FRANCHISE DISCLOSURE DOCUMENT

Tea O'La, Inc.
a California corporation
154 W. Valley Boulevard
San Gabriel, CA 91776
(626) 288-1663
www.teastationusa.com

The franchises described in this disclosure document are for the operation of a TEA STATION® Outlet ("**Outlet**") serving gourmet Asian tea, other beverages and related food items. The estimated initial investment required ranges from $300,000 to $450,000, which includes $72,500 that must be paid to us.

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

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.

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 1-977-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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: MAY 15, 2020

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 NFORMATION
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.
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 C 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 TEA STATION business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a TEA STATION franchisee?	Item 20 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 pav 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 F.

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. ~~The Franchise Agreement states that California law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare laws.~~

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.

~~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~~	~~N/A~~
~~Illinois~~	~~N/A~~
~~Indiana~~	~~N/A~~
~~Maryland~~	~~N/A~~
~~Michigan~~	~~N/A~~
~~Minnesota~~	~~N/A~~
~~New York~~	~~N/A~~
~~North Dakota~~	~~N/A~~
~~Rhode Island~~	~~N/A~~
~~South Dakota~~	~~N/A~~
~~Virginia~~	~~N/A~~
~~Washington~~	~~N/A~~
~~Wisconsin~~	~~N/A~~

~~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.~~

TABLE OF CONTENTS

EXHIBITS

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

The Franchisor

To simplify the language in this offering circular, the words "We", "Us" and "Our" mean the franchisor, Tea O'La, Inc. "You" or "Your" means the person, corporation or partnership buying a franchise from Us. Items expressed in bold face are for ease of reference only.

TEA O'LA, INC. was incorporated in California on August 30, 2013 to franchise TEA STATION outlets ("**Outlets**"). We do business under our corporate name as well as under the trade TEA STATION®. We do not do business under any other names. Our principal business address is 154 W. Valley Blvd., San Gabriel, CA 91776. Our phone number is (626) 288-1663. We began offering franchises for sale in 2014.

Our Predecessors and Affiliates

We are a wholly-owned subsidiary of Tea Station, Inc., a California corporation ("**Company**"), which was established in 1996 in California and owns and operates fourteen (14) Outlets in the United States as of January 2018. Thirteen (13) of the Company Outlets operate under the name "TEA STATION" and are in Southern California, and one (1) is Nevada (which is operated under the name "TEA PLANET"). The first "Tea Station" Outlet in the United States was opened in October 1995.

Company is affiliated with Ten Ren Enterprise (Taiwan), which was established in 1954 and is a listed company in Taiwan having a total of 185 franchise Outlets worldwide which operate under the name "Ten Ren's Tea." Ten Ren is Our "**Predecessor**". Predecessor together with the Company shall be referred to herein as, "Affiliates."

Our agents for service of process are listed on **Exhibit F**. Neither We nor the Company conduct any other business or have sold franchises for any other lines of business.

The Franchises Being Offered

Each Outlet features a modern, neat and classy design and is well-organized. We are responding to the tea craze which has expanded from Asia in the 1990s to this country. Outlets offer a wide assortment of tea drinks from bubble tea ("boba") milk tea or tapioca milk to green tea, Taiwanese "icies", milk shakes, ice creams and Taiwanese teas. Light meals called "Snacks" will be served but no alcoholic beverages. The menu is enhanced with pictures of each available item. Approximately 70% of Outlets' sales are tea products. A franchised Outlet will also sell "snack" food products, which contain some proprietary ingredients.

A franchised Outlet is similar to the existing Company Outlets but may offer less food items and not contain a section for preparation of medicinal teas. Each Outlet follows a system (the "**System**") developed by the Company and Us. The

System includes a menu of specialty tea items and related products, recipes and unique names for such products, special food preparation techniques, attractive employee clothing, a training program which includes instructions in the preparation of Our food products, suggested sales presentations and techniques, distinctive interior designs, menu forms, advertising artwork and other materials and other business procedures together with an Outlet Operations Manual (the "**Manual**").

The size of each Outlet is approximately 1,500 square feet, seating up to 45-50 persons. Outlets emphasize well-trained, efficient and extremely personable managers and servers and serve very high-quality beverage and food products. Outlets employ an average of 10 full-time persons.

Several of Our menu items include proprietary ingredients and some supplies use Our Marks. You must buy these items from Us or the Company. See ITEM 8 below.

Our Franchise Agreement has an initial term of 3 years and is renewable for one additional 3-year term (or the term of the Outlet's lease, if shorter). The initial fee is $50,000 for each Outlet plus a $7,500 training fee; the monthly royalty is 4% of Gross Sales. A copy of the Franchise Agreement is attached as **Exhibit B**.

We have a Franchise Development Committee, which has the exclusive authority to approve all new franchises. You will first file a Franchise Application (**Exhibit A**) and pay a deposit of $25,000, which will be refunded in full if You are not approved for a franchise and refunded less Our expenses if You fail to successfully complete Our training program.

If the Franchise Development Committee approves the Franchise Application, We will sign it and return a copy to You. The Franchise Application then becomes a contractual commitment between You and Us, subject to the conditions in the Franchise Application, such as Your completion of training, obtaining all necessary permits and licenses for the new Outlet and payment of the balance of the initial franchise fee.

Competition

The market for Your products is primarily the general public and specifically that segment that seeks to purchase food snack and tea beverage items.

The food service and beverage businesses are highly competitive. You will compete with a variety of beverage and food service establishments which may have financial, personnel, and technical resources far greater than Us or You, including large beverage chains and fast food chains. Some of these are large, international companies. Others are locally owned and operated. The food and beverage service industry can be affected significantly by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, and increases in the number of, and particularly location of, competing well established independent restaurants as well as other stores and take-out facilities selling varieties of food and other specialty drinks and desserts. You will compete for business in this highly competitive environment.

Industry Regulation

Development and operation of food service and beverage outlets are highly regulated at the federal, state and local levels. These include design and construction requirements and permits, Outlet health, safety and sanitation, employee tip reporting, employment conditions, alcohol and tobacco sales and usage, waste and hazard materials handling and storage, advertising, access for disabled persons, advertising and food product labeling and menus. You should investigate the applicability of these and possibly other regulations in the area in which you are interested in locating Your Outlet and should consider both their effect and the cost of compliance. You will need a business license, reseller's permit, health department license, and possibly other licenses and permits. It will be necessary for You to obtain permits from a number of government agencies to construct Your Outlet, and You will need to comply with health, fire, safety, disabilities and other requirements.

ITEM 2. BUSINESS EXPERIENCE

TEA O'LA, INC.

Our directors, principal officers and other executives are:

President, Secretary, CFO, and Director: Yu-Liang "Jimmy" Huang

Mr. Huang has held these positions since Our formation. He has been employed in the same positions with the Company since its inception.

