FRANCHISE DISCLOSURE DOCUMENT

A QIN LLC
A California Limited Liability Company
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As a Fried Chicken Master franchisee, you will operate a retail food establishment that sells items from a proprietary menu featuring specialty and proprietary crispy fried chicken, appetizers and other consumable food items prepared in accordance with proprietary recipes and using proprietary rubs, sauces, spices, and preparation techniques and other authorized goods and services, at or delivered from the Store freshly prepared and available for carry-out or consumption on the premises.

The initial investment necessary to begin operation of a Fried Chicken Master franchised business ranges from $404,750 to $520,500 ($184,750 to $300,500 to build out your first store and a development fee and performance bond of $220,000 required under the Area Development Agreement). This includes $288,250 to $306,500 that must be paid to the franchisor or its affiliates.

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 Ching-Lun Chou at A QIN LLC, 2055 Junction Avenue Suite 100 San Jose, CA 95131; email: ch_cho@youngqin.com.tw.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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, NW, Washington, DC 20580. You can also visit the FTC's homepage at *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.

Issuance Date: **March 15, 2023**

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Fried Chicken Master business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Fried Chicken Master franchisee?	Exhibits C and D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. 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 California than in your own state.

2. **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.

3. **Inventory Control.** You must make inventory purchases of at least $3,500 per month in the first year of your franchise and $4,200 per month in subsequent years, even if you do not need that much. Your inability to make these purchases may result in termination of your franchise and loss of your investment.

4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

5. **Overseas Supplier.** Certain inventory and supplies including proprietary ingredients and supplies necessary to operate your franchise must be purchased from the franchisor's affiliate in Taiwan at prices the franchisor or such affiliate sets. Shipping delays are possible and their prices are impacted by volatility in exchange rates, import and shipping costs, etc.; thus, they may cost more than the prices you would pay elsewhere for similar goods, and could diminish your franchise's projected profit.

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.

FRIED CHICKEN MASTER

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses "we" or "us" to mean A QIN LLC. "You" or "your" means the individual or entity buying the Fried Chicken Master franchise. All persons who own 20% or more of the franchisee are "Principal Equity Owners".

The Franchisor, Parents and Affiliates

We are the franchisor of the Fried Chicken Master system. Our principal business address in the United States is 2055 Junction Avenue, Suite 100, San Jose, California 95131.

In 2021, we reorganized and became a wholly-owned subsidiary of Super Qin Private Ltd., a Singapore company (our "Parent"). Our Parent's principal business address is 100 Peck Seah Street #10-18 PS100, Singapore 079333. Our Parent will not engage in transactions with our franchisees or perform post-sale obligations for us or guaranty our obligations to franchisees.
Our affiliated entity Young Qin International Co., Ltd. ("YQI") provides our franchisees with proprietary food ingredients and other products necessary to prepare Fried Chicken Master products and packaging materials and uniforms containing the Fried Chicken Master trademarks. YQI's principal business address is Number 16, Hejiang Road, Zhongli District Taoyuan City 320, Taiwan. YQI owns and operates two other restaurant systems, My Warm Day Café and Brunch ("MWD"), and REAL Café and Bread. MWD is a franchise system, which opened its first restaurant in Taipei, Taiwan in 1987. MWD stores serve Western and Taiwanese cuisine, including sandwiches, coffee, tea and box set meals. There are currently 21 company-owned and 744 franchised MWD stores operating in Taiwan. MWD is actively seeking master franchisees to own or sublicense additional MWD stores in Taiwan, Indonesia and the Peoples Republic of China. MWD is not currently operating in, nor is it currently seeking franchisees or master franchisees from the United States.

Otherwise, we are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or that offers franchises in any line of business.

Predecessors

We have no predecessors.

Name Used by the Franchisor

We conduct business under the name "Fried Chicken Master" (the "Brand"). We do not conduct business under any other names.

Agent for Service of Process

Our agents for service of process are the state office or official listed in Exhibit F of this disclosure document.

Business Organization Used by the Franchisor

We are a limited liability company organized in California on July 9, 2019.

The Franchisor's Business

We act solely as a franchisor of Fried Chicken Master franchises. We began franchising in December 2019. We do not operate businesses of the type being franchised and we do not engage in other business activities.

The Business You Will Conduct

Our franchise is a license to independently own and operate a single retail outlet ("Store") at a specified location, preparing and selling items from a proprietary menu featuring specialty and proprietary crispy fried chicken, appetizers and other consumable food items prepared in accordance with our recipes and using proprietary rubs, sauces, spices, and preparation techniques ("Fried Chicken Master Products") and other authorized goods and services, at or delivered from the Store under the supervision of a "Store Manager" we have approved and trained, pursuant to the business methods and procedures we set forth for the operation of this retail business. Fried Chicken Master Products may only be obtained from suppliers we designate, and the minimum order of Fried Chicken Master Products per Store must average $3,500 per month over each full half year (six consecutive months) after the date your Store opens (the "Opening Date").

Stores typically occupy 300 or more square feet of retail space either in a shopping mall or strip or a storefront location. Most Stores do not have in-store customer seating. Stores use the Brand name and other marks, commercial symbols, logos, and trade identifiers we may designate (all of which together we call the "Marks").

In addition to executing a Franchise Agreement for your initial Store, you must also concurrently execute an Area Development Agreement ("ADA"), under which you or your affiliated entity will be granted the exclusive right to develop Stores under a mutually agreed timetable and within a negotiated "Development Area". Under the ADA, you or an affiliated entity (in such capacity "Area Developer") will be required to open and operate a minimum of three Stores within the initial term of three years. The term of the ADA will be automatically renewed for an additional two years if the Area Developer has opened and is operating the minimum of three Stores. The first two Stores must be opened and operated by you and the third and subsequent Stores to be opened in the Development Area may either be opened by you or by a third-party franchisee referred to us by you. Any third-party franchisee in your Development Area will sign directly with us and not with you (no subfranchising is permitted without our consent and then only if you prepare a franchise disclosure document as a subfranchisor and, if necessary, register that franchise disclosure document with a state regulatory agency). If the required three Stores have not been opened in the Development Area during the initial term of the ADA, we may cancel the ADA and the Area Developer will no longer have any rights to recruit third party franchisees to operate single Store franchises in the Development Area (however, on a non- exclusive basis, you or an affiliated entity may open additional Stores that we consent to, and you or an affiliated entity may continue to operate Stores under Franchise Agreements for those Stores). You or an affiliated entity must sign our current form of Franchise Agreement for each additional Store opened under the ADA or otherwise (however, the current form of Franchise Agreement for Stores opened under the ADA in future years may differ from the form of Franchise Agreement included in this disclosure document). The form of ADA is attached as Exhibit A-2 to this disclosure document.

General Market for Franchised Products and Services

The general market you will operate the business in involves fried chicken and other foods that are like Fried Chicken Master Products. The market for Fried Chicken Master Products consists of all individuals within a reasonable proximity to the Store. This type of business is fully developed, does not involve sale primarily to a certain group and is not seasonal. Because of increased awareness of Fried Chicken Master in the Asian community, we intend to locate initial Fried Chicken Master franchises in areas with greater Asian populations, and initially sales of Fried Chicken Master Products will be directed to Asian customers. However, once our franchise system expands from the initial locations, this type of business will not involve sales primarily to a certain group.

Industry Specific Laws or Regulations

You will need a business license and reseller's permit and you must comply with federal, state and local laws applicable to the operation and licensing of our type of business, including obtaining all applicable health permits and inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your Store must also meet applicable municipal, county, state and federal building codes and handicap access codes and you will have to comply with the many federal, state, county, and municipal laws and regulations affecting retail food businesses. Although you are not engaged to act as or sales agent to recruit third-party franchisees, before you ever do so, you may need to be registered as a sales agent under state franchise laws.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service. State and local agencies inspect restaurants and other retail food service providers to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

Some localities require that at least one certified food handler be present during all operating hours. You must investigate, learn about, and comply with all laws applicable to the franchised business and obtain and maintain all permits and licenses required by governmental entities or agencies in your specific area. You should become thoroughly familiar with the legal requirements of the food services industry in your area, consulting with your own attorney, before you sign any contract or make any investment with us.

Competition

Our primary competitor in Asia is the Hot Star system, but in the United States, our primary competitors will be TKK Fried Chicken, KFC, Zaxby's, Bojangle's, Raising Cane's, Church's Chicken and Wingstop. But there are also many other businesses that sell fried chicken as well as full-service restaurants that sell fried chicken both for on-premises consumption and to take out. Your Store will compete with all these stores and restaurants in a well-developed and highly competitive market. You may also compete with Fried Chicken Master locations owned by us and other franchisees located near your territory.

Prior Experience of Franchisor, Predecessors and Affiliates

The Taiwanese company Super Qin Group (the parent entity of our affiliated entity YQI) established the first government sanctioned electric fowl slaughterhouse in Taiwan in 1986. In 1999, YQI founded the Fried Chicken Master restaurant system, which initially began selling Fried Chicken Master products out of Street stall cars. YQI currently owns 11 Fried Chicken Master retail stores in Taiwan. YQI has also expanded the Fried Chicken Master brand through franchise locations in Asia (three in China, three in the Philippines, one in Singapore, one in Cambodia, four in Malaysia and one in Indonesia).

We do not and have not offered franchises in other lines of business (although we may do so in the future) nor do we presently engage in any other businesses.

ITEM 2: BUSINESS EXPERIENCE

Ching-Lun Chou, Chief Executive Officer and Manager
Mr. Chou was named our Chief Executive Officer and Manager at our inception in July 2019. He also serves as Chief Executive Officer of YQI, Taoyuan City, Taiwan (since January 2017). From November 2015 to December 2016, Mr. Chou served as Executive Deputy General Manager for YQI, Taoyuan City, Taiwan. From December 2007 to October 2015, he served in various managerial capacities for Super Mill Enterprise Co., Ltd., Taoyuan City, Taiwan, including Executive Deputy General Manager (from January 2015 to October 2015) and Deputy General Manager (from December 2007 to December 2014).

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Initial Fees

Regarding the ADA, within 15 to 20 days after you receive this disclosure document, you must pay us a deposit of $20,000, which will be converted into a “Performance Bond” three business days after you sign the ADA. The total “Development Fee” payable to us for our grant to you under the ADA of the right to open five Stores within the Development Area pursuant to the Development Schedule is $200,000, payable by cashier’s check or money order or wire transfer to our bank account as follows: (i) within three days after the Area Developer signs the ADA, you or the Area Developer pays us 50% of the Development Fee ($100,000), (ii) on or before the earlier of when initial training required under the terms of the Franchise Agreement begins or when the supply chain for Fried Chicken Master Products has been set up, you or the Area Developer pays us 40% of the Development Fee ($80,000), and (iii) on or before the date the initial Store opens under the initial Franchise Agreement you sign, you pay us the remaining

10% of the Development Fee ($20,000). On the second anniversary of the Effective Date of the ADA, if the Area Developer has not opened at least two Stores owned by the Area Developer and recruited at least one franchisee who has opened a franchised Store in the Development Area, we can reclassify the Area Developer as a multi-store franchisee.

Regarding the Franchise Agreement, within 15 to 20 days after you receive this disclosure document, you must pay us a deposit of $10,000, which will be converted into a "Performance Bond" three business days after you sign the Franchise Agreement. The "Initial Franchise Fee" for a single franchised Store is $50,000 and is due and payable as follows: (i) within three days after the Franchise Agreement is signed, 50% ($25,000) is paid to us, (ii) on or before the earlier of when initial training required under the terms of the Franchise Agreement begins or when the supply chain for Fried Chicken Master Products has been set up for the Store under the Franchise Agreement, 40% ($20,000) is paid to us, and (iii) before the Store opens and begins operating under Franchise Agreement, the remaining 10% ($5,000) of the Initial Franchise Fee is paid to us. Notwithstanding the foregoing, the Initial Franchise Fee in the Franchise Agreement for the first five Stores you open in the Development Area is included in the Development Fee paid under the ADA. For the sixth (and each subsequent) Franchise Agreement you sign to open and operate Stores in the Development Area, the full Initial Franchise Fee of $50,000 would be payable in accordance with this paragraph.

The Area Developer (or its affiliated entity) must open and operate at least two Stores in the Development Area before the Area Developer can recruit any third-party franchisee to operate in the Development Area. For any Franchise Agreement signed by a third-party you recruit for a Store to be operated in the Development Area, the full Initial Franchise Fee of $50,000 would be payable in accordance with the preceding paragraph. Within three business days after we receive the Initial Franchise Fee from any third party franchisee recruited by the Area Developer for a Store to be operated in the Development Area, we will remit to the Area Developer $45,000 of this Initial Franchise Fee and we will retain the balance ($5,000). The Area Developer is responsible for operational support and consulting services provided to all single Store franchisees in the Development Area (including those owned and operated by persons or entities that are not under common ownership with Area Developer).

In certain densely populated areas or areas with above average *per capita* income, we may also charge a "Territory Surcharge" of $10,000, and this Territory Surcharge would be due and payable when the Franchise Agreement is signed.

You must buy initial proprietary rubs, sauces, seasonings and other proprietary ingredients needed to make Fried Chicken Master Products, and proprietary administrative supplies, including paper boxes and cups, take-out bags, wrappers imprinted with the Brand, and uniforms imprinted with the Brand, flyers, recruitment canvas strips, grand opening canvas strips, sale trial canvas strips and other advertising materials (collectively, "Proprietary Products"), at a cost of $7,500 to $12,000, from our affiliate designated supplier.

The Initial Franchise Fee is due and payable in full, by cashier's check or money order or wire transfer to Franchisor's bank account when Franchisee signs the Franchise Agreement.

The Initial Franchise Fee and Development Fee are fully earned by us when paid and are not refundable. We impose the Initial Franchise Fee in a uniform manner for all franchisees; however, we retain discretion to negotiate, reduce, waive, credit and/or defer any portion of this fee in individual cases in our discretion, depending on circumstances we consider appropriate.

Performance Bond

The deposits paid to us by an Area Developer ($20,000) and a franchisee ($10,000) automatically convert to a Performance Bond three business days after the ADA or Franchise Agreement is signed. If you default in performing any requirement of the ADA, the Franchise Agreement or any other agreement between you and us (or any of our affiliates), we may use the Performance Bond, or any portion of it, to cure the default or to compensate us or our affiliates for all damages or expenses we incur because of your default, including damages we suffer because of your purchase of unapproved materials or your use of poor quality raw material in preparing and serving Fried Chicken Master Products. We may also use the Performance Bond to pay any late charges, interest, penalties, and fees and any costs and charges due us for performing obligations that you do not perform, and which we are entitled to perform for you. If monies are owed, or become due, to us on or after termination or expiration of the Franchise Agreement for any reason, we may use all or any part of the Performance Bond to pay those sums. If we use any part of the Performance Bond before the end of the term of the Franchise Agreement, you will have to restore the balance of the Performance Bond to the applicable amount of $20,000 or $10,000. If you are not in default in performance under the ADA or the Franchise Agreement or any other agreement with us or any of our affiliates on the date the ADA or the Franchise Agreement expires or is terminated by mutual agreement, within 30 days after the expiration or effective date of termination of the ADA or the Franchise Agreement we will return to you the remaining balance of the Performance Bond, without any interest accrued or payable.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Store opens.

ITEM 6: OTHER FEES[1]

FRANCHISE AGREEMENT

Type of Fee	Amount[2]	Date Due	Remarks
Monthly Royalty	4% of Gross Revenues[3] during the preceding calendar month	10th day of each calendar month.	A portion of monthly Royalty (1% of Gross Revenues) is retained by us after collections and payment, and the balance is remitted to the Area Developer by wire transfer. We may reduce the Royalty payable under the first Franchise Agreement you sign to 3% of monthly Gross Revenues for the initial term of that Franchise Agreement, however the royalty rate will increase to 4% of monthly Gross Revenues when that Franchise Agreement is renewed.
Management Fee	$300[4] per month	10th day of each calendar month.	The Management Fee is payable for each Store you (or third-party franchisees you recruit) open and operate under your ADA.
Additional Advertising and Promotion Assessment	Amount of assessment (variable)	Immediately upon our demand.	On a regional or system-wide basis, we may impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if two-thirds of all affected Fried Chicken Master franchisees agree to such additional assessment by affirmative vote.

Type of Fee	Amount[2]	Date Due	Remarks
Additional Training Fee[5]	Up to $300[4] per day (for each attendee)	At the beginning of additional training.	After the Store opens, and upon reasonable notice, we may require your General Manager, Principal Equity Owners and other designated personnel to attend mandatory or optional staff training courses, seminars, conferences or other programs at locations we select. We may, at our discretion charge you a separate fee of up to $300 per day for each of your attendees at mandatory or optional training at locations other than your Store and our trainers at training provided at your Store. And you will be responsible for the travel, lodging and meal expenses of your attendees or our trainers at these programs.
Marketing Material Design Fee	$150[4] per case.	Immediately upon delivery of an applicable shipment.	In addition to the standard design format provided in the Confidential Operations Manual (the "Manual"), you must pay us a Marketing Material Design Fee of $150 for each case of Fried Chicken Master Products delivered to your Store.
Transfer Fee	$10,000[4].	Not later than 10 days before the transfer.	There is no transfer fee if franchise is transferred to an entity owned solely by you. Also, no transfer fee is due if the franchise is transferred to your personal representative, conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity).
Renewal Fee	50% of the Initial Franchise Fee ($25,000)[4].	When you sign the renewal Franchise Agreement.	You are qualified for renewal if you give us at least 120 days' notice of intent to renew, all fees due us are paid, you are not in breach of any term of your Franchise Agreement, and you sign our new form of Franchise Agreement (which will replace your expiring Franchise Agreement).
Late Charge	5% of the amount past due	With late payment.	Payable only if you do not pay when due.
Interest	Annual Percentage Rate ("APR") of 18% on the amount past due.	Immediately upon our demand.	Interest begins from the date payment was originally due.
Costs of Collection	Cost of collection of delinquent amounts (variable)	Immediately upon our demand.	In addition to the late payment penalty and interest on the unpaid amount, you must reimburse us for our costs of collection of delinquent amounts.
Gift Cards	Variable based on purchases.	When ordered.	We do not currently use gift cards, but we have the right to begin using them at any time. If we do, you will have to purchase from a designated vendor, who may be us or our affiliate, as you need them the gift cards you are required to sell at your Store.

