

FRANCHISE AGREEMENT

The undersigned:

1. **Franchisor** [____], having its registered office at [____], [____], hereinafter referred to as: '**Franchisor**', duly represented by [____];

And

2. [____], representing (**New Company**), residing at [____], The Netherlands, hereinafter referred to as: '**Franchisee**'

The parties under number 1 and 2 referred to individually as the "Party" and together as the "Parties";

PREAMBLE

- FRANCHISOR has expended time, effort and money to acquire knowledge, experience, methods, skills with regard to the sale and purchase and distribution, establishment, marketing, promotion and operation of businesses by means of websites that provide the sale and purchase of golf equipment, golf clothing, golf holidays and associated products, hereinafter referred to as the "Products";
- FRANCHISOR has expended time, effort and money to acquire knowledge, experience, methods, business plans, procedures, skills with regard to rendering services to the customers with regard to the Products by means of websites, hereinafter referred to as "Services";
- The Products and Services in relation thereto, also referred to as "the Franchise System", which have been specified above, have become identified by a distinctive trade name and trade mark "FRANCHISOR";
- The name FRANCHISOR and its design symbols connected to it identify FRANCHISOR's activities. The name "[__ of FRANCHISOR__]", its logotype and other symbols, emblems, slogans, designs etc., which are used and which in the future will be used in connection with Products and/ or Services are hereinafter referred to as "Trademarks";

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- A specific manual and routines are connected to and used in connection with the Products, Services and Trademarks. These are referred to as "Manuals" and form an integral part of this Agreement;
- FRANCHISOR intends to authorize FRANCHISEE to license the rights to use the Website, Trademarks, Services and Products (Franchise System) in The Netherlands and FRANCHISEE desires to do so by using FRANCHISOR's knowledge, skill, experience;
- Parties have already concluded a Letter of Intent dated 2003 in relation thereto;
- FRANCHISEE have already experience in retailing of golf clubs and associated products.

Have agreed as follows:

1 Subject of the Agreement/ Master Franchise

1.1 Under the following contractual conditions FRANCHISEE shall under this Agreement:

- Have the exclusive right to carry on business activities defined in the provisions of this Agreement under the Tradename and Trademark in the country of The Netherlands (hereinafter referred to as the "Territory") using the website Franchisor.nl of FRANCHISOR;
- Have the right and obligation to offer for sale and to sell the Products and Services (hereinafter called the "Contractual Products") on its own Business Premises by means of the website [*__Franchisor__*].nl employing all the intangible rights and know-how, related to the Trademarks under the Franchise System, made available by FRANCHISOR.
- Have the right and obligation to promote the use of the Products, Services and Trademarks;
- Have access to continuing information as well as access to further developments of Products and Services.

1.2 The rights under this agreement do not include the right to establish branch offices or the right to carry on activities of this Agreement in other territories or through other websites than Franchisor.nl, directly or indirectly, than defined

above. The Parties shall under no circumstances have any right to represent the other Party against third Parties.

- 1.3 For its part, FRANCHISEE duly undertakes to use the rights made available to it by FRANCHISOR and to promote the retail sales of the Contractual Products in conformity with the Franchise System to the best of its ability.
- 1.4 Franchisee is an independent trader acting independent and at their own risk and for their own account in connection with the Products and Services, for instance their partners, employees, business connections, local franchisees/ members and authorities. Nothing contained in this Agreement shall be construed to constitute FRANCHISEE as a partner, employee, representative or agent of FRANCHISOR.