We do not employ any franchise brokers.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FRANCHISE FEE

Initial Fee

The initial fee for each new franchise Outlet is $50,000.00 plus a $7,500.00 training fee. You must pay Us $25,000 as payment towards the initial franchise fee when You submit a Franchise Application and the Training Fee before You start training. You will then pay Us the balance of the initial franchise fee in full at the time the Franchise Agreement is executed, which will be after site approval and training and before opening Your Outlet. If You are not approved for a franchise, We will return your initial deposit. If You fail to successfully complete Our training course, We will return the amount You paid Us less Our expenses. If You have not within six (6) months after signing the Franchise Agreement obtained Our approval for the site of Your Outlet, the Application will be considered as abandoned and no refunds will be made. There are no refunds of these payments except for errors.

We will make the refund to You after You sign documents acceptable to Us, including release, indemnification, and protection of Our confidential information, which We may release to You during the training.

Layout Fees

You must use a licensed architect we approve at your expense to conduct a site survey and to prepare as-built drawings for the Franchised Location after you sign a Lease for your Franchised Location and must submit the same to us within 60 days of receiving site approval from us. Following our receipt of these materials, we will provide you with a preliminary floor plan layout and storefront rendering for the Franchised Location based upon your as-built drawings, and with our prototype design development package. You must pay us $5,000 for the preparation of the preliminary floor plan layout and storefront rendering when the as-built drawings are delivered to you. This fee is fully earned by us~~e~~ when paid and is not refundable under any circumstances.

Training Fees

A one-time training fee of $7,500 (“Training Fee”) shall be due to us when the Initial Franchise Fee is due and payable to us. The training program covers a 5-week training course at the Company Outlet located in San Gabriel for up to 2 persons.

Product Purchase Deposit

You will pay us a $10,000 product purchase deposit when signing your Franchise Agreement. This deposit will be applied to any invoices due to us for products which remain unpaid for more than 30 days. If you fail to make a payment or make a late payment, we will be entitled to deduct amounts owed to us from this deposit. You must replenish the deposit on demand. If any amount of this deposit remains at the termination or expiration of the Franchise Agreement, the balance will be returned to you.

Different Fees

The Initial Franchise Fee, layout fee, Training Fee, and product purchase deposit are uniform to all parties applying to purchase a new franchise Outlet. We may, however, reduce, defer or waive the Initial Franchise Fee, Initial Development Fee, and Master Franchise Fee if and when we determine it is warranted by a unique or compelling situation at our sole and absolute discretion. ~~–~~No deviations from the standard fees were made in the last fiscal year.

ITEM 6. OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Franchise Royalty Fee	4 % of Gross Sales	Weekly	"**Gross Sales**" are all amounts accrued for sales in or from the Outlet. Gross Sales does not include sales taxes or proceeds from the sale of furniture, equipment or similar items used in the Outlet. These fees must be paid to Us by the third day of the following week or as otherwise specified in Our Manual.
Additional Training Fee	$1,000.00	Prior to Training	The $7,500 Training Fee is for up to two persons. There will be an additional $1,000 fee for each additional person. Continuing training courses are tuition-free unless We are charged by third parties for use of facilities or personnel. If so, You must pay for your share of these charges.
Local Advertising	2% of Gross Sales	Weekly	This Marketing Fee must be either spent by You in your local market or contributed to an Advertising Cooperative if one is established in Your trade area.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
			These fees must be paid to Us by the third day of the following week or as otherwise specified in Our Manual.
Marketing Fund Fee	Up to 2.5% of Gross Sales	Weekly	We may increase the amount of this Fee up to one time each calendar year. We will deposit the Marketing Fund Fee (2.5% of Gross Sales) into a segregated account to be used for System marketing purposes. See ITEM 11. These fees must be paid to Us by the third day of the following week or as otherwise specified in Our Manual.
Required Materials	Reasonable Cost	As required by approved supplier or Us	You must purchase proprietary ingredients and trademarked products from Us or a supplier approved by Us. These materials also include our Outlet plans and specifications which You must buy from Us or the Company and have revised as necessary for Your site (subject to Our approval).

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Product Purchases	Varies	On demand	
Additional Training (periodic training seminars)	$500 per program	Prior to Training	
Supplier Approval	$500.00	When applied for	This fee is only required if You decide to propose another supplier for Our approval.
Intranet Maintenance Fee	May vary from year to year, not to exceed $1,000	Upon invoice	
Website Maintenance Fee	May vary from year to year, not to exceed $1,000	Upon invoice	
Late Fees	$150.00 plus interest on late amounts at 10% or highest legal rate	Upon invoice	
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding	
Transfer Fee	25% of then current Initial Franchise Fee	Before actual transfer	
Renewal Fee	$10,000.00	Prior to Renewal	
Audit	Reasonable Accounting and Legal Fees	Upon invoice	In addition to any additional fees found due as a result of an audit of Your financial records, You must pay Us Our Audit Fees if You have understated Gross Sales by more than 2% of the actual Gross Sales found by the audit.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT:

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee and Training Fee (1)	$57,500	Lump Sum	In Full Prior to Opening Outlet	Us
Lease Deposit (2)	$10,000 to $20,000	Lump Sum	Signing of Lease	Lessor
Utility and Other Security Deposits	$1,000 to $2,000	Lump Sum	Obtaining services	Utilities
Permits and Licenses	$15,000 to $20,000	Lump Sum	Upon invoice	Government Agencies
Leasehold Improvements	$100,000 to $130,000	As Negotiated	Prior to Opening Outlet	Suppliers and Contractors
Layout Fee	$5,000	Lump Sum	Signing of Franchise Agreement	Us
Signage	$3,000-$5,000	As Incurred	Upon Invoice	Supplier
Equipment	$20,000 to $40,000	As Negotiated	Upon Invoice	Suppliers
Furniture and Fixtures	$30,000 to $76,500	As Incurred	Prior to Opening Outlet	Suppliers
Training Travel to and Living Expenses (3)	None to $2,000	As Incurred	During Training	Airlines, Hotels and Outlets
Initial Inventory (4)	$3,000 to $6,000	Lump Sum	Upon Invoice	Suppliers
Product Purchase Deposit	$10,000	Lump Sum	Signing of Franchise Agreement	Us
Grand Opening	$1,500-$3,000	As Incurred	Prior to Opening	Suppliers
Miscellaneous (5)	$2,000 to $3,000	As Incurred	Prior to Opening	Suppliers, Utilities, Us, Etc.
Additional Funds – Three Months (6)	$40,000 to $70,000	Lump Sum	Prior to Opening	Employees, Suppliers, Utilities
TOTAL (7)	$300,000-$450,000			

PLEASE SEE THE IMPORTANT FOOTNOTES ON THE NEXT PAGE.

