

# FRANCHISE AGREEMENT

Made at .....

Day.....

This Agreement is made between ..... By ..... an authorized director, having its principal office at ..... Hereinafter called the "Franchisor" of the one part

And ..... 26 years old, Nationality.....,Passport No. ....Resting at ..... Hereinafter called the "Franchisee" of the other part

## Whereas

A. The Franchisor is owner of the business in the trade name ..... and trademark mark service mark which the franchisor or its affiliates have produced, importer, provided or supply of products including any equipment concerned.

B. The Franchisor and its affiliates have developed business plan and system for operating the abovementioned business by grouping any technical knowledge, Trade secrets, data or information related to the operation of the business, customer services , advertisement, sale promotion, market promotion And the standard of operation of the business into the whole system as milk tea business franchising under the name "....." and the business manual.

C. The franchisor and its affiliates are the owner of tradenames, trademarks and service marks no matter what they were crated in any language, character, graphical style, expression, conveyance or whatever form of presentation Including tradenames or any sign belonging to the franchisor or its affiliate with that has been used with the business. Irrespective of whether they have been registered in Thailand or wherever.

D. The franchisor and his affiliates are the owner of all copyrights and any rights specified in the business manual as "....."

E. The franchisor and its affiliates have acquired good reputation and goodwill for all over the world and the Franchisee is desirous of getting benefits of the reputation and goodwill therefrom.

F. The Franchisee is desirous of being granted permission from the Franchisor in order to operating its business concerning ..... in compliance with business system under the term and condition in this agreement.

The parties have considered and thoroughly understood the terms and conditions hereof that each term and condition is fair and reasonable. The Franchisee have got completely legal advice and thoroughly awarded of each term and condition hereof and agreed as follow:

## 1. Definitions

Unless otherwise provided clearly, the following words or phrases shall mean:

“**Products**” means products classify as milk tea which the Franchisor and its affiliates have produced; provided and distributed including any equipment concerned under tradename, mark, trademark and service mark as “.....”

“**place of Business**” means place whereby sold products and operated under business licensed by the Franchisor according to this agreement.

“**Tradenname**” means right, reputation and goodwill, ownership or any interests in tradename, mark, trademark and service mark “.....”.Irrespective of being created in any language, character, graphical style, expression, conveyance or whatever form of presentation Including tradenames or any mark of the Franchisor or its affiliate with that has been used in the business. Irrespective of whether they have been registered in Thailand or wherever or not. And shall including anything with the Franchisor or its affiliate may apply for registration or intent to register at any time (if ang)

“**Business**” means technical knowledge, trade secret, data or information which has its ownership relating to the operation of mike tea under the tradename which the Franchisor or its affiliate have developed including the way of training, customer services, advertisement, market promotions and the standard for the operation of its business as planned and system.

“**Agreement**” means this agreement for granting permission for the operation ..... business, practicing rules of ....., manual and any documents attached thereto.

“**Manual**” means the instruction for doing ..... business which the Franchisor and its affiliates have designed and collected into mode for using in ..... business.

“**Location**” means location of the place of business under clause 2.

“**Term of agreement**” means a duration of permission under clause 2

“ Trade Secret” means information technology, technical knowledge , know-how, process, formula, business means or business data which in confidential or should not be revealed or of being ownership, including but not limit to information composed of or specified in the manual and business of the Franchisor or its affiliates.

“Late Payment Fee” means the fee at the rate of .....% per month for the outstanding amounts which the Franchisee owed to the Franchisor which can be calculated from the date of default up until the payment completed. The rate herewith shall be modified from time to time after the date which this agreement was made, in compliance with the current standard rate of the Franchisor which the Franchisee will be notified in written.

## 2.The permission

2.1 Franchisor grants permission for Franchisee to sole operate ..... business in territory (.....) for a period 3 years from 1 August 2021 hereinafter called the “commencement date” to 1 August 2024 hereinafter called the “expiring date” unless earlier terminated pursuant to the terms and conditions provided in this agreement. If the Franchisee want to continue for 3 years and notify with written to the Franchisor at least 60 days before expiring date and payment of fee amount 10,000 baht when the Franchisor agreed that.

The Location shall be at.....

2.2 The Franchisee shall begin operating its business within..... from the date of signing this agreement. The franchisee must continuously inform the franchisor the progress of the decoration of the shop. Which after the period The franchisee not report any disruption or force majeure. The franchisor has the right to hold all the fees that the franchise has paid.

