



the **TEA ZONE** & **FRUIT BAR**



Business Background

- Based in Bay Area, California
- 1st location opened in 2014 in San Jose
- 2nd location opened in 2016 in San Jose
- 3rd location opened in Jan 2017 in Mountain View
- 4th location opened in May 2017 in San Jose
- 5th location opened in Aug 2017 in Santa Cruz
- 6th location will be open in Summer 2018 in Berkeley

- Promoting eco-friendly and healthy lifestyle choices

- Offering wide array of refreshing Bubble Tea & Juice

- Actively involved in the community with monthly fundraising events.

- Our motto: "Cool up your day, cool up your health, and cool up the community"



Products and Services

- Flavored Milk Tea
- Flavored Green Tea
- Smoothies
- Italian Soda
- Snow Ice
- Fresh Juice





The Bubble Tea Market

The bubble tea was invented in Asia a couple decades ago and has been growing rapidly in US since. Tea is the second most consumed beverage in the world after water. The total wholesale value of tea sold in the USA grew from less than two billion dollars in 1990 to more than 10 billion dollars today.

Several factors are driving the growing demand for tea in the United States. The trending of healthier life style has encouraged market to expand traditional tea products with juice, milk and fruits elements, which made a well known Bubble Tea products. The growing demand for innovation and new products have created an dramatic increase on tea or bubble tea business. This trend has been evidenced in major coffee shops like Starbucks.

It is not surprised on Starbucks' acquisition of Teavana and Tazo, stand-alone stores are popping up across the country. It is estimated that there are currently more than 4,000 specialty tearooms and retail shops across the country. Starbucks estimates that 7% of its \$16 billion annual sales currently come from tea.

Silicon Valley is an affluent region and has adapted to the sophisticated tastes of its citizens. All of these trends bode well for the success of a gourmet bubble tea and fruit bar concept.

Operation of Products & Water Use

Menu

Percentage

Tap Water

Product

Snow bubble drinks are made of concentrated juices, ice, milk, nutella & cookies etc.

50%

No



Smoothies are made by blending all the fresh fruits with ice and milk.

25%

No



Tea menu including milk tea, green tea, black tea are made by brewing tea from water boiler

15%

Yes



Dessert menu are side products, such as pudding & snacks etc. Please note that these products changeable depending on each individual location.

10%

No



Pre-made liquids & concentrated juice purchased from 3rd party includes:

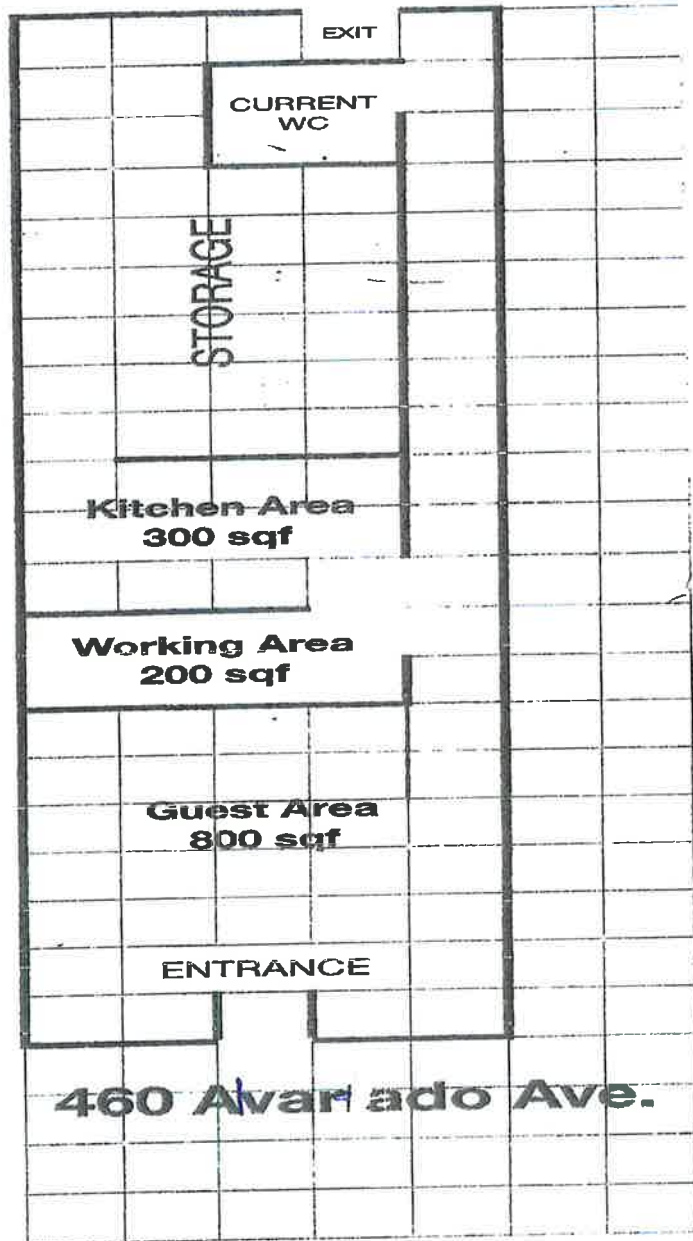
- Hershey's chocolate syrup
- Torani syrup
- Whole milk from Fresh Bite Basket
- Soy milk from Silk
- Half & half from Food Service Direct



Floor Plan

Our typical size of space on existing 5 locations is around 900 sf - 1,200 sf. The space on Alvarado St in Monterey is 2,650 sf which is twice as big. We are interested in opening business here not because of extra space, but to introduce the products into this community for positive impact and potential growth in this area.

The accommodation of business in Monterey will be similar to other locations which is around 800 sf for servicing area (see attached floor plan). Extra space is used for storage only.



Summary

- Water Use Factor: ~75% products are using pre-made liquid and ice cube; only ~ 15% products are using tap water.
- Space for serving and working areas are ~ 1,300 sf. Extra space is for storage only.
- The business provides family friendly environment and brings positive impact on community for healthy & trending life quality.