FOOTNOTES:

(1) You must pay 1/2 of the Initial Franchise Fee when You submit Your Franchise Application and the balance when You sign the Franchise Agreement.
(2) These estimates are the initial lease costs and are based on the assumption that You will lease Your Outlet. If you purchase the land and/or building, the cost will be substantially more and vary widely based on the regional area and the specific location of the premises. A typical Outlet contains approximately 1,500 square feet of indoor space. Most Outlets are located within small shopping centers. A lease normally requires payment of the first month's rent and a deposit equal to a second month's rent.
(3) You must pay for the expenses of attending training, such as lodging, meals, transportation and wages of trainees. This estimate is based upon training up to two persons for 5 weeks.
(4) The initial inventory consists primarily of tea, food, other beverages, uniforms and supplies. The amount will vary depending on the anticipated sales volume as well as current market prices.
(5) You should have funds for one year's estimated insurance premium for property and liability insurance. The cost of insurance varies depending on many factors such as driving records and where the driver lives. You should contact your insurance agent and obtain an estimate of Your actual insurance costs. You must obtain all necessary business permits, franchise and approvals to operate the Outlet. This category includes various items such as permit and license fees, legal and accounting fees and environmental impact fees.
(6) This category includes estimated payroll, utilities, vendor, advertising, promotion and similar costs during the initial phase of a new Restaurant. We cannot guarantee that You will not have additional expenses starting Your business. Your costs will depend on factors such as how much You follow the System and its procedures, the local market for Restaurant products, the prevailing wage rate, competition, and the sales level reached during the initial period.
(7) Except for security deposits, none of the above payments are expected to be refundable. We will not finance any of these payments. We prepared these estimates based on our own experience. You should not plan to draw income from the operation during the start-up and development stage of your business, which could be longer than the three months covered by the table. You should have additional funds available, whether in cash or through a bank line of credit, or other assets which you may liquidate or against which you may borrow, to cover other expenses and other operating losses during your start-up and development stage, or beyond. Except for security deposits, none of the above payments are expected to be refundable. We will not finance any of these payments.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you have no obligation to purchase or lease from us or from suppliers approved by us or in accordance with specifications we issue:

Goods, Services, Supplies, Fixtures, Equipment, Inventory, Real Estate to Establish or Operate the Franchised Business

Real Estate. You are solely responsible for locating your Outlet site, subject to our acceptance. Unless we notify you in writing, within 30 days after you have submitted a site presentation package for a proposed site, or 10 days after receipt of additional information which we request, whichever is later, that the proposed site is acceptable, the site will be deemed rejected. If your Outlet has not yet been constructed, or does not meet our current standards for new TEA STATION Outlet, you must cause the Outlet to be constructed, equipped and improved in compliance with our specifications set forth in the Manuals. You may not relocate your Outlet without our prior written consent.

If you do not already have a location when you sign your Franchise Agreement, you must lease a site for your TEA STATION Outlet promptly following signing the Franchise Agreement. You must submit your proposed lease to us for approval at least 15 days before you sign it, and provide a fully signed copy within 15 days following signing. Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us of the Outlet or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you. If we accept the proposed site, we will notify you of our preliminary acceptance of the site, subject to our further analysis, your successful negotiation of a final law or purchase agreement acceptable to us, and other reasonable conditions we may impose. Your lease must not (a) obligate us in any manner, or (b) contain any provision inconsistent with your Franchise Agreement, including the Lease Rider. In addition, your lease must provide for the following: (a) that the initial term of the Lease, or the initial term together with extended terms, must be for not less than 3 years; (b) consent to your use of our Proprietary Marks and signage as we may require for the Outlet; (c) a restriction on the use of the leased premises solely to the operation of the Franchised Business; (d) a prohibition on any subleasing or assigning of the Lease without our prior written consent; (e) that the landlord must provide us with copies of any and all notices of defaults given to you under the Lease; (f) a provision granting us the right to enter the Outlet to make modifications necessary to protect the Proprietary Marks or the System, or to cure any default under your Franchise Agreement or under the Lease; and (g) a provision granting us or our designer the option, exercisable within 15 days after receipt of any notice of default or termination from the landlord, without the landlord’s further consent, to assume all of your rights under the Lease, including the right to assign or sublease the Outlet and the right to exercise all outstanding renewal options in accordance with the provisions of the Lease.

You must construct, equip and improve the Outlet in compliance with our current design standards and trade dress. You may employ any architects and general contractors you desire, subject to our prior approval, and all plans and modifications to the Outlet must be submitted to us for our review and acceptance before you start construction. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected. We reserve the right, but not the obligation, to grant you written authorization to open your Outlet for business, which may be subject to our satisfactory inspection of the Outlet.

<u>Goods, Supplies, Inventory, and Services</u>. You must serve all and only the products we authorize. You must purchase and maintain in inventory Proprietary Products as needed to meet reasonably anticipated consumer demand. You must purchase our branded products, including the tea products, syrups, certain menu ingredients, cups, bags, teapots, to go cup sleeves, napkins, chopsticks, small ware, serving dishes and tableware, uniforms, and other supplies exclusively from Us, the Company, or the approved suppliers listed in the Manual which we have approved.

We may specify (i) certain beverages, food products, and other ingredients, which are produced or manufactured in accordance with our trade secrets, proprietary recipes, specifications and/or formulas, and (ii) certain packaging, POS Systems, computer hardware, software, modems, and peripheral equipment or other products, supplies, services and equipment. You may buy these items only from Us, the Company, or from our designated suppliers. If you purchase any items from Us or the Company, we or the Company may derive profits from these purchases. We will not be obligated to reveal our trade secrets or the recipes, specifications and/or formulas of Proprietary Products to you or any third party.

We may designate certain non-proprietary food products, beverages, ingredients, fixtures, furnishings, equipment, uniforms, supplies, paper goods, menus, packaging, forms, computer hardware, software, modems and peripheral equipment and other products, suppliers, services, and equipment, other than Proprietary Products, which you may or must use or sell at the Outlet. You may use, offer, or sell only those non-proprietary products that we expressly authorize and may purchase them from (i) Us or the Company, (ii) suppliers we designate, or (iii) suppliers you select that we approve in advance in writing.

Equipment & Fixtures. You must purchase and install, at your expense, all fixtures, furnishings, equipment (including a point-of-sale cash system), décor, and signs as we direct. You may not install any merchandise, furnishings, interior or exterior décor items, supplies, fixtures, equipment or utensils in your Outlet unless they have been approved by Us in writing. You must purchase these items from an approved supplier. You are not obligated to purchase from a particular approved seller, but must use specific brands of equipment, and in some cases certain comparable brands of equipment may be acceptable, subject to our prior written approval.

Computer Equipment. You must currently purchase or lease a POS computer system and use the required financial reporting and inventory control software, or any other brand we approve, which meets the specifications then set forth in our Manuals. You must maintain your computer system in good repair and working order, including installing program software updates we specify or supply or require you to purchase from approved vendors (See Item 11).