Type of Fee	Amount[2]	Date Due	Remarks
Penalty for Selling Unauthorized Products	$500[4] per incident.	On demand.	Stores may only sell Fried Chicken Master Products that are provided by YQI or other designated vendors. If a Store sells unauthorized products not provided by YQI or other designated vendors, we will levy a fine of $500 each time it happens and declare the Store in material breach of its Franchise Agreement. We may deduct this fine from the applicable Performance Bond.
Penalty for Not Reporting Cash Payments	$500[4].	On demand.	You must not accept cash payments from customers at the Store which are not reported to us or incorrectly reported. If this occurs, we can levy a fine of $500 each time it happens and declare you in material default of your Franchise Agreement for fraud, subject to immediate termination.
Records and Rights of Inspection (Audit)	Cost of audit plus interest on underpayment.	Immediately upon demand for payment.	Due if (i) the audit discloses an understatement of 5% or more in amounts payable to us, (ii) you fail to furnish required information or documents to us in a timely manner, or (iii) it takes our auditors an unreasonable amount of time (more than 8 hours) to assemble your records for audit.
Indemnification of Franchisor against Losses	All "Losses", as defined in section 16.2 of the Franchise Agreement (variable)	Immediately upon our demand.	The Franchise Agreement requires you to indemnify us against Losses we may incur as a result of (i) your deviation from our approved menu, (ii) unauthorized use of our proprietary information or trademarks, (iii) the breach by you, any Principal Equity Owner or your Manager of non-compete covenants, or (iv) your tort or negligence relating to operation of the Store.
Interim Manager Payments	Reasonable daily (per diem) charge which is currently $750[4] per day.	Weekly, on demand.	If there is a death or incapacity of an individual franchisee or a majority equity owner, and there is no successor capable of operating the Store, we may appoint an interim manager to operate the Store on your behalf for a period of 90 days, renewable as necessary for up to one year. For this assistance, you must pay us a reasonable daily management fee for our assistance provide by our interim manager.
Reimbursement for Curing Franchisee Defaults	Cost incurred to cure your defaults (variable)	Immediately upon our demand.	If you default in the performance of any obligation under the Franchise Agreement, or related agreement involving third parties, we may cure the default for your account and on your behalf and you would then be obligated to reimburse us for all costs and expenses we incur to do so.
Attorneys' Fees	Reasonable legal fees and other "Expenses" (as defined in section 16.2(d) of the Franchise Agreement) (variable)	Immediately upon determination of the prevailing party by the arbitrator or court.	If we are the prevailing party in any arbitration or litigation to resolve a dispute between us, we are entitled to recover our reasonable attorneys' fees and other Expenses (including arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator).

Type of Fee	Amount[2]	Date Due	Remarks
De-identification Enforcement Expense	Cost and expenses relating to de-identification (variable)	Immediately upon our demand.	If you fail to de-identify your Store and your business upon termination or non-renewal of the Franchise Agreement, we have the right 15 days after written notice to enter the Store and complete de-identification changes at your expense.

1. You will pay all the fees described in this chart for your initial Store and you (or third-party franchisees you refer to us) will pay all the fees described in this chart for each additional Store required to be opened under the ADA.

2. All these payments are to us, are uniformly imposed, and are not refundable, except as noted in the Remarks column or Notes. However, we retain discretion to waive, credit, reduce and/or defer payment of any fees in individual cases in our discretion. We also reserve the right to change the type and amount of fees that we require new franchisees to pay us. If any payment is not paid when due, you must pay interest on the unpaid amount at an APR of 18% (unless interest rates in the state in which your Store is located are limited by law to a lesser APR, in which case that APR will apply), and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due. Any delinquent payments may be reimbursed to us from the Performance Bond.

3. "Gross Revenue" is the gross selling price of all goods and services sold, delivered, or performed in or from your Store or using our Brand name or any of the Marks, less permitted customer refunds; paid sales, excise, or other taxes; the redemption price of gift cards; and *bona fide* discounts to special customers (who may not be employees of yours or of the Store).

4. This fee is subject to adjustment based on changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

5. Store opening training is divided into two phases. The first phase is training in Taiwan for 10 to 14 days, and the Area Developer is to pay for each trainee's travel, lodging and food expenses. The second phase involves in-Store training, beginning two days before the Store opens and ending three days after the opening date, for a total in-Store training of five days. For in-Store training, we will pay the travel, lodging and food expenses for our trainers. We may modify our training programs at any time.

6. During the first 60 days after the Opening Date, you must spend in your Territory at least $5,000 on the grand opening advertising and promotion of your Store, using the grand opening advertising and promotional program that we approve (the "Grand Opening Promotion"), including the "soft opening" to be held on or about the Opening Date and the grand opening event. Not later than 60 days after the Opening Date, you must provide us with a report itemizing your expenditures on the grand opening advertising and promotion of your Store. In addition to the Grand Opening Promotion, you must also spend at least 1% of your monthly Store Gross Revenues on the local marketing, advertising and promotion of your Store, using marketing and promotional materials pre-approved in the Confidential Operations Manual (the "Manual") or otherwise authorized in writing by us.

AREA DEVELOPMENT AGREEMENT

Type of Fee	Amount[1]	Date Due	Remarks
Renewal Fee	50% of the Development Fee ($100,000)[2].	When you sign the renewal ADA.	You are qualified for renewal if you give us at least 120 days' notice of intent to renew, all fees due us are paid, you are not in breach of any term of your ADA, and you sign our new form of ADA (which will replace your expiring ADA).

Type of Fee	Amount[1]	Date Due	Remarks
Operational Training Fee	$300 per day for each of our trainers.	Immediately upon the end of operational training.	This fee is payable if the Area Developer requests additional operational training from us. In addition to the daily $300 payment for each trainer, the Area Developer must also pay for each trainer's travel, lodging and food expenses.
Late Payment Penalty	5% of amount past due.	Immediately upon our demand.	The late payment penalty is in addition to interest on the unpaid amount and reimbursement to us of our costs of collection.
Attorneys' Fees and Costs	Actual cost, which is variable.	On demand.	Payable only if we use an attorney to collect money from you or otherwise enforce any provision of the Franchise Agreement or any other agreement with you.

1. All these payments are to us, are uniformly imposed, and are not refundable, except as noted in the Remarks column or Notes. However, we retain discretion to waive, credit, reduce and/or defer payment of any fees in individual cases in our discretion. We also reserve the right to change the type and amount of fees that we require new Area Developer to pay us. If any payment is not paid when due, you must pay interest on the unpaid amount at an annual percentage rate ("APR") of 18% (unless interest rates in the state in which your Store is located are limited by law to a lesser APR, in which case that APR will apply), and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due. Any delinquent payments may be reimbursed to us from the Performance Bond.

2. This fee is subject to adjustment based on changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee [1]	$50,000	Lump sum; non-refundable	$25,000 within three days after you sign the Franchise Agreement.	Us
Initial Franchise Fee [1] [continued]			then $20,000 when training begins, and final $5,000 when the Store opens.	Us
Deposit [1]	$10,000	Lump sum	Before you sign the Franchise Agreement.	Us
Territory Surcharge [1]	0 to $10,000	Lump sum	When you sign the Franchise Agreement.	Us
Training expenses [2]	$6,000 to $15,000	As incurred	During training	Airline, travel and lodging vendors

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Lease of Store premises and security deposit[3]	$3,000 to $18,000	As incurred	As arranged	Landlord and utilities
Leasehold improvements[4]	$10,000 to $25,000	As arranged	As arranged	Landlord and other vendors
Equipment, furniture and fixtures [5]	$55,000 to $66,000	As arranged	As arranged	Suppliers and vendors
Point of sale (“POS”) system [6]	$2,500 to $5,000	As incurred	As arranged	Suppliers and vendors
Interior/exterior signs and graphics [7]	$1,000 to $5,000	As incurred	As arranged	Suppliers and vendors
Professional fees [8]	$1,500 to $3,000	As incurred	Before and during opening	Attorneys, accountants and other professionals
Business licenses and permits	$1,000 to $5,000	Lump sum	As arranged	Government agencies
Inventory and administrative supplies to begin operating [9]	$8,250 to $16,500	Lump sum	Before opening	YQI or other designated suppliers
Grand opening advertising and promotion [10]	$5,000 to $8,000	As incurred	During the 60 days after you open	Advertisers and other suppliers
Business insurance [11]	$1,000 to $3,000	Lump sum	As arranged	Insurance companies
Miscellaneous opening costs [12]	$500 to $1,000	As incurred	Before and during opening	Utilities and other suppliers
Additional funds – 3 months [13]	$30,000 to $60,000	As incurred	After opening	See note 12 below
TOTAL[14]	**$184,750 to $300,500**			

1. All fees must be paid in full at the time indicated. To be eligible to sign the Franchise Agreement, you may be required to provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Store. Under the ADA, you will sign a Franchise Agreement for your first Store when you sign your ADA, and then separate Franchise Agreements for each Store you open under the ADA. No Initial Franchise Fee is payable for the first five Stores you open and operate under the ADA, but the security deposit (to be converted to the Performance Bond) is required for all Stores. We do not finance any fee or payment. None of these payments is refundable except any balance of the security deposit remaining (without any interest accrued or payable) after permitted deductions and offsets after termination or expiration of the Franchise Agreement and any training canceled.

2. Initial training is provided at our headquarters in Taiwan and at your Store is typically completed in 10 to 14 days in Taiwan and five days at your Store. These expenses represent the travel and living expenses for you and your staff during training. We will provide follow-up operational advisory services to Area Developer during the term of the ADA; and the Area Developer will also provide follow-up operational consulting services for single-Store franchisees in the Development Area after the Stores operated by these franchisees open.

3. You will need to rent a suitable retail site for your Store and the rent or lease deposit amount will vary depending on the location. A security deposit and first month's rent are standard requirements to execute a commercial lease.

4. You will need to conduct the necessary build-out of your leased space according to our designs and other requirements. The size of Stores generally ranges from 300 square feet to 750 square feet of floor space, but we may allow less under special circumstances subject to our approval (e.g., "island" style store in a mall). The cost of your build-out may be reduced by a Tenant Improvement ("TI") allowance or rebate from the landlord, which varies depending on the terms of each lease agreement. However, you will be required in most cases to complete the build-out, satisfy all related invoices to contractors and service providers in order to qualify for the TI rebate from the landlord.

5. The equipment and fixtures you need to obtain include fryers, oven, lamp heat cabinet, oil filter, chiller, refrigerator, ice machine, a multi-function beverage machine, food display case, static kitchen hoods with exhaust machine, oil filter machine, television and shelving.

6. Currently, we require franchisees to obtain and use a point of sale system ("POS System") with imbedded software that meets our specifications, cash register, receipt printer, and credit card reading/charging equipment.

7. The quantity, size, type and cost of signs will vary substantially per lease space and in accordance to stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits.

8. This includes professional legal and accounting fees to review the franchise and set up the Store, business licenses and other prepaid expenses.

9. You must buy initial proprietary rubs, sauces, seasonings and other proprietary ingredients needed to make Fried Chicken Master Products (at a cost of $5,000 to $7,000), and proprietary administrative supplies, including paper boxes and cups, take-out bags, wrappers imprinted with the Brand, uniforms imprinted with the Brand, flyers, recruitment canvas strips, grand opening canvas strips, sale trial canvas strips and other advertising materials (at a cost of $2,500 to $5,000) from our designated suppliers.

10. We require that you spend at least $5,000 during the first 60 days after you open on a grand opening promotion to build local customer awareness of your Store. Recommendations on how to promote the grand opening of your Store will be provided by us, including sample advertising copy and flier design.

11. As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Store, and it is imperative you carry adequate insurance to protect yourself. You must obtain the insurance coverage required by the Franchise Agreement from a carrier with a rating of "A VII" or better by A. M. Best Company. The currently required minimum coverage and limits of insurance are (i) general liability insurance with limits of at least $1,000,000 per occurrence and $2,000,000 aggregate and (ii) workers' compensation insurance to meet the statutory coverage of the state where your Store is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella or excess policies. All insurance policies will name you as named insured and (excepting Workers' Compensation insurance policies) will name us and any of our subsidiaries and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. The costs of premiums will vary based on location of the Store and any prior claim history. The required coverage and limits are subject to change.

12. This includes connection charges and security deposits for utilities provided to the Store and related prepaid opening expenses.

13. Although we do not require minimum funds for you to start your business, there are additional expenses you will incur when you begin your franchise operations. This estimates the additional funds you will need for your first three months of operation. We relied on the 12 years of experience of our Manager and CEO in determining these figures.

14. This estimates your initial start-up expenses. Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise the payments listed in the table above are nonrefundable. We do not finance any part of the initial investment. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

AREA DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Development Fee[1,2]	$200,000	Lump sum	Within three business days after the Area Developer signs the ADA, you or the Area Developer pays us 50% of the Development Fee ($100,000), then on or before the earlier of when initial training required under the terms of the Franchise Agreement begins or when the supply chain for Fried Chicken Master Products has been set up, you or the Area Developer pays us 40% of the Development Fee ($80,000), and finally on or before the date the initial Store opens under the initial Franchise Agreement that you sign, you pay us the remaining 10% of the Development Fee ($20,000).	Us
Total cost for initial franchised Store[1,2]	$184,750 to $300,500	Varies for each payee	See the Franchise Agreement investment table immediately above in this Item 7	Us, suppliers and vendors
Performance Bond under the ADA[1,3]	$20,000	Lump sum	Within three days after the ADA is signed.	Us
TOTAL	**$404,750 to $520,500**			

1. All fees must be paid in full at the time indicated.

2. You must open at least three Stores during the initial three-year term of your ADA (and you may not

recruit any third-party franchisee for your Development Area until you have opened and are operating at least two Stores). If you fail to do so, your ADA will be terminated but you will still be able to operate your Stores under their Franchise Agreements as a multi-outlet franchisee (your will forfeit any exclusive right to open Stores in the Development Area).

3. In our discretion, we may draw on this Performance Bond to satisfy any non-payment or any breach by you of the ADA. If there is any draw made by us on this Performance Bond, you must immediately transfer amounts as may be necessary to ensure the amount of the Performance Bond will always be in the amount of $20,000. At the end of the term and any renewal term of the ADA, any remaining balance of the Performance Bond will be returned to you, without any interest accrued or payable.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods or Services, including Computer and Point of Sale System

You must purchase or lease from our designated supplier the POS System and imbedded software that meets our specifications for each Store you develop, but we may change the designated POS System at any time, so you may be required to purchase a different point of sale system for one or more of your Stores. As of the issuance date of this disclosure document, the REVEL POS System is one such approved supplier for your POS System. The POS System includes a cash drawer, credit card reader, and printer. You are responsible for any licensing of software to operate the POS System and for all ongoing maintenance and repairs and upgrades to the POS System. We do not presently require you to have any other computer or computer software. However, we require you to maintain an e-mail account and provide us with reports by email in the manner required in the Manual.

You must buy initial proprietary rubs, sauces, seasonings and other proprietary ingredients needed to make Fried Chicken Master Products, and proprietary administrative supplies, including paper boxes and cups, take-out bags, wrappers imprinted with the Brand, uniforms imprinted with the Brand, flyers, recruitment canvas strips, grand opening canvas strips, sale trial canvas strips and other advertising materials from our affiliate YQI (or other designated supplier).

You must purchase chicken, spaghetti, rice, bread, french fries, garlic, onions, chili, cucumbers, lettuce, mushrooms and other authorized produce items only from local, reputable suppliers. Also, you must use in the development and operation of your Store those fixtures, items of equipment, including food preparation and storage equipment, display cases, storefront, supplies and signs that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. If no adequate local supplier is available to provide the operational equipment you need to operate the Store, we may require you to obtain this equipment from suppliers based in Taiwan.

You must place or display at the premises of your Store (interior and exterior) only such signs, emblems, lettering, logos, and display materials that we approve in writing. All equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us, or on our behalf.

We can require you to have a sound system in your Store. If you play music over a sound system in any of your Stores, whether it is one we require you to have, the music you play must be approved by us. At your expense, you must obtain from a performance rights organization (such as the American Society of Composers, Authors, and Publishers ("ASCAP") or BMI) and then maintain any licenses to allow you to play copyrighted musical recordings at your Store.

Franchisor or its Affiliates Acting as Approved Suppliers

Our affiliate YQI is one of the designated suppliers of (i) all proprietary rubs, sauces, seasonings and other proprietary ingredients you must use to prepare Fried Chicken Master Products you sell at your Store and (ii) proprietary administrative supplies, including paper boxes and cups, take-out bags, wrappers imprinted with the Brand, uniforms imprinted with the Brand, flyers, recruitment canvas strips, grand opening canvas strips, sale trial canvas strips and other advertising materials. Otherwise, neither we nor any affiliate sells or leases any goods, services, supplies or equipment related to establishing or operating the franchised business.

Our officers own an interest in YQI. Otherwise, there are no suppliers in which any of our officers owns an interest.

Approved Suppliers and Approval of Alternative Suppliers

Other than YQI, we currently do not have any designated or approved suppliers of required inventory or administrative supplies. If we do so in the future, we will only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. Designation of a supplier may be conditioned on factors established by us, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may designate a single or multiple supplier for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Manual. We may make changes to these lists or other parts of the Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require that our representative be permitted to inspect the supplier's facility and that samples from the supplier be delivered for evaluation and testing, either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable costs of evaluation and testing must be paid by you. Our criteria for supplier approvals are contained in the Manual. Within 60 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

We may revoke our approval of specific products or suppliers if we determine in our sole discretion that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing or selling any disapproved product.

Issuance of Specifications and Standards

We issue specifications and standards regarding Fried Chicken Master Products and other authorized goods and services to our franchisees through the Manual and other communications in writing, or by email. We also issue specifications and standards regarding authorized goods and services to our designated and approved suppliers in writing, or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications, and you must promptly conform to all changes at your sole expense.

Revenue from Franchisee Purchases

In the last 12 months, neither we nor any of our affiliates derived revenue, rebates or other material consideration because of required purchases or leases by Fried Chicken Master franchisees.

Payments to us, our designees, and our approved suppliers, or under our specifications to establish your Store will range from 64% to 76% of your total initial investment and to operate your Store will range from 35% to 40% of your total monthly expenses.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We negotiate purchase arrangements or price terms with suppliers for the benefit of franchisees.

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits to you based on your purchase of specific products or services or your use of specific suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section in franchise agreement	Section in area development agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	Exhibit 1	6, 11
b.	Pre-opening purchases/leases	7.2, 7.3	2.2	8
c.	Site development and other pre-opening requirements	7.1, 7.2	2.1, Exhibit 1	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	Not applicable	11
e.	Opening	3.3, 7.2, 7.3	2.1, Exhibit 1	11
f.	Fees	4.1-4.7, 12.2(c)(vii)	3.1, 3.2	5, 6
g.	Compliance with standards and policies/ operating manual	8.1-8.3	Not applicable	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	5.2	13, 14
i.	Restrictions on products/services offered	3.2, 3.4, 8.1, 8.13	1.1, 1.4	16
j.	Warranty and customer service requirements	3.3, 8.1	Not applicable	11
k.	Territorial development and sales quotas	Not applicable	1.2,1.5, 2.4, Exhibit 1	12
l.	Ongoing product/service purchases	7.3	Not applicable	8
m.	Maintenance, appearance and remodeling requirements	5.2, 7.2, 8.5	Not applicable	11
n.	Insurance	8.10	Not applicable	6, 8
o.	Advertising	4.3, 7.4, 8.8, 8.13	5.2	6, 11
p.	Indemnification	16.2	Not applicable	6

q.	Owner's participation/management/staffing	3.6, 6.1, 6.2, 8.1, 12.6	Not applicable	11, 15
r.	Records and reports	8.7	Not applicable	6
s.	Inspections and audits	8.7, 8.11	Not applicable	6, 11
t.	Transfer	12.1-12.7	4.1, 4.2	17
u.	Renewal	5.2, 5.3	Not applicable	17
v.	Post-termination obligations	11.2, 15.1, 15.2	6.2	17
w.	Non-competition covenants	11.1-11.3	5.1, 5.2	17
x.	Dispute resolution	14.1-14.5	7.1-7.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable	Not applicable

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your business, we will:

(1) Designate your franchise territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).

(2) Provide Area Developer, your Store Manager and Principal Equity Owners with initial training and orientation in the Fried Chicken Master system and how to operate a Store (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). Your Store Manager must successfully complete initial training to our satisfaction before you can open your Store.

(3) Provide you with a general plan for the layout, furnishing and equipping of your Store, together with a written schedule of all foods, food items and beverages that must be sold at your Store, and a list of approved and designated suppliers (see section 7.2 of the Franchise Agreement).

