

FRANCHISE DISCLOSURE DOCUMENT

Teapulse Franchise Group LLC

212-12 Northern Blvd

Bayside, NY 11361

Tel: (646) 301-3772

Website: www.teapulseusa.com



The franchise offered is for the operation of a TEAPULSE shop offering a variety of boba teas, fruit teas, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products. The franchise will provide sit-down, take-out and delivery services.

The total investment necessary to begin operation of a TEAPULSE shop ranges from \$259,300 to \$859,600. This includes \$69,800 which must be paid to the Franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Yate Liu at (646) 301-3772, info@teapulseusa.com or at 212-12 Northern Blvd, Bayside, NY 11361.

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.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
2. **General Financial Condition:** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.
3. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor’s right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
- ~~4.~~ **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
- ~~5.~~ **Supplier Control.** You must purchase all or 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 franchised business.
- ~~4-6.~~ **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

Chief Financial Officer: Hao Zhang (aka Alvin Zhang)

Alvin Zhang has served as our Chief Financial Officer since our formation. Since June 2011 and continuing to date, Alvin has served as Managing Director of Protiviti located in New York, NY.

Vice President: Bin Wu

Bin Wu has served as our Vice President since our formation. Since September 2008 and continuing to date, Bin has served as Co-founder and Chairman of Jidong (Shanghai) Holdings Limited, located in Shanghai, China.

Director, Franchise Business Support: Sun Tao Yuan

Sun Tao Yuan has served as our Director of Franchise Business Support since our formation. Since June 2025 and continuing to date, Sun Tao has served as the General Manager of Teapulse corporate-owned stores located in New York, NY. From November 2024 to May 2025, Sun Tao served as the Store Manager of Molly Tea Brooklyn, located in New York, NY. From July 2020 to October 2024, Sun Tao served as the Assistant Store Manager of Xiang Hotpot, located in New York, NY.

ITEM 3. LITIGATION

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

ITEM 4. BANKRUPTCY

Neither we nor any parent, affiliate, officer or general partner of ours, nor any other person who will have management responsibility relating to the sale or operation of the franchises offered by this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or any foreign bankruptcy laws required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay to us an initial franchise fee of \$29,800 upon execution of the Franchise Agreement. You will pay the initial fee in a lump sum payment. The initial franchise fee is fully earned at the time you make the payment to us and is not refundable..

You must also pay to us a nonrefundable Store Launch Service fee of \$20,000 and a refundable Security Deposit of \$20,000 upon execution of the Franchise Agreement. The Store Launch Service Fee covers the following: (1) our costs to create the initial store design; (2) a one-time license fee to use our proprietary software; and (3) our site visits for site selection purposes. The Security Deposit is non-interest bearing and fully refundable to you at the end of the Term of the Franchise Agreement, provided you do not default or other breach any of the provisions set forth in the Franchise Agreement and other agreements between us related to the operation of the Franchised Business.

Business within sixty (60) days after our approval. You must submit for review any sale or lease contract before you sign it. In the event that we cannot agree on a site for your Franchised Business, then the Franchise Agreement shall be terminated, and any refundable fees, such as the Security Deposit, will be remitted to you upon termination. All other fees already paid that are nonrefundable will not be remitted to you. You may be required to execute a General Release in a form acceptable to us upon termination.

We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Currently, site approval will consider the following factors among other factors: potential customer base, lease costs, competition, parking availability, population density and composition, visibility, traffic patterns, proximity to public transportation, size, layout and other physical characteristics of the premises, and proximity to other TEAPULSE shops.

Once we have received all necessary information about your proposed site(s) as described above, we or a designee may in our sole discretion, conduct one (1) on-site evaluation for each proposed site for your first Franchised Business. If we or our designee determine, in our sole discretion, that a further on-site evaluation is still necessary or if you request further on-site evaluations, we or our designee may in our sole discretion, conduct an additional on-site evaluation. You will be required to pay us a site evaluation fee per visit regardless of the number of proposed sites we evaluate during our visit. The site evaluation fee will equal our costs and expenses, which typically range between \$2,000 and \$3,000. We will review and approve your architectural drawings, prior to their submission to the local government for the purpose of layout and design compliance only. If we do not disapprove of your architectural drawings within thirty (30) days of our receipt, your architectural drawings are deemed approved. Our review and approval is not a guarantee that your architectural drawings comply with any codes, laws or regulations including for example, zoning codes and the Americans with Disabilities Act or that they are competently drafted. You are responsible for such compliance. You will be required to reimburse us for all costs and expenses incurred in connection with reviewing your architectural drawings.

Although we will consult with you on your site and your site is subject to our evaluation, you have the ultimate responsibility in choosing, obtaining and developing the site for your Franchised Business. Our consultation is not a promise or guarantee that the Franchised Business operated at your site will be successful. Our review and approval of the site is limited to verification that the site is within the Territory and that it meets our requirements. We recommend that you seek the advice of your own independent advisors in determining if the site meets our standards and your standards.