Approval of Suppliers. We, the Company, the Predecessor, and those suppliers approved and identified in the Manual are approved suppliers and may sell certain supplies, inventory, mixes, syrups, ingredients, other food products, packaging and other materials to you and our other franchisees.

We will provide you with our Manual and various supplemental bulletins and notices that will contain the specifications, standards and restrictions on your purchase of products and services. Upon request, we will furnish to you an approved list of suppliers which we may update periodically. You must operate your Franchised Business in strict compliance with the standard procedures, policies, rules and regulations contained in the Manual.

If you desire to purchase products from other than our approved suppliers, you must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require, or shall request the supplier itself to do so. We may inspect and evaluate the supplier's facilities and products before we approve or disapprove your proposed supplier, and you must pay all of our reasonable costs and expenses incurred in doing so. You may not use a supplier before we approve the supplier in writing. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for the item, that it is in good financial standing in the business community and that its products and services are reliable. We will provide you with our specifications and standards, and our criteria for approval of suppliers and will approve or disapprove a proposed supplier in 60-90 days. We will notify you if and when we no longer approve a previously approved supplier. A supplier must continually adhere to our standards and specifications to maintain its approval. To purchase items from us or any of the approved suppliers, including the Company and/or the Predecessor, you must use the form of purchase order we provide. We may change our prices, delivery terms and other terms upon prior written notice, but our prices to you will be the same as the prices charged to similarly situated franchisees. We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Outlet is located, you must participate in the purchasing program.

We estimate that 80-90% of your expenditures for leases and purchases in establishing your Outlet and on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by Us, or which must meet our standards or specifications).

You will not receive any material benefits from us or any supplier other than as described above. We derive no benefit from purchases made by franchisees other than from our or our Affiliate's sale of the supplies and ingredients above described to you, which is sold to you at our wholesale cost plus a reasonable markup, nor do we provide or withhold material benefits to you based on whether or not you purchase through the sources we designate or approve (except, that your purchase of items from unapproved suppliers would breach your Franchise Agreement and subject you to possible termination and other remedies under applicable law).

Presently, there are no purchasing or distribution cooperatives, but we reserve the right to institute them in the future.

Insurance. You must obtain and maintain during the term of the Franchise Agreement (and the Sublease, if applicable) insurance policies protecting you, us, and the Company. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Store is located and with a rating of "A" or better. These policies must include the coverage required by us and the Company which generally include: (a) "all risk" property insurance, including business interruption insurance, customarily obtained by similar businesses in the principal trade area; (b) comprehensive general liability insurance, including products and contractual, in an amount of not less than $2,000,000 combined single limit; (c) workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $1,000,000. At least 10 days before any insurance is first required to be carried by you, and after that at least 30 days before the expiration of any policy, you must deliver to us, certificates of insurance evidencing the proper types and minimum amounts of required coverage. If you do not maintain the required insurance, we may obtain the insurance for you and charge you for its cost as well as our costs to obtain it. We will not derive income from purchasing insurance for you.

We will lend you a Confidential Business Operations Manual which will contain specifications and parameters developed by us and which you must strictly follow. The recipes, formulations, and specifications of all TEA STATION Proprietary Products are trade secrets belonging exclusively to Us. Any purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

As we assess consumer preferences and trends in the marketplace and develop new marketing techniques, products, and services, we anticipate that we will create and modify our standards and specifications and our approved suppliers, and we will notify you of these developments through amendments to our confidential Manual, newsletters, or other forms of literature.

ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENTS (“FA”) AND FRANCHISE APPLICATION (“APP”). IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site Selection and acquisition/lease	FA: §§1.2, 7.12	Items 8, 11
b. Pre-opening purchases/leases	FA: §§1.2, 5.4	Items 7, 11,
c. Site development and other pre-opening requirements	FA: Article 5	Items 1, 5, 7, 11
d. Initial and ongoing training	FA: Article 6	Items 1, 5, 6, 7, 11, 17
e. Opening	FA: Article 5	Items 1, 5, 7, 11
f. Fees	FA: Article 2	Items 1, 5, 6, 7
g. Compliance with standards and policies/Manuals	FA: Articles 4, 5, 6, 7, 8, 9	Items 1, 8, 17
h. Trademarks and proprietary information	FA: Article 18, §9.2	Items 13, 14

i. Restrictions on products/services offered	FA: §§7.4, 7.5	Items 8, 16
j. Territorial develop-ment and sales quotas	FA: §1.3	Items 1, 12
k. Ongoing product/ service purchases	FA: §§7.4, 7.5	Items 8, 16
l. Maintenance, remod-eling requirements	FA: §§§7.7, 7.8, 7.9	Items 11, 17
m. Insurance	FA: Article. 12	Items 7, 8
n. Advertising	FA: Article 11	Items 6, 7, 11
o. Indemnification	FA: Article 19	Items 5, 13
p. Owner's participation/ management/staffing	FA: §7.10	Item 15
q. Records/ Reports	FA: Article 10	Items 6, 11
r. Inspections/Audits	FA: §10.6	Items 6, 17
s. Transfer	FA: Article 13	Items 6, 17
t. Renewal	FA: §2.2	Items 6, 17
u. Post Termination obligations	FA: Article 15	Item 17
v. Confidentiality and Non-competition covenants	FA: Article 9, §§§16.1, 16.2, 16.3	Items 5, 17
w. Dispute resolution	FA: §23.2	Item 17
x. Guaranty		Exhibit D

ITEM 10. FINANCING

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

ITEM 11. FRANCHISOR'S OBLIGATIONS

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open your business, We will:

1) Conduct an operations training course for You (Franchise Agreement, Section 6.1).

2) Loan You a copy of the Manual, in written and/or electronic form. (Franchise Agreement, Section 3.4). The table of contents of Our Operation Manual is **Exhibit G**. The Manual consists of approximately 100 pages. You must keep the contents confidential and may not copy, reproduce or divulge any of the information contained in the Manual as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual prior to the release of the Manual to You. We may add to, delete, supplement, or otherwise modify the contents of the Manual. You must promptly insert any revised pages or other forms of supplements into the loaned copy of the Manual. In any dispute about the contents of the Manual, our master copy will control. You must operate the Outlet in compliance with all the contents of the Manual.

3) Develop an advertising program designed for Your Outlet's initial opening (Franchise Agreement, Article 11).

4) Provide You with assistance in locating the site for Your Outlet (Franchise Agreement, Section 1.2)

5) Assist You in planning Your grand opening program (Franchise Agreement, Section 11.5).

6) Assist You in commencing business at Your Outlet by coordinating its pre-opening activities and being available to assist with its operations for the first month of business, as reasonably needed in Our opinion (Franchise Agreement, Article 3).

B. Post-opening. During the operation of your Franchised business, We will:

1) Assist You with operating Your Outlet, including periodic visits by Our representatives at our sole discretion (Franchise Agreement, Section 4.1).