(4) Provide you with a copy of, electronic access to, the Manual (see section 8.2 of the Franchise Agreement).

We may but are not obligated to assist you in selecting a site for your Store. Although we do not typically pre-select the site for your Store, we must give our final consent to the location before your Store can be placed there (see section 7.2(b) of the Franchise Agreement). You and your landlord may be required to complete and sign a rider or addendum to the lease that (i) grants us an option to assume your position as lessee under the lease for the Store premises if you are in material default of either the lease for the Store premises (including an obligation of the landlord to notify us if you are in default) or the Franchise Agreement, and (ii) requires the landlord to fully cooperate with us in completing de-identification of the Store if the Franchise Agreement is terminated or expires without being renewed. You have 180 days after signing the Franchise Agreement to locate an acceptable site for your Store. We will review and either consent to or decline the proposed site for your Store within 15 days after you provide us with its address. If you are unable to locate an acceptable site within 180 days, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement). The factors that we consider in consenting to a site for the Store include general location and neighborhood, population demographics and probable awareness of the Fried Chicken Master brand, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Store will be located. Our review and consent to the location of the Store is no guarantee or assurance that you will be successful there.

Length of Time to Open the Store

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Store will be 180 days. Factors that may affect this length of time include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Store, and delivery and installation of equipment, fixtures and signs. If you do not begin operating your Franchised Business within 180 days after we consent to the site for your Store, or within 365 days after you sign the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement) and if we do so under those circumstances, we are not obligated to refund your initial franchise fee and development fee under an ADA.

Post-Opening Assistance

During the operation of the franchised business, we:

(1) Will provide you with access to, and integrate information about your Store into, the Fried Chicken Master website (see sections 6.2 and 6.3 of the Franchise Agreement).

(2) Will be reasonably available by e-mail and telephone for guidance to the Area Developer on operational matters related to the sale of single store Franchises and follow-up support to Stores in the Development Area, and you in the operation and management of your Store (see sections 6.2 and 6.3 of the Franchise Agreement). However, we do not provide you with assistance in hiring employees.

(3) May visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping, accounting and inventory control procedures. If you request this assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge an additional training fee of up to $300 per day for Fried Chicken Master training courses, seminars, conferences or other programs that we require you or your representatives to attend. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2 of the Franchise Agreement.)

(4) In connection with your ongoing obligation to maintain the Store in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Store or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

(5) May conduct a mandatory meeting (or annual convention) not more than once a year in Taiwan, the United States, or other place we select. Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your other Principal

Equity Owners). You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(6) May recommend retail prices for Fried Chicken Master you sell at your Store, and other products and services we authorize for sale at your Store (to enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition), and if we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices (see section 8.1(b) of the Franchise Agreement). However, we do not set retail prices you must charge customers for Fried Chicken Master or other authorized merchandise you sell at your Store.

Advertising Program for the Franchise System

Currently, we are neither charging nor have we collected or expended any advertising fees collected from our franchisees. However, we will determine, in our sole discretion, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns involving our trademarks.

During the 60 days after the Opening Date, you must spend in the general vicinity of your Store at least $5,000 on the grand opening advertising and promotion of your Store, using the grand opening advertising and promotional program that we approve (the “Grand Opening Promotion”), including the “soft opening” to be held on or about the Opening Date and the grand opening event. Not later than 60 days after the Opening Date, you must provide us with a report itemizing your expenditures on the grand opening advertising and promotion of your Store.

During each month of the term of your Franchise Agreement, you must also spend at least 1% of your monthly Gross Revenues on the local marketing, advertising and promotion of your Store, using marketing and promotional materials pre-approved in the Confidential Operations Manual or that we otherwise authorize in writing.

On a national or regional basis, we may impose an assessment on all affected Fried Chicken Master franchisees for special advertising or promotional activities if franchisees owning 2/3 of all affected franchised territories agree to this assessment, confirmed in writing by each franchisee (see section 4.3 of the Franchise Agreement).

You are obligated to maintain and occasionally refurbish the Store to conform to our currently effective “Trade Dress” (as defined in the Franchise Agreement) and color standards for Fried Chicken Master Stores. This maintenance and refurbishment may require expenditures by you on structural changes, installing new equipment, remodeling, redecoration and modifications, or to accommodate new Fried Chicken Master Products. You must at your cost and expense maintain all equipment and furnishings used at the Store in good working order and make repairs or perform maintenance as needed. You also must at your cost and expense make all upgrades to equipment and any technology used in the Store that we may require, and we may periodically require you to update the Trade Dress (possibly including installation of new color schemes, logos, signage or other visual elements) used at the Store. Details on Trade Dress updates will be contained in the Manual or as otherwise provided to you in writing. We anticipate that Trade Dress updates will be required no more frequently than once every five years (see section 8.5 of the Franchise Agreement).

Although we are not obligated to do so, we may provide you with general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing.

We are not presently involved in any advertising cooperatives. Nor do we intend to create advertising cooperatives in the future.

Electronic Cash Registers and Computer Requirements

You must purchase or lease, and use at your Store, the POS System we approve to track and process retail sales at the Store (see section 8.4(a) of the Franchise Agreement). We estimate the cost of purchasing or leasing this POS System is $2,500 to $5,000. You will use this POS system to complete point-of-sale transactions and track your sales. We require you to maintain an e-mail account and always connect the POS System to a dedicated Internet line (or other communications medium specified by us) capable of allowing us access to your POS System through the Internet. We will have independent access to your POS system and there are no contractual limits on our independent access to the information and data stored on your POS system. You are responsible for all ongoing maintenance and repairs and upgrades. We anticipate that the annual cost of optional or required maintenance, updating, upgrading, operating or support contracts regarding the POS system will range from $1,000 to $2,000. You will not be required to replace the POS system any more frequently than once every 3 years.

In addition to the POS System, we may also require that you purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Manual or otherwise by us in writing for use at the Store (see section 8.4(b) of the Franchise Agreement). We don't presently specify or recommend the brand or type of business computer you use. But if this changes, you will be notified. We also require you to maintain an e-mail account and communicate with us regularly concerning sales and operations at your Store, in the manner we specify in the Manual or otherwise in writing. (See section 8.4(b) of the Franchise Agreement.) We estimate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the personal computer and email account is $1,000 to $2,000.

Operations Manual

We will loan you one copy of our Manual (containing a total of 180 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Store.

We will periodically modify the Manual, and you must at your cost and expense comply with these changes when you receive them, but no modification will alter your status and rights under the Franchise Agreement. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the Franchise Agreement) and we would be entitled to recover damages from you).

The following is the Table of Contents of the Manual as of the date of this disclosure document:

Topic	Number of Pages

Fried Chicken Master Standards	26
Store Opening Procedures	19

Topic	Number of Pages
Store Management	48
Store Operations	87
Total Pages	**180**

Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manual.

TRAINING PROGRAM

Day	Topics	Hours of Classroom Training	Hours of On The Job Training	Location
1	Fried Chicken Master brand overview, visit of headquarters, raw materials introduction and preparation, beverage class	4	4	Taoyuan, Taiwan
2-3	Products making, beverage class	0	16	Taoyuan, Taiwan
4-5	Ingredients preparing, product making, store management class	8	8	Taoyuan, Taiwan
6-7	Opening procedure and operation, product making, closing procedure	4	12	Taoyuan, Taiwan
8-9	Manager responsibility, store intern, closing procedure	8	8	Taoyuan, Taiwan
10	Store Management and exam	8	0	Taoyuan, Taiwan
11-15	On-site training and assistance (only provided to the first Store in the Development Area)	0	32	Your first Store
	Total	32	80	

The training program above is effective as of the date of this disclosure document. We may modify the training program at any time by adding, deleting or revising the topics, curriculum, training instructors, training locations, duration of training and other requirements. The initial course of classroom and on-the-job training in Taoyuan, Taiwan is typically provided within 30 days before your Store opens. All classroom training takes place in Taoyuan, Taiwan, or another training center designated by us. The training phase in Taiwan may be extended if we feel it necessary to do so for an additional four days (for total of up to 14 days of training in Taiwan). A total of five days of on-site training will be provided at your first Store (beginning two days before the Store's opening date and ending three days after the opening date).

The instructional material consists of appropriate handouts and information directly from the Manual. Currently, our initial training instructor is an appointed professional instructor in food retail operations who has at least five years of experience in the subject matters being taught.

We do not charge for this training or service for up to five trainees, including the designated Store Manager and Principal Equity Owners. In addition to the five trainees you send to initial training, for a separate daily fee of $300 per attendee, we may allow other persons who have a demonstrable relationship to the operation of the Store to attend initial training. You are responsible for all travel and living expenses of persons you send to initial training. (See sections 6.1(d) and 6.1(e) of the Franchise Agreement.)

The successful completion of initial training by your designated Store Manager to our satisfaction is a condition to your opening of a Store to the public. If your designated Store Manager fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training. You must then reimburse us for our costs in providing this replacement training and you may have to pay us a training fee of up to $300 per day (see section 6.1(b) of the Franchise Agreement). We will issue a Certificate of Completion upon successful completion of the training.

After you open your Store, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings that we deem relevant or appropriate to the operation of the Franchised Business. You specifically agree in the Franchise Agreement that only persons we train or under your supervision will have overall responsibility for the operation of the Store and conduct of the Franchised Business there, and that you will send your Store Manager to us for additional training if we request this. We may at our discretion charge you or the Area Developer an additional training fee of up to $300 per day for Fried Chicken Master training courses, seminars, conferences or other programs that we require you, the Area Developer or your representatives to attend (section 6.1(c) of the Franchise Agreement).

You or the Area Developer must pay all the expenses incurred by your trainees and attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (section 6.1(d) of the Franchise Agreement).

Upon reasonable notice, we may require attendance of your or the Area Developer's designated personnel at training courses, seminars, conferences or other programs that are deemed by us to be relevant or appropriate to the duties of the Area Developer or operation of your Store (see section 6.2(b) of the Franchise Agreement). We may, at our discretion, charge an additional training fee of up to $300 per day for Fried Chicken Master training courses, seminars, conferences or other programs that we require you, the Area Developer or your representatives to attend. Currently, no refresher courses are required (see section 6.2(d) of the Franchise Agreement).

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (see section 6.3 of the Franchise Agreement). Attendance of at least one Principal Equity Owner of the Area Developer and each Store at these meetings will be mandatory (and is highly recommended for other Principal Equity Owners).

ITEM 12: <u>TERRITORY</u>

You will receive an exclusive territory ("Territory") within a defined area surrounding your Store as determined by us with your consent and specified in your Franchise Agreement. However, if you fail to locate a site for your Store or open your Store within our specified time frame, we may terminate your Franchise Agreement or terminate your exclusive right to open Store in the Territory. The Territory is usually defined as a geographical area surrounding the Store as depicted in a map attached to the Franchise Agreement. The Territory may also be defined by a radius around your Store, which will typically vary from ¼ mile in densely populated areas to two miles in rural areas. By "exclusive" Territory we mean that so long as you continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant a Fried Chicken Master franchise to any other person, nor will we or any of our affiliated entities operate a Store, within your Territory. However, your Store may face competition from other franchisees, from Stores that we own outside the Territory, or from other channels of distribution or competitive brands that we control.

You may relocate your Store with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

Under the ADA, you will be granted an exclusive (so long as the ADA is in effect) right to open Stores within the Development Area under a mutually agreed Development Schedule. You must open a minimum of three Stores during the initial term of the ADA. If you fail to achieve the number of openings of Stores according to the Development Schedule, you may still open Stores within the development area but will lose the exclusive right to do so, and we may allow others to open additional Stores within the Development Area. You must enter into a separate Franchise Agreement for each additional Store you open under the ADA, and these agreements will grant a separate protected Territory within a defined area surrounding each Store. Otherwise, we do not grant you options, rights of first refusal or similar rights to open additional Stores under the Franchise Agreement or the ADA, and you may not open additional Fried Chicken Master businesses or engage in activities that are equivalent to the franchised business outside the Territory.

We do not currently, nor do we have any plans in the future to, operate or franchise businesses under a different trademark that will sell goods or services like those you will offer. However, we reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems.

We reserve all rights to market and sell Fried Chicken Master under our principal trademarks or different trademarks at venues other than Stores and through other channels of distribution (including the Internet), within your Territory and anywhere else.

We are not required to pay you compensation for soliciting or accepting orders in your Territory at venues other than Stores, or through other channels of distribution.

You may only offer and sell Fried Chicken Master Products to customers at your Store, and you are restricted from advertising Fried Chicken Master outside your Development Area without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing or television solicitation programs, or use any other advertising media outside of your Development Area without our prior written approval. Also, you may not offer or sell Fried Chicken Master Products directly or indirectly through the Internet, except as authorized by us in the Manual or otherwise in writing. We will publish all website content and we will list your Store location on our master web site. We will maintain the “Uniform Resource Locator” (or “URL”) for the Fried Chicken Master website and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you authorized to establish your own personal websites (except social media sites) for the purpose of advertising your Store or our Brand or other principal trademarks.

Although we have no current plans to do so, we reserve the right to offer and sell other types of franchises that are not directly competitive with the Fried Chicken Master franchise.

Under the Franchise Agreement, during each of the first 12 full calendar months after the Opening Date, you must order a minimum of $3,500 of Fried Chicken Master Products (which may be calculated on a half year average). During the 13th full calendar month after the Opening Date and each calendar month thereafter, you must order a minimum of $4,200 of Fried Chicken Master Products (which may be calculated on a half year average). Otherwise, the continuation of your franchise rights to the Territory under the Franchise Agreement does not depend on your attaining a minimum level of sales, revenues or market penetration or another contingency.

Under the ADA, the continuation of your exclusive rights to develop Stores depends on you complying with the Development Schedule in the ADA, and at least three Stores must be opened in the Development Area during the initial three-year term of the ADA. Neither the Territory granted by the Franchise Agreement nor the Development Area described in the ADA may be altered except if you and we mutually agree. You will maintain rights to your Territory and the Development Area described in the ADA even if the population in those geographic areas increases or changes.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Store under the principal trademark “Fried Chicken Master” and logotype displayed on the cover of this disclosure document and other current or future trademarks. On February 4, 2020, the principal trademark “Fried Chicken Master” (stylized with design) was registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”), registration number 5975693.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All required affidavits have been filed.

All trademarks are owned by YQI, which granted us a trademark license (the “Trademark License”) and right to use the Marks and to grant licenses to use the Marks to Fried Chicken Master franchisees. The Trademark License will continue until it is terminated. If the Trademark License were to be terminated, Fried Chicken Master franchisees would have the right to continue to use the Marks while operating their franchised Stores under their Franchise Agreements for not less than the existing term of the Franchise Agreement. Except as described above, no agreements limit our rights to use or license the use of the trademarks.

You must follow our rules when you use the Marks. You cannot use our principal trademark as part of the name of your entity, or with modifying words, designs or symbols except for those which we license to you. You may not use the trademarks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a trademark licensed to you by us. You must notify us promptly when you learn about an alleged infringement, unfair competition, unauthorized third-party use of or challenge to your use of the trademarks. We then will promptly take the action we think appropriate. We have no obligation to defend or indemnify you if the claim against you relates to your use of the trademarks in violation of the Franchise Agreement. If you learn that any third-party whom you believe is not authorized to use our trademarks is using them or any variant of them, you must promptly notify us. We will determine whether to take any action against the third party.

At your cost and expense, you must modify or discontinue the use of a trademark if we or the trademark owners modify or discontinue it at anytime. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue using a trademark. You may not directly or indirectly contest our or the trademark owners' rights to the trademarks, trade secrets or business techniques that are part of our business.

There are no infringing uses or superior previous rights known to us which can materially affect your use of the trademarks in this state or any other state in which the franchised business is to be located.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the trademarks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials, these will become our sole property, including trademark rights, and the creators of these materials must respect our intellectual property rights in these materials.

ITEM 14: <u>PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION</u>

Patents and Copyrights

We do not own rights in, or licenses to, patents or copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual and other proprietary systems manuals, and only you or your authorized employees can have access to and use the proprietary information in the Manual and other proprietary systems manuals, but you will not acquire any other rights because of this use. You may not duplicate, copy, disclose or disseminate the contents of the Manual without our prior written consent. We may modify the Manual at any time. We will notify you of all changes in writing and you must promptly adopt the changes at your cost.

You must immediately notify us if you become aware of any infringement or inappropriate use of the Manual or other proprietary systems manuals. We will then take whatever action we deem appropriate, and will control any litigation, to protect our copyright in the Manual or other proprietary systems manuals. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any claim, suit or demand relating to our copyrights and take steps to stop misuse at our cost and expense, using attorneys selected by us or by YQI, and you agree to cooperate fully in such matters. If the infringement or inappropriate use results from your negligence or willful action, you must reimburse us all our expenses in protecting our copyright.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the Marks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials, these will become the sole property of YQI, including copyrights.

We do not currently have any pending patent applications that are material to the franchise.

Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as we determine.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information or trade secrets to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

The Franchise Agreement grants us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Fried Chicken Master Products, any Fried Chicken Master restaurant or retail outlet and the Fried Chicken Master system, without any form of compensation or remuneration.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We are seeking franchisees whose Principal Equity Owners plan to personally participate in the direct "on premises" management and operation of the Store. Each Principal Equity Owner (and his/her spouse if applicable) signs a Guarantee of Franchise Agreement (attached as Exhibit 3 of the Franchise Agreement) requiring him/her to ensure that all obligations of the franchisee under the Franchise Agreement (including provisions related to payments to franchisor, confidentiality and non-competition) are fulfilled.

You must disclose the identity of the Store Manager to us and if for any reason the Store Manager is no longer acting in this capacity, you must notify us immediately and in writing. The Store Manager cannot have an interest or business relationship with any of our business competitors. The Store Manager must devote full time during normal business hours to the management, operation and development of the Franchised Business. We do not require your Store Manager to have any ownership interest in your business, although he or she may do so. The Store Manager and other key employees of a franchised Store may be required to sign a non-competition agreement like the non-competition agreement contained in your Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell at the Store only those goods and services that we have approved (see Item 9 of this disclosure document).

You must offer and sell at your Store only Fried Chicken Master Products and other goods and services that we designate as required for all franchisees (see Item 8 of this disclosure document).

We have the right to add, change and discontinue other authorized goods and services that you will be required to offer. And, we may require you to comply with other requirements, such as training, marketing or insurance, before we will allow you to offer additional goods or services. There are no limits on our right to do so.