## 3. Franchisor’s Duties and Responsibilities

3.1 Franchisor agrees to franchisee has the right to use the Franchisor's logo trademarks.

3.2 Franchisor will be assistance in business academic under this agreement for build brands and maintain to sales.

3.3 During this agreement, Franchisor hereto agrees that it shall not allow others person use the mark, trademark and service mark In conducting business under the tradename as this agreement Which that is in the same position as competing with franchisor's business in the territory (.....) unless Franchisee unable complete operation at that territory or received permission with written from the franchise

3.4 Franchisor has responsible and protects franchisee in the event a third party claim or allegation relating about to use of trademarks in this agreement is an infringement of copyrights or patents of others.

3.5 Franchisor will delivery products to Franchisee in 7 days from the day of order.

#### 4. Franchisee's Duties and Responsibilities

4.1 Franchisee agrees to perform as this agreement. whatever the payment of irrevocable fees, royalty fee, display and investment, furnishings and business.

4.2 Franchisee will use the trademark at the place of business and products that are only manufactured in accordance with the franchise's the quality standards process and produce.

4.3 Franchisee must require to use the trademarks under this Agreement for their business operations and within the stipulated. Franchise agree not to take any action is interfering with or contradicting the right to use Franchisor's trademark. Whether for themselves or others and will not do any act or tolerate any act to violate the law or contrary to public order or good morals or cause annoyance or objection to any person in that business.

4.4 Franchisee will not give a right of trademarks and all or part of the business under this Agreement to third parties. Including not taking the business out to subleasing, not continuing to lease it unless have permission with written from Franchise. If it is necessary to change this agreement. Franchisor will charge a fee in the amount 30,000 baht.

4.5 Franchisee will not expand territories of the place of business and do not decorate trademarked tools and equipment or modify within that place during the agreement. Unless have permission with written from Franchise.

4.6 Franchisee must to purchase products of franchisor's trademark, whether that were already existing at the time of the agreement or in the future. As well as the products that Franchisor determines Franchisee buy. This is to ensure for the products in the place of business have the standards as specified of franchisee. Franchisee will not sell products with the same characteristics as the contractual business at place of business.

4.7 Franchisees must require to send employees or its personnel to be training on production methods under the technical assistance program about operation the business with franchisor at the date, time and place as informs for making employees or its personnel has the ability and expert in manufacturing products to the standards and processes according to the aforementioned trademark. And Franchisee will provide the franchisor's designated uniform for the employee or staff to wear during operating hours by Franchisee's expense.

4.8 Franchisee agrees to allow franchisor or his agent to inspect at the place of business at any time, and Franchisee will provided a list of ingredient and other expenses as franchisor's required for inspection and must be kept documents at the place of business.

4.9 Franchisee shall pay trade tax and show the tax statement to the government including any expenses of trade tax.

4.10 Franchisee shall pay all expenses for advertisement and public relations in Vientiane throughout the agreement period. It shall provide publish on documents, billboards and social media.

4.11 Franchisee must protect the trademarks and do not let other person infringe that rights of Franchisor. Whatever use of a counterfeit trademark or an imitation. Any image, invention or text to use it must be immediately notified to franchisor.

4.12 All ingredient to use in the production of products, Franchisee must be used or purchased only from a Franchisor.

4.13 design of commercial establishment, decoration, extension or modification, Franchisee must notify the franchisor with written not less than 7 days from the start of the operation.

4.14 Franchisee no has the right to modify of the computer program, information, manuals and documents related to the computer program delivered by the Franchise under this agreement for Franchisee's benefit.

4.15 Franchisee will not copying recipes of ..... as this agreement without the permission with written from Franchisor.

4.16 Franchisee accepts that franchisor's seal or name on manuals and documents. In connection with ..... under this agreement is the copyright of Franchisor and Franchisee will not erase, destroyed or remove.

4.17 Franchisee agrees to sell at the price specified of products by the franchisor. In the event that the price of the product is changed, the franchisor will inform the franchisee and Franchisor cannot changes the price to sold before permission with written from Franchisor.

4.18 Franchisees shall not disclose any information that received from Franchise in electronic file or printed to any third person.

4.19 Franchise accept the conditions about logistics including as responsible for any expense of postage and government tax.

4.20 Franchisee understands this agreement will be expires in 3 years and its renewal will depend by Franchisor's considers and on Franchisee's action and sales performance.

4.21 Franchisee agrees to make payments as Thai currency (baht) that means the special price offered by the franchisee will be currency of Thai baht and Franchise will not be profitable or loss from any exchange rate.