2) Assist You in opening your Outlet by coordinating its pre-opening activities and being available to assist with its operations for the first month of business, as reasonably needed in Our opinion (Franchise Agreement, Section 4.1).

3) Make available additional training programs as We deem appropriate (Franchise Agreement, Section 6.1).

4) Develop and administer at Our discretion advertising and promotion programs designed to promote the collective success of all Outlets (Franchise Agreement, Article 11).

Marketing Fund. We will provide advertising materials and services to You. We conduct advertising at a trade level to encourage the customer base to use Our services in preference to the competition. We may also use premium incentives and product awareness campaigns in advertising and promotion. Whenever possible, the material will be produced in-house or provided by approved vendors. Advertising media may include print, radio or television, primarily local in scope.

You may develop advertising materials for Your own use at Your own cost. We must approve the advertising materials in advance and in writing. We do not restrict Your use of electronic media, including the Internet, so long as You properly use Our Marks and System, and obtain Our prior written approval. Your advertising must be in good taste and conform to ethical and legal standards and Our requirements. You agree not to use any materials or programs disapproved by Us at any time and You must use all materials and programs designated by Us as mandatory. We can require that a brief statement regarding the availability of Tea Station franchises be included in advertising used by You and/or that brochures regarding purchase of Tea Station franchises be displayed in Your Outlet.

Any use of the Internet, World Wide Web or other electronic media by You in connection with Your Outlet will be as specified by Us in our business judgment periodically, whether in the Manuals or otherwise. Among other things, We can require that any use be through Us, using a designated Internet/ Intranet Service Provider (which can be Us or an Affiliate), and that all pages be accessed through a designated site and/or meet Our specifications. In this event, We can require You to pay a monthly service fee of $50, which We can collect in advance on an annual or other basis. This fee is subject to annual adjustment by Us.

If and when We establish a Marketing Fund, You must pay Us Marketing Fund Fees of up to 2.5% of Your Gross Sales (plus possible annual increases). No company- or affiliate-owned outlet is required to contribute to the Marketing Fund. We have not yet established a Marketing Fund for Tea Station Outlets. We will administer the Marketing Fund and spend Marketing Fund Fees only for the purposes described in the Franchise Agreement and following procedures contained in the Marketing Fund Policy described in the Manual. We are not required to spend funds from the Marketing Fund in any designated area or to ensure that You receive equal benefit from expenditures. We will not use any monies from the Marketing Fund to solicit the sale of Our franchises. The monies in the Marketing Fund will generally be spent in the same fiscal year as they are accrued. Any unused funds will be spent in the next year. You may request an accounting of advertising expenditures at any time during normal business hours and obtain a written accounting within two weeks.

Local Co-Op Marketing Fund. We require that You and other franchisees spend up to 2% of Gross Sales as minimum amount for marketing Your Outlet in Your trade area. You must join an advertising cooperative ("**Co-Op**") if one is organized in Your area, in which case You must fully participate in the Co-Op and make contributions to it in whatever amount the members of the Co-Op determine provided that such amount is not less than 2% minimum marketing amount. Contributions to the Co-Op will be credited against Your local marketing obligation. No company- or affiliate-owned outlet is required to contribute to any Co-Op. We will administer the Co-Op and spend Marketing Fund Fees only for the purposes described in the Franchise Agreement. We may change, dissolve, or merge Co-Ops in our sole discretion. A copy of the governing documents of the cooperative (if one has been established) is available upon request.

5) Maintain the Marketing Fund and use these funds to pay for promotion and advertising programs for Outlets (Franchise Agreement, Article 11).

6) Deposit Marketing Fund Fees received into a separate account (Franchise Agreement, Article 11).

7) Designate a record keeping system, forms and procedures which You must use in your business (Franchise Agreement, Section 10.1). In particular, Your Outlet must have a point of sale and computer system as specified in the Manual, which will operate software designated by Us and allow You to participate in the Network. We will have direct access to Your registers and be able to download data on sales from Your store and other information logged by the registers at Our sole discretion. There is no limit on Our right to access this information. Your Outlet must also have one or more modems, a handheld device, a telefax machine and a telephone answering machine. We may require you to upgrade or update the computers, other hardware, programs, telefax machine, and telephone answering machine, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing a high-speed modem hook up and other utilities for the Outlet. All of the designated equipment and software is available generally at competitive prices. We do not warrant or have any responsibility for the software or hardware You must obtain. Any warranty You may have on the equipment or software will be limited to that provided by the applicable manufacturer or licensor.

You are responsible for the purchase, installation, operation and maintenance of the point of sale equipment and software needed for the operation of Your Outlet, including the related accounting and administrative operations. You must purchase the point of sale equipment and software from Our approved manufacturer. We have one approved manufacturer for this system/ software which is OPUS located at 398 Lemon Creek Dr. #H, Walnut, CA 91789, telephone number (909) 598-3600. The cost to purchase the required point of sale equipment and software will be approximately $3,500-$4,000. You are required to update or upgrade Your equipment, software and third-party processing services at Your own expense. There are no contractual limitations on the frequency or cost of updating or upgrading these items. You should obtain cost information from Your equipment, software and third-party processing vendors. Your Outlet will require the following equipment, software and third-party processing services:

System	**Purpose**
Point of Sale- hardware (including printers and credit card devices) and software	Cash control, customer payment processing, sales processing, and sales tax accounting
Point of Sale electronic processing services for credit cards, debit cards and other payment media	Accept customer payments for goods and services purchased from You
General accounting system or third-party accounting service provider	Maintain Your accounting records for management, tax, and legal purposes, payment of expenses and other liabilities
Payroll accounting system or payroll service	Pay Your employees, maintain required tax, personnel and payroll records
Personal computer with high speed always-on Internet service and networking	Access to financial and management data; Your access to data; Our access to Your data
General office systems (such as Microsoft Word, Outlook, Excel and Internet Explorer)	Management and general office tools
Internet security, virus protection	Computer security protection

The required computer hardware and software will collect and make available to You and to Us information about Your Outlet, including sales, and purchase, inventory, profitability and expenses, including payroll and employee information. Under the Franchise Agreement, We have unlimited independent access to the information for any proper purposes. Except as legally required, or as may otherwise be required under the Franchise Agreement, We will not provide the information to any other person except in summary or statistical formats with Your identifying information removed.

None of the above equipment and systems are proprietary properties of Us or Our Affiliates, and We are not obligated to provide or assist You in obtaining the above items or services.

8) Make periodic visits to Your Outlet as We deem advisable (Franchise Agreement, Section 10).

C. Site Selection. We will help You select a site for Your Outlet. This normally takes less than 120 days. If You have not within six months after signing the Franchise Agreement obtained Our approval for the site of Your Outlet, the Franchise Application will be considered as abandoned and no refunds will be made.

We will consider as part of site approval a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity, traffic patterns of the area as well as specific size, patio availability, parking and other physical characteristics of the proposed site itself.