There are no restrictions on the customers to whom you may sell Fried Chicken Master Products and related products at your Store.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
a.	Length of the franchise term	5.1	1.3, Exhibit 1	The initial term of the Franchise Agreement is three years from the date your Store opens. The term of the ADA is until all Stores have been opened under the Development Schedule.
b.	Renewal or extension of the term	5.2	1.3	If you are complying with the terms of the Franchise Agreement, you can add additional two-year terms upon written notice delivered to us not less than 120 days before the end of the existing Franchise Agreement term and payment of a $25,000 renewal fee. However, we are not obligated to renew your Franchise Agreement if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you. Regarding the Franchise Agreement, you must sign our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement. Regarding the ADA, if you have opened at least three Stores in your Development Area and are otherwise complying with the terms of the ADA, you can add an additional two-year term upon written notice delivered to us not less than 120 days before the end of the existing ADA term and payment of a $100,000 renewal fee. Regarding the ADA, you must sign our then- current ADA modified for renewal and pay the renewal fee. The ADA may have materially different terms and conditions than your original ADA.
c.	Requirements for franchisee to renew or extend	5.2	1.3	You are qualified for renewal of the Franchise Agreement and ADA if you are in full compliance your operating requirements, all fees due us are paid and you are not in breach of any term of your Franchise Agreement or ADA. You must renew or extend the lease for your Store, refurbish or remodel your Store (if necessary), sign a Renewal Franchise Agreement or Renewal ADA, and pay the renewal fee.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
d.	Termination by franchisee	13.1	Not applicable	If we are in material breach (beyond any applicable cure periods), you can terminate the Franchise Agreement or ADA on any grounds available by law.
e.	Termination by franchisor without cause	Not applicable	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1	6.1	We can terminate the Franchise Agreement only if you are in material default of that agreement. If we terminate your Franchise Agreement for cause, we have the right (but not the obligation) to assume the lease for the Store premises. We cannot terminate the Franchise Agreement solely because we terminate the ADA that we executed with you (or your affiliated entity). We can terminate the ADA if you (or your affiliated entity) fail to meet the development schedule under the ADA or you are in material breach of any Franchise Agreement that you (or your affiliated entity) signed with us. (This provision is subject to state law.)
g.	"Cause" defined – curable defaults	13.3	2.4, 6.1. 6.2	You have 30 days after notice to cure monetary defaults and other defaults under your Franchise Agreement (including defaults under a lease for your Store) and the ADA that can be cured. (This provision is subject to state law.)
h.	"Cause" defined – non-curable defaults	13.2	Not Applicable	Non-curable defaults: your bankruptcy or insolvency; your abandonment of the franchised business; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the Fried Chicken Master System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Store is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety. (This provision is subject to state law.) There are no non-curable defaults under the ADA.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
i.	Franchisee's obligations on termination or non-renewal	15.1	6.1, 6.2	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, assigning us your lease to the Store premises if we choose to take it over, forwarding of telephone number and payment of amounts due (also see r, below). We can do some of these things if you fail to do them.
j.	Assignment of contract by franchisor	12.1	4.1(b)	No restriction on our right to assign the Franchise Agreement or the ADA. (However, no assignment of the Franchise Agreement will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.)
k.	"Transfer" by franchisee – defined	12.2(a)	4.1(a), 4.2	Under the Franchise Agreement, this includes transfer of contract or assets or ownership change. Under the ADA, no transfer is permitted except to an entity formed by an individual area developer to operate Stores under the ADA provided the entity is owned 100% by the individual area developer.
l.	Franchisor's approval of transfer by franchisee	12.2	4.2	We have the right to approve all transfers of the Franchise Agreement, but we will not unreasonably withhold approval. The ADA may not be assigned by the Area Developer except to an entity entirely owned by the former area developer.
m.	Conditions for franchisor approval of transfer	12.2	4.2	Under the Franchise Agreement, the new franchisee must meet our qualifications, a transfer fee of $10,000 must be paid, training of the new franchisee must be arranged, a release must be signed by you, and our current form of Franchise Agreement signed by new franchisee (this also applies any time a majority equity interest in your franchised entity is transferred). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier. The ADA may not be assigned by the Area Developer except to an entity entirely owned by the former area developer.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	Not Applicable	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity). The ADA may not be assigned by the Area Developer except to an entity entirely owned by the former area developer and no right of first refusal exists.
o.	Franchisor's option to purchase franchisee's business	15.2(d)	Not Applicable	Within 30 days after the termination, expiration or non-renewal of the Franchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.) We have no right or obligation to purchase your assets upon termination or expiration of the ADA.
p.	Death or disability of franchisee	12.6	Not Applicable	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can appoint an interim manager to manage your Store, and you must pay us the manager's salary, transportation, lodging and related living expenses, and our management administration fee.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	5.1	Under the Franchise Agreement, you cannot be involved in any competing business anywhere during the term of the franchise. Under the ADA, you must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by you or your affiliated entity.
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	5.1	Under the Franchise Agreement, you cannot be involved in any competing business for one year within 25 miles of your Store or any other Fried Chicken Master retail location (this obligation also applies to you if you assign your franchise). Under the ADA, you must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by you or your affiliated entity. (This provision is subject to state law.)
s.	Modification of the agreement	8.2, 16.14(c)	9.2	No modifications to the Franchise Agreement or ADA unless signed by you and us, but we may modify the Manual unilaterally. (This provision is subject to state law.)

	Provision	Section in franchise agreement	Section in area development agreement	Summary
t.	Integration/merger clause	16.14	9.10	Only the Franchise Agreement, ADA and other agreements you sign with us and the requirements, procedures, and policies in the Manual are binding (subject to state and federal law). You should not rely on any statement or promise not contained in this franchise disclosure document, the Franchise Agreement or the ADA. Any representations or promises outside of those documents may not be enforceable. Nothing in the Franchise Agreement, ADA or in any related agreement disclaims or is intended to disclaim representations made in this franchise disclosure document.
u.	Dispute resolution by arbitration or mediation	14.1-14.5	7.1-7.5	The parties agree in the Franchise Agreement and the ADA to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with the intention of arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before a mutually acceptable arbitrator.
v.	Choice of forum	14.1(b), 14.2(b), 14.3	7.1(b), 7.2(b), 7.3	Arbitration proceedings will take place in Santa Clara County, California. Any mediation proceeding will take place at a mutually agreed location in California. Litigation proceedings will take place in an appropriate court in California. (This provision is subject to state law.)
w.	Choice of law	16.13	9.1	The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under the Franchise Agreement and the ADA. Otherwise, the laws of the state where the Store is located govern the Franchise Agreement and the laws of the state where the Development Area is located govern the ADA.

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to any other public figure for the right to use his or her name to promote the sale of Fried Chicken Master franchises.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned Stores, if there is a reasonable basis for the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Store you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised Stores. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Store, however, we may provide you with the actual records of that Store. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Ching- Lun Chou, 2055 Junction Avenue Suite 100 San Jose, CA 95131, telephone number +886-3-341-2298; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2020	0	0	0
	2021	0	0	0
Franchised	2022	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2022	0	0	0
	2020	**0**	**0**	**0**
	2021	**0**	**0**	**0**
Totals	**2022**	**0**	**0**	**0**

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2020 to 2022

State	Year	Number of Transfers
	2020	0
	2021	0
All States	2022	0
	2020	**0**
	2021	**0**
Totals	**2022**	**0**

Table No. 3

Status of Franchised Outlets For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	**2020**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 4

Status of Company-Owned Outlets For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	**2020**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5

Projected New Franchised Outlets As Of December 31, 2022

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next
California	0	0	0
Totals	**0**	**0**	**0**

Exhibit C lists, as of December 31, 2022, the names, addresses and telephone numbers of (i) all franchised outlets that are currently open and operating and (ii) all franchisees who signed a Franchise Agreement but have not yet opened their Store. As of the Issuance Date of this disclosure document, we have licensed a third party the right to develop the Fried Chicken Master system in Ontario, Canada. The franchise we offer in California may be different from the franchise offered in Canada.

Exhibit D lists, as of December 31, 2022, the contact information of every franchisee in the United States that had a Store terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. Your contact information may be disclosed if you buy this franchise and then later leave the system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Fried Chicken Master. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Fried Chicken Master franchise being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to the disclosure document contains our audited financial statement for the periods ending December 31, 2022, 2021 and 2020. Our fiscal year ends December 31.

ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the exhibits listed below:

Exhibit A-1 - Franchise Agreement
Exhibit A-2 - Area Development Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit I at the very end of this disclosure document.

FRIED CHICKEN MASTER

FRANCHISE AGREEMENT

EXHIBIT A-1

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of __________________, 20__(the "Effective Date"), by and among A QIN LLC, a California limited liability company, doing business as "Fried Chicken Master" ("Franchisor"), and ____ ("Franchisee"), with reference to the following facts:

RECITALS

An entity affiliated with Franchisor (the "Owner of the Marks") owns the Fried Chicken Master trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized Franchisor to license them to Fried Chicken Master franchisees.

Franchisee desire to be franchised and licensed by Franchisor to use Franchisor's "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) from a specific "Outlet" (as defined in Article I below and identified in Exhibit 1 attached) operated by Franchisee.

Franchisor is willing to grant Franchisee a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Abandoned. The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without Franchisor's prior written consent. A repeated pattern of inactivity at the Outlet for periods of less than five consecutive business days may result in the Outlet (and Franchised Business) being deemed Abandoned if in Franchisor's judgment such inactivity adversely impacts the Franchised Business. However, Franchisee's Outlet will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond Franchisee's control, provided that Franchisee gives Franchisor notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and Franchisor acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Franchisee re-establishes the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity or such longer period as Franchisor may permit.

Anniversary Year. The term "Anniversary Year" means the 12-month period between the "Opening Date" (as defined in this Article I) and the first anniversary of the Opening Date and between each succeeding anniversary.

Confidential Information. The term "Confidential Information" means information, know-how, and materials that are of value to Franchisor (or other third party, as applicable) and treated as confidential by Franchisor and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term "Confidential Information" includes, without limitation: (i) the Confidential Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, "Fried Chicken Master Products" (as defined in this Article I), insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon the "Proprietary Information" (as defined in this Article I); (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

Confidential Operations Manual. The term “Confidential Operations Manual” means the manual or manuals (regardless of title) containing Franchisor’s trade secrets and the policies and procedures to be adhered to by Franchisee in performing under this Agreement, including all amendments and supplements thereto provided to Franchisee from time to time.

Control. The term “Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Consumer Price Index or CPI. The term “Consumer Price Index” or “CPI” means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Force Majeure. The term “Force Majeure” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee’s financial inability to perform or insolvency will not be a Force Majeure.

Franchised Business. The term “Franchised Business” means the sale to retail customers at or delivered from the Outlet of items from a proprietary menu featuring Fried Chicken Master Products, as well as a selection of authorized salads, desserts and beverages, pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business, using the recipes, packaging techniques, Marks, operational techniques, service concepts and Proprietary Information owned or authorized to be used by and identified with Franchisor and its affiliated companies.

Fried Chicken Master Products. The term “Fried Chicken Master Products” means specialty and proprietary crispy fried chicken, appetizers and other consumable food items authorized to be sold at or from the Outlet, prepared in accordance with Franchisor’s recipes and using proprietary ingredients, rubs, sauces, spices, and preparation techniques.

Gross Revenues. The term “Gross Revenues” means all revenues, however generated or received, derived by Franchisee from operating the Franchised Business at or through the Outlet, excluding only applicable sales or use taxes and legitimate customer refunds, the redemption price of gift cards, and *bona fide* discounts to special customers (who may not be employees of Franchisee or of the Outlet).

Initial Training. The term “Initial Training” means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term “Intellectual Property” means creations of the mind, including inventions, literary and artistic works, designs, symbols, names and images owned by Franchisor and used in the Franchised Business or at the Outlet.

Intellectual Property Rights. The term “Intellectual Property Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights and moral rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this paragraph.

Marks. The term “Marks” means the proprietary marks associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Franchised Business. Franchisor will provide Franchisee with a schedule of Marks Franchisee is required or authorized to use under this Agreement and update this schedule as necessary.

Opening Date. The term "Opening Date" means the day Franchisee opens the Outlet, furnished, inventoried and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the Franchised Business at the Outlet.

Outlet. The term "Outlet" means a retail quick serve fried chicken restaurant Franchisor consents to, which is operated by Franchisee and exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Principal Equity Owner. The term "Principal Equity Owner" means each person who owns 20% or more of Franchisee.

Proprietary Information. The term "Proprietary Information" means, refers to, and includes Trade Secrets and Confidential Information of Franchisor (or of any other third party provided such information to or on behalf of Franchisor). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Proprietary Products. The term "Proprietary Products" means (i) proprietary rubs, sauces, seasonings and other proprietary ingredients needed to make Fried Chicken Master Products and (ii) proprietary administrative supplies, including paper boxes and cups, take-out bags, wrappers imprinted with the Brand, and uniforms imprinted with the Brand.

Required Inventory. The term "Required Inventory" means chicken pieces in the types and quality specified by Franchisor, Proprietary Products, other specified ingredients needed to make Fried Chicken Master Products, and other merchandise and supplies needed for the operation of the Outlet.

Store Manager. The term "Store Manager" means the individual (may be a Principal Equity Owner) designated by Franchisee as the person responsible for the day-to-day operation of the Outlet, and who has successfully completed Initial Training.

Suggestions. The term "Suggestions" means any new products or services, specifications, suggestions or other feedback made by Franchisee or Principal Equity Owners relating to the Outlet or to modify the System.

System. The term "System" means comprehensive marketing and operational systems prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to Fried Chicken Master Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text and other Intellectual Property Rights Franchisor makes available to Franchisee. In Franchisor's sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term "Territory" means the designated and agreed geographical area surrounding the Outlet as set forth in Exhibit 1 attached hereto.

Trade Dress. The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Outlet, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to Fried Chicken Master Products.

Trade Secret. The term "Trade Secret" means information constituting a trade secret within the meaning of the Uniform Trade Secrets Act, as amended from time to time.

Transfer. The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

II. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.
Franchisor is engaged in the administration, development, operation and licensing of businesses that operate Outlets offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor or Franchisor's affiliated companies. Franchisor's activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Outlets; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.
As a result of Franchisor's expenditure of time, skill, effort and money, Franchisor has developed and supervises the System and all Fried Chicken Master franchisees to be operated under the Marks operated in accordance with the provisions of Fried Chicken Master Franchise Agreements and the Confidential Operations Manual.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license ("Franchise") to participate in and use the System to conduct the Franchised Business at the Outlet and within Franchisee's Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Operations Manual, from the Effective Date until the end of the term hereof, and any additional term unless sooner terminated. So long as Franchisee complies with this Agreement, Franchisor will not authorize another Fried Chicken Master franchisee to operate, or operate itself, a Fried Chicken Master retail outlet in Franchisee's Territory.

(b) Each Principal Equity Owner (and their respective spouses, if applicable), must execute the Guarantee of Franchise Agreement attached as Exhibit 3 of this Agreement.

(c) Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale food service businesses outside the Territory. FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS CONDUCTED BY FRANCHISEE AT THE OUTLET WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

3.2 Reserved Rights.

(a) Nothing contained herein accords Franchisee any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or the Owner of the Marks, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT FRANCHISEE'S OUTLET AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOW FRANCHISEE TO OFFER FRIED CHICKEN MASTER PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.**

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without necessarily granting Franchisee any rights in those systems. Franchisor reserves all rights to market and sell Fried Chicken Master Products at venues other than Outlets and through other channels of distribution anywhere, including within Franchisee's Territory.

3.3 Promotion and Development of the Outlet.

(a) Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business at the Outlet; (ii) develop, to the best of Franchisee's ability, the potential for future Franchised Business within Franchisee's Territory; and (iii) devote and focus a substantial portion of Franchisee's attentions and efforts to such promotion and development.

(b) During each of the first 12 full calendar months after the Opening Date, Franchisee must order a minimum of $3,500 of Fried Chicken Master Products (which may be calculated on a half year average). During the 13th full calendar month after the Opening Date and each calendar month thereafter, Franchisee must order a minimum of $4,200 of Fried Chicken Master Products (which may be calculated on a half year average).

3.4 Extent of Grant.

(a) Franchisee understands and agrees it is licensed under this Agreement only for the operation of the Franchised Business at and from the Outlet and only within Franchisee's Territory (unless Franchisor specifically agrees otherwise on a case by case basis). Franchisee must offer and sell at the Outlet and in Franchisee's Territory only Fried Chicken Master Products and other goods and services Franchisor designates as required or approved for all Fried Chicken Master franchisees. Franchisor has the right to change and add other authorized goods and services which Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings.

(b) Franchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.5 Electronic Execution and Copies.

(a) Executed counterparts of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Franchisee agrees, notwithstanding any statute, regulation or other rule of law to the contrary, any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of the entity's organizational document and any by-laws, shareholders' agreement, operating agreement or other agreement among the equity owners.

(b) If Franchisee is an entity, any person who (on the Effective Date or thereafter) owns 20% or more of Franchisee is a Principal Equity Owner under this Agreement. Before approving and concluding any transaction that would make any person or entity a Principal Equity Owner, Franchisee must notify such person about the content of this section 3.6(b).

(c) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED ___________________, 20__ BETWEEN THIS ENTITY AND A QIN LLC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

IV. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Fees.

(a) The "Initial Franchise Fee" for a single franchised Outlet is $50,000 and is due and payable to Franchisor as follows: (i) 50% ($25,000) within three days after this Agreement is signed, (ii) 40% ($20,000) on or before the earlier of when initial training required under the terms of section 6.1 of this Agreement begins or when the supply chain for Fried Chicken Master Products has been set up for the Outlet, and (iii) before the Outlet opens and begins operating under this Agreement, the remaining 10% ($5,000) of the Initial Franchise Fee is paid to Franchisor.

(b) If the Territory granted to Franchisee under this Agreement is a densely populated area or contains above average *per capita* income, this box [ ] will be checked and a "Territory Surcharge" of $10,000 will be payable by Franchisee to Franchisor within three days after this Agreement is signed.

(c) Before initial training required under section 6.1 of this Agreement begins, Franchisor will provide three to five attendees sent by Franchisee with the standard initial training course lasting between 10 and 14 days. If more than five attendees are being sent by Franchisee to this initial training course, before this training begins, Franchisee must pay Franchisor an additional training fee of $300 for each attendee for each day of initial training.

(d) The Initial Franchise Fee, Territory Surcharge (if applicable), Operations Training Fee and all other payments to Franchisor for goods or services received from Franchisor before the Outlet opens for business are due and payable in full, by check, money order or wire transfer to Franchisor's bank account, when required by section 4.1(a) above (however, if this Agreement is for the first through fifth Outlet opened under the terms of an Area Development Agreement ("ADA") Franchisee (or a commonly owned entity) executed, no Initial Franchise Fee is payable). If Franchisee fails to make all initial payments required by this section 4.1, this Agreement will be null and void.

(e) The Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable.

4.2 Monthly and Other Fees.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Royalty" of 4% of Franchisee's monthly Gross Revenues. However, if this Agreement is for the initial Outlet to be opened and operated by Franchisee, this box [ ] is checked, and for the initial term of this Agreement, the monthly royalty will be 3% (will increase to 4% if this Agreement is renewed). Royalties will be calculated on the Gross Revenues received during the previous month and are to be accompanied by a revenue report in the form prescribed by Franchisor.

(b) Beginning on the Opening Date, Franchisee must pay Franchisor a "Management Fee" of $300 each month

(c) Royalties and Management Fees are due and payable on a monthly basis on the 10th day of the following month (unless that day is a banking holiday, in which case the Royalties and Management Fees are due and payable on the next business day).

(d) Franchisee must pay Franchisor a "Renewal Fee" of 50% of the Initial Franchise Fee ($25,000) for the right to enter into a Renewal Franchise Agreement.

(e) Royalties, Management Fees and Renewal Fees are fully earned by Franchisor when paid and are not refundable.

4.3 Marketing, Advertising and Promotion.

(a) Franchisee must spend at least 1% of Franchisee's monthly Gross Revenues on the local marketing, advertising and promotion of the Outlet, using marketing and promotional materials pre-approved in the Confidential Operations Manual or otherwise authorized or approved by Franchisor. Also, within the first 60 days after the Opening Date, Franchisee must spend at least $5,000 on the grand opening advertising and promotion of the Outlet, using a grand opening advertising and promotional program that Franchisor designates or approves.

