shall be terminated immediately after Franchisor sent the notice to Master Franchisee.

3.2 Store Site

If Master Franchisee finds an available site for opening a store, it shall immediately notify Franchisor the address of site, necessary information, and the lease or purchase agreement or similar evidence (collectively “site information”). Within ten (10) calendar days of receiving the site information, Franchisor shall approve or disapprove Master Franchisee’s selection in writing. Master Franchisee shall not begin construction or operation of the business without franchisor’s prior written consent.

3.3 Change of Site

Master Franchisee shall not change the approved site of any store without the prior written consent of Franchisor under Section 3.2. To avoid any doubt, this Agreement does not grant to Master Franchisee the right to operate any store or to offer or sell Franchisor’s products or services outside the Territory.

3.4 Approval for Construction

Master Franchisee shall obtain all permits, licenses, certifications for zoning, land use planning, construction, decoration, and operation of a store at its expenses. Master Franchisee shall abide by the federal and state laws, regulations, and rules. Upon the request of Master Franchisee, Franchisor may provide a fee quote on reasonable assistance it may provide to the design or construction. Without a payment and agreement, Franchisor will not provide any assistance.

3-1. Rights and Obligations on Master Franchisee

3-1.1 Sub-franchise Right

The Franchisor hereby grants to the Master Franchisee the right to sublicense the rights conferred under Section 1 of this Agreement to third parties (hereinafter referred to as "Unit Franchisees"), provided that the scope and duration of such sublicenses shall not exceed those rights originally granted by the Franchisor. The Master Franchisee's right to sublicense is expressly contingent upon the Master Franchisee first establishing and commencing operation of three (3) direct outlets.

The Master Franchisee shall open and commence operation of the first of these direct outlets within six (6) months from the effective date of this Agreement (see Section 6-1) and shall open and operate all three (3) direct outlets in accordance with the Development Schedule set forth in Appendix 3 hereto. Should the Master Franchisee fail to fulfill this obligation within the stipulated timeframe, unless an extension has been explicitly granted by the Franchisor in writing, the Franchisor reserves the right to immediately terminate this Master Franchise Agreement. Upon termination for such breach, the Franchisor shall be entitled to confiscate the entire security deposit provided by the Master Franchisee and to demand additional liquidated damages in the amount of Thirty Thousand U.S. Dollars (USD $30,000).

3-1.2 Master Franchisee’s Consent

Master Franchisee’s prior written consent is required, if the Franchisee intends to assign or transfer any of its rights and obligations to any third party. Master Franchisee shall obtain a prior written consent from Franchisor before it gives the consent to Franchisee’s transfer or assignment.

3-1.3 Unit Franchise Agreement

Before Master Franchisee allows Franchisee to open and operate an outlet, Master Franchisee shall enter into a complete written Unit Franchise Agreement with Franchisee. No right shall be granted to Franchisee in oral or written form, memorandum, letter of intent, email or in any way whatsoever unless a Unit Franchise Agreement is dully executed hereunder.

3-1.4 Unit Franchise Agreement’s Mandatory Clause

The Unit Franchise Agreement shall at least consist of the following terms:

(a) Franchisee shall maintain the corporate image of Franchisor as well as to maintain the consistency of corporate image of Franchisor as the main purpose of performance of the Unit Franchise Agreement; and

(b) Franchisee shall personally perform the terms of the Unit Franchise Agreement and operate the franchise business on its own. Without the prior written consent of Master Franchisee, Franchisee shall not assign any rights or obligations of the unit franchise agreement to any third party. If the Franchisee is a company or business entity, it shall warrants that the shareholders are the record and beneficial owners of the shares of the company who hold ultimate and complete rights as true shareholders; none of its shareholders is under control of, subject to exercise of any person or a nominee owner for the benefit of any other person; and

(c) Clauses equivalent to Section 4.3, Section 5, Section 7.2, Section 9.1, Section 10, Sections 12.3 to 12.10, Sections 13.2 to 13.5, Sections 15.1 to 15.3, Section 16.1, Sections 17.1 to 17.3, Section 18, Sections 19.1 to 19.3, Section 20.1, Sections 21.1 and 21.2, Section 22 and Section 23; and

(d) Franchisor may claim directly against Franchisee if Master Franchisee fails to exercise its rights against Franchisee. In case of any breach of the Unit Franchise Agreement, Franchisor may demand Master Franchisee or Franchisee to cure such breach within a specified period or to cease such conduct or terminate the Unit Franchise Agreement. Master Franchisee shall provide a draft Unit Franchise Agreement to Franchisor for its review in advance, and the executed agreement shall be made in writing the same as the version approved by Franchisor (a copy of such executed agreement shall be provided to Franchisor); any modification, amendment to, or termination of Unit Franchise Agreement shall be made in a foregoing manner. If Franchisor does not raise any objection within fifteen (15) calendar days after receiving the Unit Franchise Agreement, the draft agreement shall be deemed approved by Franchisor.

3-1.5 Nullification of Unit Franchise Agreement

If Master Franchisee enters into Unit Franchise Agreement without full compliance with this Section 3-1 or in violation of any provisions thereof, the Unit Franchise Agreement shall be null and void.

3-1.6 Franchisee's Breach of Unit Franchise Agreement

Any breach of the Unit Franchise Agreement by Franchisee shall be deemed as breach by Master Franchisee of the Master Franchise Agreement. If any breaches occur, Franchisor may demand Master Franchisee or Franchisee to cure such breach within a specified period, to cease such conduct, or terminate the agreement and purchase order. Additionally, Franchisor may continually claim for any penalty or compensation for such breach, including but not limited to, all damages, courts costs, attorneys' fees and operational loss (collectively "Losses and Expenses").

4. Ownership of Rights

4.1 Intellectual Property Rights

During the Term of this Agreement, Franchisor solely owns the intellectual property rights which includes, but not limited to, copyrights, trademarks, patents, trade secrets that are related to San Chen and Chi Cha San Chen franchises. Additionally, Franchisor has the right to license associated with any of the following granted to, whether tangible or intangible, Master Franchisee for use: trade name (such as company registered name, domain name, social media account, email account, address in the language of Chinese or any other languages, including but not limited to San Chen and Chi Cha San Chen), secret, technology, know-how, trademark, copyright, patent, slogan, sign, logo, graph, color scheme, melody, taste, or other corporate symbol granted as well as the store designs, layout, formula, mixing ratio and packaging, techniques instruction, and training materials. Master Franchisee and Franchisee agree that Franchisor's intellectual property and all rights therein belong to Franchisor solely.

4.2 Pre-execution of the Agreement

Franchisor retains its own property the copyright of all documents or works provided to Master Franchisee during the negotiation prior to execution or during the performance of the Master Franchise Agreement, or anything provided to its Franchisee, including but not limited to, design drawings, techniques instruction and training materials, handouts or presentations, whether in writing or in electronic format.

4.3 Obligation not to Register Intellectual Property

Master Franchisee shall not, or assist any third party to, apply for registration, obtain, assign, pledge or license any of franchisor's intellectual property or its legally or contractually protected information in order to obtain or claim intellectual property rights or any other exclusive rights in any country. In the event of any breach by Franchisee, Master Franchisee shall withdraw such application on its own or cause a third party to withdraw such application. Master Franchisee shall transfer all rights or cause a third party to effect such transfer to Franchisor unconditionally.

4.4 Master Franchisee's Consent

Without Franchisor's written consent, Master Franchisee shall not use trademarks to advertise or sell products and services of Franchisor via email, internet, or any other electronic medium. The foregoing use of trademarks via internet includes use of domain names, website addresses, contents, and all links to other websites. Franchisor shall have the sole right to establish an internet homepage by using any of Trademarks. Franchisor may regulate those links available on the Master Franchisee's homepage. Furthermore, Franchisor shall have the right to set up the social media account name relating to Master Franchisee's company and stores. The social media account includes a Facebook or Instagram fan page.

4.5 Ownership of Intellectual Property Rights

Master Franchisee acknowledges that all copyrights, title, and proprietary rights of Trademarks solely belong to Franchisor. Master Franchisee shall be entitled to use such rights for operation of approved stores subject to the scope of license within the Territory under this Agreement and may not change or modify any graph or word of Trademark and its derivatives, neither claim any copyrights thereof. Master Franchisee may not apply, in whole or in part, within the Territory or in any other countries or areas, any other word, mark, logo or design which is similar to or may dilute any Trademark. During the Term of this Agreement and upon termination thereof, Master Franchisee agrees not to declare that it has any rights or title over any Trademark, and will not cause damage to Franchisor's Intellectual Property, nor cause any third party to do the same.

4.6 Duty Not to Dilute

(a) Master Franchisee may not use CCT, Chi Cha Tea 3000, Chi Cha 3000, Chi Cha San Chen or any Franchisor's trade name, trademark or anything confusing or may dilute thereof in the trade name, email account and address, electronic identifier, internet domain name and social media account. For example, Master Franchisee's business name may not include any part of Franchisor's company name, trademarks, or its derivative. Master Franchisee may not combine its name with trademarks relating to Chi Cha San Chen in advertising Master Franchisee's stores (such as *John Smith's* Chi Cha San Chen). If Franchisor agrees in writing by a separate document that Master Franchisee may use Trademark in its operation (such as Master Franchisee's letterhead, invoice, purchase order, receipt or contracts), Master Franchisee shall expressly identify that it is the Master Franchisee in the Territory, franchisor remains the owner of Trademarks, and that it is an independent company from Franchisor.

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

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

(d) On expiration or sooner termination of this Agreement, Franchisor may, if Master does not do so, execute in Master's name and on Master '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 Master's attorney-in-fact to do so.

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

4.7 Dispute Assistance

If Master Franchisee has any information about the dispute of Intellectual Property Rights ("IPR") of Franchisor , it shall promptly notify Franchisor together with the relevant documents and cooperate with Franchisor in all reasonable actions to defend and maintain Franchisor's IPR. Master Franchisee agrees to execute any and all documents necessary to ensure Franchisor's intervention or assumption of action. Franchisor has the right to control any administrative proceeding or litigation involving the Trademarks. Franchisor will indemnify Master Franchisee against any action brought against Master Franchisee by a third party based solely on alleged infringement, unfair competition, or similar claims regarding Master Franchisee's use of the Trademarks in compliance with this Agreement; provided, that Franchisor has no obligation to defend or indemnify Master Franchisee if the claim relates to Master Franchisee's use of the Trademarks in violation of this Agreement.

4.8 Franchisor's Approval for Corporate Identity System and Design

Master Franchisee shall submit to Franchisor for review and approval the relevant design samples and three-dimensional models ("3D models") before it makes any products containing any

Trademark or Franchisor's Intellectual Property. However, Franchisor's approval does not represent or warrant that Master Franchisee's given samples or models are made in compliance with any applicable laws and regulations. Master Franchisee shall take the responsibility for violation of any applicable laws and regulations. Any container, packaging, label, display material, promotion material, catalogues or advertisement (including but not limited to press release) intended for use by Master Franchisee under this agreement shall be submitted to franchisor for approval in advance.

4.9 Master Franchisee's Liability

Master Franchisee represents and warrants that Franchisee shall comply with the provisions of this Section. Any breach of this Section by Franchisee shall be deemed as breach of Master Franchisee and Master Franchisee shall pay the breach penalty to and compensate Franchisor for its Losses and Expenses.

5. Restrictions on Franchise

5.1 De-identification

(a) Master Franchisee shall not personally or have any third-party use Franchisor's Intellectual Property beyond the scope and purpose of operating beverage stores within the Territory, upon expiration of this Agreement, termination, or rescission of this Agreement. Master Franchisee shall cease using and shall dismantle, remove or destroy the afore-mentioned information at its own expense together with written evidence to Franchisor. Master Franchisee further agrees that upon expiration or termination of this Agreement, it will neither by itself nor authorize any third party to use or make any Licensed Products. Master Franchisee shall return any and all art designs (including but not limited to any diagram, drawing or three-dimensional models) within seven (7) days provided by Franchisor under this Agreement and may not keep any copies or electronic files thereof.

(b) Within seven (7) days after expiration, termination, or rescission of the Agreement, Master Franchisee shall remove any signs, printing, and publicity materials that bear our trademark. If Master Franchisee fails to remove within the period, it shall pay Franchisor $2,000 per day until the date of removal.

(c) Franchisor may remove the signs, printing, and publicity materials after ten (10) days of expiration, termination, or rescission of the Master Franchise Agreement. Master Franchisee shall bear the actual cost incurred.

(d) Upon the expiration, termination, or cancellation of the franchise term, the Master Franchisee is required to cease usage, remove, and return the Equipment forthwith. Within seven (7) days following the expiration, termination, or cancellation, Master Franchisee must furnish proof of such removal and return to Franchisor. This evidence shall include, but is not limited to, photographic documentation and certification or receipt of shipment.

5.2 Modification

Without the prior written consent of Franchisor, Master Franchisee shall not personally or have any third party to modify or adapt any Franchisor's Intellectual Property granted hereunder, including but not limited to, any modified beverage flavor based on formula or any work adapted from graphic designs provided by Franchiser. Any and all information, derivative rights or intellectual property rights and all right, title and interest thereof arising out of any breach of this Section by Master Franchisee shall be deemed as created by Franchisor as the author, title owner or assigned to Franchisor by this Agreement; that is, Franchisor shall enjoy the copyright and ownership of such information and derivative rights or intellectual property rights arising therefrom.