2 Franchise Fee/ Reports

- 2.1 At the date of signing this Agreement a franchise fee is not due by Franchisee. Parties agree that if and in so far it is necessary for the maintenance and exploitation of the formula and the website Franchisor.nl, FRANCHISOR is entitled to charge a fee for all the rights granted pursuant to Article 1, taking the arrangement pursuant to article 2.3 of this Agreement into account. This fee is then based upon the costs arising from maintenance and exploitation of the formula and its particular website. FRANCHISOR shall inform FRANCHISEE about the fee upon a notice period of six months.
- 2.2 If and in so far as is applicable FRANCHISOR shall invoice the Franchise fee pursuant to Article 2.1 to FRANCHISEE at the end of each calendar year. On or before the 10th of the month following the end of each calendar year, FRANCHISEE shall remit the franchise fee due for that period to FRANCHISOR.
- 2.3 Parties agree that, if profits are made by FRANCHISEE, FRANCHISEE is entitled to 60% of the net selling price excluding VAT of the Products sold and FRANCHISOR is entitled to 40% of the (net) profits made by means of the sales of the (Contractual) Products.
- 2.4 FRANCHISEE shall provide FRANCHISOR at the request of FRANCHISOR with the scope of its business activities, its marketing activities and the profit and loss

statements.

3 Publicity and sales promotion

- 3.1 Parties agree that marketing and information activities form an important part of the business activities. It is of essential importance that FRANCHISEE execute locally marketing campaigns and activities, which are supposed to be planned and executed by FRANCHISEE with FRANCHISOR's support, if necessary.
- 3.2 With due observance of article 4.1, FRANCHISEE shall, arrange publicity in the contractual territory and carry out sales promotion activities while complying with the publicity strategy and concepts developed by the FRANCHISOR pursuant to its Franchise System, if applicable.
- 3.3 FRANCHISEE shall prepare a plan and budget for the publicity and sales promotion activities to be carried out during the next six (6) months. FRANCHISOR is entitled to provide FRANCHISEE (at cost price) with publicity materials, which FRANCHISOR has developed. FRANCHISEE shall arrange for such to be produced at its own expense. All publicity and sales-promotion material commissioned by FRANCHISEE, shall be subject to approval by FRANCHISOR in advance.
- 3.4 At FRANCHISOR's request, the FRANCHISEE shall take part in joint or common publicity operations with other FRANCHISOR franchisees. The costs of such publicity operations shall be divided among the participants pro rata to their turnover, unless parties agree otherwise.

4 Passing-on know-how

- 4.1 During the term of the Agreement and in order to promote sales of the Contractual Products, FRANCHISOR shall provide FRANCHISEE with its know-how in the following sectors:
 - 4.1.1 Regular information on new products in the sector of the Contractual Products and sale forecasts based thereon;
 - 4.1.2 Advice and assistance in fitting and arranging the website and in presenting the Contractual Products (Art. 7 below);

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- 4.1.3 Assistance and advice in planning and executing orders for Contractual Products with regard to product mix and quantity;
 - 4.1.4 General information on sales campaigns which have been conducted and planned;
 - 4.1.5 Assistance in the practical and theoretical aspects of planning, developing and conducting publicity and sales promotion operations, in as far as is necessary.
- 4.2 FRANCHISEE shall employ FRANCHISOR's know-how under the Franchise System and shall strictly follow FRANCHISOR's instructions and recommendations given in this connection.
- 4.3 FRANCHISOR shall hand over to FRANCHISEE a copy of the "FRANCHISOR's Handbook" (Manuals), when this is finished and approved by FRANCHISOR, which includes concrete guidelines, rules, recommendations and directives in connection with the management of a "FRANCHISOR website". The handbook shall be adapted by FRANCHISOR from time to time in order to meet new economic conditions is. The FRANCHISOR Handbook shall be kept by FRANCHISEE strictly confidential and it shall not be made available to any third party other than its members/ Affiliated Companies under this Agreement. This obligation shall remain in full effect even after termination of this Agreement.

5 Rights of control and inspection

FRANCHISOR shall during the normal business hours be entitled to enter the Business Premises of FRANCHISEE and other premises, which are used for the activities of this Agreement. An auditor appointed by FRANCHISOR is entitled to inspect all books and records, which are necessary for the preparation of the reports pursuant to article 2.3.