4.22 Franchise not to retail or sell a counterfeit or Imitation in terms of close similarity in design and pattern or exact copy of product of .....

## 5. Royalty Fee

5.1 Franchisee has to pay Royalty fee for the permission amount..... Baht on the date of signed this agreement by transfer to..... Bank. Account no.....Name account.....

5.2 If Franchisee wishes to operate as an event or a catering ,it must be permission with written from Franchisor.

Franchisee agrees to pay any fee, tax and required by law including VAT or any other tax that may be additionally posted by Excise Tax Department And absolutely including any cost and expense as regard to this agreement.

## 6. Extension of the agreement

6.1 Franchisor may extend this agreement for successive periods of 3 years from the expiring date and Franchisee will pay a Royalty fee in the amount 10,000 baht. For the purposes thereof, Franchisor shall take to consider that Franchisee has done in compliance with all the condition as follow to be granted extension.

6.1.1 Franchisee shall notify Franchisor with a written notice asking for extension by not less than 60 days before the expiring date.

6.1.2 Franchisee has been correctly and completely proceeding and performing in accordance with any condition and obligation thereto throughout the period of this agreement.

6.1.3 Franchisee shall enter into a new agreement with Franchisor and the new agreement may have any condition differently from those of this agreement.

6.2 In case that the parties do not enter into a new agreement as set forth in Clause 6.1.3 and the parties still continue performing according to the agreement as if it were continuance even after the expiring date, either party shall terminate the said performing by sending prior written notice to the other party to be so informed not less than 90 days.

## 7.Non-Assignable of rights/ obligation

Franchisee shall not assign rights / obligation, either in whole or in part, hereunder to any person or juristic person without the prior written consent but the Franchisor may assign rights, ownership and any interest hereunder, either in whole or in part, as to its own discretion, for the benefits of its successors and its assignees.

## 8. Termination

8.1 Termination. This agreement shall be terminated by the following:

8.1.1 If the Franchisee

(a) Fails to pay for any amount of money when due hereunder to the Franchisor

(b) Does not perform in compliance with any obligation hereunder or breach of any of the terms or conditions of this agreement.

(c) commits any of prohibited business or malfeasance in the place of .....

Whereby this agreement will be terminated upon the 30 days from the date specified in the Franchisor's written notice unless the Franchisee has paid all the amounts due including late payment fee and any fee which is to be paid, or to perform in accordance with its obligation, or the Franchisee has remained the breach within 30 days as set forth above. The Franchisor may exercise its discretion to extend an additional period of time for Franchisee to remedy the breach thereof.

8.1.2 Unless otherwise agreed, if there is one of the following events occurs, the Franchisor shall have the rights to immediately terminate this agreement by sending a written notice to the Franchisee.

(a) The Franchisee falls in the process of bankruptcy, or becomes bankrupt or files a motion of composition, petitions for reorganization or enters into any agreement for the benefit of the Franchisee's creditor or lets the judgment which is not in favor of the Franchisee still exist, or fails to make a payment, or unable to fulfill its financial obligation by the due date or has a receiver appointed and the Franchisee is unable to remedy or revoke such appointment.

(b) The Franchisee closes the place of business for a period of 10 consecutive days or any other period of time which the Franchisor may conclude as a matter of fact that the Franchisee doesn't need to continue the operation of the place of business.

(c) The Franchisor and the Franchisee hereto mutually agreed upon in written to terminate this agreement.

(d) The Franchisee certifies untrue statement in essential part which the Franchisor is misled by such certifications, thus causing damage thereto.

(e) The Franchisee behaves in such a manner that Franchisor considers it shall seriously prejudice to the business's reputation.

(f) After having remedied the breach upon receiving written notice under clause 8.1.1 hereinabove, Franchisee commits the same breach or likewise, irrespective of whether such breach shall be remedied after receiving written notice or still continue whatsoever.

8.2 Obligation upon termination. Upon termination of this agreement by any causes whatsoever, the Franchisee shall

8.2.1 immediately pay all sums which is due at that moment or thereafter or which has agreed to pay, together with late payment fee or the interest thereof at the current highest rate stipulated by law up until the performance are complete.

8.2.2 immediately cease operating the place of ..... business and shall not thereafter represent itself in wherever way that it's still be the Franchisee.

8.2.3 desist from using all any tradename and trade secret either directly or indirectly including trademark, service mark or the like which are identical with or confusingly similar to the Franchisor's trademark, service make, tradename including description of good, letterhead, miscellaneous documents concerning tradename or ..... business.