5.3 Master Franchisee's Obligation

Master Franchisee shall procure Franchisee to comply with this Section. Any breach of paragraphs of this Section by Franchisee shall be deemed as breach of Master Franchisee. Master Franchisee shall pay the damage and penalty to and compensate Franchisor for its Losses and Expenses.

6. Fees and Payment Terms

6.1 Initial Master Franchise Fee

Master Franchisee shall pay to Franchisor an Initial Master Franchise Fee in an amount of ___________________. The amount is the net payment received by Franchisor after withholding tax or other payment required, which amount may not be reduced or refunded for any reason. For example, Master Franchisee shall not claim any refund of Initial Master Franchise Fee on a pro rata basis of the Term or number of stores hereunder, and regardless of whether the license granted to Master Franchisee hereunder is terminated or not. In case of termination of this Agreement due to breach of this Agreement by Master Franchisee, it shall not demand refund of Initial Master Franchise fee.

6.2 Payment Terms

Master Franchisee paid 10% of Initial Master Franchise Fee within seven (7) calendar days after signing the Letter of Intent set forth in Appendix 8 hereto. It is agreed that 40% of Initial Master Franchise Fee shall be paid within ten (10) calendar days following signing of this Agreement and the remaining 50% of Initial Master Franchise Fee shall be made at least seven (7) calendar days prior to the opening of the first outlet. Master Franchisee shall adhere to the laws or regulations and any other applicable tax laws and regulations of other countries and shall pay Initial Master Franchise Fee in full amount as above-mentioned after payment of withholding tax or other payment required at its own expense. The risk of dispute or incompliance of law shall not be borne by Franchisor. Franchisor will designate the payment method of Initial Master Franchise Fee and Master Franchisee shall bear any and all charges and expenses arising out of or relating to such payment.

6.3 Withholding Taxes

Withholding taxes, goods and service taxes, charges, or any other payment required by law in terms of all payment payable to Franchisor under this Agreement, including but not limited to, Initial Master Franchise Fee and royalty, which are net of such taxes and charges, shall be the sole responsibility of Master Franchisee. If Master Franchisee is required to withhold any tax on behalf of Franchisor, Master Franchisee shall notify Franchisor in advance and provide documents of relevant laws and calculation applied relating to such withholding and shall further provide sufficient evidence of tax payment in writing to Franchisor ten (10) calendars days prior to such payment.

6.4 Defaults

If Master Franchisee fails to pay whole or part of any payment, Master Franchisee shall be liable for overdue payment, late expense, and interest. Interest of such overdue payment shall accrue from the original due date until payment is received in full at an annual percentage rate of eighteen percent (18%) or the maximum rate permitted by applicable law, whichever is lower. Master Franchisee shall bear and pay all expenses incurred by Franchisor arising out of or relating to collection of such overdue payment, including but not limited to courts costs and attorneys' fees.

6-1 Opening Obligation after Execution of the Master Franchise Agreement

Master Franchisee shall inaugurate the Master Franchise Outlet within six (6) months following the execution of this Agreement. Should the Master Franchisee fail to open and commence operation of the initial Outlet within the specified six (6) months period, such failure shall constitute a material breach of this Agreement. In response to this material breach, the Franchisor reserves the right to terminate this Agreement forthwith. Upon termination due to a material breach by Master Franchisee under the aforementioned condition, the following financial adjustments shall apply: (a) Franchisor shall retain fifteen percent (15%) of the Master Franchise Fee as liquidated damages; (b) Additionally, Franchisor shall deduct any other fees owed by Master Franchisee as of the date of termination. After deductions as specified above, Franchisor shall refund the remainder of any payments received from Master Franchisee. It is expressly understood that the termination of this Agreement under these conditions shall in no way impair the rights of Franchisor under any provision of this Agreement, which rights are hereby acknowledged to survive any such termination.

7. Royalty and Inspection

7.1 Royalty

Master Franchisee shall pay a royalty in the amount of four percent (4%) of the gross sales before tax of the stores operated by Master Franchisee or by Franchisee in a given month before the tenth (10^{th}) day of the subsequent calendar month. Gross sales represent the total sales revenue of Master Franchisee and Franchisee before any deductions are made for returns, allowances, discounts, or any other expenses. It is the sum of all sales transactions within a specified period without subtracting the costs associated with generating those sales. Master Franchisee shall adhere to the local laws of the Territory and any other applicable tax laws and regulations of other countries and shall pay royalty in full amount as above-mentioned after payment of withholding tax or other payment required at its own expense. The risk of dispute or incompliance of law shall not be borne by Franchisor. Franchisor will designate the payment method of royalties. Master Franchisee shall bear any and all charges and expenses arising out of such payment. Franchisor is entitled to inspect and audit the business records, bookkeeping, and accounting records of any Store. Master Franchisee shall provide Franchisor with the true and complete books and records of such Store as requested.

7.2 Duty to Provide Complete Sales Records

Franchisor is entitled to inspect and audit the monthly net sales of Store. Master Franchisee and Franchisee shall provide Franchisor with the true and complete book and records of such Store. Master Franchisee and Franchisee shall not provide any false, misleading information or conceal information. Failing to provide the complete books and records will constitute breach of this Agreement.

7.3 Duty to Keep Business Records

Master Franchisee shall keep business records in the manner and for the time required by law, and in accordance with generally accepted accounting principles. Master Franchisee shall keep other business records in the manner and for the period that Franchisor specifies from time to time. All business records shall be capable of review by Franchisor without special hardware or software. Master Franchisee shall retain a copy of each tax return for the franchised business and Store for a period of at least two (2) years.

7.4 Inspection of Records and Underreport of Net Sales

Within ten (10) calendar days upon receipt of request of Franchisor, Master Franchisee shall (a) provide to Franchisor a photocopy; or (b) at a location acceptable to Franchisor, provide Franchisor access to any required records that Franchisor may specify for examination, inspection, making extracts, photocopy or scan copies therefrom and furnish files in writing or electronic format (such as word or excel). If Franchisor finds any discrepancy in net sales in business records or its tax returns documents, Master Franchisee shall pay to Franchisor the underreported royalty within five (5) calendar days upon receipt of notice of Franchisor in writing (including via email). Franchisor reserves the right to terminate this Agreement immediately without further notice to Master Franchisee.

7.5 Disclosure of Confidential Information

Franchisor may keep and retain any documents containing Master Franchisee's confidential information. Master Franchisee agrees that Franchisor may release such documents containing the confidential information to a transferee or a prospective transferee in the event of disclosing the general information and policies regarding Chi Cha San Chen system or providing franchise business information to a transferee or a prospective transferee.

8. Security Deposit

Upon the execution of this Agreement, Master Franchisee shall pay to Franchisor a lump sum of $ _____________ as the security deposit. The remittance of the security deposit shall be made within five (5) days after execution of the Master Franchise Agreement. Failure to meet the deadline is a substantial breach of the Master Franchise Agreement, the Franchisor may terminate the agreement without further notice. The security deposit may be refunded to Master Franchisee without interest upon expiration or termination of this Agreement if there is no breach of the agreement. If Master Franchisee breaches the terms and conditions of the agreement, Franchisor may use the security deposit to cure the default or to compensate the damages. After Franchisor uses and deducts the security deposit, it will notify Master Franchisee in writing of such usage and deduction. Master Franchisee shall restore the deposit to its original amount within ten (10) days after the notice. After the termination or expiration of the Master Franchise Agreement, Franchisor will use the security deposit to compensate for its expenditures and damages. Franchisor shall return the remainder to Master Franchisee within thirty (30) days after the termination or expiration of the Master Franchise Agreement. If the security deposit is not enough to compensate for franchisor's expenditures or damages, franchisor shall give Master Franchisee a written notice of such insufficiency. Master Franchisee shall return the insufficient amount to franchisor within thirty (30) days after receiving such notice.

9. Training

9.1 Skill Transfer Stage.

The first stage of training is free for five (5) employees of Master Franchisee. Master Franchisee shall send five (5) employees to receive the training. All employees sent shall have relevant food and beverage experience and become candidates for managerial positions. The training program shall constitute a fifteen (15) day training. The location of training shall be at Franchisor's headquarter in Taiwan or any other places designated by Franchisor. Before the training is completed, all employees of Master Franchisee shall pass performance evaluation. Details of the performance evaluation is set forth in Appendix 4. If the employees do not pass the evaluation, Master Franchisee shall dispatch other employees and receive the training. The additional employees shall pass the evaluation before the training program could be announced completed. The training fee for one additional employee is $4,500. Master Franchisee may arrange interpreter for its employees at its own expense during the training.

9.2 Counselling Stage before Opening of the First Outlet.

The second stage of training is free for Master Franchisee. The training program shall constitute a twenty-one (21) day training. The location of training shall be at Master Franchisee's outlet. The training includes standard of procedure to operate machines and make beverages that meet the franchise standard. Franchisor shall pay for its trainer's flight tickets. Master Franchisee shall pay for the trainer's lodging, food and beverages, local transportation, and application fee for the visa or working permit. If Master Franchisee requests additional training after the second stage training is completed, the additional training shall constitute a fifteen (15) day program and Master Franchisee shall pay $4,500 for each trainer, plus the trainer's flight tickets, lodging, food and beverages, local transportation, and application fee for the visa or working permit.

9.3 Other Requirements.

(a) Master Franchisee shall allocate its qualified employees to each of the outlets adequately.

(b) Master Franchisee may arrange its own training programs and provide them to Franchisee at the training center. Any place equipped with tea extraction machine, monitor, or other necessary apparatus may qualify as a training center.

(c) Upon Master Franchisee's request, Franchisor may provide optional seasonal training for new employees or new beverages. The seasonal training program shall constitute a fifteen (15) day training conducted at Master Franchisee's outlet. Master Franchisee shall pay $4,500 for each trainer, and shall pay for the trainer's flight tickets, lodging, food and beverages, local transportation, and application fee for the visa or working permit.

9.4 Deployment

Master Franchisee shall establish one training unit or center at its territory to train personnel of operation and management at the outlet(s). For all of the outlets, Master Franchisee shall deploy at least three employees who complete each training course and evaluation of working ability held at Master Franchisee's training unit or center.

10. General Principles

10.1 Uniformity of Franchise Image

In order to maintain the consistency of Franchisor's corporate image and quality, both Parties agree that each Store shall comply with Franchisor's design and decoration principles. Before construction of an outlet, Master Franchisee shall appoint a qualified local professional technician to design layouts for utilities and fire safety. Master Franchisee shall submit all information to Franchisor. Layout, advertisement, traffic flow, display of equipment or merchandise for any Store shall comply with Franchisor's requests and instructions. Master Franchisee shall use the raw material and the equipment supplied or designated by Franchisor. Master Franchisee shall comply with the technical guidance and education and training provided by Franchisor when operating any Store. All products of any Store and recommended retail price thereof shall comply with the list of products and retail price set forth in Appendix 5 hereto.

10.2 Payment for Raw Materials

Master Franchisee shall use the standard purchase order provided by Franchisor to order any equipment, machinery and raw materials from Franchisor. 50% of the Payment shall be made in advance upon placing such order and the full amount must be paid via wire transfer prior to loading of shipment. The delivery term starting from confirmed full payment of such purchase order by both Parties expect for any delay attributable to Force Majeure. Master Franchisee shall bear any necessary certification fees if certification for equipment and raw materials is required.

10.3 Minimum Order Quantity

(a) The minimum order quantity for sea shipment shall be 20 ft. container x 1 (minimum loading is 60% for dry cargo container and 50% for refrigerated container). The minimum order for air freight and combined freight shall be $10,000 respectively. If any order is less than the minimum order mandated, Master Franchisee shall be charged an extra $150 for the order. Master Franchisee shall be liable for additional fees for combined freight and pallets.

(b) If the order for raw materials does not reach the minimum quantity specified in the Agreement, Master Franchisee shall bear actual cost incurred. The actual cost includes, but not limit to, cost of transportation and labelling. Master Franchisee shall not refuse the shipment if the raw materials are shipped within first half of the term of validity.

10.4 Franchisor's Consent to Outlet Location

Upon completing preparation of each Store, Master Franchisee shall first notify Franchisor with date of opening and trial operation of Store. Master Franchisee shall provide Franchisor with photos showing the interior of the Store so that Franchisor may inspect the completed works. If Franchisor believes the photos are insufficient, it may request Master Franchisee to provide photos showing a designated area of the Stores. Franchisor may also send personnel to conduct on-site inspection. Master Franchisee acknowledges and agrees that it shall not open any Store or operate business without Franchisor's prior written consent, and such written consent will be conditioned on Master Franchisee's strict compliance with this Agreement.

10.5 Franchise Image

Master Franchisee acknowledges that when operating the franchise business under Franchisor's name and Trademarks, all of its action will affect Franchisor's corporate image. Thus, when operating the franchise business, Master Franchisee agrees to set maintenance of Franchisor's corporate image as its priority of business management principle:

(a) Master Franchisee is obligated to thoroughly understand the relevant local laws, regulations and administrative orders as well as any amendments thereto with regard to food safety, hygiene, and importation. Master Franchisee shall provide a complete, accurate and timely report to Franchisor. The content of such report shall be clear and sufficient so that both Parties may identify whether the raw materials supplied is in compliance with the relevant local laws, regulations and administrative orders for food safety, hygiene, and importation. The report shall also include names of food additives that are prohibited and the permissible amount of food additives. In case of any violation by Franchisor of local laws, regulations and administrative orders with regard to food safety, hygiene, and importation attributable to Master Franchisee's report being not complete, accurate or the latest, Master Franchisee shall not seek any compensation from Franchisor and shall indemnify Franchisor for its Losses and Expenses.