6 Website/ Business Premises

- 6.1 FRANCHISEE shall exploit the franchise and the website Franchisor.nl solely from its Business Premises. Any transfer of the Business Premises by FRANCHISEE requires the prior written consent of the FRANCHISOR. During the

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term of the Agreement, FRANCHISEE shall not sell the Business Premises nor shall it assign rights and obligations under this Agreement without the prior written approval of the FRANCHISOR.

- 6.2 FRANCHISEE has the right and obligation during the term of the Agreement to affix to the outside of the front of the Business Premises the sign FRANCHISOR in the form as provided by FRANCHISOR. The FRANCHISEE shall also indicate its legal and financial independence by displaying its own name.
- 6.3 FRANCHISOR shall ensure that the website Franchisor.nl is maintained in good order and shall be updated on a regular basis or whenever is necessary, with new information.
- 6.4 FRANCHISEE shall ensure that the website pursuant to sub 1 and this Agreement, Business Premises and the display windows, if applicable, are decorated by keeping with FRANCHISOR's criteria and that the Contractual Products are also presented in keeping with those criteria. FRANCHISOR will give FRANCHISEE assistance in this respect as agreed upon between the Parties. The decorative material supplied by FRANCHISOR (displays, etc.) shall be made available to FRANCHISEE at cost price.

7 Contractual territory

- 7.1 FRANCHISOR undertakes neither to exploit the franchise itself nor to allow a third party full or partial exploitation thereof within the Territory actively.
- 7.2 For its part, FRANCHISEE undertakes not to canvass for any customers for the Contractual Products outside the Territory.

8 Purchasing the Contractual Products

- 8.1 Without prejudice to its right to purchase Contractual Products from other franchisees that form part of FRANCHISOR's distribution network, FRANCHISEE undertakes to purchase Contractual Products only from FRANCHISOR or suppliers so designated by FRANCHISOR and with whom an (international) sale and supply agreement has been concluded by FRANCHISOR and/ or is authorized by the FRANCHISOR.

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- 8.2 With regard to the sell in and sell out of the Contractual Products FRANCHISEE agrees to provide FRANCHISOR with all relevant information regarding the sale, promotion and marketing of the Contractual Products, Product trends and the Products needs on a regular basis or at the request of FRANCHISOR in order to facilitate FRANCHISOR to negotiate and conclude a European/ international general purchase and/ or supply agreement regarding the Contractual Products on behalf of the franchisees. In other circumstances, i.e. the sell in or sell out of the Contractual Products on an ad hoc basis which will only be effective in the Territory, the terms and conditions in relation thereto will be ascertained by mutual consent of both parties.
- 8.3 FRANCHISEE shall sell the minimum range of Contractual Products as (further) agreed upon between the Parties. FRANCHISOR has the right at any time to add new Products to its Products and/or to withdraw old products, in consultation with FRANCHISEE.
- 8.4 Contractual Products shall be delivered to FRANCHISEE and/ or its members in accordance with the agreements with the supplier agreed upon and the availability of the Products.
- 8.5 FRANCHISEE shall place its written orders to FRANCHISOR not less than once every month and, at the same time as placing such orders, shall indicate to FRANCHISOR the estimated requirements of Products for the next quarter. If a placement of orders or an indication to FRANCHISOR is not possible to FRANCHISEE caused by external circumstances, STOVIS will inform FRANCHISOR forthwith as a consequence of which both Parties will discuss the course of the Product's sales. The Company will make all efforts reasonably necessary in order to deliver Products ordered by Distributor in time.
- 8.6 All Product prices are exclusive of any applicable taxes (other than income taxes based upon the net income of Supplier) and inclusive of costs related to packaging, manuals and batteries, unless stated otherwise.
- 8.7 All Products will be delivered by ex works. FRANCHISEE will select the mode of shipment and the carrier, unless FRANCHISOR will make such arrangements on behalf of and at the request of FRANCHISEE. FRANCHISOR will inform FRANCHISEE about the costs related thereto prior to making and enforce these arrangements. Parties agree to share the cost of freight of the Products to The

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Netherlands , i.e. FRANCHISEE will bear 60% of the costs and FRANCHISOR will bear 40% of the costs related thereto.

