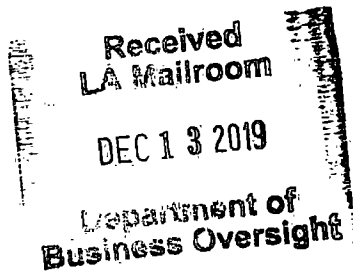


FRANCHISE DISCLOSURE DOCUMENT**Chatime USA, LLC**

A Delaware Limited Liability Company
No. 98, Gaotie 9th Rd.
Zhubei City, Hsinchu County 30274, Taiwan
+886-988-050-818
kent@lakaffa.com.tw



A master franchisee will open and operate, and have the option to license others to open and operate Chatime food service establishments offering gourmet coffees and teas, coffee or tea-based beverages, bubble tea, compatible food products, coffee and tea makers and related supplies, accessories and gifts, known as a “restaurant,” an “outlet” or a “franchise” within a designated territory. This franchise disclosure document covers the master franchise offering (the “Master Franchise”).

The total investment necessary to begin operation of your first Outlet under a Chatime Master Franchise Agreement is between \$361,100 - \$691,200. This includes \$281,000 - \$317,000 that must be paid to the franchisor or its affiliates.

You must open at least five outlets before you begin selling franchises. The total investment necessary to begin operation of your first five Outlets and meet the requirements for franchising under a Chatime Master Franchise Agreement is between \$923,500 - \$2,904,000. This includes \$405,000 - \$585,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your master 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 fourteen (14) days before you sign a binding agreement with, or making 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 Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different format, contact the Franchise Department at Chatime USA, LLC, No. 98, Gaotie 9th Rd., Zhubei City, Hsinchu County 30274, Taiwan, +886-988-050-818, ichatime.sales@lakaffa.com.tw.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise 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, 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: **March 27, 2019, as amended October 10, 2019**

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

Call the state franchise administrators listed in Exhibit C for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following **RISK FACTORS** before you buy this franchise:

1. **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US THAT CANNOT BE RESOLVED BY GOOD FAITH NEGOTIATION BY LITIGATION ONLY IN THE TAIWAN HSINCHU DISTRICT COURTS. OUT-OF-STATE AND OUT-OF-COUNTRY LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN TAIWAN THAN IN YOUR OWN STATE OR COUNTRY.**
2. **THE FRANCHISE AGREEMENT STATES THAT TAIWAN LAW GOVERNS THAT AGREEMENT. THESE LAWS MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED EXPERIENCE WITH FRANCHISING. THEREFOR, THIS FRANCHISE OPPORTUNITY PRESENTS MORE RISK THAN THAT OF A COMPANY WITH LONGER OPERATING HISTORY.**
4. **YOU MUST PURCHASE ALL OF NEARLY ALL OF THE INVENTORY OR SUPPLIES THAT ARE NECESSARY TO OPERATE YOUR BUSINESS FROM THE FRANCHISOR, ITS AFFILIATES, OR SUPPLIERS THAT THE FRANCHISOR DESIGNATES, AT PRICES THE FRANCHISOR OR THEY SET. THESE PRICES MAY BE HIGHER THAN PRICES YOU COULD OBTAIN ELSEWHERE FOR THE SAME OR SIMILAR GOODS. THIS MAY REDUCE THE ANTICIPATED PROFIT OF YOUR FRANCHISE BUSINESS.**
5. **THE FRANCHISOR'S MOST RECENT AUDITED FINANCIAL STATEMENTS REFLECT THAT CURRENT LIABILITIES EXCEED CURRENT ASSETS. THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU.**
6. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

(See the following page for state effective dates.)

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| | |
|---------------|---|
| California: | September 9, 2019, as amended _____ |
| Hawaii: | June 1, 2019, as amended _____ |
| Illinois: | May 1, 2019, as amended _____ |
| Indiana: | December 17, 2018, as amended _____ |
| Maryland: | Not Registered |
| Minnesota: | September 23, 2019, as amended _____ |
| New York: | Not Registered |
| North Dakota: | May 31, 2019, as amended _____ |
| Rhode Island: | _____ |
| South Dakota: | December 17, 2018, as amended _____ |
| Virginia: | July 29, 2019, as amended _____ |
| Washington: | _____ |
| Wisconsin: | December 17, 2018, as amended _____ |

Other states that may require a notice filing (without an FDD) include Connecticut, Florida, Michigan, Kentucky, Nebraska, Texas, and Utah, and in certain situations other states. We filed franchise notices in the following states, with the following effective dates:

| | |
|--------------|---------------------------|
| Connecticut: | November 28, 2018 |
| Florida: | October 23, 2019 |
| Kentucky: | January 8, 2019 |
| Michigan: | July 1, 2019 |
| Nebraska: | December 17, 2018 |
| Texas: | December 17, 2018 |
| Utah: | September 24, 2019 |

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