(b) Master Franchisee shall not violate any applicable laws, including but not limited to: health (nutrition, menu labeling), sanitation, no smoking, equal opportunities, workplace and health safety, discrimination, employment, data security and privacy, tax, and sexual harassment. Local laws and regulations also regulate businesses handling food and food products, in particular refrigerated and frozen food items, and these laws and regulations will apply to Master Franchisee's business. Master Franchisee shall understand that the local competent authorities of health and hygiene has the right to inspect any Store to ensure compliance with safe food handling practices and adequacy of kitchen facilities. In addition, Master Franchisee shall not harm the rights of consumers or any third party; employ illegal foreign workers, child labor or allow any sexual discrimination or sexual harassment of any kind in the workplace. In the event of any breach by Master Franchisee of this Section, Franchisor may notify Master Franchisee to cure such breach within a specified cure period, and Franchisor may terminate this Agreement or purchase order if Master Franchisee fails to do so. Under this circumstance Master Franchisee may not demand refund of any Initial Master Franchise Fee, royalty, or payment of purchase order made; Master Franchisee shall not only bear the legal liabilities on its own but also indemnify Franchisor for its Losses and Expenses

(c) Franchisor may dispatch personnel to Master Franchisee's outlet and inspect beverages if it receives any notice that the outlet is providing beverages from unqualified raw materials with hygiene issues. Franchisor may request Master Franchisee provide samples of raw materials to a specific organization for further inspection or test. If the inspection fails the San Chen standard, Master Franchisee shall cure the defects. Master Franchisee shall bear the cost of health inspection.

(d) If Master Franchisee discovers any negative news or information, it shall immediately notify Franchisor upon learning of such event and shall respond in accordance with Franchisor's instructions. Master Franchisee shall not respond or issue any statements without Franchisor's authorization.

10.6 Insurance Policy

Master Franchisee shall maintain insurance of a general commercial liability policy with a minimum coverage of one million Dollars ($1,000,000) per occurrence. Failure to maintain such insurance may result in Master Franchisee's forfeit of franchise hereunder and additional financial liabilities.

10.7 Franchisee's Obligation

Master Franchisee shall procure Franchisee to comply with this Section. Any breach of this Section by Franchisee shall be deemed as breach of Master Franchisee itself and it shall pay the damages and penalty to and compensate Franchisor for its Losses and Expenses.

11. Designated Contact

Both Franchisor and Master Franchisee shall designate a contact in each department or per specific matter. In case of any separation or change of the contact, such Party shall immediately notify the other Party and designate a substitute.

12. Equipment, Machinery and Raw Materials

12.1 Master Franchisee's Obligation to Bear the Expenses

All costs and expenses incurred during operation of Stores by Master Franchisee or Franchisee, including but not limited to rental expenses for stores, decoration costs, costs of utility design, costs of manpower, expenses for purchasing and replacing equipment and consumables, costs for purchasing raw materials, fees for Halal Certification (including fees for mutual certification) as well as all relevant taxes and duties, shall be borne by Master Franchisee or by both Master Franchisee and its Franchisee as negotiated between themselves, provided however that the above shall not include Initial Master Franchise Fee or royalty stipulated in Sections 6 and 7 of this Agreement.

12.2 Franchisor's Approval for Suppliers

The reputation and goodwill of Franchisor and Chi Cha San Chen system depends on sale of high-quality products. A list of approved suppliers is available on request of Master Franchisee. Master Franchisee shall adhere to the agreements between suppliers and Franchisor regarding shipping, distribution, and other matters. Master Franchisee and the suppliers may request approval by submitting the request to Franchisor in writing. Supplier shall meet Franchisor's then-current specifications, standards, and requirements, which may include signing a non-disclosure agreement and a guarantee of performance. Franchisor reserves the right, at its sole discretion, to modify, amend, or alter the specifications, standards, and relevant requirements associated with the franchise operation, without limitation. Such changes may be implemented as deemed necessary by the Franchisor to ensure the franchise network's integrity, operational efficiency, or market competitiveness. Franchisor will notify the result of its review of supplier suggested by Master Franchisee within three (3) months depending on the nature of the products or services. If the supplier's performance does not meet Franchisor's criteria, or when Franchisor changes any specifications, standards or requirements or other reasons, Franchisor may cancel the approval of suppliers at any time. Master Franchisee and the supplier shall reimburse Franchisor for all costs that Franchisor incur in the testing and approval process of approval of such supplier.

12.3 Required Purchase

Master Franchisee shall purchase the equipment, machinery (Appendix 7 hereto), and raw materials (Appendix 6 hereto) designated by Franchisor; key items thereof shall be purchased only from Franchisor, general items thereof may be purchased from either Franchisor or Franchisor's authorized supplier. Local items may be purchased by Master Franchisee locally. The type, quantity and price of the equipment, machinery, and raw materials are listed in Appendix 6 and Appendix 7 hereto. Master Franchisee shall not make such equipment, machinery, and raw materials by itself or have it made by any third party or purchase them from any other party. The equipment, machinery, and raw materials sold by Franchisor to Master Franchisee shall not be used or resold by Master Franchisee beyond the purpose necessary for operating the Store. In addition, Master Franchisee shall procure Franchisee to comply with this Section and failure to do so shall be deemed as breach of Master Franchisee.

12.4 Franchisee's Required Purchase

The Master Franchisee is required to ensure that the Franchisee utilizes exclusively the principal and standard equipment, machinery, and raw materials specified in Appendices 6 and 7 attached hereto, which shall be supplied by the Franchisor, an authorized supplier of the Franchisor, or available for purchase solely from the Master Franchisee. Furthermore, the Master Franchisee shall procure these items from the Franchisor or suppliers endorsed by the Franchisor and shall then offer them for sale to its Franchisee. The prices to purchase from Franchisor or suppliers endorsed by the Franchisor are mandated in Appendices 6 and 7. Any failure to comply with these provisions shall be considered a breach of contract by the Master Franchisee.

12.5 Purchase Not Specified by Franchisor

Any other equipment, machinery and raw materials not designated by Franchisor may be purchased separately by Master Franchisee subject to exercise of due care in decision-making process. All the purchased equipment, machinery and raw materials shall at least meet the local applicable quality inspection standards in Territory to avoid any damage or legal liability against Master Franchisee and harm to Franchisor's corporate image. Master Franchisee shall procure Franchisee to comply with this Section and failure to do so shall be deemed as breach of Master Franchisee.

12.6 Master Franchisee's Obligation to Preserve Raw Materials

Master Franchisee shall exercise due care in preserving, managing and maintaining raw materials, equipment, and machinery. Master Franchisee is strictly prohibited from utilizing any raw materials that have surpassed their expiration date. Master Franchisee shall procure Franchisee to comply with this Section and failure to do so shall be deemed as breach of Master Franchisee.

12.7 Requirement to Update Equipment

Master Franchisee shall replace the outdated equipment and machinery in accordance with the quantity specified by Franchisor and the prices thereof are as specified in Appendix 7 hereto from Franchisor or Franchisor's approved suppliers. However, the instruction of Franchisor shall be justified and reasonable. For example, Franchisor may require Master Franchisee to purchase spare equipment in advance to avoid damage of important equipment and the delay of repair/maintenance which any cause business interruption or severe business loss; or in the case that the equipment and machinery had been used for longer than the normal prescribed years of use or according to actual circumstances, and there is possibility of danger if Master Franchisee continues to use the equipment and machinery.

12.8 Vertical Purchase

Master Franchisee shall procure Franchisee to replace the equipment and machinery as instructed by Franchisor; Master Franchisee shall purchase such equipment or machinery from Franchisor and resell them to Franchisee. Failure to do so shall be deemed as breach of Master Franchisee.

12.9 Purchase Order and Payment Terms

Master Franchisee shall submit the standard purchase order as stated in Appendix 6 and Appendix 7 hereto when purchasing from Franchisor or Franchisor's approved supplier the equipment, machinery and raw materials and shall pay in full the prices in accordance with the method designated by Franchisor prior to loading onto the ship.

12.10 Shipment

All purchases made under this Article 12 is using FOB Taichung (Intercom 2020) term under which delivery is deemed to be completed and Master Franchisee shall bear the interests and risks of the goods after Franchisor has loaded the goods on board a vessel at the place of export. All costs of sea freight transportation and land transportation at the place of import shall be borne by Master Franchisee and Franchisee shall deliver the goods to the forwarder approved by Franchisor.

12.11 Inspection

Master Franchisee shall inspect the goods upon customs clearance. If Master Franchisee believes there is any defect in the goods, it shall notify Franchisor and submit the photo showing the current status of the goods within seven (7) calendar days from the date of customs clearance in order to clarify the reasons of defectiveness. If Master Franchisee fails to notify within the aforementioned deadline, it shall be deemed accepted the goods and shall not claim against Franchisor for any defect.

12.12 Customs Declaration

Master Franchisee shall complete the import procedures at the country of import at its own expense. Franchisor shall use its best effort to assist in providing any documents required for Master Franchisee to complete the import procedures; provided however that Master Franchisee shall bear all the handing fees and costs for such assistance.

12.13 Transaction Charges

Master Franchisee shall bear any transaction charges and fees for any payment made under this Section.

13. Decoration and Maintenance of Outlet

13.1 Construction of Outlets

Master Franchisee will arrange for the construction or decoration of outlets, and Franchisor agree to provide reasonable assistance at Master Franchisee's own expense. Unless requested by local laws or real estate owner to change the design, any Store must be constructed and equipped at Master Franchisee's sole cost in accordance with Franchisor's then-current standards and specifications in its construction, equipment, design drawings and three-dimensional models. At Franchisor's written request, Master Franchisee shall promptly cure any unapproved deviations from Franchisor's standards and specifications of Stores. If Master Franchisee fails to construct the work in accordance with the preceding requirements and rules, Franchisor is entitled to demand Master Franchisee to modify or reconstruct the Stores at Master Franchisee's own expense. If Master Franchisee refuses to or exceeds the deadline to construct or update the outlets, it is a substantial breach of the agreement.

13.2 Outlet's Design

(a) Any Store must be in compliance with the design drawing or design principles of Franchisor. With respect to the first Store, Franchisor will provide Master Franchisee with draft design (it would take approximately sixty (60) business days to complete the design). Master Franchisee shall be responsible for construction in accordance with the design by exercising due care in supervising and inspecting the first store. Master Franchisee shall provide Franchisor with all required information, including but not limited to, layout of Store, floor plan, and photos showing the current status of Store.

(b) The Design is free for Master Franchisee for up to 1780 ft^2 of the area. If the area of Master Franchisee's outlet is more than 1780 ft^2, Master Franchisee shall be liable for $11.2 of each additional square foot.

13.3 Design and Construction for Outlets

From the second store, Master Franchisee shall refer to the design principles of Franchisor and be responsible for design of the Stores on its own. However, before beginning of the construction, Master Franchisee shall submit the design to Franchisor for review whether it complies with Franchisor's corporate image. After Franchisor approves the design, Master Franchisee shall be responsible for construction in accordance with the design. Franchisor will provide addition quote if any assistance of design is needed. Master Franchisee shall by itself complete all review and approval procedures required by local government authority.

13.4 Utility and Safety Issues

Master Franchisee shall mandate a qualified local professional technician to design each Store for utility and fire safety. Upon review of format by Franchisor, Master Franchisee shall employ legitimate and qualified contractor for work.

13.5 Repair and Maintenance

Master Franchisee is responsible for the periodical repair and maintenance of outlets. To safeguard the personal of customers and employees, Master Franchisee shall regularly send people to inspect Stores as to the building, utilities, fire safety, all equipment and machinery used, and preservation of raw materials. In the event of discovery of damaged or outdated equipment or machinery that needs to be repaired or replaced, or upon notification to Master Franchisee by Franchisor, Master Franchisee shall immediately repair and post a warning sign at a prominent place.

13.6 Franchisee's Obligation

Master Franchisee shall procure Franchisee to comply with this Section, including demand the Stores operated by Franchisee to be in compliance with the design or design principles of Franchisor; demand that each Stores for water supply and fire safety shall be done by a qualified local professional technician, and all the designs must comply with relevant building and fire safety regulations; Franchisee shall regularly send people to inspect the Stores as to the building, utilities, fire safety, all equipment and machinery used, and preservation of raw materials. In the event of discovery of damaged or outdated equipment or machinery that needs to be repaired or replaced, Franchisee shall repair immediately and post a warning sign at a prominent place. Failure to do so shall be deemed as breach of Master Franchisee.

14. Acquiring of License

Master Franchisee shall be responsible to obtain any government license or permit, registration, and import permit for raw materials, equipment, and machinery that are required for the operation of Stores. Master Franchisee shall submit to Franchisor a copy and electronic file of such license, permit, or registration no later than three (3) calendar days upon obtaining thereof. Franchisor agrees to assist within the scope of its ability in providing Master Franchisee with necessary information to obtain the license or permits at Master Franchisee's own expense. However, Franchisor does not represent or warrant that Master Franchisee will obtain such license or permit. Master Franchisee shall register its own franchise registration, at its own expense, with appropriate state agency within six (6) months after execution of this Master Franchise Agreement.

15. Appendices

15.1 Compliance with Appendices

When operating and managing each outlet, Master Franchisee shall comply with Appendices hereto and technical guidance and education training provided by Franchisor.