8.2.4 immediately remove and destroy or return any post, name post, letterhead, stationary, format using in The Franchisee's business and any other things thing bearing the Franchisor's tradename as stipulated by the Franchisor with the Franchisee's own costs and expenses.

8.2.5 immediately remit all copies of manual and documents or any printed matters defining the franchisor's trade secret which are in the Franchisee's possession and control.

8.2.6 perform and sign the document as required by Franchisor particularly but not limit to the notification of desisting from use of tradename at the trademark registrar office as necessary for being evidences. If Franchisee shall not or is unable to do as Franchisor deems necessary, it shall be considered that this agreement authorizes Franchisor to do any necessary thing thereof, for the protection of franchisor's right on tradename, with Franchisee's own costs and expenses.

8.3 Franchisor and Franchisee hereto may terminate this Agreement at any time by sending prior written notice to the other party not less than six months, and this Agreement shall be deemed terminated.

8.4 In any case whatsoever, Franchisor shall not bear any burden or obligation to Franchisee, including the obligation to pay sums to Franchisee on account of the losses of reputation, goodwill, establishment of an

irrevocable burdens, obligation to pay the rent fees for the rest period of the rental, or any expenses, or deficits incurred to Franchisee because of the termination thereof.

**9. Non-partnership/agent**

Franchisee hereto agrees that it shall not use any rights in this agreement or Franchisor's reputation as any security, or establishing any lien or burden. Franchisee shall not represent itself as Franchisor or its agent, commission agent, partner, personnel, employee, or representative, or having any power to establish any burden whatsoever on behalf of Franchisor, either clearly or implicitly. No terms and conditions in this agreement shall be in effect of or shall be deemed that Franchisee is an agent, partner, personnel, employee or representative of Franchisor.

**10. Confidentiality**

Franchisee hereto agrees that it shall not disclose any trade secret, information, or statement, according to this agreement to any third person which is not involving, either for its own benefit or for that of any other person. The duty and obligation of confidentiality shall continuously be enforceable on Franchisee even though this agreement shall be expired.

**11. Notices**

Notices shall be sent to the address of the parties by registered post or electronic mail (E-mail) as follow will be deemed sent complete

The Franchisor: .....

The Franchisee: .....

**12. Invalidity of the agreement.**

If any provision of this agreement shall be determined invalid, voidable or unenforceable by any cause whatsoever, such provision shall not affect any other part which is enforceable. in this case, the parties hereto shall mutually correct such provision in order that it is in compliance with the provision of law and the objectives of this Agreement.

**13. Force Majeure**

Except for the Franchisee's obligation for payments to Franchisor under this agreement, both parties hereto shall be released from their obligations in case of force majeure, for example, riots, public disorders, floods, fires, emergency crisis of the country, wars, State Rules, or any other cause beyond the control of the party which renders

any failure to fulfill any term of this agreement. The parties shall get released from the obligations thereof if they immediately send a written notice to the other party as soon as the causes hereinabove occurred. By this regard, the party hereby shall get released up until such causes come to an end. In the case that any party is unable to fulfill the terms of this agreement because of force majeure for the period of sixty days, it shall be deemed this agreement was terminated and Franchisee shall perform its obligation in the case that the agreement was terminated as stipulated by the practicing rules of Franchisor.

#### **14. Dispute Settlement**

In case that there is any disputes arising out of or in connection with this agreement, the parties hereto shall arrange the mutual meeting in order to amicably settle such disputes in good faith and reciprocal manner, within 7 days from the date that the disputes have occurred. in case the parties hereto between them fail to reach the settlement within the period of 30 days from the date of mutual meeting, such disputes shall be finally settled by the law of the Laos, PDR.

#### **15. Effective date**

This Agreement shall be in full force from the signing date onwards.

#### **16. Governing Law**

This Agreement shall be governed by laws of Lao, PDR.

#### **17. Entire Agreement**

This agreement supersede all previous understandings, agreements, either in written or by oral, and the modifications, amendments or revocations of any terms and conditions thereof shall be done only by an instrument in writing and signed by both parties.

This Agreement is made into 2 (two) copies in English. The Franchisor shall keep 1 (one) copy and the Franchisee shall keep another 1 (one) copy. Franchisor and Franchisee have executed this Agreement with the corporate seals (if any) on the date abovementioned.

For and on behalf of Franchisor

For and on behalf of Franchisee

Signe..... Franchisor

(.....)

Signe ..... Franchisee

(.....)

Signe..... Witnesses

(.....)

Signe ..... Witnesses

(.....)