We estimate that the time from the signing of the Franchise Agreement to the opening of the Franchised Business will be approximately one hundred eighty (180) to three hundred sixty (360) days, or ninety (90) to one hundred eighty (180) days after lease signing. This time may be significantly shorter or longer depending upon the time necessary to obtain a site, to obtain financing and to obtain the permits and licenses necessary for the construction and operation of the Franchised Business. Additional time may be needed to complete construction or remodeling as it may be affected by adverse weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business including decorating, purchasing and installing fixtures, equipment and signs and to complete preparation for operating the Franchised Business including purchasing inventory and supplies. The Franchise Agreement requires you to open the Franchised Business and begin business no later than twelve (12) months after signing the Franchise Agreement, unless you obtain a written extension of this time period

Franchisor may seek injunctive relief. Further, in connection with injunctive relief, Franchisee and Franchisor acknowledge that a court will determine whether a bond is required.

9. Minn. Stat. §604.113 implements a cap of \$30 for service charges applied to NSF checks.

10. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

The State of Minnesota has imposed a fee deferral due to our financial condition, which requires that we defer the collection of all initial fees from Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

FRANCHISEE: _____

BY: _____

NAME: _____

TITLE: _____

Teapulse Franchise Group LLC

BY: _____

NAME: _____

TITLE: _____

**ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

1. Item 17 of the disclosure document is hereby amended to include the following:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C. 14, Subs. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

The agreements contain a liquidated damages clause. Under Minn. Rule 2860.4400J liquidated damage clauses are prohibited.

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

For Minnesota franchisees, to the extent the Franchise Agreement requires it to be governed by a state's law other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

Section 80C17, Subd. 5. of the Minnesota Franchise Act states that no civil action may be commenced for violation of the Minnesota Franchise Act more than 3 years after the cause of action accrues. Section 18.3 of the Franchise Agreement contains certain time limits on commencing actions. For Minnesota franchisees, to the extent that these limitations are inconsistent with those under the Minnesota Franchise Act, the provisions of the franchise Agreement are superseded by the Minnesota Franchise Act's requirements and shall have no force or effect.

Minn. Rule 2860.4400J prohibits you from consenting to us obtaining injunctive relief. Rather, where injunctive relief is provided for in the Franchise Agreement, you acknowledge that we may seek injunctive relief. Further, in connection with injunctive relief, you and we acknowledge that a court will determine whether a bond is required.

Minn. Stat. §604.113 implements a cap of \$30 for service charges applied to NSF checks.

The State of Minnesota has imposed a fee deferral due to our financial condition, which requires that we defer the collection of all initial fees from Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

Teapulse Franchise Group, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.

I have received a Franchise Disclosure Document with an issuance date of July 11, 2025 and with effective date(s) of state registration as described in the FDD. This Disclosure Document included the following Exhibits:

Exhibit A. State Administrators and Agents for Service of Process

Exhibit B. Franchise Agreement

Exhibit C. Confidential Operating Manual Table of Contents

Exhibit D. List of Franchisees

Exhibit E. Financial Statements

Exhibit F. State Addenda to Disclosure Document

Exhibit G. State Effective Dates

Exhibit H. This Receipt

~~1. State Administrators and Agents for Service of Process~~

~~2. Franchise Agreement~~

~~3. Area Development Agreement~~

~~4. Confidential Operating Manual Table of Contents~~

~~5. List of Franchisees~~

~~6. Financial Statements~~

~~7. State Addenda to Disclosure Document~~

~~8. This Receipt~~

Date: _____
(Do Not Leave Blank)

Disclosee: _____

Printed name: _____

Disclosee: _____

Printed name: _____

TO BE RETURNED TO:

You may return the signed receipt either by signing, dating, and mailing it to Teapulse Franchise Group, LLC at 212-12 Northern Blvd, Bayside, NY 11361, or by scanning and e-mailing a copy of the signed and dated Receipt to info@teapulseusa.com.

effective date(s) of state registration as described in the FDD. This Disclosure Document included the following Exhibits:

~~Exhibit A. 1.~~ State Administrators and Agents for Service of Process

~~2.~~ ~~Exhibit B.~~ Franchise Agreement

~~3.~~ ~~Area Development Agreement~~ ~~Exhibit C.~~

~~4.~~ Confidential Operating Manual Table of Contents

~~Exhibit D. 5.~~ List of Franchisees

~~Exhibit E. 6.~~ Financial Statements

~~Exhibit F. 7.~~ State Addenda to Disclosure Document

~~Exhibit G. State Effective Dates~~

~~Exhibit H. 8.~~ This Receipt

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(Do Not Leave Blank)

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