(b) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Fried Chicken Master franchised outlets agree to such additional assessment by affirmative vote.

(c) Franchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Franchisor arranges for, requires or authorizes Fried Chicken Master franchisees to participate in. Details regarding such contests and promotions will be set forth in the Confidential Operations Manual.

(d) Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to regional or system-wide advertising, public relations and promotional campaigns.

4.4 Performance Bond.
Before Franchisee signed this Agreement, it paid Franchisor a $10,000 “Security Deposit”. Three business days after the Effective Date, this Security Deposit becomes a “Performance Bond”. If Franchisee defaults in performance of any requirement under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor’s affiliates, Franchisor may use the Performance Bond, or any portion of it, to cure the default or to compensate Franchisor for all damages or expenses Franchisor incurs because of Franchisee’s default, including without limitation damages Franchisor suffers because of Franchisee’s purchase of unapproved materials or use of poor quality raw material in preparing and serving Fried Chicken Master Products. Franchisor may also use the Performance Bond to pay any late charges, interest, penalties, and fees and any costs and charges due Franchisor for performing obligations that Franchisee does not perform, and which Franchisor is entitled to perform for Franchisee. If monies are owed, or become due, to Franchisor on or after termination or expiration of this Agreement for any reason, Franchisor may use all or any part of the Performance Bond to pay those sums. If Franchisor uses any part of the Performance Bond before the end of the term of this Agreement, Franchisee will have to restore the balance of the Performance Bond to $10,000. If Franchisee is not in default in performance under this Agreement or any other agreement with Franchisor or any of Franchisor’s affiliates on the date this Agreement expires or is terminated for any other reason, Franchisor will return to Franchisee within 30 days after the expiration or effective date of termination the remaining balance of the Performance Bond, without any interest accrued or payable.

4.5 Electronic Funds Transfer.
Franchisor requires payment for Required Inventory, Royalty, Management Fees and Marketing and Promotion Fees by electronic funds transfer (“EFT”), through the Automated Clearing House (“ACH”) electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee’s account into Franchisor’s operating account. Franchisee must (i) execute and deliver to Franchisor’s bank required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee’s bank account all fees payable under the terms of this Agreement and (ii) open and maintain a single bank account for such payments (with overdraft protection from Franchisee’s operating account) always keeping the minimum balance in such account as Franchisor may reasonably designate. Franchisee must not alter or close this account except upon Franchisor’s prior written approval. Any failure by Franchisee to implement such EFT system in strict accordance with Franchisor’s instructions will constitute a material breach of this Agreement.

4.6 No Setoff on Payments.
All payments to be made by Franchisee to Franchisor will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7 Late Fee; Interest on Delinquent Payments.

(a) Any payments for Required Inventory, Royalty, Management Fees or Marketing and Promotion Fees not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late charge of 5% of the amount past due. Franchisor and Franchisee agree that the late charge of 5% of the amount past due is reasonable because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses (including administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount), and (ii) it would be impractical or extremely difficult to fix in advance the exact amount of costs and expenses Franchisor would incur.

(b) In addition to late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate (“APR”) of 18% (or the highest APR permitted in the state where the Outlet is located, if that APR is lower), immediately payable upon the demand of Franchisor, and Franchisee must also reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.8 No Accord or Satisfaction.
If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.
The initial term of this Agreement (applicable solely to the Outlet franchised hereunder) commences on the Effective Date and expires on the third anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew the rights granted under this Agreement for an additional two-year term commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means Franchisee is able to pay its debts as and when promised by Franchisee and Franchisee has assets that are greater than Franchisee's debts), (ii) not have abandoned the Outlet, (iii) not be operating the Franchise in a manner endangering public health or safety or materially harming the Fried Chicken Master brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

(c) Notwithstanding section 5.2(a) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term;

(ii) during the 180 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell the rights to operate the Franchised Business at the Outlet to a purchaser meeting Franchisor's then current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises;

(iii) termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof;

(iv) Franchisee and Franchisor agree not to renew the Franchise;

(v) Franchisor withdraws from distributing its products or services through Franchises in the geographic market served by Franchisee, provided that:

(A) upon expiration of the Franchise, Franchisor agrees not to seek to enforce any covenant of the non-renewed franchisee not to compete with Franchisor or other franchisees of Franchisor; and

(B) the failure to renew is not for the purpose of converting the business conducted by Franchisee pursuant to this Agreement to operation by employees or agents of Franchisor for Franchisor's own account;

(vi) at the time of renewal, Franchisee or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System; or

(vii) Franchisor and Franchisee fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which Franchisor is then customarily granting renewal franchises, or if Franchisor is not then granting a significant number of renewal Franchises, the terms and conditions on which Franchisor is then customarily granting original franchise agreements. Franchisor may give Franchisee written notice of a date (which must be at least 30 days from the date of such notice) on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by Franchisee. Such notice, if given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by Franchisee, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement") or (ii) an addendum to this Agreement extending its term for an additional 2 year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have paid the Renewal Fee and satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date.

(f) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to the Outlet as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new Fried Chicken Master Products, if any. Franchisee must also bring the Outlet and equipment, materials and supplies into compliance with the standards then applicable to new Fried Chicken Master franchises.

5.3 Month to Month Extension; Longer Notice of Expiration Required by Law.

(a) At Franchisor's option, to be exercised in Franchisor's sole and absolute discretion, if the renewal procedures described in section 5.2 above have not been completed, Franchisor may extend this Agreement on a month-to-month basis by notifying Franchisee Franchisor is doing so. Any month-to-month extension will continue until Franchisor gives Franchisee at least 30 days' notice that the Franchise rights must be formally renewed in accordance with section 5.2 or this Agreement will expire and be terminated.

(b) If applicable law requires Franchisor to give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any successor term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is critically important for Franchisee's Store Manager and Principal Equity Owners to understand the Franchised Business and the System, and for Franchisee's Store Manager and other key employees to have been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee's Store Manager and at least one of Franchisee's Principal Equity Owners, an initial training program, providing an orientation to the System and instructions on how to operate the Franchised Business. Unless there are extenuating circumstances which, in Franchisor's reasonable determination, justify a delay (including Force Majeure), Franchisee's required trainees must attend the next Initial Training offered by Franchisor. Franchisee may not open and operate the Outlet until Franchisee's Store Manager has satisfactorily completed Initial Training. Franchisee acknowledges and agrees only Franchisor will determine whether Franchisee's Store Manager satisfactorily completes Initial Training.

(b) The failure of Franchisee's Store Manager to complete Initial Training to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, before this Agreement is so terminated, Franchisee's Store Manager who fails to successfully complete Initial Training will be offered the opportunity to retake Initial Training or Franchisee may send a replacement Store Manager approved by Franchisor to the next available Initial Training program.

(c) The training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as System procedures, standards, marketing and customer service techniques, reports and equipment maintenance. Franchisor will determine the contents and manner of conducting the Initial Training.

(d) There is no separate fee payable to Franchisor for the Initial Training program provided to up to five attendees from Franchisee (these attendees must include Franchisee's initial Store Manager and at least one Principal Equity Owner).

(e) All costs and expenses (including travel, lodging and meals) of Franchisee's attendees of Initial Training will be Franchisee's sole responsibility. All persons attending Initial Training on Franchisee's behalf must have a demonstrable relationship to the management and operation of the Outlet.

6.2 Training and Assistance after Opening.

(a) After Franchisee opens and begins operating its Outlet, Franchisor will provide Franchisee with access to, list the Outlet on, and integrate other information about the Outlet into, Franchisor's website. Any future update or modifications to Franchisee's presence on Franchisor's website may be at Franchisee's cost and expense.

(b) After Franchisee opens and begins operating the Franchised Business at the Outlet, Franchisor will provide Franchisee with telephone and e-mail assistance at Franchisee's request or otherwise as Franchisor deems necessary to instruct in all phases of the operation of the Franchised Business. Franchisor's field representatives may visit the Outlet from time to time, but the frequency and duration of any such visits by Franchisor's representatives is in Franchisor's sole discretion. In addition, Franchisor will be available on an ongoing basis at Franchisor's principal place of business for consultation and guidance regarding the operation and management of the Outlet and the Franchised Business. Other than providing Franchisee general guidelines for tax and federal employment compliance in the Confidential Operations Manual, Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(c) After Franchisee opens and begins operating the Franchised Business at the Outlet, upon reasonable notice, Franchisor may require participation of Franchisee's designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) deemed by Franchisor to be relevant or appropriate to the operation of the Franchised Business. Franchisee specifically agrees only persons trained by Franchisor or under Franchisor's supervision will have overall responsibility for the operation of the Outlet and Franchised Business, and Franchisee will send Franchisee's Store Manager to Franchisor for additional training if Franchisor requests this.

(d) Franchisor may but is not required to make available to Franchisee optional staff training courses, seminars, conferences or other programs, at a suitable location selected by Franchisor. Franchisor may charge Franchisee a separate fee of $300 per day for each of (i) Franchisee's attendees at mandatory or optional training at locations other than the Outlet and (ii) Franchisor's trainers at training provided at the Outlet.

(e) In addition to updates to the Confidential Operations Manual, Franchisor may provide Franchisee with additional materials relating to the Franchised Business including marketing material designs. In addition to the standard design format provided in the Confidential Operations Manual, Franchisee must pay Franchisor a Marketing Material Design Fee of $150 for each case of Fried Chicken Master Products delivered to Franchisee. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the Outlet, the Franchised Business and the System.

(f) All costs and expenses (including travel, lodging and meals) of Franchisee's attendees at any post-opening training, conferences or meetings will be Franchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Franchisee's behalf must have a demonstrable relationship to the management and operation of the Outlet.

(g) In the event of a Transfer of the rights, duties and obligations of Franchisee under this Agreement (which must be done in full compliance with section 12.2 of this Agreement), the transferee must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred Franchise may not be operated by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Outlet and the Franchised Business and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Mandatory Meetings.
Not more often than once each year, Franchisor may conduct a meeting or series of regional meetings to discuss System operations and business activities or other matters relating to the Franchised Business. Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for Franchisee's Store Manager and all of Franchisee's other Principal Equity Owners). Franchisor may limit the number of Franchisee's attendees at these meetings. Franchisee must pay the cost of travel, lodging and meal expenses for Franchisee's attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference coordinated by Franchisor.

6.4 Proprietary Materials.
At Initial Training and other training programs and conferences, Franchisor may provide Franchisee with Proprietary Information, as well as training materials, training curricula and related materials for Franchisee's use in training Franchisee's staff, all of which are and will remain Franchisor's sole and exclusive property. Franchisee must not, nor allow its employees or others to, copy, reproduce, disseminate or otherwise reveal to third parties any Proprietary Information and related materials without Franchisor's express prior written consent.

VII. OPENING OF OUTLET AND FRANCHISED BUSINESS

7.1 The Outlet.
The Franchised Business may only be operated by Franchisee at or from Franchisee's Outlet. If the Outlet has not been identified when Franchisee signs this Agreement, but the general location of the Territory is identified, the exact location of the Outlet will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. In order to promote the orderly and timely servicing of all System retail customers, Franchisee may not deliver Fried Chicken Master Products outside Franchisee's Territory without Franchisor's prior written consent. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all Fried Chicken Master Products may be available to be offered to customers at some Outlets (including the Outlet).

7.2 Building Out the Outlet.

(a) Premises acceptable to Franchisor from which the Outlet will be operated must be located by Franchisee within 180 days after the Effective Date. Within 15 days thereafter Franchisor will review and either consent to or disapprove the location (and if Franchisor disapproves, Franchisee must promptly propose an alternative location). If within 180 days after the Effective Date Franchisee has not located a site for the Outlet acceptable to Franchisor, Franchisor may cancel this Agreement on the basis of Franchisee's failing to find an acceptable site; and if Franchisor does so, Franchisor will refund Franchisee's Initial Franchise Fee, less any expenses Franchisor incurred in processing Franchisee's Franchise and this Agreement up to the date of cancellation. Within 180 days after Franchisor approves the location of the Outlet, Franchisee must build out the Outlet and commence operation of the Franchised Business there at that location. Franchisee must commence operation of the Franchised Business at the Outlet as soon as practicable after Franchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after Franchisee has located and secured premises for the Outlet (which Franchisor consents to), Franchisee has not commenced operation of the Franchised Business within 180 days after Franchisor approves the Outlet premises, Franchisor in its sole discretion may (i) terminate Franchise's exclusive right in the Territory as a condition for allowing Franchisee to continue building out the Outlet and commencing operation at that location, or (ii) terminate this Agreement effective on written notice and if Franchisor does so, Franchisee will not be entitled to receive any refund of Franchisee's Initial Franchise Fee. Franchisor may give Franchisee one-month extensions to open the Outlet beyond the mandatory dates specified above in this section 7.2(a) if Franchisor deems in its sole discretion Franchisee has made diligent efforts to open but was unable to do so due to reasons beyond Franchisee's reasonable control.

(b) Franchisor does not assist Franchisee in the site selection process. However, Franchisor reserves the sole right of final review and consent to any location of the Outlet. Franchisor uses available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances.

(c) Franchisor will provide Franchisee with a sample prototype layout for the Outlet. At Franchisee's sole expense, Franchisee must employ architects, designers, engineers or others designated or approved by Franchisor to complete, adapt, modify or substitute the sample plans and specifications for the Outlet. The architect must submit a complete set of final plans and specifications to Franchisor before commencing construction of the Outlet. Franchisor will review these plans and specifications promptly and accept them as stated or provide Franchisee with Franchisor's comments on the plans and specifications. Franchisor will have complete and uncontested control over the design of the Outlet and Franchisee may not modify the design or choose third party designers without Franchisor's express written consent. Franchisee may not commence construction of the Outlet until Franchisor consents in writing to the final plans, specifications and contractors to be used in constructing the Outlet. Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the construction and equipping of the Outlet, but it is and will remain Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Outlet. Franchisee is responsible at its sole expense for obtaining all zoning classifications, permits, clearances, certificates of occupancy and clearances required by governmental authorities and for complying with all covenants, conditions, easements, and restrictions of record.

(d) Franchisee must use licensed and reputable general contractors and vendors to construct and build out the Outlet. Franchisor expressly disclaims any representation or warranty of the quality of any goods or services provided by architects, contractors, or any other persons or entities which Franchisor may refer to Franchisee, including any warranty as to merchantability or fitness for any particular purpose. Franchisor is not responsible for delays in the construction, equipping or decoration of the Outlet or for any loss resulting from the Outlet design or construction since Franchisor has no control over the landlord or developer and numerous construction-related problems which could occur, consequently delaying the opening of the Outlet. Franchisor must approve in writing all changes in the Outlet plans prior to construction of the Outlet or the implementation of such changes.

(e) If requested, Franchisor must be granted access to the Outlet while work is in progress. Upon Franchisor's request, Franchisee must make and deliver to Franchisor photographic or video records of construction in process. Franchisor may require the reasonable alterations to or modifications in the construction of the Outlet that Franchisor deems necessary. Franchisee's failure to promptly commence and diligently complete the design, construction, inventorying, equipping and opening of the Outlet will be a material breach of this Agreement. If Franchisee does not complete the build out of the Outlet in a reasonable time, Franchisor can complete the build out, all expenses of which will then be paid or reimbursed to Franchisor by Franchisee. Before the Outlet opens to retail customers and before final inspections by any governmental agency, representatives of Franchisor may complete a final "walk through" inspection of the Outlet and issue a written consent to open. Any deficiencies noted by Franchisor from this inspection must be corrected by Franchisee within 30 days or this Agreement may be terminated without any liability to Franchisor.

(f) Unless otherwise agreed to in writing by Franchisee and Franchisor, Franchisee has the sole responsibility for locating, securing and obtaining suitable premises for the Outlet. Franchisee and Franchisee's landlord will be required by Franchisor to execute a rider to Franchisee's lease (or other written agreement or written understanding incorporated in, or attached as a rider to, the lease) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the Outlet premises if Franchisee is in material breach of either the lease for the Outlet premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the Outlet if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the Outlet premises.

(g) After the Outlet opens, Franchisor has the right to periodically inspect the Outlet and any other site where Franchisee conducts the Franchised Business.

7.3 Inventory and Equipment.

(a) Throughout the term of this Agreement, Franchisee must maintain the minimum amount of inventory of Fried Chicken Master Products and other supplies as specified in the Confidential Operations Manual. Within the timeframes that Franchisor specifies before the Opening Date, Franchisee must order from (and if necessary pre- pay to) Franchisor's affiliates, or other designated or approved suppliers, (i) the initial Required Inventory and other supplies and accessories necessary for Franchisee to provide Fried Chicken Master Products to Franchisee's customers, (ii) number of pieces of required fixtures and equipment, and (iii) additional proprietary supplies, items and accessories as specified in the Confidential Operations Manual, with delivery scheduled for not later than two weeks before the Opening Date. Thereafter, Franchisee must buy replacement or additional Required Inventory, fixtures, equipment, accessories and other authorized items only from Franchisor's affiliates, or other designated or approved suppliers. Throughout the term of this Agreement, Franchisee must maintain the minimum amount of inventory of Fried Chicken Master Products and other supplies as specified in the Confidential Operations Manual.

(b) Franchisee must also purchase non-proprietary merchandise and supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items), fixtures, furnishings, equipment, small ware, POS System, computer hardware, software and peripheral equipment as specified in the Confidential Operations Manual, in adequate quantities and sufficiently in advance to allow Franchisee to fully operate the Outlet on the Opening Date, and continuously thereafter in sufficient quantities to permit Franchisee's uninterrupted conduct of the Franchised Business at the Outlet.

(c) Franchisee must also purchase apparel containing the Marks, other materials containing the Marks, and any other signs containing the Marks from Franchisor's affiliates, or other designated or approved suppliers, with delivery scheduled for not later than two weeks before the Opening Date.

(d) Franchisee must also purchase supplies, paper goods, services, packaging, forms and other products and supplies to constitute Franchisee's complete initial inventory of such items as specified in the Confidential Operations Manual from responsible suppliers, with delivery scheduled for not later than two weeks before the Opening Date.

(e) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration as a result of required purchases by System franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate.

7.4 Marketing and Advertising Boundaries.
The marketing and advertising boundaries within which Franchisee is to operate under this Agreement are determined by Franchisor and may be changed by Franchisor or overlap with the territories of other Fried Chicken Master franchised outlets as market conditions or type of media warrant, all in Franchisor's sole discretion (and such marketing and advertising boundaries may exceed the Territory provided herein). Franchisee may not directly promote, advertise or otherwise market the Outlet outside the boundaries of the Territory or other marketing or advertising boundary that Franchisor designates, unless Franchisor gives express written permission for Franchisee to do so.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times Franchisee must be, or employ, a Store Manager who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business at the Outlet. The Store Manager must ensure Franchisee fulfills its obligations to Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. At least one Principal Equity Owner must always participate personally in the direct operation of the Outlet.