15.2 Update to Appendices

Franchisor reserves the right to reasonably update and amend any of Appendices hereto due to needs of operation, market requirement, and increase of brand awareness and competitiveness. However, Franchisor shall inform Master Franchisee such change by a notice of Franchisor in writing (including via email).

15.3 Prohibition to Sell Other Goods

Without the prior written consent of Franchisor, Master Franchisee shall not engage in other business in each Store or sublet a portion of Stores to any other party or use for free.

16. Review of Advertisement

16.1 Approval of Advertisement

If Master Franchisee believes it is necessary to publish or transmit advertisements via TV, broadcast, internet and social media, or Master Franchisee or Franchisee desires to conduct promotional activities, Master Franchisee shall submit the content of advertisements or promotional activities to Franchisor one (1) month before the publication or transmission of advertisements of before such promotional activities take place for approval. Master Franchisee shall procure Franchisee to comply with this Section and it may not advertise or conduct any promotion without Franchisor's approval.

16.2 Procedural of Approval

Master Franchisee's advertisement's wording, packaging, and design must adhere to scope as set forth in Brand Manual and conforms with Franchisor's Brand Image. Master Franchisee shall submit all mentioned material from this chapter to franchisor prior to the publication or transmission of advertisements or before such promotional activities take place for approval. Master Franchisee shall meet the deadline mentioned below: (1) Finish-designed advertisement related material shall be submitted seven (7) days before; (2) All packaging and design related content on the final products shall be submitted one month before. Franchisor shall not reject the application without justifiable reason(s).

16.3 Default

If Master Franchisee fails to submit advertisements or promotional activities and does not cure within the specified period upon Franchisor's request, Franchisor may claim against Master Franchisee for costs, expenses and damages incurred. Franchisor may request Master Franchisee remove the advertisement immediately. Incompliance with Section 16 is a material breach of the Master Franchise Agreement, Franchisor may exercise its right of termination.

17. Audit of Operation Status

17.1 On-site Inspection

After notifying Master Franchisee of inspector's name, Franchisor may inspect each Stores' hardware, environment and sanitation, quality and sanitation of commodities, preservation of raw materials, performance of employees, and status of operation and management during normal business hours. In addition, Franchisor may at any time take samples, examine, take photos or videos, and request Master Franchisee to provide instant images or photos of each Stores for Franchisor's inspection. If Franchisor believes the photos are insufficient, it may request Master Franchisee to provide instant images or photos showing a designated area of Store. Master Franchisee shall cure any issue as requested by Franchisor or have its Franchisee to make such cure.

17.2 Master Franchisee's Duty of Cooperation

After notifying Master Franchisee of inspector's name, Franchisor may inspect and make copies of relevant data related to the operation of each Franchise's Store during normal business hours, including but not limited to revenue and net sales. In addition, Master Franchisee shall provide, or cause Franchisee to provide, all information as needed by Franchisor.

17.3 Accompanying

Under the circumstances prescribed in the preceding two Paragraphs, Master Franchisee may dispatch personnel as auditor to be present during the audits. The auditor sent from Franchisor shall provide identification documentation to Master Franchisee or Franchisee for verification of identity upon arrival on-site. The auditor shall not obstruct business operation of Master Franchisee or Franchisee's outlets.

17.4 Inspection During Decoration

During Master Franchisee's preparation of opening any outlet, Franchisor may inspect the status of decoration or refurbishment of outlet and take photos after notifying Master Franchisee.

17.5 Franchisee's Obligation

Master Franchisee shall procure Franchisee to comply with this Agreement and all Franchisor to inspect, examine, photograph or record by video for reference and make copies. Failure to do so shall be deemed as breach of the agreement of Master Franchisee.

17.6 Customer's Complaints

Master Franchisee must submit to Franchisor copies of any customer complaints relating to all Stores. Master Franchisee must submit to Franchisor any communications from competent authorities about actual or potential violations of laws or regulations relating to operation of Stores. Franchisor will specify from time to time the manner of submission of this information to Master Franchisee by a written notice.

18. Provision of Market and Operation Information

18.1 Market Survey

Master Franchisee shall provide market analysis data (including but not limited to information related to competitor's merchandise), information on raw material and equipment, requested by Franchisor so that Franchisor may respond to the market and adjust the content and prices of beverages.

18.2 Adjustment of Recipe

Franchisor may adjust the formula, recipe, or packaging in order to meet the needs of the business operation or in response to changes in the market. Master Franchisee shall procure that itself and Franchisee will adhere to Franchisor's instruction of adjustment. Master Franchisee may not unilaterally change the method of preparing the products, formula, recipe, packaging, marketing content, and pricing. It may, however, apply with Franchisor for adjustment by providing related market studies, provided that the amount of merchandises that Master Franchisee applies for adjustment cannot exceed 20% of the total amount of all products. Master Franchisee must propose any adjustment of contents of product three (3) months prior to such adjustment, and adjustment of pricing one (1) months prior to such adjustment; all adjustment shall be subject to consent of both Parties before implement.

18.3 Violation by Franchisee

Upon consent of both Parties on adjustment of contents of products and pricing, Master Franchisee shall procure Franchisee to comply with the adjusted contents of products and recommended prices as agreed. Failure to do so shall be deemed as breach of Master Franchisee.

19. Computer Connections

19.1 Point of Sales System

Master Franchisee shall install and provide remote control access to its Point of Sales system ("POS") to Franchisor so that Franchisor may perform its audit right; POS shall be connected to internet at a speed approved by the Franchisor to enable transferring actual net sales data to Franchisor; and POS may not mislead or conceal net sales information from Franchisor. Master Franchisee may not delete, modify, or install unauthorized software in its POS and shall maintain its POS in function and connected to the Internet.

19.2 Access Level to Point of Sale System

Franchisor shall be granted the highest level of administrator access to both front and back end of Master Franchisee's POS. If Master Franchisee intends to update the POS, it shall notify Franchisor at least six (6) months prior to the upgrade.

19.3 Maintenance of Point-of-Sale System

Master Franchisee shall proactively maintain the POS to ensure that its front and back end are in function, and in conjunction with requirements of Franchisor's data center. Master Franchisee shall transfer details or summary data to specific server in a specific format designated by Franchisor at Master Franchisee's own expense.

20. Prohibition of Trademark Free Riding

20.1 Prohibition to Free Riding

Without the prior written consent of Franchisor, Master Franchisee shall not act in any way that may mislead customers into believing that Franchisor and Master Franchisee or any other business entities belong to the same enterprise or group, or are affiliated companies; including but not limited to: annotating any trademark, identifiable languages, symbols, slogans, images or melody of Master Franchisee or others on any Franchisor's trademarks or documents, Franchisor page, or audio/video advertisement that are sufficient to be identified as the symbol of Franchisor.

20.2 Franchisee's Obligation

Master Franchisee shall procure Franchisee to comply with this Section and failure to do so shall be deemed as breach of Master Franchisee.

21. Confidentiality

21.1 Duty of Confidentiality

During the term of this Agreement, Master Franchisee shall exercise duty of care as a fiduciary to prevent the disclosure of this Agreement or any information provided by Franchisor either in writing or orally, including all technical guidance, education and training manuals, data, techniques or know-how, lists of supplier of raw materials and equipment, knowledge for operation and management, market promotion plan, expansion plan, new market for products, product costs or property, customers, any other information that would be normally and objectively considered as confidential, as well as financial or accounting information of each Store such as budgets, net sales and tax returns (collectively "Confidential Information").

21.2 Return of Confidential Information

Master Franchisee shall automatically return, delete or destroy Confidential Information upon expiration, rescission or termination of this Agreement. Master Franchisee shall not personally or have any third party keep any of reproduced files, photographs, photocopies or transcriptions thereof; nor shall Master Franchisee disclose the same to any individual, juridical person, partnership, or entity ("Person") within and outside of Territory. If Master Franchisee breaches this Section so that a third party steals from Master Franchisee or becomes aware of such Confidential Information, Master Franchisee shall be responsible and pay the breach penalty to and compensate Franchisor for its Losses and Expenses.

21.3 Franchisee's Obligation of Confidentiality

Master Franchisee shall procure Franchisee to comply with this Section by exercising duty of care as a fiduciary to prevent the disclosure of Confidential Information, and to return, delete or destroy the Confidential Information upon expiration, rescission or termination of this Agreement; it shall not personally or have any third party keep any of reproduced files, photographs, photocopies or transcriptions thereof, nor shall disclose the same to any Person. Failure to do so shall be deemed as breach of Master Franchisee.

21.4 Franchisor's Obligation of Confidentiality

Franchisor shall keep confidential all confidential information that it receives from Master Franchisee including, but not limited to, net sales, costs, and expenses in accordance with the preceding two Sections of this Section.

21.5 Terms

Both Parties' confidentiality obligation shall survive the expiration, rescission or termination of the Master Franchise Agreement for additional ten (10) years.

21.6 Duty to Notify

If either Party is required by compulsory law or by government agency or judicial body to disclose the Confidential Information or the content of this Agreement, the disclosing Party shall notify the other Party in writing in advance so that the other Party may timely take responsive measures.

22. Non-Competition

Master Franchisee agrees that it will receive valuable training and Confidential Information that it otherwise would not receive or have access to but for the rights licensed to Master Franchisee under this Agreement, and Master Franchisee has been authorized to operate business with the brand name Chi Cha San Chen. Master Franchisee therefore agrees to the following noncompetition covenants:

22.1 Definition of Master Franchisee

The term “Master Franchisee” referred to in this Section shall mean Master Franchisee and its directors, supervisors, managers, shareholders holding 10% or more of its shares, partners, guarantors, and all others who hold or control any ownership interest in it, along with their spouses and family members (collectively “Master Franchisee’s Stakeholders”). Franchisor may require Master Franchisee’s Stakeholders shall render a duly signed non-compete covenant in a form satisfactory to Franchisor that contains at least the provisions of this Section and Section 23 hereunder.

22.2 Restriction on Participation to Competitive Business

Master Franchisee agrees that it shall not, during the term of this Agreement and for a period of two (2) years after the expiration, rescission, or termination of this Agreement or the sale of any Store or any interest therein, either directly or indirectly, by itself or on behalf of any person, own, manage, operate, maintain, engage in, consult with or have any interest in any “Competitive Business” within the Territory other than one expressly authorized by this Agreement or any other written agreement between Franchisor and Master Franchisee.

22.3 Definition of Competitive Business

For purposes of this Section, a “Competitive Business” means any business where 50% or more of its sales is generated from sale of tea, bubble tea, juice or other beverage. Master Franchisee shall provide a list of the business contents of the competitive business that existed at the time of signing this contract to Franchisor and shall not be listed as a competitive business.

23. Non-solicitation

Master Franchisee agrees that during the term of this Agreement and within two (2) years after expiration, rescission, or termination of this Agreement or the sale of any Store or any interest therein, it shall not, either directly or indirectly, employ any person who is at that time or was within the preceding six (6) months employed by Franchisor, any of Franchisor’s affiliates or by any other franchisee, or otherwise directly or indirectly induce such person to leave or terminate their employment. Master Franchisee shall procure Franchisee to comply with this Section or it shall be deemed as breach by Master Franchisee.

24. Termination and Indemnification

24.1 Conditions to Terminate

In the event of any one of the following by either Party, the other Party may terminate this Agreement:

(a) Either Party ceases operation, closes business, applies for dissolution or liquidation, declares bankruptcy, merges with another entity, divides into separate entities, or transfers main business, or variation in the control rights of shareholder of either Party.

(b) Master Franchisee's breach of any of the following provisions, Section 4, Section 10, Section 12, Section 13 causing death or serious injury of personnel, Sections 19.1 and 19.2 or concealment or inducement of Franchisor to mistakenly believe the net sales, and breach of Sections 21 and 22 or other breaches by Master Franchisee causing Franchisor subject to investigation conducted by government authority or judicial agency.

(c) If Master Franchisee breaches any other provision of this Agreement and fails to cure the breach within the time specified by Franchisor in writing (including via e-mail), or Master Franchisee breaches any provision of this Agreement for a total of three times during a calendar year (including breach by Master Franchisee as well as breach by Franchisee for which Master Franchisee shall be responsible as provided in this Agreement); and

(d) In the event of Franchisor's material breach or non-performance of any of the provision of this Agreement and failure to cure the breach and does not cure the default within thirty (30) calendar days from the date it received Master Franchisee's written notice to cure (if local law requires a longer cure period, then that longer period will apply).

(e) Failure to Adhere to Development Schedule

1. Development Obligation

The Master Franchisee acknowledges and agrees that timely development of franchised outlets in accordance with the Development Schedule set forth in this Agreement is a fundamental obligation. The Master Franchisee shall ensure that all required outlets are opened and operational within the specified timelines.

2. Material Breach for Non-Compliance

If the Master Franchisee fails to meet the required Development Schedule, such failure shall constitute a material breach of this Agreement.

3. Franchisor's Rights Upon Breach

In the event of non-compliance with the Development Schedule, the Franchisor shall have the right to:

(i) Immediate Termination

Terminate this Agreement with immediate effect, without any requirement for prior notice or cure period.

(ii) Forfeiture of Security Deposit
Confiscate any security deposit provided by the Master Franchisee, which shall be deemed non-refundable and forfeited as liquidated damages.

(iii) Penalty for Non-Compliance

Impose a penalty of Thirty Thousand U.S. Dollars (USD $30,000), which the Master Franchisee shall pay to the Franchisor within seven (7) days of the Franchisor's written demand. The Master Franchisee acknowledges and agrees that this amount represents a reasonable estimate of the losses incurred by the Franchisor due to the failure to meet the Development Schedule and is not a penalty.