D. Time Before Opening. We believe that based upon the experience of the Company, You should typically open an Outlet 180 days after execution of the Franchise Agreement and payment of the balance of the initial fee. This length of time may be affected by factors such as difficulties in obtaining a lease for an acceptable warehousing premises, building or sign permits or delays caused by zoning or local ordinances, weather conditions, labor strikes, shortages of products and installation of equipment, fixtures and signs.

E. Training. As of March 2018, Our franchise training program consisted of five weeks of training according to the following general outline:

SUBJECT	HOURS OF CLASSROOM TRAINING*	HOURS OF ON THE JOB TRAINING*	LOCATION	INSTRUCTORS
Orientation, Company Operations, Management, Marketing	4 hrs.	1 hrs.	San Gabriel Headquarter Office	Abraham Kao
Outlet, Management, Operations	4 hrs.	1 hrs.	San Gabriel Headquarter Office	Abraham Kao
Equipment, Food Prep, Inventory Control, Customer Service	10 hrs.	90 hrs.	San Gabriel Headquarter Office	Allan Chen/ James Kao
Front Counter Operations	10 hrs.	2 hrs.	San Gabriel Headquarter Office	Abraham Kao/ James Kao
Kitchen Operations	8 hrs.	70 hrs.	San Gabriel Headquarter Office	James Kao

*All times are approximate and We may adjust them based upon Your experience and rate of learning. Although the person(s) indicated will coordinate and be responsible for training, they may bring in other appropriate persons to actually conduct the training or some portion of it.

NOTES:

(1) We expect to conduct these training courses several times each year. All of the above training must be successfully completed before signing the Franchise Agreement and opening of Your Outlet. Training will be conducted at Our headquarters in San Gabriel, California, and at one of the Company's Outlets.

(2) We may terminate the Franchise Application if You fail to successfully complete this training course, in which event You will receive back one half of the Initial Franchise Fee less Our expenses.

(3) We will provide Our operations training course to You and/or Your designated Principal as soon as possible after Your Franchise Application has been approved, depending primarily on when You and Your representatives are available. You must pay for the travel and living expenses for you and your employee(s). You and Your manager must successfully complete the initial training program to Our satisfaction before starting operations. We generally require training to be completed at least two weeks before opening.

(4) The instructors listed above have each had at least 10 years of experience in the food and beverage business with Us or with other food and beverage retailers. The nature of the instructional materials used will be in the form of lectures, written exams, in-store training, and references to the Manual.

(5) We require that Your personnel personally attend refresher training courses covering operations and new product or procedure introductions.

(6) We may develop audio-visual and other training materials at a reasonable charge.

F. Operations and Other Manuals. You may review the Manual before purchasing a Franchise. However, You may not copy any of the information contained in the Manual as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual.

ITEM 12. TERRITORY

You must operate Your Outlet at a specific location selected by You and approved by Us. You may not relocate the Outlet without our written consent which we will not unreasonably withhold. We do not grant You any protected radius or other territorial rights and thus the granted territory under the Franchise Agreement will not be exclusive. There is no minimum sales quota. We do not currently grant You any option, right of first refusal, or similar rights, however, We may award You additional Territory or franchises, but only at our sole discretion.

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.

The Franchise Agreement does not restrict Us from establishing other franchises or company-owned Outlets or other channels of distribution selling or leasing similar products or services under a different trademark. We do not intend to do so.

Your use of the Internet, World Wide Web, and other electronic or other means of marketing and distribution of goods and/or services can be restricted by Us in Our business judgment. As a pre-opening condition You must have provided Us with the information for Us to complete and upload Your approved Outlet location and contact information on Our Tea Station website located at (www.teastation.us). You will not market or sell through any venue(s) or channels of distribution other than Your Tea Station Outlet without Our written permission.

We have the sole and exclusive right to pre-package or sell pre-packaged products or beverages under Our trademarks. You will not receive any of these rights. We reserve the right: (1) to use or license others to use Our name and other trademarks to distribute frozen or other pre-packaged food products; (2) to establish "**Alternative Outlets**" (distribution outlets which are not Outlets but involve the sale of similar products using Our trademarks); and (3) to grant franchises for any Alternative Outlets which are controlled by governmental boards, agencies or authorities that favor ownership by certain groups or individuals, such as airports, private or public schools, universities and sports facilities. Alternative Outlets may include catering or delivery outlets, portable carts or vehicles, kiosks and locations within grocery, convenience and other retail stores.

In Your Territory, We will have the unrestricted right and ability to sell Our Products, directly or indirectly through third parties, to wholesale accounts (restaurants and food service organizations who sell or serve Our Products, but do business under a name other than “Tea Station”) and You will not be entitled to any compensation in connection with such sale.

ITEM 13. TRADEMARKS

You will receive the right to operate under the name TEA STATION. You may also use other current or future Marks (the “**Marks**”) to operate Your Outlet. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your business. We have registered the following Mark on the United States Patent and Trademark Office Principal Register:

REGISTRATION NUMBER	OWNER	MARK	WHERE REGISTERED	REGISTRATION DATE
5214347	TEA O-LA, INC.		USA	May 30, 2017

All required affidavits have been filed. You must follow Our rules when using these Marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those that We license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Us.

No agreements limit Our right to use or franchise the use of the Marks. There are no presently active determinations of the Patent Office, the Trade Mark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding of any pending material litigation involving the Marks that could materially affect Your use of the Marks.

You must notify Us immediately after learning about an infringement of or challenge to your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We have the sole right to control administrative proceedings or litigation regarding any trademark infringements. We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us and used properly by You. If we choose to defend You, You must fully cooperate with Us in the defense.

We do not know of any person claiming or having superior rights to any of the Marks or of any infringing uses of the Marks that could materially affect Your proper use of the Marks.

You must modify or discontinue the use of a trademark if We modify or discontinue it. You must pay all costs to make these changes. We have no obligation to reimburse You for any expense resulting from these changes.

On termination or expiration of the Franchise Agreement, Your right to use Our marks terminates and You must not contest Our right to the Marks, trade secrets or business techniques. Upon termination, You must not identify Yourself as a Tea Station franchisee or publicly identify Yourself, or any business entity You are then associated with, as a former Tea Station franchisee, or use any of Our confidential information or trade secrets.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual. The Manual is referred to in ITEM 11. Although We have not filed an application for a copyright registration for the Manual, We claim a copyright and the information is proprietary. ITEM 11 describes limitations on the use of the Manual by You and Your employees. You must also promptly tell Us when you learn about unauthorized use of this proprietary information. We are not required to take any action, but We will respond to this information as We think appropriate.

You must maintain the confidentiality of all proprietary information during and after the term of the Franchise Agreement. You must agree that You will not use any of the proprietary information in any other business or in any manner e do not specifically authorize in writing. You also agree to fully and promptly disclose all ideas, techniques, and other similar information relating to the franchised business that are conceived or developed by You and/or Your employees. We will have an ongoing right to use, and to authorize others to use, the ideas, etc., without compensation or other obligation.