(b) Franchisee understands and agrees that the maintenance of the quality of the Fried Chicken Master Products offered by each Fried Chicken Master franchisee is of primary importance to Franchisor to properly promote and protect the public image of these goods and services, and to protect the Marks under which Fried Chicken Master franchisees are licensed to operate. Franchisee therefore agrees to only provide at its Store Fried Chicken Master Products that are properly prepared in accordance with Franchisor's confidential recipes and procedures. Franchisee must only sell to customers at Franchisee's Store Fried Chicken Master Products and other food and beverages specified in Franchisor's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale by Franchisee at Franchisee's Store in accordance with this Agreement and the Confidential Operations Manual (as periodically amended by Franchisor). Franchisee must only operate the Franchised Business at Franchisee's Store, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to Franchisee by Franchisor in writing. Franchisee must always maintain an adequate level of Required Inventory and other supplies necessary to properly operate Franchisee's Store. Franchisee must use the standard signs and formats that Franchisor prescribes in operating the Outlet and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires Franchisee to comply with the methodology Franchisor prescribes in providing Fried Chicken Master Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's franchises and the strength of Franchisor's Marks in inter-brand competition, and subject to applicable federal and state antitrust laws, Franchisor may recommend retail prices for specific Fried Chicken Master Products and other products and services Franchisor authorizes for sale at the Outlet. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, printed materials or any other media, including social media) retail prices inconsistent with these recommended prices.

(d) The Outlet must be open on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual. The obligation to remain open will not apply if Franchisee experiences a Force Majeure.

(e) Franchisee must promptly satisfy any *bona fide* indebtedness that Franchisee incurs in operating the Outlet and the Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to Franchisee must be paid in accordance with the terms of their agreements with Franchisee.

(f) Franchisee must notify Franchisor in writing within 10 business days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Outlet or the Franchised Business, or that may adversely affect Franchisee's operations at the Outlet or Franchisee's ability to meet its obligations under this Agreement.

(g) If anything occurs at the Outlet or in the Territory that causes or may cause harm or injury to retail customers or Franchisee's employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or Franchisor's affiliates, Franchisee must immediately inform Franchisor's designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor in any response to an incident described in this section 8.1(g).

(h) Franchisee must promptly pay all taxes due as a result of operation of the Outlet and the Franchised Business by Franchisee. If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Franchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Outlet or any of its improvements.

(i) Without Franchisor's prior written consent, Franchisee may not engage in any "Co-branding" with other businesses nor allow subtenants in the Outlet. Franchisor is not required to approve any Co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that Co-branding chain as an approved co-brand for operation within the System. Unauthorized Co-branding and subtenants include the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) featured or incorporated within the Outlet or the Franchised Business operated by Franchisee in the Territory or adjacent to the Outlet and operated in a manner likely to cause the public to perceive it to be related to the Outlet and Franchised Business licensed to Franchisee hereunder.

(j) Franchisor may open commissaries for the purpose of selling and supplying Fried Chicken Master Products and related food products and non-food products and merchandise (such as boxes, paper plates, cups and food wrappers on which the Marks are reproduced).

(k) Franchisee agrees to participate in all System promotions described in Franchisor's website and all Franchisor-authorized group discount programs.

(l) Franchisee may only sell at the Outlet Fried Chicken Master Products that are provided by a vendor designated or approved by Franchisor. If Franchisee sells at its Outlet unauthorized products not provided by a vendor designated or approved by Franchisor, Franchisor will levy a fine of $500 each time it happens and declare Franchisee in material default of this Agreement. Franchisor may deduct this fine from the Security Deposit paid by Franchisee.

(m) Franchisee must not accept cash payments from customers at the Outlet which are not reported to Franchisor or incorrectly reported. If this occurs, Franchisor can assess a fine of $500 each time it happens and declare Franchisee in material breach of this Agreement.

(n) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor or the Owner of the Marks in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

(o) At Franchisee's expense, Franchisee must obtain from a performance rights organization (such as the American Society of Composers, Authors, and Publishers ("ASCAP") or BMI) and then maintain any licenses to allow Franchisee to play copyrighted musical recordings at its Outlet.

8.2 Confidential Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be loaned to Franchisee. Franchisee may be provided access to a digital copy of the Confidential Operations Manual through Franchisor's website. Franchisee may also be provided with a hard copy of all or portions of the Confidential Operations Manual at Initial Training or afterwards. Franchisor has the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after delivery to Franchisee or the digital copy maintained on Franchisor's website is changed.

(b) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated Fried Chicken Master franchisees. As periodically modified by Franchisor, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as periodically modified or amended by Franchisor, will not alter Franchisee's fundamental status and rights or fees payable to Franchisor under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual Franchisee may have printed and maintains, the master copy of the Confidential Operations Manual that Franchisor maintains at Franchisor's headquarters and available on Franchisor's website will be the controlling version and will supersede all prior versions.

(c) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee must request a replacement within three business days, and Franchisee will be deemed to be in violation of this Agreement and all other agreements Franchisee has with Franchisor and Franchisor's affiliated entities.

(d) Upon the expiration, termination or cancellation of this Agreement for any reason, Franchisee, the Store Manager and any other employee having possession thereof, must immediately return to Franchisor any printed portions of the Confidential Operations Manual then in Franchisee's or their possession. Except as specifically permitted by Franchisor, at no time may Franchisee or Franchisee's employees or agents (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except Franchisee's authorized employees and agents when required in the operation of the Outlet and the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retain after expiration, cancellation or termination of this Agreement.

8.3 Menu and Standards of Operation.

(a) A standard menu format is required by Franchisor and must be used by Franchisee. Any changes, additions or deletions in the menu format to be used at the Outlet must be approved in writing by Franchisor prior to its use by Franchisee. Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees and agents harmless from and against any and all loss, damage, cost or expense, including reasonable attorney's fees, resulting from any change Franchisee makes in the standard menu or for any deviation of Franchisee's products from the descriptions contained in Franchisor's approved menu. At Franchisor's direction, the standard menu format may contain advertising references to other Fried Chicken Masters. Franchisor may change the standard menu format at any time.

(b) To enhance the customer experience at the Outlet and to protect Franchisor's reputation, Franchisor is entitled to prescribe standard uniforms and attire for all of Franchisee's personnel. Franchisee is required to obtain such uniforms and attire only from an e-store set up by Franchisor or from other designated or approved manufacturers or distributors.

(c) Franchisee agrees that Franchisor, Franchisee and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at the Outlet and elsewhere in Franchisee's Territory. Therefore, Franchisee agrees to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement and the Confidential

Operations Manual as it may be periodically revised, or as Franchisor may otherwise direct in writing. To assist Franchisor in maintaining consumer brand recognition through advertising and an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Point of Sale System and Computer System.

(a) Franchisee must purchase, use and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use at the Outlet (the “POS System”). The POS System must always be powered on and connected to a dedicated high-speed communications medium specified by Franchisor, capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, accessing the Internet in the manner designated by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System. The POS System must be electronically linked to Franchisor. Franchisor may electronically access the POS System and any of Franchisee’s Internet domain names or email addresses on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, to retrieve such transaction information including sales, sales mix, usage and other operations data as Franchisor deems appropriate. Franchisee must ensure that only adequately trained employees conduct transactions using the POS System. Within a reasonable time upon Franchisor’s request, Franchisee must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase Fried Chicken Master Products via such procedure, as specified by Franchisor. Franchisor may require Franchisee to update, upgrade or replace the POS System, including hardware or software, periodically upon written notice; however, Franchisee will not be required to replace the POS System any more frequently than once every three years (unless the POS System has been impaired by actions of Franchisee or Franchisee’s employees). The POS System must also be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

(b) In addition to the POS System, Franchisee may be required to purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use in connection with the Outlet (the “Computer System”). Franchisor requires Franchisee to maintain an e-mail account and always connect the Computer System to a dedicated high- speed communications medium Franchisor specifies, capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner Franchisor designates in the Confidential Operations Manual or otherwise in writing. Franchisee must obtain all software and hardware, including digital still and video cameras, as Franchisor may specify to enable Franchisee to provide ample security against viruses, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit to Franchisor digital photos and streaming video or other multimedia signals and information to and from the Outlet, in the form and manner prescribed by Franchisor. Franchisee must purchase any upgrades, enhancements or replacements to the Computer System or hardware and software as Franchisor may periodically require upon 30 days written notice; provided however Franchisee will not be required to update or replace the Computer System any more frequently than once every three years. Franchisor may access the Computer System on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, to retrieve files and data stored therein relating to the Outlet and the Franchised Business.

(c) Franchisor may designate the computer software to be used in the operation of the POS System and Computer System (“Designated Software”). If Franchisor does so, Franchisee must license or sublicense such Designated Software from Franchisor’s designee and enter into a software license agreement on the software licensor’s then-current form and pay any related license or maintenance fees. Franchisee may also be required to purchase any upgrades, enhancements or replacements to the Designated Software. Franchisee must incorporate any required modifications or additions within 30 days after receiving written notice from Franchisor, unless a longer time period is stated in the notice

(d) Franchisee may not install, and must prohibit others from installing, unauthorized software on the POS System and the Computer System. Franchisee must take all commercially reasonable measures to ensure no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the POS System or the Computer System. Franchisee must always communicate to Franchisor all passwords, access keys and other security devices or systems necessary to permit Franchisor to access the POS System and Computer System and obtain the data Franchisor is permitted to obtain under this Agreement, including accounting, sales, marketing, client and other information to assist in and support the operation of the Franchised Business.

(e) All information on the POS System and Computer System, including customer data and contact information, is Franchisor's property and Franchisee consents to Franchisor using this information in any way Franchisor sees fit, including to market other products and services not constituting Fried Chicken Master Products or other products and services specifically authorized by Franchisor.

(f) Franchisor may disclose information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data to future prospective franchisees.

8.5 Maintenance, Upgrades and Refurbishments to the Outlet.

(a) Franchisor requires Franchisee to maintain and periodically refurbish the Outlet to conform to the then-current building design, Trade Dress, and color schemes then applicable for an Outlet. Such maintenance and refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Outlets or to accommodate new Fried Chicken Master Products. Accordingly, Franchisee must at its cost (i) maintain all equipment used at the Outlet on an as needed basis, (ii) immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies and (iii) make all upgrades to equipment and any technology used in the Outlet that Franchisor may require.

(b) Franchisor may periodically require Franchisee at Franchisee's cost to update the Trade Dress used at the Outlet. Such updates will be contained in the Confidential Operations Manual or otherwise provided to Franchisee in writing. Such updates may require Franchisee to install new color schemes, logos, signage or other visual elements. Franchisor anticipates that such Trade Dress updates will be required no more frequently than once every five years.

(c) Franchisee will always be required to make upgrades and refurbishments to the Outlet before renewing the Franchise pursuant to section 5.2(f) of this Agreement. Otherwise, Franchisor will only require the types of modifications and expenditures described in sections 8.5(a) and 8.5(b) if Franchisor makes a good faith determination that the Outlet is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Outlet, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell Fried Chicken Master Products) and that, as a result of its appearance or condition, the Outlet is either (i) not adequately positioned to promote and sell Fried Chicken Master Products as then required or (ii) damaging the integrity of the Fried Chicken Master image, brand or Marks.

8.6 Relocation of the Outlet.

(a) If Franchisee desires to relocate its Outlet, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation. If Franchisor disapproves a proposed relocation, Franchisee may request an alternative proposed new location for the Outlet pursuant to the provisions of this section 8.6.

(c) Franchisee and the landlord may be required to execute a rider to Franchisee's lease for the new location for the Outlet (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated Outlet premises if Franchisee is in material breach of either the lease for the relocated Outlet premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated Outlet in the event this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated Outlet premises.

8.7 Record Keeping and Reporting Requirements.

(a) Not later than 10 business days after Franchisor requests them, Franchisee must submit to Franchisor financial or statistical reports, records, statements or information as required in the Confidential Operations Manual or otherwise by Franchisor in writing. All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(b) Within 90 days after the end of each of Franchisee's fiscal years (or any permitted extension for filing same), Franchisee must submit to Franchisor a copy of the Schedule C or equivalent portion of Franchisee's federal tax return that relates to the Outlet and Franchisee's operation of the Franchised Business.

(c) On the Effective Date (and any time thereafter that this date changes), Franchisee must notify Franchisor of Franchisee's fiscal year end date.

(d) Franchisor has the right to use any financial or statistical information Franchisee provides to Franchisor, as Franchisor deems appropriate, including sharing the information with potential investors in Franchisor, buyers of Franchisor, lenders, attorneys, accountants and advisors on a need to know basis and with an acknowledgment by them the information is only being provided in connection with the transaction between Franchisor and the disclosee and is not for public dissemination. However, Franchisor will not identify Franchisee, the Outlet or Franchisee's Territory as the source of the information, and will not disclose any of this information except (i) with Franchisee's written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) Franchisee must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

(a) All signs, display materials, and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. Franchisor will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to post and maintain, at the Outlet, entirely at Franchisee's expense, any minimum signage recommended by Franchisor. Any signage containing the Marks will be designed by a vendor Franchisor designates and manufactured by a vendor Franchisor designates or approves.

8.9 Telephone Numbers.
Franchisor will obtain and maintain all telephone numbers (toll-free and otherwise) for the Outlet and used by System customers to place orders for delivery or pick up of Fried Chicken Master Products at the Outlet. Franchisee must promptly reimburse Franchisor upon demand for the portion of the monthly invoice for telephone services relating to the Outlet. Franchisee may not obtain in its name, nor advertise or list in any directory, a separate telephone number for the Outlet.

8.10 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance legally required for Franchisee to operate Franchisee's business at the Outlet (*i.e.*, workers' compensation insurance) or reasonably prudent for the Franchised Business. Required coverage, policy coverage limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII which are authorized to do business in the state where the Outlet is located, unless otherwise approved in writing by Franchisor. Any policies of insurance maintained by Franchisee must contain a separate endorsement naming Franchisor (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by Franchisor and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Franchisee's insurance procurement obligations under this section 8.10 are separate and independent of Franchisee's indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, Franchisee must promptly notify Franchisor of all claims against Franchisee or Franchisor under said policies of insurance and deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days (10 days for non-payment) prior written notice to Franchisee and to Franchisor. Franchisee must notify Franchisor in writing immediately if there is any cancellation, non-renewal or reduction in coverage or limits.

(c) Franchisee's failure, for any reason, to procure and maintain the insurance coverage required under this Agreement will be a material breach of this Agreement.

8.11 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours to Franchisee's Outlet (or any other facility from which Franchisee sells Fried Chicken Master Products or any other offices relating to Franchisee's operation of the Outlet or conduct of the Franchised Business) to review and inspect Franchisee's operations, business methods, service, management and administration at the Outlet or relating to the Franchised Business, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor.

(b) Franchisor and its designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the Outlet and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (or the highest APR permitted in the state where the Outlet is located, if that APR is lower). If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 5% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

(c) Franchisee must fully cooperate in permitting Franchisor's representatives to access the Outlet (or any other facility from which Franchisee sells Fried Chicken Master Products or any other offices relating to Franchisee's conduct of the Franchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

8.12 Compliance with Laws.

(a) Franchisee must always (i) operate the Outlet and the Franchised Business in compliance with all applicable laws, rules and regulations of applicable government authorities, (ii) comply with all applicable wage, hour and other laws and regulations of federal, state or local governments, (iii) prepare and file all necessary tax returns, and (iv) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants it will obtain and always maintain the permits, certificates or licenses necessary to operate the Outlet and conduct the Franchised Business in the city, county and state where the Outlet is located.

(b) Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, Franchisee will use the Fried Chicken Master website and any other Internet or social media only as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing to market the Franchised Business conducted at the Outlet and in the Territory. Franchisee may not during the term of this Agreement (i) establish an independent website or social networking media outlet dedicated to marketing the Franchised Business or (ii) register an Internet domain or social networking media outlet name using any of the Marks.

(b) Any alternative distribution methods and programs Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to Franchisor's prior written approval, which approval will be in Franchisor's sole discretion.

8.14 Intranet.

(a) Franchisor may, at Franchisor's option, establish and maintain an "Intranet" through which Fried Chicken Master franchisees may communicate, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Confidential Operations Manual, updates thereto and other confidential information. Franchisor has full discretion and control over all aspects of any such Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee.

(b) If establishes an Intranet, Franchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Franchisor establishes regarding such use. Such standards and specifications, protocols and restrictions may provide, restrict or otherwise relate to (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among Fried Chicken Master franchisees endorsing or encouraging breach of any Fried Chicken Master franchise agreement, or other agreement with Franchisor or Franchisor's affiliates, (iii) confidential treatment of materials Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Franchisor's suspending or revoking Franchisee's access to the Intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that Fried Chicken Master franchisees post to the Intranet. Franchisee acknowledges Franchisor, as administrator of the Intranet, can access and view any communication that any person posts on the Intranet. Franchisee further acknowledges the Intranet facility and all communications posted to it are Franchisor's property, free of any claims of privacy or privilege Franchisee or any other person may assert.

(c) Franchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet allowing Franchisor to send messages to and receive messages from Franchisee, subject to Franchisor's standards and specifications.

8.15 Franchise Advisory Council.
At its option, Franchisor may establish a franchise advisory council (the "FAC") composed of franchisees of the System. In addition to other functions requested by Franchisor, the FAC would serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and Franchisor. If appointed or elected to do so, Franchisee (or Franchisee's designee) must, at Franchisee's own expense, participate as a member of the FAC. Franchisor reserves the right to set reasonable standards for appointment or election to the FAC and Franchisee acknowledges if Franchisor establishes the FAC, Franchisee may be required to pay a fee or otherwise contribute to the FAC as the FAC leadership may require. Franchisee acknowledges the role of the FAC is advisory only, and Franchisor is not obligated to implement the FAC's recommendations. Neither Franchisee nor Franchisee's designee will have the right to be appointed or elected (and if appointed or elected, to continue) to serve on the FAC if Franchisee is in material breach of this Agreement or is not current in its financial obligations to Franchisor, Franchisee's landlord, suppliers and vendors.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks and use the Intellectual Property in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at the Outlet and in the Territory. Except for the specified rights to use and display the Marks and Intellectual Property granted under this section 9.1(a), Franchisee acquires no other rights to the Marks or Intellectual Property. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use or display the Marks or Intellectual Property in connection with the operation of any business or other activity outside the scope of the Franchised Business. Franchisee may only use the Marks and Franchisor's Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all of Franchisee's employees and agents to insure the proper use of the Marks and Franchisor's Intellectual Property in compliance with this Agreement.

(b) Franchisee acknowledges and agrees (i) Franchisee's use of the Marks and Franchisor's Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks, and (iii) Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks and Franchisor's Intellectual Property. Franchisee acknowledges the use of the Marks and Franchisor's Intellectual Property outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title and interest in and to the Marks. Franchisee agrees as between Franchisee and Franchisor, all rights to use the Marks and Franchisor's Intellectual Property within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof because of Franchisee's use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

(c) Franchisee agrees during the term of the Franchise, and after any assignment, expiration or termination of the Franchise, Franchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or Franchisor's Intellectual Property or take any other action in derogation of the Marks and Franchisor's Intellectual Property, and that no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Marks or Franchisor's Intellectual Property.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, Fried Chicken Master Products, the Outlet, the Franchised Business and the System, without any form of compensation or remuneration. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: ___________]

(e) Franchisee acknowledges Franchisor prescribes uniform standards respecting the nature and quality of Fried Chicken Master Products provided by Franchisee in connection with which the Marks are used. Nothing herein gives Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agree that all of Franchisee's use of the Marks under this Agreement inures to the benefit of Franchisor and the Owner of the Marks.