4. Additional Remedies

The Franchisor's rights under this clause shall be cumulative and in addition to any other remedies available under this Agreement or applicable law, including but not limited to seeking further damages or injunctive relief.

24.2 Penalty to Violations of Section 24.1(b)

In the event of breach by Master Franchisee as stipulated in this Section 24.1(b), Franchisor may claim against Master Franchisee for a penalty in the amount of Thirty Thousand Dollars ($30,000) (penalties may be accumulated for the same occurrence for each breach not being cured) and compensation to Franchisor for its Losses and Expenses.

24.3 Penalty to Violation of Section other than Section 24.1(b)

If Master Franchisee breaches any provision of this Agreement other than Section 24.1(b) and fails to cure it within the time specified by Franchisor in writing (including via e-mail), Franchisor may claim against Master Franchisee for a penalty in the amount of Fifteen Thousand Dollars ($15,000) for each occurrence (penalties may be accumulated for the same occurrence for each breach not being cured) and compensation to Franchisor for its Losses and Expenses.

24.4 Franchisor's Breach to Section 24.1(d)

In the event of breach by Franchisor as stipulated in Section 24.1(d), Franchisor shall be liable for damages suffered by Master Franchisee.

24.5 Separation

The expiration, rescission, or termination of the Master Franchise Agreement will not affect any terms or conditions that expressly or by implication is intended to be effective continuously on or after termination or expiry of the Master Franchise Agreement and will remain in full force and effect.

24.6 Rights Gained before Termination

Termination, rescission, or expiration of this Agreement will not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination or expiration, including the right to claim penalties and damages in respect of any breach of the Agreement which existed at or before the date of termination or expiration.

25. Choice of Law and Dispute Resolution

25.1 Choice of Law

This Agreement and any of the Parties' rights and obligations not stipulated in this Agreement shall be governed by and construed in accordance with the laws of California and the Uniform Arbitration Act without regard to its choice of law principles.

25.2 Mediation

(a) Franchisor and Master 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 entire System, as contemplated by this Agreement. To that end, Master Franchisee and Franchisor acknowledge that both Parties need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisor and Master Franchisee 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 any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Master Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Master Franchisee's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 25.2 (a), the other party may immediately commence an arbitration proceeding pursuant to section 25.3 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in section 25.2(a) above, within ten (10) business days after the date this conference took place (or should have taken place), Master Franchisee or Franchisor may submit the dispute to non-binding mediation at a location in California (or another location mutually agreeable to both parties) conducted by a mutually acceptable mediator. If the Dispute is not referred to mediation within ten (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 25.3 below. Any mediation proceedings should be completed within sixty (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. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

25.3 Arbitration

(a) Any Dispute between Franchisor (and/or its affiliated entities) and Master Franchisee (and/or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 25.2 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by one arbitrator from the American Arbitration Association in California 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 25.3.

(b) All hearings and other proceedings will take place at the American Arbitration Association business location in California.

(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 25.3 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 25.3 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.

25.4 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 California, without the necessity of first complying with sections 25.2 and 25.3 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 Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 25.2 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 25.2 or 25.3 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 25.4. Master 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.

25.5 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 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 25.5 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.

26. Notice

Unless otherwise provided in this Agreement to allow notice given via email, any notice or demand hereunder shall be delivered by private or certified mail (postage prepaid) to the addresses specified below, or to such other addresses as Master Franchisee and Franchisor provide each other in writing. The notice address and email address of the Parties shall be those specified in this Section and in case of any change in notice address or email, the affected Party shall immediately notify the other Party in writing bearing its chop, and the change shall take effect upon the following calendar day.

Franchisor: Chicha San Chen Corporation
Chairman: Lin, Hui-Chuan
Address: 1401 21ST ST, STE R, SACRAMENTO, CA 95811
Telephone: 530-232-5985
Email: chicha3000@teashop168.com.tw

Master Franchisee:
Chairman:
Address:
Telephone:

27. Miscellaneous

27.1 Amendment

This Agreement may not be amended expect by an amendment and restatement signed by the Parties in writing attached to this Agreement. However, Franchisor reserves the right to from time to time amend any appendices of this Agreement based on operational needs at its own discretion, which amendment shall come into effect upon giving a notice of Franchisor in writing (including via email) to Master Franchisee.

27.2 Assignment and Transfer

Master Franchisee shall not assign, transfer, license, lease, loan, use, trust, pledge, encumbrances or dispose of to any third party (including affiliates) title or use of its legal status of this Agreement or any rights or obligations under this Agreement.

27.3 Waiver

The waiver by either Party of a breach of any provision of this Agreement shall only apply to such provision and such breach.

27.4 Expenses

Unless otherwise expressly stipulated in this Agreement, the Parties shall be responsible for any expenses and taxes incurred for negotiation, execution, and performance of the transactions under this Agreement.

27.5 Headings

Headings or captions contained in this Agreement are used for reference only, and in no event shall be used to define or affect any provision of this Agreement.

27.6 Severability

If, for any reason, any provision of this Agreement is held to be invalid in part or in whole due to violation of any applicable law, such provision will be severed, and the remainder of this Agreement shall remain in full force and effect. The Parties agree to endeavor in good faith negotiations to replace the severed provision with valid provisions the economic effect of which comes as close as possible.

27.7 Cumulative Remedy

All rights and remedies of Franchisor existing under this Agreement are cumulative with, and not exclusive of, any rights or remedies otherwise available under applicable law or under this Agreement.

27.8 Independent Contractor

Master Franchisee is an independent contractor of Franchisor. Neither Party has the power to bind the other Party; neither Party will be liable for any act, negligence, debt or any other obligation of the other Party. Master Franchisee's success in this business is speculative and depends on its ability as an independent business owner. Franchisor does not represent or warrant that the approved site of store is likely to achieve a certain level of sales or revenue. If Franchisor provides any suggestion on site of store, demographics or other information to Master Franchisee, Franchisor does not represent or warrant the information is complete, accurate or current. Franchisor does not represent or warrant that Master Franchisee will be able to find or secure appropriate site or that Master Franchisee will be able to operate any store. Master Franchisee further acknowledges and understands that Franchisor makes no representation, warranty or promise, whether express or implied, that the stores located at the approved Site will be profitable or otherwise successful. By Master Franchisee's signature below, Master Franchisee acknowledges that it has entered into this Agreement based on its assessment upon independent its independent investigation of Chi Cha San Chen system and the operation locations.

27.9 Force Majeure

An event of Force Majeure means an event where either Party is prevented, delayed or unable to perform any part of this Agreement and which is beyond both Parties' control, including but not limited to strikes, suspension, labor disputes, acts of God, lack of services, labor or materials without reasonable substitutes, government conduct, civil commotions, fires or other similar events.

27.10 Entire Agreement

This Agreement and the documents referred to herein will be the entire, full and complete agreement between Master Franchisee and Franchisor concerning the subject matter of this Agreement, which supersedes all prior agreements.

27.11 Language and Notarization

This Agreement is made in the Chinese and English languages. In case of any conflict or discrepancy between the two versions, the English version shall prevail. Master Franchisee's signature in this Agreement shall be notarized at its own expense.

27.12 Counterparts

This Agreement shall be executed in two (2) counterparts, each of which is kept by either Party.

27.13 Death or Disability

If the Master Franchisee is deceased or disable to operate the San Chen franchise business, the subfranchise right shall be assigned by estate to approved buyer within six (6) months after the incident occurs.

27.14 Modification to the Terms and Conditions

This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto.

[Intentionally left blank; signature page follows]

IN WITNESS WHEREOF, this Agreement is executed by the authorized representatives of the Parties on the date first above written.

Franchisor: Chicha San Chen Corporation

By: ____________________________ (signature)
Legal Representative: Lin, Hui-Chuan
Title: Chairman
Registered Address: 1401 21ST ST, STE R, SACRAMENTO, CA 95811

Master Franchisee:

By: ____________________________ (signature)
Legal Representative:
Title: Chairman
Registered Address:

Appendix 1

吃茶三千

San Chen

FORM OF GENERAL RELEASE

EXHIBIT B

FORM OF GENERAL RELEASE

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement (the "Agreement") is made and entered into this day of____________ 20__(the "Effective Date"), by and between Chicha San Chen Corporation, a California Corporation ("Franchisor"), ___________________ , a ______________ [insert state of incorporation, formation or organization of franchisee entity] and ________________ [insert name of owner or owners of the franchisee entity], individually (collectively, the "Franchisee"; reference to "Franchisee" in this Agreement shall include the parties individually and collectively). Capitalized terms used but not defined herein shall have the meanings attributable to them under the Franchise Agreement (defined below).

RECITALS

Franchisor and Franchisee entered into a Franchise Agreement ("Franchise Agreement") dated __________ under which Franchisee obtained the right to establish and operate one (1) Franchised Business (the "Business") under the System and Marks.

In connection with the [termination; non-renewal; transfer] of the Franchise Agreement, Franchisor and Franchisee desire to enter into this Mutual Release Agreement.

NOW, TFIEREFORE, in consideration of the mutual covenants set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties agree as follows:

1. Franchisee's Release and Covenant Not to Sue.

a. Release. As of the Effective Date of this Agreement, Franchisee and its respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on its behalf or claiming under it ("Franchisee Covenantors"), hereby release and forever discharge Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, successors, and assigns, past and present ("Franchisor Released Parties"), from any claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vested or contingent, which any of them have ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the Franchise Agreement from the beginning of the world through the date of this Agreement, except for the obligations of the Franchisor under this Agreement.

b. Covenant Not To Sue. Franchisee further covenants and agrees for itself and for Franchisee Covenantors not to bring or allow to be brought on behalf of any Franchisee Covenantor, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against the Franchisor Released R2I-20I7 Parties arising out of, resulting from, or in any manner related to the matters released in Paragraph 1. a.

2. Franchisor's Release and Covenant Not to Sue.

a. Release. As of the Effective Date of this Agreement, Franchisor, its affiliates and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them ("Franchisor Covenantors"), hereby release and forever discharge Franchisee, and its respective predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, employees, successors, and assigns, past and present ("Franchisee Released Parties"), from any claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vested or contingent, which any of them have ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the Franchise Agreement from the beginning of the world through the date of this Agreement, except for the obligations of Franchisee under this Agreement and those obligations of Franchisee that survive the expiration, transfer or termination of the Franchise Agreement (including, without limitation, the confidentiality of proprietary information, the surrender of customer lists, indemnification, and the covenants against competition and the diversion of business).

b. Covenant Not To Sue. Franchisor further covenants and agrees for itself and for all Franchisor Covenantors not to bring or allow to be brought on behalf of any Franchisor Covenantor, any action, cause of action, suit or other, proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against the Franchisee Released Parties arising out of, resulting from, or in any manner related to the matters released in Paragraph 2.a.

3. Continuing Liability of Franchisee. Notwithstanding anything to the contrary in this Agreement, following the Effective Date, Franchisee will continue to be responsible for the following:

a. Unpaid Fees. All accrued but unpaid royalty fees, marketing development fees or contributions, and other amounts owed to Franchisor or its affiliates as of the Effective Date, as detailed on Attachment A to this Agreement.

b. Indemnity. All of its respective obligations and/or liabilities to Franchisor arising under the Franchise Agreement through the Effective Date, including, without limitation, the obligation to indemnify Franchisor for any claims arising from the operation of the Business through the Effective Date.

c. Covenants Against Competition and Use of Confidential Information. All of its respective obligations that survive the termination, expiration or transfer of the Franchise Agreement, including, without limitation, the covenants against competition and use of Franchisor's confidential information set forth in the Franchise Agreement.

4. Franchisee's Acknowledgements and Agreements. By affixing its signature to this Agreement, Franchisee represents, warrants, acknowledges and agrees that:

a. Knowing and Voluntary Release. Franchisee has carefully read and fully understands the provisions of this Agreement, including, specifically, Franchisee's release of claims and covenant not to sue set forth in Paragraphs 1 .a. and 1 .b. of this Agreement, and that the release of such claims and covenant not to sue is knowing and voluntary.

b. No Assignment of Claims. Franchisee has not assigned or transferred, or purported to assign or transfer, to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released under Paragraph 1. of this Agreement, and since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the franchised business, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

c. Complete Defense. This Agreement and the release in Paragraph l.a. above shall be a complete defense to any claim released under Paragraph 1 .a. and Franchisee hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

d. California Waiver. If Franchisee is in California, Franchisee expressly waives and relinquishes all rights and benefits which Franchisee may now or in the future have under and by virtue of California Civil Code Section 1542. Franchisee does so understand the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know, or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Paragraph l.a. above. Franchisee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all claims described in Paragraph 1 .a. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

5. Indemnification. Franchisee agrees to indemnify Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, successors, and assigns, past and present, for any losses, damages, liability, costs and expenses (including reasonable attorneys' fees and disbursements and court costs) (i) incurred as a result of any breach by Franchisee of any of the representations and/or warranties contained in this Agreement, or (ii) incurred in defending against, or seeking an injunction to end the assertion of, any claim released under Paragraph 1 .a. above, or (iii) arising out of, resulting from, or related in any way to the Business or of any other business conducted by Franchisee in connection with the Business or the Franchise Agreement or because of any act or omission by Franchisee under the Franchise Agreement.

