



## FRANCHISE DISCLOSURE DOCUMENT

**South Bay Soup Corporation**  
a California corporation  
**Attention: JAZEN TEA®**  
**1420 Fulton Avenue, Building B**  
**Sacramento, CA 95825**  
**Telephone: (916) 779-8800**  
**www.jazentea.com**

**Franchise Business:** We offer “Stand-Alone Jazen Tea® Shop Franchises” for the right to sell a variety of flavorful fruit and tea drinks made from brewed high quality tea leaves and fresh fruit, smoothies and snacks in an attractive retail environment identified by the distinctive branding elements of the “Jazen Tea® System.” We also offer “Co-Branding Franchises” to qualified “Phở Hòa® Restaurant Franchisees” granting the right to sell, in addition to “Phở Hòa® Menu Items,” a selection of “Core Jazen Tea® Menu Items” and to incorporate the distinctive branding elements of the Jazen Tea® System as part of your Phở Hòa® Restaurant operations.

### Initial Fees:

**Stand-Alone Jazen Tea® Shop Franchises:** The total investment necessary to begin operation of a Stand-Alone Jazen Tea® Shop ranges from \$163,300 - \$295,500. This includes up to \$24,100 that must be paid to us or our affiliates before you open your Stand-Alone Jazen Tea® Shop if this is your first Jazen Tea® franchise.

**Co-Branded Phở Hòa® Restaurant Franchises:** The total initial investment to begin operation of a Co-Branded Phở Hòa® Restaurant ranges from \$58,000 – \$82,000. This includes \$8,500 that must be paid to us or our affiliates for Co-Branding Franchise rights, but excludes the separate \$20,000 Initial Franchise Fee payable to acquire Phở Hòa® Restaurant franchise rights. It also excludes the Term Extension Fee that is payable only if you need to extend the term of an existing Phở Hòa® Franchise Agreement so that it expires at the same time as the Co-Branding Addendum, i.e., 5 years after you first begin selling Core Jazen Tea® Menu Items and operating as a Co-Branded Phở Hòa® Restaurant. The initial investment range covers only the incremental expenses over and above the estimated initial investment to begin operation of a Phở Hòa® Restaurant, which we disclose in a separate Disclosure Document for the Phở Hòa® Restaurant franchise opportunity.

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 (or such date as required by applicable state law - see State Addenda) before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of the disclosure document in another format, contact Quoc Phan, President, Chief Executive Officer, Chief Financial Officer and Director, South Bay Soup

Jazen Tea®  
Franchise Disclosure Document (FDD)

48447802-1081-4-0088995-00002

Corporation, Attention: JAZEN TEA®, 1420 Fulton Avenue, Building B, Sacramento, CA 95825  
Telephone: (916) 779-8800; franchising@jazentea.com

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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.

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## 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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A 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 ALL DISPUTES (WITH LIMITED EXCEPTIONS) FIRST BY NON-BINDING MEDIATION, AND IF THAT PROCESS DOES NOT RESULT IN RESOLUTION, BY LITIGATION. MEDIATION MUST OCCUR AT OUR HEADQUARTERS. LITIGATION MUST OCCUR IN THE STATE OR FEDERAL COURTS CLOSEST TO OUR HEADQUARTERS UNLESS WE FILED THE ACTION IN YOUR HOME STATE OR IF LOCAL LAW REQUIRES THAT THE ACTION BE BROUGHT IN YOUR HOME STATE. AT THIS TIME, OUR HEADQUARTERS ARE IN SACRAMENTO, CALIFORNIA, BUT WE MAY CHANGE THE LOCATION OF OUR HEADQUARTERS AT ANY TIME. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT PROVIDES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT WITH ONE EXCEPTION. THE EXCEPTION CONCERNS COVENANTS IN THE AGREEMENT FORBIDDING YOU FROM ENGAGING IN COMPETING ACTIVITIES. CALIFORNIA LAW GOVERNS THE INTERPRETATION AND ENFORCEMENT OF THESE COVENANTS UNLESS THE PROVISION WOULD BE UNENFORCEABLE UNDER CALIFORNIA LAW, IN WHICH CASE YOUR LOCAL LAW WILL APPLY IF YOU RESIDE OR YOUR FRANCHISE IS LOCATED IN ANOTHER STATE. CALIFORNIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT IN WHICH YOUR SPOUSE CONSENTS TO YOUR EXECUTION OF THE FRANCHISE AGREEMENT AND AGREES THAT YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT ARE BINDING ON THE MARITAL COMMUNITY EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. IF YOU LIVE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE LIABLE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HAS NOT SIGNED ANYTHING. IN EITHER CASE, BOTH YOU

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