Upon termination or expiration of Your Franchise Agreement, You must immediately return to Us your Manual and all other materials containing Our trade secrets and confidential information.

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

Unless you obtain our prior written consent, we require that you personally attend our training courses and supervise the Outlet on a full-time basis. If you are a legal entity such as a corporation, partnership or limited liability company, one of your owners (Principals) must be approved by Us to be your full-time representative and your on-premises manager must have (and continue to maintain) management control and ownership of at least 51% of the legal entity and personally manage its affairs. All of your owner(s) must personally guarantee the Franchise Agreement and sign a confidentiality agreement in our favor and agree not to compete with Us.

You may be required to participate in an in-person annual review process which may be conducted by Us.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products and services that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Operations Manuals. You must obtain Our prior written approval for any other products and services to be sold by Your Outlet. In addition, you may not use your licensed Outlet for any purpose other than operation of your Outlet. You must obtain our prior written approval for any other products and services to be sold at your Outlet.

We may change the types of authorized products and services that you must offer from Your Outlet. There are no limits on Our rights to make such changes.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement ("FA") and Franchise Application ("APP"). You should read these provisions in the agreements attached to this disclosure document.

Provision	Section	Summary
a. Initial Term	FA: §2.1	Initial term of Franchise is 3 years.
b. Renewal or extension of the term.	FA: §2.2	You may renew the franchise for an additional 3-year term if certain conditions are met.
c. Requirements for renewal or extension.	FA: §2.2	6-12 months' notice, no defaults during last 12 months, material and timely compliance with franchise during initial term, satisfied all monetary obligations owed to Us and Your suppliers, completed all required additional training, made all requested changes in operating personnel, modernized the Outlet and vehicles and other equipment, payment of renewal fee and signing of new franchise agreement and general release.

d. Termination by You without cause.	None	
e. Termination by Us without cause	None	
f. Termination by Us with cause.	FA: §14.1 APP:	We can terminate only if You default.
g. "Cause" defined as defaults which can be cured.	FA: §14.3	You have 30 days after notice to cure defaults. Includes defaults in other franchise agreements with Us. No cure period for default repeated twice within any twelve-month period.
h. "Cause" defined as defaults which cannot be cured.	FA: §14.2	Non-curable defaults: Failure to complete training or allow inspection, bankruptcy or similar action, material misrepresentation in obtaining Franchise, conviction of crime involving moral turpitude or failure to obtain consent to transfer rights or offer first right of refusal.
i. Obligations on termination.	FA: Article 15	Immediate obligations include no more use of telephone numbers, trademarks or proprietary information, remove all marks from all vehicles and other equipment, discontinue use of these telephone numbers, transfer all customer lists, contact lists or similar information to Us, return of all Our manuals, and de-identify the Outlet.
j. Assignment of contract by Us.	None	No restriction on Our right to assign.

k. "Transfer" by You-definition	FA: §13.5	Includes transfer of rights under Franchise Agreement and ownership change.
l. Our approval of transfer by franchisee.	FA: §13.2	We have the right to approve all third party transfers but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer.	FA: §13.3	No default, assets of the Outlet in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee and release and non-competition agreement signed by You.
n. Our right of first refusal to acquire your business.	FA: §13.5	We can match any offer for the franchised business.
o. Our option to purchase your business	None	
p. Your death or disability.	FA: §13.6	Approval by Us of heir or sale within three months to an approved buyer.
q. Non-competition covenants during the term of the franchise.	FA: §16.1	No Competitive Interest (sale of automotive parts and supplies and related products) unless follows first refusal procedures as stated.

r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: §16.2	No competing business for 2 years within 25 miles of any Outlet in U.S. or Canada.
s. Modification of the agreement.	FA: §16.12	Only written and signed modifications but Manual subject to change.
t. Integration/ merger clause.	FA: §22.1	The agreement between the parties is limited to the agreement and other documents referred to therein. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA: §23.1	Except for certain claims, all disputes must be mediated in county where Our headquarters are located ("Home County").
v. Choice of forum	FA: §23.2	Except for injunctions, any mediation/ or litigation must be in Home County.
w. Choice of Law.	FA: §23.1	Law of state where Your Outlet is located applies.

These states have statutes which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: ARKANSAS [Ark. Code Sections 4-72-201 to 4-72-210], CALIFORNIA [Sections 2000 - 20043], CONNECTICUT [Gen. Stat. Sections 42-133e - 42-133h], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-6], ILLINOIS [815 ILCS 705/19 and 705/20], INDIANA [Code Sections 23-2-2.5-1 and 23-2-2.7], IOWA [Code Sections 523H.1 to 523H.17], MICHIGAN [Stat. Section 445.1527(c)-(d)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 - 75-24-63], MISSOURI [Rev. Stat. Section 407.400 - 407.410], NEBRASKA [Rev. Stat. Section 87-401 - 87-410], NEW JERSEY [Rev. Stat. Section 56:10-1 - 56:10-

12], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557-574], WASHINGTON [Code Section 19.100.180(i)-(j)], WISCONSIN [Stat. Sections 135.01 - 135.07]. These and other states may have court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. California residents should refer to **Exhibit H** of this Disclosure Document.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises but 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 representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Yu-Liang Huang at 154 W. Valley Blvd., San Gabriel, CA 91776 and (626) 288-1663, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: LIST OF STORES

SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2017 to 2019

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
FRANCHISED	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
COMPANY-OWNED	2017	14	14	0
	2018	14	14	0
	2019	14	9	-5
TOTAL OWNED	2017	14	14	0
	2018	14	14	0
	2019	14	9	-5

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2017 to 2019

STATE	YEAR	NUMBER OF TRANSFERS
CA	2017	0
	2018	0
	2019	0
TOTAL	2017	0
	2018	0
	2019	0

FRANCHISE
OUTLET STATUS SUMMARY
FOR YEARS 2017 to 2019

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS–OTHER REASONS	OUTLETS AT END OF THE YEAR
CA	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
NV	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
TOTAL	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

*We are new to franchising and only began franchising in 2014.

STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2017 to 2019

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
CA	2017	13	0	0	0	0	13
	2018	13	0	0	0	0	13
	2019	13	0	0	0	0	13
NV	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
TOTAL	2017	14	0	0	0	0	14
	2018	14	0	0	0	0	14
	2019	14	0	0	5	0	9

PROJECTED OPENINGS
AS OF DECEMBER 2019

STATE	FRANCHISE AGREEMENTS SIGNED BUT BUSINESS NOT OPENED	PROJECTED FRANCHISED NEW BUSINESSS IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED BUSINESSS OPENINGS IN NEXT FISCAL YEAR
California	0	2	0
Totals	0	2	0

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements are attached as **Exhibit C**.