(f) Franchisee agrees that all materials associated with Franchisor, Fried Chicken Master Products or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of Franchisor and the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing and to ensure the creators thereof respect the intellectual property rights of Franchisor and the Owner of the Marks therein. Furthermore, Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors and any other party with whom Franchisee may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Franchisee acknowledges and agrees that as between Franchisee and Franchisor, all Suggestions (and all Intellectual Property Rights in and to the Suggestions) are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System and the System will not become a joint work of authorship as a result of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute any and all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights which cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(g) If necessary, Franchisee agrees to join with Franchisor and share the expenses in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination, expiration or cancellation of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee hereby consents to the cancellation and agrees to join in any cancellation petition. Franchisee will bear the expense of any cancellation petition.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Outlet, Franchisee agrees at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Outlet and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "Fried Chicken Master" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Franchisee's letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee have complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee do not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or the Owner of the Marks or (iii) any of Franchisor's other franchisees.

(e) If Franchisee is an entity, it cannot use the Mark "Fried Chicken Master" in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is granting Franchisee access to the Proprietary Information and Franchisor's other confidential data and information. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are Franchisor's confidential trade secrets and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential Operations Manual. Franchisor will disclose to Franchisee certain Trade Secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

(b) Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including the Trade Secrets; that such information is being imparted to Franchisee only because of Franchisee's special status as a franchisee of the System; and that the Proprietary Information is not generally known to Franchisor's industry or the public at large and is not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that Franchisee will acquire no interest in the Proprietary Information disclosed to Franchisee, other than the right to use it in the development and operation of the Outlet during the term of this Agreement.

(c) Franchisee agrees it will not do or permit any act or thing to be done in derogation of any of Franchisor's rights in connection with the Marks, either during the term of this Agreement or thereafter, and it will use the Marks only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and Franchisee's employees and agents will not engage in any act or conduct impairing the goodwill associated with the Marks.

(d) Franchisee agrees to indemnify and hold harmless Franchisor from all "Losses" (as defined in section 16.2(c) below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Franchisee or its employees and agents. Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Franchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(e) 18 U.S.C. Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Franchisor and Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.
Franchisor may add to, substitute or modify any Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. Franchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and agrees, within 30 days of receiving notification, to commence implementing such changes and using its best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Franchisee receives notice or otherwise become aware of any claim, suit or demand, threatened or pending, against Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Franchisee agrees to immediately notify Franchisor of such claim, suit, demand or misuse. Franchisee has no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Franchisee agrees to cooperate fully in such matters.

(b) Franchisor has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or Franchisor's Intellectual Property being used by Franchisee or constitutes a misuse of the Marks or Franchisor's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against any and all judgments resulting from any claim, suit or demand arising from Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

X. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) Franchisor will expend, for the purposes of national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in section 4.3 hereof and collected from all of its franchisees less a 15% administrative fee. None of the Marketing and Promotion Fees will be deemed to be held subject to any type of trust arrangement. No interest on unexpended Marketing and Promotion Fees will be imputed for Franchisee's benefit or payable to Franchisee. If requested by Franchisee in writing not later than March 31 of any calendar year, Franchisor will provide Franchisee not later than May 31 of the same calendar year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by one of Franchisor's executive officers.

(b) In Franchisor's sole discretion and as Franchisor deems appropriate, Franchisor is obligated to spend the Marketing and Promotion Fees collected from Franchisee and all other System franchisees (less Franchisor's 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the Marks and the retail sale of Fried Chicken Master Products, website development and support, creative and production costs, and for other purposes deemed appropriate by Franchisor to enhance and promote the general recognition of System franchises.

(c) Franchisor may also spend Marketing and Promotion Fees collected from Franchisee and all other System franchisees for initiatives Franchisor approves, which may include branding and marketing studies, initiatives and research; test marketing new products or concepts; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of Franchisor's principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.
Franchisor solely determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to local, regional or system-wide advertising, public relations and promotional campaigns.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including information regarding the operational, sales, promotional and marketing methods and techniques of the System and Franchisor's Trade Secrets. In consideration for the use and license of such valuable information, Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Fried Chicken Master Products or the Franchised Business, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion.

(b) It is the intention of both Franchisee and Franchisor for Franchisee to maximize the Franchised Business at the Outlet or in the Territory, and any action of Franchisee diverting business to another entity or diminishing the Franchised Business being conducted at the Outlet or in the Territory will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Owner may, either directly or indirectly, for itself and themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of one year after the date ("Termination Date") this Agreement is terminated, is canceled, or expires without renewal pursuant to section 5.2 of this Agreement, Franchisee agrees it will not (either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner, joint venture or otherwise), or engage in, any competing business selling goods or offering services equivalent to Fried Chicken Master Products or the Franchised Business, within a radius of 25 miles of (i) the Outlet or (ii) any other authorized location selling Fried Chicken Master Products, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Following termination or expiration of this Agreement, Franchisee must always refrain from any use, direct or indirect, of any Proprietary Information or Trade Secrets.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then the section will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation..

11.3 General Provisions Regarding Non-Competition Covenants.

(a) Franchisee acknowledges the restrictions contained in this Article XI are reasonable and necessary to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees and other fees which would have been payable if such business were included in the Franchised Business (and to receive an accurate and complete accounting of all earnings, profits and other benefits arising from such violation), which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(b) Franchisee agrees to indemnify and hold harmless Franchisor from all Losses (as defined in section 16.2) which Franchisor may sustain as a result of any breach of this Article XI by Franchisee, any Principal Equity Owner, or Franchisee's Store Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consent to the issuance of such injunction and to the ordering of specific performance. Franchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(c) This Article XI applies to Franchisee, all Principal Equity Owners, and Franchisee's Store Manager.

(d) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound to the maximum extent permitted by law with respect to that provision, which will be deemed restated accordingly, and agree to be bound by all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Franchisor.
Franchisor has the right to Transfer this Agreement and all of Franchisor's rights and privileges hereunder ("Assignment by Franchisor") to any other person, firm or corporation ("Franchisor's Assignee") provided that (i) at the time of Assignment by Franchisor, Franchisor's Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Franchisor's Assignee will expressly assume and agree to perform such obligations. Upon the effective date of the Assignment by Franchisor and thereafter, Franchisor will be relieved of all obligations or liabilities under this Agreement.

12.2 Assignment by Franchisee.

(a) This Agreement is being executed by Franchisor in reliance upon and in consideration of the unique skills and qualifications of Franchisee and the Principal Equity Owners and the trust and confidence reposed in them by Franchisor. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Outlet, nor a controlling interest in Franchisee (if an entity), may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and subject to Franchisor's right of first refusal provided for in section 12.3 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 12.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, all (or substantially all) the assets of the Outlet, or a controlling interest in Franchisee (if an entity). The notice must be in writing, delivered to Franchisor in accordance with section 16.1 hereof and include the following:

(i) the proposed transferee's name and address;

(ii) a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the of the Outlet, or the controlling interest in Franchisee (if an entity); and

(iii) the proposed transferee's application for approval to become the successor franchisee (this application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees, if Franchisor makes those forms available to Franchisee. If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 16.1 hereof within 15 calendar days). As soon as practicable after the receipt of the proposed transferee's application, Franchisor will notify, in writing, Franchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Outlet, or a controlling interest in Franchisee (if an entity), Franchisor will communicate the standards to Franchisee within 15 calendar days.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by other written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise Franchisor's right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) the assignee of Franchisee ("Franchisee's Assignee") must complete Franchisor's application for a franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate that it or they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement;

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees (A) a Store Manager successfully trained by Franchisor must at all times be employed to operate the Outlet and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, Franchisee's Assignee must also agree to pay for all expenses related to this training, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, lodging and meal expenses; and

(vii) at least 10 days before the transfer, Franchisee pays Franchisor a non-refundable "Transfer Fee" of $5,000 (subject to adjustment in Franchisor's discretion based on corresponding changes in the CPI since the Effective Date).

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Franchisee to assign the Franchise, all (or substantially all) the assets of the Outlet, or a controlling interest in Franchisee (if an entity) in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at the Outlet. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) execute an assignment of the lease for the Outlet premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Outlet).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Franchisee's heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under an SBA guaranteed loan, Franchisee's right to Transfer Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Franchisee must deliver to Franchisor a written notice setting forth (i) all terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new Fried Chicken Master franchisee, and any other related information requested by Franchisor. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters which cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept the Assignment by Franchisee itself or on behalf of Franchisor's nominee upon the terms and conditions specified in the notice.

(d) If Franchisor elects not to exercise its right of first refusal and consents to the Assignment by Franchisee, Franchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by Franchisor), or if said 60-day period expires, Franchisor will again have such right of first refusal with respect thereto and Franchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Franchisor no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members.
Franchisee or a Principal Equity Owner, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in Franchisee's franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided a qualified and trained Store Manager remains employed at the Outlet or other adequate (in Franchisor's reasonable determination) provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.
Franchisee or a Principal Equity Owner may without Franchisor's consent, but upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee's franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided a qualified and trained Store Manager remains employed at the Outlet or other adequate (in Franchisor's reasonable determination) provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction. Also, Franchisee acknowledges and agrees that any Transfer to an affiliate will not relieve the Franchisee from its obligations under this Agreement.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Franchisee's death or legal incapacity if Franchisee is an individual, or the death or legal incapacity of a Principal Equity Owner of Franchisee owning a majority equity interest ("Majority Equity Owner") in Franchisee (if an entity), the transfer of Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by Franchisee, provided a qualified and trained Store Manager remains employed at the Outlet or another responsible management employee or agent of Franchisee satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of an individual Franchisee's death or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer within 270 days after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, Franchisor may (but is not obligated to) immediately commence operating the Franchised Business on Franchisee's behalf for a period of up to 90 days, renewable as Franchisor deems necessary for up to one year and Franchisor will periodically discuss the status with Franchisee or its heirs. For such management assistance, Franchisee or the successor in interest must pay a reasonable *per diem* management fee/charge to Franchisor for serving as the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Franchisee's (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, Franchisee must comply with sections 12.2(b)(i) through (vi) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.7 Consent to Transfers.
Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in section 12.3 hereof, Franchisee or a Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Outlet or the economic benefits derived therefrom, or any equity interest in Franchisee's franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to Franchisor and only with Franchisor's written consent, which will not be unreasonably withheld.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated unilaterally by Franchisor or Franchisee only for cause, which for purposes of this Agreement means a material violation of this Agreement and includes any failure by Franchisee or Franchisor to substantially comply with any obligation, duty or promise under this Agreement, including those acts or omissions specified in sections 13.2 and 13.3 hereof. If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the breach. If Franchisee is in material breach of this Agreement, Franchisor may exercise Franchisor's right to terminate this Agreement in accordance with this Article XIII. If Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court orders otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the breach within 30 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(b) A material breach of this Agreement means any action or omission by Franchisee seriously impairing or adversely affecting the System, Franchisor or the relationship created by this Agreement.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to Franchisor's right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor has the right to exercise any and all remedies available to Franchisor at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Franchisor has the right to terminate this Agreement immediately upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee or the Outlet has been the subject of an order for relief in bankruptcy, is judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;

(ii) Franchisee Abandons the Franchise by failing to operate the business for five consecutive days during which Franchisee is required to operate the business under the terms of the Franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond the franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) after curing any failure in accordance with section 13.3 below, Franchisee engages in the same noncompliance whether or not corrected after notice;

(vii) Franchisee fails to comply with the same material requirement of the Franchise two times in any 12-month period, whether or not corrected after notice;

(viii) the Franchised Business or the Outlet is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, resulting from a final judgment against Franchisee that remains unsatisfied for 30 days (unless an appeal bond has been filed);

(ix) a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(x) Franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the Franchise; or

(xi) Franchisor makes a reasonable determination Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee 30 days in which to cure the breach. Upon receipt of a notice of breach, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within 30 days, the right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure the breach within 30 days, Franchisee will be given additional time (up to 15 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at Franchisor's option, declare Franchisee in breach of all franchise agreements and other agreements Franchisee has executed with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) The description of any breach in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental breaches in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.4 Description of Default.
The description of any breach in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental breaches in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.
Notwithstanding anything to the contrary in this Article XIII, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of such law or regulation.

13.6 Extended Cure Period.
Notwithstanding anything contained herein to the contrary, including section 13.3(c) hereof, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right, to be exercised in Franchisor's sole discretion, to grant to Franchisee in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges Franchisor's election to grant an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

13.7 Franchisor's Right to Cure Franchisee's Defaults and Assume Lease.

(a) In addition to all other remedies herein granted, if Franchisee breaches in the performance of any of Franchisee's obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at Franchisor's election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure the breach for Franchisee's account and on Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof are due and payable by Franchisee to Franchisor on demand.

(b) If Franchisor terminates this Agreement for cause, Franchisor has the right (but not the obligation) to assume the lease for the Outlet premises and to purchase Franchisee's assets pursuant to section 15.2(d) below.

13.8 Waiver and Delay.
No waiver by Franchisor of any breach or series of breaches or breaches in performance by Franchisee, and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of Franchisor's right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Recovery of Lost Royalty.
If this Agreement is terminated because of Franchisee's material breach, based on the estimated time it takes for a replacement franchise Outlet to achieve a similar revenue stream, in addition to any other damages or relief, Franchisor may recover liquidated damages equal to the amount of the Royalty paid by Franchisee (i) during the 18 months prior to the date this Agreement was terminated, or (ii) if the Opening Date is less than 18 months before the termination date, the time since the Opening Date.

13.10 Collection Costs.
Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor incurs (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11 Continuance of Business Relations.
Any continuance of business relations between Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in the overall best interests of the System, as contemplated by this Agreement. Consequently, Franchisee and Franchisor agree to sincerely attempt in good faith to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are an important aspect of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with the express intention of arriving at a settlement ("Settlement Conference"). Franchisor may proceed to terminate this Agreement in either of the following two situations without a Settlement Conference or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the Settlement Conference or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference within 10 business days after the date the Settlement Conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law at a location in California mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(c) and 13.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its affiliated entities or Principal Equity Owners) not settled through the procedures described in section 14.1 above will be resolved through binding arbitration by a mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto no arbitration of any Dispute may be commenced except in accordance with this section 14.2.

(b) All hearings and other proceedings will take place in Santa Clara County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the arbitrator's business location nearest where Franchisee's (or an applicable Principal Equity Owner's principal place of business) is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator. The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE ACKNOWLEDGES IT IS AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT THEY MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY RIGHT IT MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ANOTHER PARTY. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST A PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If a party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(g) The provisions of this section 14.2 will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with applicable law.

[Franchisor's Initials: __________________________ Franchisee's Initials: ________]

14.3 Injunctive Relief.
A party has the right in a situation where there is an imminent threat of harm to the legal rights of that party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of posting any bond and without the necessity of first complying with sections 14.1 and 14.2 above, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. Franchisee acknowledges its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities and Franchisor or Franchisor's affiliates may seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(d) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is (i) intended to be expressly severable from the other provisions of this Agreement, (ii) intended to survive any judgment, and (iii) not to be deemed merged into the judgment.

14.5 Survival.
The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other Fried Chicken Master brand or any other name or in any manner which might tend to give the general public the impression Franchisee is in any way associated or affiliated with Franchisor, the System, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Franchisee must contact online review sites and other online directories and websites which have made reference to the Outlet during the 18 months prior to the date this Agreement terminates, is canceled or expires, and request the removal of all use of the trademarks in connection with the former Outlet (and the physical address of the former Outlet) and all use of former reviews from the period Franchisee was a Fried Chicken Master franchisee. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of the Proprietary Information, Trade Secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Franchisee must comply with section 11.2 of this Agreement respecting post-termination competition and promptly:

(i) remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) permanently discontinue all advertising stating or implying Franchisee is associated or affiliated with Franchisor or the System (if Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

(iv) assign all interest and right to use all telephone numbers and all telephone and social media listings applicable to the Outlet in use at the time of such termination to Franchisor and take all actions necessary to change all such telephone numbers immediately and change all such telephone and social media listings as soon as possible.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(iv) above, then Franchisor will have the right within 15 days after written notice to enter the Outlet or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand. Effective on the Termination Date, Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating any and all of Franchisee's rights in any trade name Franchisee have used containing any of the Marks.

15.2 Franchisor's Rights as Franchisor.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and such termination, cancellation, expiration or assignment will not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Franchisee which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) As soon as practicable after the termination, expiration or non-renewal of this Agreement, Franchisor may direct all applicable vendors and suppliers to immediately cease providing Franchisee with inventory, supplies, equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide Fried Chicken Master Products.

(c) On or immediately after the Termination Date, Franchisee is obligated to return, at no expense to Franchisor, all copies of the Confidential Operations Manual, all other Fried Chicken Master proprietary materials and any other items supplied by Franchisor for Franchisee's use in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retain after expiration, cancellation or termination of this Agreement.

(d) Within 30 days after the termination, expiration or non-renewal of this Agreement, Franchisor has the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by Franchisee in Franchisee's franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's inventory of apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof as Franchisee and Franchisor mutually determine. In determining the fair market value of such items, Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase. The closing will occur no less than 30 days from the date Franchisor exercises its option to purchase unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisor will designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable international air courier, for delivery on the next available business day and addressed as follows:

(i) If to Franchisor: A QIN LLC
ATTN: CHOU, CHING-LUN
2055 Junction Avenue Suite 100 San Jose, CA 95131
Phone: +886-3-341-2298

(ii) If to Franchisee:
____
____
____
Phone: +1-

(b) Unless previously delivered in person by an agent of the sending party, notices between Area Developer and Franchisor will be deemed given three business days after deposit with a reliable international air courier, properly addressed and marked for delivery on the next available business day.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable international air courier or in person by an agent of the sending party.

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or expiration.

16.2 Indemnity.

(a) Franchisee hereby agrees to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(e) below) concerning Franchisee's tort or negligence, or the tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Outlet and the Franchised Business, except if solely caused by Franchisor's intentional misfeasance, gross negligence or material breach of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) In order for the indemnification to be effective, Franchisor ("Indemnified Party") will give Franchisee ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle in its reasonable discretion (but only if the settlement includes a full release of all claims against the Indemnified Party), and provided further, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(c) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Indemnified Party must submit all its claims to its insurers in a timely manner. Any payments made by an Indemnifying party will be net of benefits received by Indemnified Party from insurance coverage respecting such claims.

(c) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(d) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(d) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the 'types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(e) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(f) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Franchisee's Relationship to Franchisor as Franchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees that neither it nor any Principal Equity Owner will hold itself out as Franchisor's agent, employee, partner or co-venturer, or as the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor or the Owner of the Marks, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Franchisee agrees to (i) file all necessary tax, regulatory and payroll reports concerning its employees, agents and operations and (ii) indemnify Franchisor from any liability arising from Franchisee's employees, independent contractors, or others who work for Franchisee.

16.4 No Third-Party Beneficiaries.
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.
The covenants contained in this Agreement that by their terms require performance by the parties after the expiration, termination, cancellation or assignment of this Agreement will be enforceable notwithstanding said expiration, termination, cancellation or assignment.

16.6 Successors and Assigns.
Subject to restrictions on Assignment by Franchisee contained herein, this Agreement is binding upon Franchisor and Franchisee and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.
If the entity which is the franchisee under this Agreement consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.8 Titles for Convenience Only.
Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9 Gender.
All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.
This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee certifies that none of Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies it has no knowledge or information which, if generally known, would result in Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Owners will comply with, and assist Franchisor as much as possible in, Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each of the Principal Equity Owners certify, represent and warrant that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti- Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee executed with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States

Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges it is not directly or indirectly owned or controlled by the government of any country subject to an embargo by the United States of America, and neither Franchisee nor any Principal Equity Owner acts directly or indirectly on behalf of the government of any country subject to an embargo by the United States of America. Franchisee agrees Franchisee will notify Franchisor in writing immediately of the occurrence of any event rendering any of the foregoing representations and warranties of this section 16.12 incorrect.