- 8.8 Title to the Products shall pass to FRANCHISEE on FRANCHISOR's receipt of payment in full therefor. Risk of loss or damage to the Product or any part thereof shall pass to FRANCHISEE upon delivery to the carrier. FRANCHISEE shall insure Products for the full amount of the purchase price from the date of shipment.
- 8.9 FRANCHISOR shall invoice FRANCHISEE for Products promptly upon delivery. All invoices are due within twenty eight days (28) after the receipt of the order. For the first delivery of Products FRANCHISEE shall pay an amount of EUR 12,000.—(40% of the price due) upfront and the residual amount (60% of the price due) within 28 days.
- 8.10 Past due amounts shall bear interest at the rate of one percent (1%) per month, or the maximum penalty permitted by law, whichever is less.
- 8.11 FRANCHISEE will pay all amounts due to FRANCHISOR pursuant to this Agreement in the currency described in the applicable price list or invoice by wire transfer to FRANCHISOR's account as designated.

9 Warranty and after-sales service

- 9.1 FRANCHISEE undertakes to provide warranty and after-sales service for the Contractual Products in keeping with the current international warranty conditions, irrespective of where and through whom the contractual product in question had been sold.
- 9.2 FRANCHISEE undertakes at all times to stock spare parts in sufficient quantities to ensure that a perfect service can be provided.

10 Non-competition

- 10.1 During the term of this agreement FRANCHISEE and for the period of two years thereafter FRANCHISEE will not, directly or indirectly, without the consent of FRANCHISOR, for FRANCHISEE or on behalf of or in conjunction with any other

person, partnership, cooperation or limited liability company, own, maintain, engage in, participate in or have any interest in the operation of any business that offers products or services essentially the same as, or substantially similar to the Products, Services that are part of the FRANCHISOR's Franchise system, except other Franchises offered by FRANCHISOR if any (any business varying on such activities hereinafter referred to as: "Competing Business"). During the term of this agreement FRANCHISEE and for the period of two years thereafter FRANCHISEE will not either directly or indirectly on its own behalf or in the service or on behalf of others solicit, divert, or hire away, or attempt to solicit, divert, or hire away to the franchised business or any Competing Business any person employed by FRANCHISOR, whether or not such an employee is a full time or temporary employee of FRANCHISOR. Similarly, FRANCHISEE will not either directly or indirectly on its own behalf or in the service or on behalf of others solicit, divert, or hire away, or attempt to solicit, divert, or hire away to the franchised business or any Competing Business any such employee or franchisee of FRANCHISOR without the consent of such licensee or franchisee.

- 10.2 In the event of breach by FRANCHISEE of its obligations pursuant to this Article, FRANCHISEE shall forfeit to FRANCHISOR, without any further notice, or judicial intervention demand being required, an immediate payable penalty in the amount of Euro 50,000.- (fifty thousand Euros) and an amount of Euro 5,000.- (five thousand Euros) for each day that such violation continues, without limiting or precluding the right of FRANCHISOR to claim in addition from FRANCHISEE any damages which FRANCHISOR has or may incur.
- 10.3 FRANCHISEE guarantees to Purchaser that all of its employees, affiliated companies and / or members related to it shall comply with the obligations set forth in this Article and FRANCHISEE shall be liable to FRANCHISOR for the penalties set forth herein and shall hold FRANCHISOR harmless for any damages incurred by FRANCHISEE arising out of a breach by any such person of these obligations.

11 Sales of Contractual Products

FRANCHISEE undertakes to sell the Contractual Products only to ultimate consumers and to other members or retailers forming part of the FRANCHISOR's distribution network.