ITEM 22. CONTRACTS

Attached are the following contracts:

Exhibit A: Franchise Application
Exhibit B: Franchise Agreement

ITEM 23. RECEIPTS

THE LAST PAGE OF THE DISCLOSURE DOCUMENT (FOLLOWING THE EXHIBITS AND ATTACHMENTS) IS A DOCUMENT ACKNOWLEDGING RECEIPT OF THE DISCLOSURE DOCUMENT BY YOU. PLEASE SIGN AND DATE ONE COPY AND RETURN IT TO US, AND RETAIN A COPY FOR YOUR RECORDS.

EXHIBIT A
FRANCHISE APPLICATION

EXHIBIT B
FRANCHISE AGREEMENT

EXHIBIT C
FINANCIAL STATEMENTS

EXHIBIT D
PERSONAL GUARANTY

EXHIBIT E
RIDER TO LEASE

This Lease Agreement is entered into by and between _________ ("Leasor") and ___________ ("Lessee") upon the express understanding that Lessee is a licensed franchisee of TEA O'LA, INC. and that the premises are to be used during the term of this lease solely as a Tea Station franchised business. Tea O'La, Inc. ("Franchisor") is a third party beneficiary of this lease agreement and is entitled to enforce on its own behalf the rights given to it in this lease agreement.

1. During the term of this Lease, the Lessor shall not alter, redecorate, change or otherwise modify the Premises, and shall not permit any such alteration, recordation or modification to be made without the prior written consent of the Franchisor, which consent may be withheld for any reason, or no reason at all, whether reasonable or unreasonable.

2. Lessor has reviewed Franchisor's plans and specifications for preparation of the Premises as a Tea Station franchised business and has no objection to such modifications and alterations. Lessee or Franchisor may thereafter redecorate, alter or modify the Premises provided no structural changes are made, and, in the case of alterations or modification of the Premises, but not redecoration or rearrangement of fixtures, Lessee shall first obtain Lessor's written consent, which shall not be unreasonably withheld.

3. Lessor agrees not to enter into a lease agreement with another third party who intends to operate a business that is similar to or in competition with the franchised business in the same shopping center or mall owned and/or managed by Lessor and/or one that will be operated within a one-mile radius from the subject Premises.

4. Lessor shall provide written notice to Lessee and to Franchisor upon the occurrence of any Event of Default hereunder. Such notice shall be mailed to the addresses, and in such manner, as is set forth in the "Notices" section hereof if mailed to Lessee and to the following address if sent to Franchisor:

Tea O'La, Inc.
154 W. Valley Boulevard
San Gabriel, CA 91776
(626) 288-1663
[Fax:]

5. An "Event of Default" shall include any material breach of this Lease or of the Franchise Agreement. Upon occurrence of any Event of Default, Lessor may notify Lessee, which shall have 30 days in which to cure any such Event of Default. Franchisor may itself cure any default during the 30-day period, and may occupy the Premises and operate the franchised business if franchisee is unable to do so without any further notice or approval. If Franchisor exercises its option of taking over the Premises, and business, it may assign this Lease to another franchisee upon 30 days' notice to Lessor. In no event shall Franchisor be held liable for any liability whatsoever of the franchisee.

6. Upon termination of this Lease or of the Franchise Agreement, the Lessee shall remove all identifying signs and trademarks from the Premises. If Lessee fails to do so within five calendar days of its last day of active business or of the termination of this Lease, whichever is sooner, Franchisor may remove such signs and marks itself.

Lessor:	Lessee: ________________________
Name: ________________________	Name: ________________________
Title: ________________________	Title: ________________________

EXHIBIT F
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	Commissioner of Business Oversight State of California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505or (866) 275-2677
HAWAII	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 304 Honolulu, HI 96813	Securities Compliance Branch Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices 201 State House Indianapolis, IN 46204	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020	Maryland Attorney General Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities Suite 232 Providence, RI 02903	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
SOUTH DAKOTA	Director of South Dakota Division of Securities c/o 500 East Capitol Pierre, SD 57501	Franchise Administrator Division of Securities c/o 118 West Capitol Pierre, SD 57501-5070 (605) 773-4013
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501	Administrator Dept. of Financial Institutions Securities Division P.O. Box 4102 Tumwater WA 98504--1200 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555

EXHIBIT G
OPERATIONS MANUAL
TABLE OF CONTENTS

EXHIBIT H
CALIFORNIA APPENDIX
TO TEA O'LA, INC. FRANCHISE DISCLOSURE DOCUMENT

Cover Page

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Risk Factors:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov and CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

Item 3. Litigation

None of the persons identified in Item 2 of the franchise disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defied in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Item 17. Renewal, Termination, Transfer and Dispute Resolution

In connection with Item 17 of the franchise disclosure document, the following paragraphs are included pursuant to California law:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, non-renewal or transfer of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for a termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. §101, et seq.).

3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. The Franchise Agreement requires application of the laws of the state in which Franchisor maintains its principal place of business. This provision may not be enforceable under California law.

5. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

6. Each franchisee must provide the Franchisor a personal guarantee for all obligations under the Franchise Agreement.

7. Each provision of this Appendix to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516, and the California Franchise Relations Act, CA Bus. & Prof. Code §§20000-20043, are met independently without reference to this Appendix to the disclosure document.

8. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

9. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

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	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	N/A
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	N/A
Washington	N/A
Wisconsin	N/A

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.

EXHIBIT I
RECEIPT
(RETURN THIS COPY TO US)

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF TEA O'LA, INC. OFFERS YOU A FRANCHISE/ SUBFRANCHISE, TEA O'LA, INC. MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF:

1. THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE; OR
2. FOURTEEN CALENDAR DAYS BEFORE SIGNING OF A BINDING AGREEMENT;
3. FOURTEEN CALENDAR DAYS BEFORE ANY PAYMENT TO TEA O'LA, INC.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

IF TEA O'LA, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISION, WASHINGTON D.C. 20580 AND THE APPROPRIATE STATE REGULATORY AGENCY LISTED IN EXHIBIT F.

TEA O'LA, INC. authorizes the state agencies listed in Exhibit F to receive service of process for TEA O'LA, INC. TEA O'LA, INC.'s sales agent for this offering is [ ], located at

____
(Phone No.:).

I have received a Uniform Franchise Disclosure Document dated with an issuance date of May 15, 2020. This Disclosure Document included the following Exhibits:

Exhibit A: Franchise Application
Exhibit B: Franchise Agreement
Exhibit C: Financial Statements
Exhibit D: Personal Guaranty
Exhibit E: Rider to Lease
Exhibit F: List of State Administrators and Agents for Service of Process
Exhibit G: Operations Manual (Table of Contents)
Exhibit H: California Appendix
Exhibit I: Receipt

Dated: ____________

____
Franchisee

____
Print Name

EXHIBIT I
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(YOUR COPY)

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Dated: ____________

____
Franchisee

____
Print Name