6. General Provisions.

a. Amounts Due. Franchisee warrants and represents that all fees and other amounts payable to Franchisor or its affiliates under the Franchise Agreement are current as of the date of this Agreement.

b. Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

c. Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any other terms or conditions set forth herein.

d. Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein, and further warrants that this Agreement is being executed without reliance on any representation of any kind or character not expressly set forth herein. Each party warrants that it has read this Agreement and has had the opportunity to consult with legal counsel as to its effect.

e. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

f Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

g. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified, registered or express mail, postage prepaid to the parties at their respective addresses set forth below or to such other address as any party may hereafter specify in writing and deliver in accordance with this Paragraph 6.g. Any such notice shall be deemed given when so delivered personally or sent by facsimile transmission or, if mailed, three (3) days after the date of deposit in the United States mail, to;

If to Master Franchisee:

If to Franchisor:

Chicha San Chen Corporation

Attn:

h. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

i. Confidentiality. Franchisee shall at all times treat as strictly confidential and refrain from disclosing the terms and conditions of this Agreement to any third party, except Franchisee's attorney. If Franchisee violates this Paragraph 8.i., Franchisor shall be entitled to seek all legal and equitable remedies, including, without limitation, the return of the full Agreed Amount and any additional damages, as well as injunctive relief.

j. Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

FRANCHISOR:
Chicha San Chen Corporation

By: ____________________________
Name: Lin, Hui-Chuan
Title: Chairman
Registered Address: 1401 21ST ST, STE R, SACRAMENTO, CA 95811

MASTER FRANCHISEE:
____

By: ____________________________
Name: __________________________
Title: __________________________

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San Chen

EXHIBIT C

TAIWAN
EST.1998

Educational and Function Training Manual

International Beverage Originated from Taiwan

Taiwan Headquarter	No. 474, Min Quan Road, North District, Taichung City, Taiwan
China Headquarter	No. 107, Si Ming South Road, Si Ming District, Xiamen City, China (Located at 1st Floor within Northern Area of Chunghua Plaza)

CHICHA San Chen Educational Training
Department 2020 V4.0

CHICHA San Chen

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Chapter 4 Tea Brewing Knowledge and Teaching

Chapter 5 Kitchen knowledge

Chapter 6 Bar counter

Chapter 7 Tasting knowledge

FINANCIAL STATEMENTS

San Chen

EXHIBIT D

CHICHA SAN CHEN CORPORATION
BALANCE SHEET

		May 31, 2026
Current Assets		
Cash and cash equivalents	$	2,422,488
Accounts receivable		124,203
Other current assets		433,765
Total current assets		2,980,456
Non-Current Assets		
Deferred income tax assets		406,200
Total Assets	$	3,386,656
Current Liabilities		
Accrued expenses	$	57,659
Income tax payable		282,150
Due to related parties		302,824
Deferred revenue		1,207,726
Temporary receipts		529,422
Total current liabilities		2,379,780
NonCurrent Liabilities		
Security deposits from franchisees		715,000
Total liabilities		3,094,780
Stockholders' Equity		
Common stock,		
100,000 shares authorized, 100,000 shares issued and outstanding		100,000
Accumulated Deficit		191,876
Total stockholders' equity		291,876
Total Liabilities and Stockholders' Equity	$	3,386,656

CHICHA SAN CHEN CORPORATION
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

		For the Ten Months Ended October 31
		2025
Revenue, net	$	609,768
Cost of revenue		95,182
Gross profit		514,586
General & Administrative Expense		375,695
Income from operations		138,890
Other income (expense)		
Interest Income		27,054
Income before tax		165,944
Income tax expense		44,150
Net Profit	$	121,794

CHICHA SAN CHEN CORPORATION

Financial Statements

and Independent Auditor's Report

December 31, 2025 and 2024

CHICHA SAN CHEN CORPORATION
Financial Statements
and Independent Auditor's Report
December 31, 2025 and 2024

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CHEN & FAN
ACCOUNTANCY CORPORATION
4900 Rivergrade Rd., Suite D210
Irwindale, California 91706
Telephone (626) 279-1688
Facsimile (626) 279-1888

Offices in Other Locations:
Silicon Valley / San Jose

Independent Auditor's Report

Board of Directors and Stockholder
CHICHA SAN CHEN CORPORATION
Redding, California

Opinion

We have audited the accompanying financial statements of **Chicha San Chen Corporation**, (a California company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Chicha San Chen Corporation** (the Company) as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with the generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Chen & Fan

Chen & Fan
Accountancy Corporation

Irwindale, California

March 11, 2026

CHICHA SAN CHEN CORPORATION
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current Assets:		
Cash and cash equivalents	$ 2,135,987	$ 1,983,305
Accounts receivable	129,880	104,108
Prepaid expense and other current assets	90,414	21,167
Total Current Assets	2,356,281	2,108,580
Other Asset - Deferred income taxes	406,200	310,500
Total Assets	$ 2,762,481	$ 2,419,080

LIABILITIES AND STOCKHOLDER'S EQUITY

	2025	2024
Current Liabilities:		
Other payable - related party	$ 16,640	$ 17,644
Accrued expenses and income tax payable	40,115	61,042
Deferred revenues - current	640,000	550,000
Refundable fees	-	35,000
Total Current Liabilities	696,755	663,686
Noncurrent Liabilities		
Deferred revenues - non-current	1,132,629	1,447,961
Security deposits from franchisees	685,000	475,000
Total Noncurrent Liabilities	1,817,629	1,922,961
Total Liabilities	2,514,384	2,586,647
Stockholder's Equity (Capital Deficiency):		
Common stock, $1 par value per share: authorized 100,000 shares authorized, issued and outstanding	100,000	100,000
Retained Earnings (Accumulated deficit)	148,097	(267,567)
Total Stockholder's Equity (Capital Deficiency)	248,097	(167,567)
Total Liabilities, and Stockholder's Equity/ Net of Capital Deficiency	$ 2,762,481	$ 2,419,080

The accompanying notes are an integral part of these financial statements.

CHICHA SAN CHEN CORPORATION

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenue - franchising and loyalty revenue	$ 1,401,817	$ 717,817
Operating Cost and Expenses		
Franchise expenses	72,813	156,700
Operating expenses	846,416	802,783
Total Operating Cost and Expenses	919,229	959,483
Income (Loss) from Operations	482,588	(241,666)
Non-operating Income	79,467	80,851
Income (Loss) Before Income Taxes	562,055	(160,815)
Income Tax (Expense) Benefit	(146,391)	64,774
Net income (Loss)	$ 415,664	$ (96,041)

The accompanying notes are an integral part of these financial statements.

CHICHA SAN CHEN CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Common Stock		Retained Earnings	Total Stockholder's
	Shares Issued	Amount	(Accumulated Deficit)	Equity (Capital Deficiency)
Balance at January 1, 2024	50,000	$ 50,000	$ (171,526)	$ (121,526)
Issuance of common stock	50,000	50,000	-	50,000
Net loss for the year	-	-	(96,041)	(96,041)
Balance at December 31, 2024	100,000	100,000	(267,567)	(167,567)
Net income for the year	-	-	415,664	415,664
Balance at December 31, 2025	100,000	$ 100,000	$ 148,097	$ 248,097

The accompanying notes are an integral part of these financial statements.

CHICHA SAN CHEN CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Net income (loss)	$ 415,664	$ (96,041)
Adjustments to reconcile net income (loss) to net		
Cash provided by operating activities:		
Deferred income taxes	(95,700)	(218,500)
Changes in operating assets and liabilities:		
Accounts receivable	(25,772)	571,021
Prepaid expense and other current assets	(69,247)	22,573
Other payable - related party	(1,004)	(13,606)
Accrued expenses and income tax payable	(20,927)	12,342
Refundable fees	(35,000)	19,008
Deferred revenues	(225,332)	126,343
Security deposit from franchisees	210,000	115,000
Net Cash Provided by Operating Activities	152,682	538,140
Cash Flows from Investing Activity:		
Short-term investment	-	1,000,000
Net Cash Provided by Investing Activity	-	1,000,000
Cash Flows from Financing Activity:		
Issuance of common stock	-	50,000
Net Cash Provided by Financing Activity	-	50,000
Net Increase in Cash and Cash Equivalents	152,682	1,588,140
Cash and Cash Equivalents at Beginning of Year	1,983,305	395,165
Cash and Cash Equivalents at End of Year	$ 2,135,987	$ 1,983,305
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Income tax	$ 232,592	$ 150,402

The accompanying notes are an integral part of these financial statements.

Note 1 - Organization and Business

Chicha San Chen Corporation (the "Company") was established as a corporation in the State of California on April 1, 2020, under the name of Chichia San Chen Corporation. The Company changed its name in December 2020 to Chicha San Chen Corporation. It is a wholly owned subsidiary of Fang Yuan F&B International Co., Ltd., ("the Parent") a Taiwan incorporated company. The Company is in the business of franchising CHICHA San Chen, a branding of consumer tea beverage products authorized by the Parent in the United States. All the operations are conducted by the Parent.

Note 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

For the purposes of reporting the statements of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value.

Short-term Investments

The Company classifies financial instruments purchased with original maturities exceeding three months but maturing within one year as short-term investments. These investments are recorded at cost, which approximates fair value.

Revenue Recognition

The Company applies the guidance in FASB ASC 606, Revenue from Contracts with Customers, to recognize revenue. This involves identifying a contract with a customer, determining the performance obligation in the contract, allocating the transaction price to each performance obligation, and recognizing revenue when (or as) the performance obligation is satisfied. The Company generates its main revenues through franchise fees and royalties.

Note 2 - Summary of Significant Accounting Policies – Continued

Revenue Recognition – Continued

The Company determines that pre-opening services may be recognized as distinct from the franchise license because they align with the list of services defined in ASC. To simplify the accounting, the Company elects to apply the practical expedient and account for all pre-opening services meeting ASC requirements as a single performance obligation. This results in two performance obligations for the Company: a franchise license and pre-opening services.

Typically, the opening of the franchise's first store triggers recognition of revenue for the initial franchise fee. However, revenue recognition timing may vary depending on the agreement terms and performance obligations. The Company requires franchisees to pay royalties based on a percentage of franchise store sales under both master franchise agreements and area franchise agreements. These royalty fees are recognized on a monthly basis.

Security deposits received from franchisees are recorded as a liability on the balance sheet until the obligation is fulfilled. Generally, the security deposit is refunded upon the termination of the franchise agreement or applied to cover any damages or losses incurred by the Company.

The Company’s contract asset and liabilities as of December 31, 2025 and 2024 are as follows:

	Accounts Receivable	Contract Assets	Contract Liabilities (Deferred Revenues)
Beginning balance of 2024	$ 675,129	$ -	$ 1,871,618
Ending balance of 2024	$ 104,108	$ -	$ 1,997,961
Ending balance of 2025	$ 129,880	$ -	$ 1,772,629

Note 2 - Summary of Significant Accounting Policies – Continued

Allowance for Accounts Receivable

The Company recognizes a loss allowance for its accounts receivable applying the current expected credit loss (“CECL”) model. It estimates credit losses over the lifetime of the accounts receivable using historical experience, current conditions, and reasonable and supportable forecasts, considering all possible default events that might occur during the collection period.

Leases

The Company categorizes leases in the recognition of right-of-use (“ROU”) assets and lease liabilities on the balance sheet either as finance leases or operating leases depending on the criteria the lease met. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Costs associated with lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. The Company has elected the short-term lease exemption and does not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less. The Company’s commitments under short-term leases total approximately $50 for 2026.

Income Taxes

The Company accounts for its income taxes using an asset and liability approach for financial reporting of income taxes. Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities and net operating loss and tax credit carryforwards. Deferred tax assets are reduced by valuation allowance to the amounts expected to be realized.

The Company files a U.S. federal income tax return, as well as state and local income tax returns where required to do so. The Company follows FASB guidance on uncertain tax positions and has analyzed its filing positions in all jurisdictions (federal, state and local) where it is required to file income tax returns. This analysis has been applied to all open tax years in each of those jurisdictions.

Note 2 - Summary of Significant Accounting Policies – Continued

Income Taxes – Continued

The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on its financial position, results of operations, or cash flows. Therefore, no reserves for uncertain tax positions have been recorded. The Company does not expect its unrecognized tax benefits to change significantly over the next twelve months.

The Company's policy for recording interest and penalties associated with any uncertain tax positions is to record such items as a component of income before taxes. Penalties and interest paid or received, if any, are recorded as part of other operating expenses in the statement of operations.

Fair Value of Financial Instruments

The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either or indirectly, for substantially the full term of the instrument.

Level 3 – Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions.

Note 2 - Summary of Significant Accounting Policies – Continued

Fair Value of Financial Instruments – Continued

The carrying values of cash and cash equivalents, accounts receivable, accrued expenses and other payable–related party approximated their fair values due to the short-term nature of these financial instruments. There were no outstanding derivative financial instruments as of December 31, 2025 and 2024.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash in banks. The total balance of cash in bank may at times exceed the amount insured by banking regulators. As of December 31, 2025, the Company's cash held in banks exceeded the insured limits of the Federal Deposit Insurance Corporation and the Taiwan Central Deposit Insurance Corporation by approximately $1,718,000 and $72,000, respectively.

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 amounts reported in the financial statements and accompany notes. Actual results may differ from those estimates and assumptions.

Subsequent Events

The Company has evaluated events and transactions for subsequent events through March 11, 2026, the date on which these financial statements were available to be issued.

Reclassifications

Certain reclassifications were made to the prior year's financial statement presentation to conform to the current year's financial statement presentation.