12 Pricing

With respect to the sale of all produces, FRANCHISEE shall have sole discretion as to the prices to be charged in the FRANCHISOR' s website. The parties recognize, however, that FRANCHISOR has an undoubted knowledge in assessing market conditions and in developing market policy, which are useful for the determination of consumer prices. FRANCHISOR shall, when it deems it appropriate, make this knowledge available to FRANCHISEE and suggest prices to FRANCHISEE ("suggested retail prices"), without entailing any obligation on the part of FRANCHISEE.

13 Term

- 13.1 This Agreement is effective and binding for an initial period of three (3) years on the date of signing of this Agreement, unless sooner terminated as provided herein. The Dutch website [_____] is planned to open on [___], 20[___], unless prompt opening is prevented by external impediments outside the earliest control.
- 13.2 This agreement may be renewed for another successive one year term on the same terms and conditions on which FRANCHISOR is then customarily granting new franchisees, unless either party resolves not to renew the Agreement by means of a written notice of one year.

14 Termination

- 14.1 FRANCHISOR shall have the right to terminate this Agreement with immediate effect if:
- (i) FRANCHISEE violates any of the obligations set out in Articles 2, 6, 8 and 16 of this Agreement;
 - (ii) FRANCHISEE fails to pay when due any amount due to FRANCHISOR pursuant to this Agreement and fails to remedy such non-payment within fourteen (14) days after notice of such non-payment has been received by the other Party;
 - (iii) FRANCHISEE breaches the confidentiality as provided for in Article 17 of this Agreement.

- 14.2 Either party has the right to terminate the Agreement without notice at any time if any of the following circumstances arise
- i) if the other party breaches one of the contractual undertakings and, despite a written reminder by the first party, fails to restore the regular situation within thirty (30) days;
 - ii) if bankruptcy proceedings are instituted in respect of the other party or if the party commences negotiations with its creditors for a judicial or extra judicial respite or stay of bankruptcy proceedings.
- 14.3 In the event of termination pursuant to the provisions of this article 14:
- (i) all money owed by FRANCHISEE to FRANCHISOR shall become immediately due and payable and FRANCHISEE shall arrange for the immediate payment thereof to FRANCHISOR;
 - (ii) FRANCHISEE shall submit a complete list to FRANCHISOR stating kind and volumes of the Products in stock.

15 General Consequences of Termination

- 15.1 If notice of termination is given, FRANCHISEE and FRANCHISOR shall each have, during the applicable notice period, the same rights, obligations and privileges under this Agreement in the same manner and to the same extent as in case such notice had not been given.
- 15.2 Upon the termination of this Agreement for any reason whatsoever, FRANCHISOR has the right, at its discretion, to allow FRANCHISEE to sell off the Contractual Products in its stock during a specified period of not more than six (6) months.
- 15.3 FRANCHISEE undertakes upon termination of the Agreement to remove the FRANCHISOR's signs, Trade Marks and other indications, which have been affixed to the outside and inside of the business premises.
- 15.4 FRANCHISOR is also entitled to prohibit FRANCHISEE from further use of the internal fittings of the Business Premises. If FRANCHISEE is not responsible for termination of the Agreement for a reason set down under Article 14, FRANCHISOR shall take over from him any items which, when considered

objectively, are suitable for reuse and that at a value in keeping with their condition. If the parties can not agree upon that value, an independent shopfitting expert from the contractual territory shall be instructed to value them; the costs therefor shall be shared.

- 15.5 FRANCHISEE shall return to FRANCHISOR all samples, documents, guidelines and other items (including any copies made by the FRANCHISEE), which have been supplied to it in connection with the performance of the Agreement on the effective date of termination of the Agreement.
- 15.6 After the termination of the Agreement FRANCHISEE shall refrain from any use of the name, Trade Marks and Trade Name and website(s), domain names and related know how of FRANCHISOR and similar names, trade marks and trade names.
- 15.7 In respect of the termination of the Agreement FRANCHISEE and/ or its Affiliated Companies shall not be entitled to any compensation whatsoever relating to goodwill, investments made or loss of turnover, profit or income, or any other expenses or claims.