Note 3 - Refundable Fees

The refundable fees represent reservation fees submitted by potential franchisees who later terminated the memorandums. As of December 31, 2025, and 2024, the refundable fees were $0 and $35,000, respectively.

Note 4 - Deferred Revenues and Security Deposits from Franchisees

1. Deferred revenues at December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred revenue		
Current	$ 640,000	$ 550,000
Non-current	1,132,629	1,447,961
	$ 1,772,629	$ 1,997,961

Future recognition of deferred revenues is as follows:

For the year ending December 31,	2025	2024
2026/2025	$ 640,000	$ 550,000
2027/2026	253,000	229,000
2028/2027	235,000	229,000
2029/2028	181,000	218,000
2030/2029	463,629	771,961
	1,772,629	1,997,961
Less: Current portion	(640,000)	(550,000)
Deferred revenues – non-current	$ 1,132,629	$ 1,447,961

The Company’s deferred revenues at December 31, 2025 are initial franchising fees that include pre-opening service revenue and initial licensing revenue. As its franchisees’ first stores will be opened in 2026, the Company estimates its pre-opening services revenue by recognizing the service revenues, mainly training and designing services, as the current portion of deferred revenues.

2. The Company also charges a refundable security deposit to each of its franchisees. As of December 31, 2025 and 2024, security deposits from its franchisees are $685,000 and $475,000, respectively.

Note 5 - Income Taxes Expense

Income tax expenses (benefit) for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Current		
Federal	$ 178,795	$ 125,065
State	63,296	28,661
	242,091	153,726
Deferred		
Federal	$ (67,100)	$ (151,300)
State	(28,600)	(67,200)
	(95,700)	(218,500)
Net	$ 146,391	$ (64,774)

Deferred tax assets at December 31, 2025 and 2024 consisted of the following:

	2025	2024
Deferred tax assets:		
Accrued expenses	$ 10,400	$ 8,400
State income taxes	12,300	7,100
Deferred revenues	383,500	295,000
	406,200	310,500
Less: valuation allowance	-	-
Net	$ 406,200	$ 310,500

Realization of deferred tax assets is dependent on future earnings, if any, the timing and amount of which are uncertain. The Company's management expects it will generate enough taxable income in its near future, therefore, no valuation allowance is provided as of December 31, 2025.

Note 6 - Related Party Transactions

A. Name of related party and relationship

Name of Related Party	Relationship with the Company
Fang Yuan F&B International Co., Ltd. (FY)	Parent company

The Company has extensive transactions with its parent company. It is possible that the terms of these transactions are not the same as those which would result from transactions among unrelated parties.

B. Significant Related Party Transactions

a. For the years ended December 31, 2025 and 2024

	2025	2024
Service fee charged by FY recorded under		
Franchise expenses	$ 55,655	$ 109,150
Operating expenses	734,051	688,203
	$ 789,706	$ 797,353

b. As of December 31, 2025 and 2024

	2025	2024
Account payable to FY	$ 16,640	$ 17,644

CHICHA SAN CHEN CORPORATION

Financial Statements
and Independent Auditor’s Report
December 31, 2024 and 2023

CHICHA SAN CHEN CORPORATION
Financial Statements
and Independent Auditor's Report
December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors and Stockholder
CHICHA SAN CHEN CORPORATION
Redding, California

Opinion

We have audited the accompanying financial statements of **Chicha San Chen Corporation**, (a California company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Chicha San Chen Corporation** (the Company) as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with the generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Chen & Fan
Accountancy Corporation

Irwindale, California

March 1, 2025

CHICHA SAN CHEN CORPORATION
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Current Assets:		
Cash and cash equivalents	$ 274,467	$ 395,165
Short-term Investments	1,708,838	1,000,000
Accounts receivable	104,108	675,129
Prepaid expense and other current asset	21,167	43,740
Total Current Assets	2,108,580	2,114,034
Other Asset - Deferred income taxes	310,500	92,000
Total Assets	$ 2,419,080	$ 2,206,034

LIABILITIES AND STOCKHOLDER'S EQUITY

	2024	2023
Current Liabilities:		
Other payable - related party	$ 17,644	$ 31,250
Accrued expenses and income tax payable	61,042	48,700
Deferred revenues - current	550,000	367,000
Refundable fees	35,000	15,992
Total Current Liabilities	663,686	462,942
Long-term and Other Liabilities		
Deferred revenues - non-current	1,447,961	1,504,618
Security deposits from franchisees	475,000	360,000
Total Long-term and Other Liabilities	1,922,961	1,864,618
Total Liabilities	2,586,647	2,327,560
Capital Deficiency:		
Common stock, no par value, authorized 100,000 shares issued and, outstanding 100,000 shares in 2024 and 50,000 shares in 2023	100,000	50,000
Accumulated deficit	(267,567)	(171,526)
Capital Deficiency	(167,567)	(121,526)
Total Liabilities, Net of Capital Deficiency	$ 2,419,080	$ 2,206,034

The accompanying notes are an integral part of these financial statements.

CHICHA SAN CHEN CORPORATION

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Revenue - franchising revenue	$ 717,817	$ 408,932
Operating Cost and Expenses		
Franchise expenses	156,700	108,303
Operating expenses	802,783	541,494
Total Operating Cost and Expenses	959,483	649,797
Loss from Operations	(241,666)	(240,865)
Non-operating Income - interest income	80,851	35,626
Loss Before Income Taxes	(160,815)	(205,239)
Income Tax Benefit	64,774	65,800
Net Loss	$ (96,041)	$ (139,439)

The accompanying notes are an integral part of these financial statements.

CHICHA SAN CHEN CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common Stock		Accumulated	Total Stockholder's
	Shares Issued	Amount	Deficit	Equity (Capital Deficiency)
Balance January 1, 2023	50,000	$ 50,000	$ (32,087)	$ 17,913
Net loss for the year	-	-	(139,439)	(139,439)
Balance at December 31, 2023	50,000	50,000	(171,526)	(121,526)
Issuance of common stock	50,000	50,000	-	-
Net loss for the year	-	-	(96,041)	(96,041)
Balance at December 31, 2024	100,000	$ 100,000	$ (267,567)	$ (167,567)

The accompanying notes are an integral part of these financial statements.

CHICHA SAN CHEN CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Net loss	$ (96,041)	$ (139,439)
Adjustments to reconcile net loss to net		
Cash provided by operating activities:		
Deferred income taxes	(218,500)	(92,000)
Changes in operating assets and liabilities:		
Accounts receivable	571,021	(675,129)
Prepaid expense	22,573	(28,759)
Other payable - related party	(13,606)	10,135
Accrued expenses and income tax payable	12,342	35,200
Refundable fees	19,008	15,992
Deferred revenues	126,343	1,456,626
Security deposit from franchisees	115,000	245,005
Net Cash Provided by Operating Activities	538,140	827,631
Cash Flows from Investing Activity:		
Short-term investment	(708,838)	(1,000,000)
Net Cash Used for Investing Activity	(708,838)	(1,000,000)
Cash Flows from Financing Activity:		
Issuance of common stock	50,000	-
Net Cash Provided by Financing Activity	50,000	-
Net Decrease in Cash and Cash Equivalents	(120,698)	(172,369)
Cash and Cash Equivalents at Beginning of Year	395,165	567,534
Cash and Cash Equivalents at End of Year	$ 274,467	$ 395,165
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Income tax	$ 150,402	$ -

The accompanying notes are an integral part of these financial statements.

Note 1 - Organization and Business

Chicha San Chen Corporation (the "Company") was established as a corporation in the State of California on April 1, 2020, under the name of Chichia San Chen Corporation. The Company changed its name in December 2020 to Chicha San Chen Corporation. It is a wholly owned subsidiary of Fang Yuan F&B International Co., Ltd., ("the Parent") a Taiwan incorporated company. The Company is in the business of franchisees of CHICHA San Chen, a branding of consumer tea beverage products authorized by the Parent in the United States. All the operations are conducted by the Parent.

Equity Position and Deferred Revenue

As of December 31, 2024, the Company recorded a shareholders' equity deficiency of $167,567, primarily attributable to deferred revenue from franchising operations. The deferred revenue is composed of $550,000 in current and $1,447,961 in non-current portions. With total current assets of $2,108,580 and current liabilities of $663,686, the negative equity position is assessed as temporary, reflecting the lag in revenue recognition compared to cash inflows.

The Company expects its equity position to improve as deferred revenue is gradually recognized and royalty income from franchise sales continues to grow. To support long-term financial stability, the Company is prudently managing its financial resources and has taken steps to enhance shareholders' equity, including a $50,000 capital injection from its parent company this year. The company has introduced two types of franchise agreements to attract more franchisees. In 2024, it has already signed multiple franchise agreements and expects to launch new stores starting in the second quarter of 2025.

Given the nature of the Company's revenue recognition practices, the current negative equity position should be interpreted in the proper accounting context and is not indicative of financial distress.

Cash and Cash Equivalents

For the purposes of reporting the statements of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value.

Note 2 - Summary of Significant Accounting Policies

Short-term Investments

The Company classifies financial instruments purchased with original maturities exceeding three months but maturing within one year as short-term investments. These investments are recorded at cost, which approximates fair value.

Revenue Recognition

The Company applies the guidance in FASB ASC 606, Revenue from Contracts with Customers, to recognize revenue. This involves identifying a contract with a customer, determining the performance obligation in the contract, allocating the transaction price to each performance obligation, and recognizing revenue when (or as) the performance obligation is satisfied. The Company generates its main revenues through franchise fees and royalties.

The Company determines that pre-opening services may be recognized as distinct from the franchise license because they align with the list of services defined in ASC. To simplify the accounting, the Company elects to apply the practical expedient and account for all pre-opening services meeting ASC requirements as a single performance obligation. This results in two performance obligations for the Company: a franchise license and pre-opening services.

Typically, the opening of the franchise's first store triggers recognition of revenue for the initial franchise fee. However, revenue recognition timing may vary depending on the agreement terms and performance obligations. The Company requires franchisees to pay royalties based on a percentage of franchise store sales under both master franchise agreements and area franchise agreements. These royalty fees are recognized on a monthly basis.

Security deposits received from franchisees are recorded as a liability on the balance sheet until the obligation is fulfilled. Generally, the security deposit is refunded upon the termination of the franchise agreement or applied to cover any damages or losses incurred by the Company.

Note 2 - Summary of Significant Accounting Policies – Continued

Revenue Recognition – Continued

The Company's contract asset and liabilities as of December 31, 2024 and 2023 are as follows:

	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning balance of 2023	$ -	$ -	$ 529,987
Ending balance of 2023	$ 675,129	$ -	$ 2,231,618
Ending balance of 2024	$ 104,108	$ -	$ 2,472,961

Allowance for Accounts Receivable

The Company recognizes a loss allowance for its accounts receivable applying the current expected credit loss ("CECL") model. It estimates credit losses over the lifetime of the accounts receivable using historical experience, current conditions, and reasonable and supportable forecasts, considering all possible default events that might occur during the collection period.

Leases

The Company categorizes leases in the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet either as finance leases or operating leases depending on the criteria the lease met. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Costs associated with lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. The Company has elected not to apply the recognition requirements to short-term leases from being recognized on the balance sheet, with its commitment for the lease totaling approximately $49 for 2025.

Note 2 - Summary of Significant Accounting Policies – Continued

Income Taxes

The Company accounts for its income taxes using an asset and liability approach for financial reporting of income taxes. Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities and net operating loss and tax credit carryforwards. Deferred tax assets are reduced by valuation allowance to the amounts expected to be realized.

The Company files a U.S. federal income tax return, as well as state and local income tax returns where required to do so. The Company follows FASB guidance on uncertain tax positions and has analyzed its filing positions in all jurisdictions (federal, state and local) where it is required to file income tax returns. This analysis has been applied to all open tax year in each of those jurisdictions.

The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on its financial position, results of operations, or cash flows. Therefore, no reserves for uncertain tax positions have been recorded. The Company does not expect its unrecognized tax benefits to change significantly over the next twelve months.

The Company's policy for recording interest and penalties associated with any uncertain tax positions is to record such items as a component of income before taxes. Penalties and interest paid or received, if any, are recorded as part of other operating expenses in the statement of operations.

Fair Value Measurements

The carrying values of cash and cash equivalents, accrued expenses, other payable–related party and customer deposits approximated their fair values due to the short-term nature of these financial instruments. There were no outstanding derivative financial instruments as of December 31, 2024 and 2023.

Note 2 - Summary of Significant Accounting Policies – Continued

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash in banks. The total balance of cash in bank may at times exceed the amount insured by banking regulators. As of December 31, 2024, the Company's cash in bank and short-term investments in overseas exceeds the Taiwan Central Deposit Insurance Corporation insured amount by $1,892,000 approximately.

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 amounts reported in the financial statements and accompany notes. Actual results may differ from those estimates and assumptions.

Subsequent Events

The Company has evaluated events and transactions for subsequent events through March 1, 2025, the date on which these financial statements were available to be issued.

Note 3 - Short-term Investments

As of December 31, 2024, short-term investments consisted of two certificates of deposit totaling $1,708,838, with maturity dates ranging from February to March 2025, and interest rates between 2.75% and 4.5% per annum.

As of December 31, 2023, short-term investments consisted of one certificate of deposit totaling $1,000,000, maturing in Marh 2024, with an interest rate of 5.4% per annum.

Note 4 - Refundable Fees

The refundable fees represent reservation fees submitted by potential franchisees who later terminated the memorandums. As of December 31, 2024, and 2023, the refundable fees were $35,000 and $15,992, respectively.