16 Intellectual property rights /Use of the know-how/secretcy

- 16.1 The intellectual property rights (trade marks, signs, models, designs, know-how, etc.) and the rights related to the website GOLCLUBTRADER and Franchisor.nl, for which FRANCHISOR grants the right of revocable and non exclusive use to FRANCHISEE under this Agreement, remain the property of *FRANCHISOR* or other companies in the FRANCHISOR Group.
- 16.2 FRANCHISEE's rights of use granted by this Agreement shall automatically lapse upon termination of the Agreement. Neither during the term of the Agreement nor after its termination shall FRANCHISEE attempt to claim ownership of such rights and/or arrange registration thereof in its own name.
FRANCHISEE shall inform FRANCHISOR of the experience it has acquired when exploiting the Franchise System. FRANCHISEE shall communicate to FRANCHISOR any experience gained in exploiting the Franchise System.
- 16.3 FRANCHISEE shall immediately inform FRANCHISOR if it learns that FRANCHISOR's intellectual property rights, website and domain name

registrations have been infringed by third parties This applies particularly if it learns of copying of FRANCHISOR's products and trademark infringements. At FRANCHISOR's request and expense, it shall assist FRANCHISOR to the best of his ability in defending its rights.

- 16.4 FRANCHISEE agrees to maintain in confidence and make no use of, except in the course of FRANCHISEE's performance herein, all data and information relating to FRANCHISOR's Franchise System and the Products and Services related thereto, including data and information provided by FRANCHISOR prior to the execution of this Agreement (also including information on strategy, sales data, purchasing data). FRANCHISEE's obligation herein shall survive in any case termination of FRANCHISEE's rights with respect to any Products and Services herein and the termination of this Agreement whether partially or in its entirety, but shall not apply to the extent that FRANCHISEE is able to demonstrate from its written records that such data or information was already in its possession at the time of disclosure to it, or if such data or information was in the public domain at such time or subsequently became part of the public domain without the fault of FRANCHISEE.
- 16.5 FRANCHISEE undertakes not to pass on to third parties the know-how and customer data made available to it by FRANCHISOR nor to employ such for purposes other than the exploitation of the franchise.
- 16.6 This obligation shall continue to apply after the termination of the contractual relationship unless the know-how has since become generally known or easily available because of circumstances other than FRANCHISEE's infringement of a contractual undertaking.

17 Miscellaneous

- 17.1 This Agreement is concluded intuitu personae in view of FRANCHISEE's professional and moral qualities. FRANCHISEE is therefore not authorized to transfer the rights and obligations deriving from this Agreement to third parties without the prior written consent of the FRANCHISOR.
- 17.2 Any amendments of this Agreement shall become effective only after they have been approved in writing by both parties.

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- 17.3 Should regular performance of this Agreement become impossible for either party for reasons beyond its control, such as official prohibition, strikes, sabotage, natural disasters, etc., bar invoking such reason the concerned party may be relieved *of all* liability for the period of the impediment
- 17.4 Should one or more provisions of this Agreement contravene an applicable national or international law and consequently be invalid, the parties shall replace the invalid provision by a valid provision which approximates as closely as possible the purpose and *financial* tenor of the invalid provision. The invalidity of any individual provisions of this Agreement shall not impair the validity of the other provisions or the Agreement as a whole.
- 17.5 This Agreement and all rights and obligations and/or agreements resulting therefrom shall be construed in accordance with and governed in all aspects by the laws of the Netherlands.
- 17.6 Any claims, disputes, differences or questions arising out of this letter, which the parties cannot resolve amicably between themselves, shall be submitted to the exclusive jurisdiction of the competent (district) court of [_____], the Netherlands.

IN WITNESS WHEREOF, and intending to be legally bound the Parties hereto have executed this Agreement, in twofold in [_____] and [_____], [_____] and each of them has taken a copy hereof.