Note 5 - Deferred Revenues And Security Deposits from Franchisees

1. Deferred revenues at December 31, 2024 and 2023 are as follows:

	2024	2023
Deferred revenue		
Current	$ 550,000	$ 367,000
Non-current	1,447,961	1,504,618
	$ 1,997,961	$ 1,871,618

Future recognition of deferred revenue is as follows:

For the year ending December 31,	2024	2023
2025/2024	$ 550,000	$ 367,000
2026/2025	229,000	184,000
2027/2026	229,000	184,000
2028/2027	218,000	184,000
2029/2028	771,961	952,618
	1,997,961	1,871,618
Less: Current portion	(550,000)	(367,000)
Deferred revenues – non-current	$ 1,447,961	$ 1,504,618

The Company's deferred revenues at December 31, 2024 are initial franchising fees that include pre-opening service revenue and initial licensing revenue. As its franchisees' first stores will be opened in 2025, the Company estimates its pre-opening services revenue by marking the service revenues, mainly training and designing services, as the current portion of deferred revenue.

2. The Company also charges a refundable security deposit to each of its franchisees. As of December 31, 2024 and 2023, security deposits from its franchisees are $475,000 and $360,000, respectively.

Note 6 - Income Taxes

Income tax expenses (benefit) for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Current		
Federal	$ 125,065	$ 19,000
State	28,661	7,200
	153,726	26,200
Deferred		
Federal	$ (151,300)	$ (63,400)
State	(67,200)	(28,600)
	(218,500)	(92,000)
Net	$ (64,774)	$ (65,800)

Deferred tax assets at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Deferred tax assets:		
Accrued expenses	$ 8,400	$ 6,100
State income tax	7,100	1,700
Deferred revenue	295,000	84,200
	310,500	92,000
Less: valuation allowance	-	-
Net	$ 310,500	$ 92,000

Realization of deferred tax assets is dependent on future earnings, if any, the timing and amount of which are uncertain. The Company's management expects it will generate enough taxable income in its near future, therefore, no valuation allowance is provided as of December 31, 2024.

Note 7 - Related Party Transactions

A. Name of related party and relationship

Name of Related Party	Relationship with the Company
Fang Yuan F&B International Co., Ltd. (FY)	Parent company

The Company has extensive transactions with its parent company. It is possible that the terms of these transactions are not the same as those which would result from transactions among wholly unrelated parties.

B. Significant Related Party Transactions

a. For the years ended December 31, 2024 and 2023

	2024	2023
Service fee charged by FY recorded under		
Franchise service expenses	$ 109,150	$ 107,922
Operating expenses	688,203	474,912
Total	$ 797,353	$ 582,834

b. As of December 31, 2024 and 2023

	2024	2023
Other payable to FY	$ 17,644	$ 31,250

LIST OF FRANCHISE OUTLETS

San Chen

EXHIBIT E

LIST OF FRANCHISE OUTLETS

(as of December 31, 2025)

Master Franchisee	Primary Contact	Address	Phone No.
Boba ATX Inc.	Jinjing Weng	1801 E 51st St, Bldg C 370, Austin, TX 78723	646 512 8223
TEALAND PNW INC	Sheng Zheng	4449 155th Ave se, Bellevue WA 98006	425 442 9385
KJ SQUARE 2 CORPORATION	Jia Min Li	2035 Glenview Street Philadelphia PA 19149	917 330 1873
Alphatea LLC	Divinia Lee	2309 Telegraph Avenue, Berkeley, CA 94704	415-939-5600
Bobasu LLC	Wendao Su	3150 Duane Ct SE, Albany, OR 97322	503-739-3630
UTEAYA BREW LLC	Jake Wen	9299 Hidden Peak Dr, West Jordan, UT 84088	208-821-6621
ROYAL TEA CORPORATION	Xiu Yong Zhang	508 TUDOR BRANCH, GROVETOWN GA30813	646-912-3755
JING'S GROUP INC	Jing Jay Mei	2906 S PARNELL AVE, CHICAGO IL 60616-3128	312-912-2975
KINGS TEA HOUSE I INC	Andy Liao	36 DECOTA DR., RANDOLPH, MA 02368	646-637-5666
Vegas Hot Tea Inc	Amy Yan Ping Lin	7207 W Camero Ave, Las Vegas, NV 89113	503-881-8860

LIST OF TERMINATED FRANCHISES

San Chen

EXHIBIT F

LIST OF TERMINATED FRANCHISES

As of December 31, 2025, the following franchisees have been terminated from the franchise system. This exhibit provides a comprehensive list of all franchisees whose franchise agreements were terminated, expired without renewal, or otherwise ceased operation as franchisees within the specified period.

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

Master Franchisee	Primary Contact	Address	Phone No.
XYCC TEA INC	Chui Lai Cheng	6411 175th ST., FRESH MEADOWS NY 11365	929-369-9999

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

San Chen

EXHIBIT G

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 Financial Protection and Innovation
2101 Arena Blvd, Sacramento, CA 95834
(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 Place East, Suite 280
Saint Paul, MN 55101
(651) 539-1600

New York:
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl
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 the Department of Financial Protection and Innovation
2101 Arena Blvd, Sacramento, CA 95834, United States
(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 Place East, Suite 280
Saint Paul, MN 55101
(651) 539-1600

New York:
Secretary of State
99 Washington Avenue
Albany, NY 12231
(212) 416-8236

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 53703

STATE SPECIFIC ADDENDUM

San Chen

EXHIBIT H

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR USE IN THE STATE OF WISCONSIN

The following information applies to franchise offers and sales registered under the Wisconsin Franchise Investment Law, Wisconsin Statutes, Chapter 553, and to franchises and franchisees subject to the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (the "Wisconsin Fair Dealership Law"). To the extent this Addendum is inconsistent with any terms of the Franchise Disclosure Document, the Master Franchise Agreement, or any exhibit or related agreement, the terms of this Addendum control with respect to Wisconsin franchisees.

1. Item 17 is amended by adding the following: The Wisconsin Fair Dealership Law applies to a franchise relationship that constitutes a "dealership" (as defined in Wisconsin Statutes, Section 135.02(3)) situated in the State of Wisconsin. Wisconsin Statutes, Section 135.03, provides that no grantor may terminate, cancel, fail to renew, or substantially change the competitive circumstances of a dealership agreement without good cause (as defined in Wisconsin Statutes, Section 135.02(4)). Items 17(c), 17(f), and 17(m) of this Disclosure Document, and the corresponding provisions of the Master Franchise Agreement, are amended accordingly.

2. Item 17 is further amended by adding the following: Wisconsin Statutes, Section 135.04, requires the grantor to provide the dealer with at least 90 days' prior written notice of termination, cancellation, non-renewal, or substantial change in competitive circumstances. The notice must state all the reasons for the action and must provide that the dealer has 60 days in which to rectify any claimed deficiency; if the deficiency is rectified within 60 days, the notice is void. If the reason for the action is nonpayment of sums due under the dealership, the dealer is entitled to written notice of the default and has 10 days in which to remedy the default from the date of delivery or posting of the notice.

3. Items 17(u), 17(v), and 17(w) are amended by adding the following: Pursuant to Wisconsin Statutes, Section 135.025(3), the effect of the Wisconsin Fair Dealership Law may not be varied by contract or agreement, and any provision of the Franchise Disclosure Document, the Master Franchise Agreement, or any related agreement purporting to do so (including any choice-of-law, choice-of-forum, or other provision) is void and unenforceable to that extent only. To the extent the Wisconsin Fair Dealership Law applies, its provisions supersede any inconsistent provisions of this Disclosure Document and the Master Franchise Agreement.

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

Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Franchise Investment Law or the Wisconsin Fair Dealership Law, as applicable, are met independently of this Addendum, with respect to the particular franchise offer, sale, or relationship.

WISCONSIN AMENDMENT TO THE MASTER FRANCHISE AGREEMENT

This Wisconsin Amendment (this "Amendment") is entered into between Chicha San Chen Corporation ("Franchisor") and the undersigned Master Franchisee and amends the Master Franchise Agreement between them (the "Agreement"). This Amendment applies if and only to the extent the franchise relationship constitutes a "dealership" situated in the State of Wisconsin that is subject to the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (the "Wisconsin Fair Dealership Law"). If there is any conflict between this Amendment and the Agreement, this Amendment controls. The Agreement is amended as follows:

1. Governing Law (Section 25.1). Section 25.1 is amended by adding the following: Notwithstanding anything to the contrary in this Agreement, the Wisconsin Fair Dealership Law applies to and governs the franchise relationship to the extent required by law. Pursuant to Wisconsin Statutes, Section 135.025(3), the effect of the Wisconsin Fair Dealership Law may not be varied by contract or agreement, and any provision of this Agreement purporting to do so, including any choice-of-law provision, is void and unenforceable to that extent only.

2. Termination; Substantial Change in Competitive Circumstances (Sections 3.1, 3-1.1, 6-1, 7.4, 8, 13.1, 16.3, and 24.1). Notwithstanding any provision of the Agreement permitting termination with immediate effect, upon shorter notice, or without notice or an opportunity to cure, Franchisor will not terminate or cancel the Agreement, or substantially change the competitive circumstances of the Agreement, except for good cause as defined in Wisconsin Statutes, Section 135.02(4), and only after giving Master Franchisee at least 90 days' prior written notice setting forth all the reasons for the action and providing Master Franchisee 60 days in which to rectify any claimed deficiency; if the deficiency is rectified within 60 days, the notice is void. If the reason for the action is nonpayment of sums due under the franchise, Master Franchisee is entitled to written notice of the default and has 10 days in which to remedy the default from the date of delivery or posting of the notice.

3. Non-Renewal (Section 1.4). Section 1.4 is amended by adding the following: Franchisor will not fail to renew the Agreement except for good cause and in compliance with Wisconsin Statutes, Sections 135.03 and 135.04, including at least 90 days' prior written notice of non-renewal setting forth all the reasons for non-renewal and, where applicable, the opportunity to rectify any claimed deficiency as described in Section 2 of this Amendment.

4. Superseding Effect. Any provision of the Agreement (including, without limitation, any provision addressing termination, cancellation, non-renewal, notice, cure periods, or substantial change in competitive circumstances) that is inconsistent with the Wisconsin Fair Dealership Law is superseded by the Wisconsin Fair Dealership Law to the extent the Wisconsin Fair Dealership Law applies, and is void and unenforceable to that extent only.

Except as expressly amended by this Amendment, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Wisconsin Amendment as of the date of the Agreement.

FRANCHISOR: Chicha San Chen Corporation

By: ________________________________ Date: _______________
Name: Lin, Hui-Chuan
Title: Chief Executive Officer

MASTER FRANCHISEE:

By: ________________________________ Date: _______________
Name: ______________________________
Title: ______________________________

STATE EFFECTIVE DATES

San Chen

EXHIBIT I

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	pending
Hawaii	pending
Illinois	pending
Indiana	pending
Maryland	pending
Michigan	pending
Minnesota	Pending
New York	pending
North Dakota	pending
Rhode Island	pending
South Dakota	pending
Virginia	pending
Washington	pending
Wisconsin	pending

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

San Chen

EXHIBIT J

RECEIPT

This disclosure document summarizes certain provisions of the Master Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Chicha San Chen Corporation 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.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Chicha San Chen Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit G.

The franchisor is Chicha San Chen Corporation, located at 1401 21ST ST, STE R, SACRAMENTO, CA 95811, 530-232-5985.

Issuance Date: June 20, 2026

The franchise seller for this offering is Lin, Hui-Chuan, CEO, Chicha San Chen Corporation, at 1401 21ST ST, STE R, SACRAMENTO, CA 95811, 530-232-5985.

Chicha San Chen Corporation authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

I receive a disclosure document dated June 20, 2026 that included the following Exhibits:

Exhibit A	Master Franchise Agreement
Exhibit B	Form of General Release
Exhibit C	Table of Contents of the Manual
Exhibit D	Financial Statements
Exhibit E	List of Franchise Outlets
Exhibit F	List of Terminated Franchises
Exhibit G	State Franchise Administrators and Agents for Service of Process
Exhibit H	State Specific Addendum
Exhibit I	State Effective Dates
Exhibit J	Receipts

Date: ______________
Signature of Prospective Master 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 Master Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Chicha San Chen Corporation 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.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Chicha San Chen Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit G.

The franchisor is Chicha San Chen Corporation, located at 1401 21ST ST, STE R, SACRAMENTO, CA 95811, 530-232-5985.

Issuance Date: June 20, 2026

The franchise seller for this offering is Lin, Hui-Chuan, CEO, Chicha San Chen Corporation, at 1401 21ST ST, STE R, SACRAMENTO, CA 95811, 530-232-5985.

Chicha San Chen Corporation authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

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Exhibit A Master Franchise Agreement
Exhibit B Form of General Release
Exhibit C Table of Contents of the Manual
Exhibit D Financial Statements
Exhibit E List of Franchise Outlets
Exhibit F List of Terminated Franchises
Exhibit G State Franchise Administrators and Agents for Service of Process
Exhibit H State Specific Addendum
Exhibit I State Effective Dates
Exhibit J Receipts

Date: ______________
Signature of Prospective Master Franchisee: ______________
Print Name: ______________
You may return the signed receipt either by signing, dating, and mailing it to Chicha San Chen Corporation, at 1401 21ST ST, STE R, SACRAMENTO, CA 95811, 530-232-5985.