[Franchisee's Initials: ________]

16.13 Governing Law.
The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state where the Outlet is located govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement, the Confidential Operations Manual, and the representations made by Franchisor in the Fried Chicken Master franchise disclosure document ("FDD") that was provided to Franchisee, supersede and cancel any prior or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement (together with the Confidential Operations Manual) constitutes the entire agreement between the parties and contain all terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all parties hereto.

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective upon the execution hereof by Franchisor and Franchisee. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee hereby represents and warrants that all statements in this sections 18.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by this Agreement and the necessity of operating the Franchised Business under the standards set forth herein. Franchisee represents it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee's.

(g) Franchisee (i) has carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) has conducted an independent investigation of the business contemplated by this Agreement, (iii) has obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understands the nature of this Agreement, and (v) intends to comply herewith and be bound hereby. Franchisee also recognizes the Franchise involves significant risks, making the success of the Franchised Business at the Outlet largely dependent on Franchisee's abilities, attention, and consistent and regular participation in the operation of the Franchised Business at the Outlet. Franchisor expressly disclaims the making of, and Franchisee agrees Franchisee has not received or relied on, any representation or warranty from Franchisor regarding the likelihood of Franchisee's success at the Outlet or in Franchisee's operating the Franchised Business.

(h) In entering into this Agreement, Franchisee has not relied on any representation by Franchisor, or any of Franchisor's officers, managers, directors, partners, shareholders, employees or agents, concerning the Franchised Business contrary to (i) the terms of this Agreement, (ii) the documents incorporated into this Agreement (or attached to it), or (iii) or the FDD that was provided to Franchisee.

(i) Franchisee agrees complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agrees that Franchisor, its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees Franchisor will have no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other System franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(j) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(k) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(l) Franchisee acknowledges in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

18.2 Additional Information Respecting Franchisee and Franchisee's Principal Equity Owners.

(a) Franchisee must fully complete the schedule containing complete information regarding Franchisee's Principal Equity Owners which is attached as Exhibit 2 of this Agreement.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to section 16.1 hereof) where Franchisee's financial and other records are maintained is either [ ] the same address as provided in section 16.1 hereof, or [ ] the following address:

____

____

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

FRANCHISEE:	FRANCHISOR:
______________________________	A QIN LLC dba Fried Chicken Master
By: ______________________________	By: ______________________________ Ching-Lun Chou, Manager
______________________________ [PRINTED NAME AND TITLE]	

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory and Location of Outlet

Exhibit 2 – Names and Addresses of Principal Equity Owners

Exhibit 3 – Guarantee of Franchise Agreement

EXHIBIT 1 - TERRITORY AND LOCATION OF OUTLET

The Territory is either [ ] a radius of miles around the Outlet or [ ] the geographical area surrounding the Outlet as depicted in a map attached to this Exhibit 1. So long as Franchisee continues to fulfill its material obligations under this Agreement (as reasonably determined by Franchisor), Franchisor will not grant a Fried Chicken Master franchise to any other person, nor will Franchisor or any of its affiliated entities operate an Outlet, within Franchisee's Territory. However, Franchisee's Outlet may face competition from other franchisees, from Outlets that Franchisor owns outside the Territory, or from other channels of distribution or competitive brands that Franchisor controls.

The Outlet is located at:

____

____

____

(If the address of the Outlet is unknown when this Agreement is signed, when the address is determined, it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Franchisee is an entity, list below the names, residential addresses and respective percentage equity ownership interests of each Principal Equity Owner:

1. ______________________________
____
____
______ %

2. ______________________________
____
____
______ %

3. ______________________________
____
____
______ %

4. ______________________________
____
____
______ %

5. ______________________________
____
____
______ %

EXHIBIT 3 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _______________, 20___ between A QIN LLC ("Franchisor") and__________________________________ _______("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Store is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of Santa Clara or the United States District Court for the Northern District of California. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OWNERS	SPOUSES OF PRINCIPAL EQUITY OWNERS (if applicable)
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse

FRIED CHICKEN MASTER

AREA DEVELOPMENT AGREEMENT

EXHIBIT A-2

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is made on ______________________, 20___(the "Effective Date") by and between A QIN LLC, a California limited liability company doing business as "Fried Chicken Master" ("Franchisor"), and____("Area Developer").

Area Developer or its affiliated entity is concurrently entering into a "Franchise Agreement" (the "Initial Franchise Agreement") with Franchisor, under the terms of which Area Developer (or its affiliated entity) is being granted a right to open and operate a Fried Chicken Master franchised business at a retail store ("Store") location that Franchisor has consented to, under the Fried Chicken Master trademarks and in accordance with Franchisor's business format.

In consideration of the mutual promises, covenants, agreements and conditions contained in this Agreement, and other good and valuable consideration, Area Developer and Franchisor hereby agree as follows.

I. GRANT OF RIGHTS TO OPEN STORES

1.1 Right to Open Stores.

(a) Subject to the terms and conditions contained herein, Franchisor hereby grants to Area Developer the right to, and Area Developer hereby agrees to, establish and operate itself or through affiliated entities a minimum of three Stores in accordance with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule") and within the geographical area (the "Development Area") indicated in the Development Schedule. If the required three Stores have not been opened in the Development Area during the initial term of this Agreement, Franchisor may cancel this Agreement and the Area Developer will no longer have any right to solicit third party franchisees to operate single Store franchises in the Development Area (however, on a non-exclusive basis, Area Developer or an affiliated entity may open additional Stores that Franchisor consents to).

(b) So long as Area Developer's obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, Franchisor will not itself operate a Store within the geographical area (the "Development Area") indicated in the Development Schedule, nor allow any of its affiliates, other area developers, or other licensees, to do so.

(c) If Franchisor becomes insolvent or declares bankruptcy or is no longer authorized to offer and sell franchises in Area Developer's state because of a lapse of applicable franchise registration or other reason, Area Developer will continue to have the right to operate under this Agreement unless a state or federal court issues an order otherwise.

1.2 Franchise Agreements.

(a) When Area Developer (or its affiliated entity) opens a Store under the Development Schedule, Area Developer (or its affiliated entity) must enter into Franchisor's then current form of Franchise Agreement for that Store (provided that the economic terms, specifically royalty and advertising fees, of such Franchise Agreements for the Store will not change from the economic terms of the first Franchise Agreement Area Developer (or its affiliated entity) executed with Franchisor). So long as Area Developer is in good standing under this Agreement, Area Developer (or its affiliated entities) will continue to have the right to open and operate Stores in the Development Area in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that Franchisor and its affiliates may not open or operate, or franchise or license the operation of, any other Store within the protected "Territory" of the Store (a defined area surrounding the Store) opened by Area Developer (or its affiliated entity) pursuant to such Franchise Agreement.

(c) Neither Area Developer nor any of its affiliated entities has the right under this Agreement to enter into subfranchised Fried Chicken Master franchise agreements with anyone. Any third-party franchisee in the Development Area will sign directly with Franchisor and neither Area Developer nor any of its affiliated entities will be a signatory to said Franchise Agreement.

1.3 Initial Term.
The initial term of this Agreement commences on the Effective Date and expires on the 3rd anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement. Upon completion by Area Developer of the opening of Stores under the Development Schedule, Area Developer will no longer have the exclusive right to open future Stores in the Development Area.

1.4 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Area Developer may renew the rights granted under this Agreement for an additional two year term commencing on the expiration date of the previous term. Subject to the provisions of sections 1.4(b) through 1.4(g) below, the term of this Agreement will be automatically renewed for an additional two years if the Area Developer has opened and is operating the minimum of three Stores. The first two Stores must be opened and operated by Area Developer and the third and subsequent Stores to be opened in the Development Area may either be opened by Area Developer or by a third-party franchisee referred to Franchisor by Area Developer.

(b) At the time of renewal, Area Developer must (i) have opened a minimum of three Stores in the Development Area, (ii) then be solvent (which means Area Developer is able to pay its debts as and when promised by Area Developer and Area Developer has assets that are greater than its debts), (iii) not have abandoned the Development Area, (iv) not be operating as an Area Developer in a manner endangering public health or safety or materially harming the Fried Chicken Master brand or reputation, and (v) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

(c) Notwithstanding section 1.4(a) above, Franchisor is not obligated to renew Area Developer's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Area Developer gives Franchisor written notice of Area Developer's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term;

(ii) during the 180 days prior to expiration of the Franchise, Franchisor permits Area Developer to sell the rights to operate as a Fried Chicken Master area developer to a purchaser meeting (A) Franchisor's then current requirements for granting new area developer franchises or (B) if Franchisor is not granting a significant number of new area developer franchises, the then current requirements for granting renewal area developer franchises;

(iii) less than three Stores have been opened and are operating in the Development Area;

(iv) termination of this Agreement would be permitted pursuant to sections 6.1 hereof;

(v) Area Developer and Franchisor agree not to renew the Area Development Agreement;

(vi) Franchisor withdraws from distributing its products or services through Franchises in the Development Area, provided that:

(A) upon expiration of the Franchise, Franchisor agrees not to seek to enforce any covenant of the non-renewed Area Developer not to compete with Franchisor or other area developers of Franchisor; and

(B) the failure to renew is not for the purpose of converting the business conducted by Area Developer pursuant to this Agreement to operation by employees or agents of Franchisor for Franchisor's own account;

(vii) at the time of renewal, Area Developer or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's judgment, to have a materially adverse effect on the Fried Chicken Master trademarks, franchise system, or the goodwill associated with these trademarks or system; or

(viii) Franchisor and Area Developer fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which Franchisor is then customarily granting renewal area developer franchises, or if Franchisor is not then granting a significant number of renewal area developer franchises, the terms and conditions on which Franchisor is then customarily granting original area developer agreements. Franchisor may give Area Developer written notice of a date (which must be at least 30 days from the date of such notice) on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by Area Developer. Such notice, if given not less than 180 days before the end of the area developer franchise term, may state that in the event of failure of such acceptance by Area Developer, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing Area Developer's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Area Developer and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new Area Developer, such as initial franchise fee and initial training requirements ("Renewal Area Development Agreement") or (ii) an addendum to this Agreement extending its term for an additional two year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL AREA DEVELOPMENT AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Area Development Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Area Developer must have satisfied all monetary obligations owed by Area Developer to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Area Developer's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Area Developer's renewal date.

(f) Before or not later than 90 days after Area Developer's execution of a Renewal Franchise Agreement for an additional term, Area Developer must make such physical modifications to the Outlet as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new Fried Chicken Master Products, if any. Area Developer must also bring the Outlet and equipment, materials and supplies into compliance with the standards then applicable to new Fried Chicken Master franchises.

(g) A "Renewal Fee" of 50% of the "Development Fee" defined below ($100,000) is payable to Franchisor for Area Developer entering into a Renewal Area Development Agreement.

II. DEVELOPMENT OBLIGATIONS

2.1 Development Obligations.

(a) Area Developer (or its affiliated entity) must construct, equip and open each Store not later than the date specified in Exhibit 1 applicable to the Store, and thereafter continue to operate the Store or assign it with Franchisor's consent to another Fried Chicken Master franchisee. Area Developer (or its affiliated entity) must open at least three Stores during the initial term of this Agreement.

(b) Any Store developed hereunder that is open and operating and which has been assigned to an affiliate of Area Developer, or to another Fried Chicken Master franchisee, or to a third party with Franchisor's consent will continue to be considered as partial satisfaction of Area Developer's obligations under the Development Schedule for so long as the assignee remains in good standing under the Franchise Agreement relating to that Store.

(c) Commencing on the first month after the first anniversary of the Effective Date, monthly orders for Fried Chicken Master Products ("Monthly Orders") placed by all Franchisees operating in the Development Area must aggregate no less than $7,500. Monthly Orders falling below $7,500 will be deemed a material breach of this Agreement. The first time that aggregate Monthly Orders fall below $7,500, Area Developer will be given a written warning to take immediate steps to restore the aggregate Monthly Orders to $7,500. The second time that aggregate Monthly Orders fall below $7,500, this Agreement will be subject to termination for failure to comply with this section 2.1(c).

2.2 Timing of Execution of Leases and Franchise Agreements.

(a) Notwithstanding anything to the contrary contained herein, on or before the date that is 90 days before the date a Store is required to be opened, Area Developer (or its affiliated entity) must execute a lease and Franchise Agreement for the Store and pay the balance of the Initial Franchise Fee under the Franchise Agreement for that Store.

(b) Regarding the location, equipping, opening and operation of a Store that Area Developer (or its affiliated entity) is opening under the Development Schedule, Area Developer (or its affiliated entity) must comply with the Franchise Agreement that is applicable to that Store.

2.3 Franchise Agreements for Stores.
Each Store to be opened pursuant hereto will require execution by Area Developer (or its affiliated entity) and Franchisor of a separate Franchise Agreement (using Franchisor's then current form thereof) granting Area Developer (or its affiliated entity) the right to operate that Store, with a credit of $50,000 to be applied against the Initial Franchise Fee due under the Franchise Agreement for the first five Stores opened by Area Developer (or its affiliated entity) in the Development Area, and Area Developer (or its affiliated entity) would pay Franchisor (i) the Initial Franchise Fee due under the Franchise Agreement for the sixth and subsequent Stores opened by Area Developer (or its affiliated entity) in the Development Area and (ii) the security deposit of $10,000 due under all Franchise Agreements.

2.4 Force Majeure.

(a) The term "*Force Majeure*" means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Area Developer could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any lender, landlord, or other person will be a *Force Majeure*, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act that is otherwise a *Force Majeure*. For the avoidance of doubt, Area Developer's financial inability to perform or Area Developer's insolvency will not be a *Force Majeure* hereunder.

(b) Subject to Area Developer's continuing compliance with section 2.4(c) below, should Area Developer be unable to meet Area Developer's development obligation for a scheduled Store solely as the result of a *Force Majeure* which results in Area Developer's inability to construct or operate the Stores pursuant to the terms of this Agreement, the date on which the scheduled Store is to be opened will be extended by an amount of time equal to the time period during which the *Force Majeure* exists.

(c) In the event of the occurrence of a *Force Majeure*, Area Developer must notify Franchisor in writing within 10 business days following commencement of the alleged *Force Majeure* of the specific nature and extent of the *Force Majeure*, and how it has impacted Area Developer's performance hereunder. Area Developer must continue to provide us with updates and all information as may be requested by Franchisor, including Area Developer's progress and diligence in responding to and overcoming the *Force Majeure*.

(d) Franchisor will not be liable to Area Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Area Developer due to any conduct not due to Franchisor's gross negligence or intentional misfeasance.

2.5 Termination of Development Schedule and Additional Development Rights.

(a) Once Area Developer opens all Stores specified in the Development Schedule, this Development Schedule is deemed completed and unless a new Development Schedule is agreed to by the parties, the exclusive right of Area Developer to open and operate Stores in the Development Area will automatically terminate. However, all rights under each Franchise Agreement that Area Developer (or its affiliated entity) entered into respecting the Stores remain in full force and effect and Area Developer will maintain the non-exclusive right to open and operate Stores in the Development Area. If Area Developer desires to engage in further development in excess of the obligations initially committed to under the Development Schedule, Area Developer must at the earlier of (i) 180 days prior to the scheduled expiration of the term hereof or (ii) the date on which acceptance of the proposed site for the last Store required to meet the Development Schedule is issued, notify Franchisor in writing of Area Developer's desire to develop Stores and present its plan for such development over a new term, setting forth the number of proposed Stores and the deadlines for the development of each of them within such proposed term. Franchisor has the sole discretion to determine whether such additional development is desirable, and if Franchisor agrees to allow Area Developer to develop Stores, it will be subject to the conditions set forth in section 2.5(b) below. Otherwise, the development rights granted under this Agreement may not be extended.

(b) Area Developer's rights to additional development described in this section 2.5 are subject to Area Developer's fulfillment of the following conditions:

(i) Area Developer (and each of Area Developer's affiliates that have developed or operate Stores) must have fully performed all of Area Developer's obligations under this Agreement and all other agreements between Area Developer (or the applicable affiliate) and Franchisor.

(ii) Area Developer must have demonstrated to Franchisor Area Developer's financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule. In determining if Area Developer is financially capable, Franchisor will apply the same criteria to Area Developer as Franchisor apply to prospective Fried Chicken Master Area Development developers at that time.

(iii) Area Developer and Franchisor must agree to, and initial, a restated or revised Development Schedule.

III. FEES AND PAYMENTS

3.1 Development Fee.

(a) The total "Development Fee" payable to Franchisor for the grant to Area Developer of the exclusive right to open five Stores within the Development Area pursuant to the Development Schedule is $200,000. **The Development Fee is not refundable**.

(b) Within three business days after Area Developer executes this Agreement, Area Developer must pay Franchisor 50% of the Development Fee ($100,000).

(c) On the earlier of when initial training required under the terms of the Initial Franchise Agreement begins or when the supply chain for Fried Chicken Master Products has been set up, Area Developer must pay Franchisor 40% of the Development Fee ($80,000).

(d) On the date the initial Store opens under the Initial Franchise Agreement, Area Developer must pay Franchisor the remaining 10% of the Development Fee ($20,000).

3.2 Franchise Agreements for Stores.

(a) Each Store to be opened under the Development Schedule will require execution by Area Developer (or its affiliated entity) and Franchisor of a separate Franchise Agreement (using Franchisor's then current form thereof) granting Area Developer (or its affiliated entity) the right to operate that Store. Each franchisee in the Development Area must pay Franchisor a security deposit of $10,000 before any Franchise Agreement for a Store to be opened in the Development Area may be signed. This security deposit will convert into a Performance Bond (as defined under the Franchise Agreement) three business days after the Franchise Agreement is signed.

(b) The Initial Franchise Fee due under the first five Franchise Agreements executed by Area Developer (or its affiliated entity) for Stores to be opened and operated in the Development Area will be deemed paid when the Franchise Agreement is executed. For the sixth and each subsequent Store opened by Area Developer (or its affiliated entity) in the Development Area, the entire Initial Franchise Fee due under the Franchise Agreement would be payable.

(c) After Area Developer has opened and is operating at least two Stores in the Development Area, Area Developer may recruit third parties ("Third Party Franchisee") to sign Franchise Agreements with Franchisor granting the right to open Stores in the Development Area, and for any Franchise Agreement signed by a Third Party Franchisee for a Store to be operated in the Development Area, the full Initial Franchise Fee of $50,000 would be payable by the Third Party Franchisee. Franchisor will then remit to Area Developer $45,000 of the Initial Franchise Fee paid by the Third Party Franchisee, and Franchisor will retain the balance of the Initial Franchise Fee ($5,000).

(d) Each Store in the Development Area will pay Franchisor a monthly Royalty of 4% of its Gross Revenues and Franchisor will keep a portion of these monthly Royalties (1% of Gross Revenues and remit to Area Developer the balance of the monthly Royalties. Franchisor will be reasonably available to advise Area Developer about operational matters related to the sale of Stores to Third Party Franchisees and follow- up support to Stores in the Development Area, but Area Developer is responsible for operational support and consulting services provided to all single Store franchisees in the Development Area (including Third Party Franchisees and those owned and operated by persons or entities that are not under common ownership with Area Developer).

3.3 Performance Bond.
Before Area Developer signed this Agreement, it paid Franchisor a $20,000 "Security Deposit". Three business days after the Effective Date, this Security Deposit becomes a "Performance Bond". If Area Developer defaults in performance of any requirement under this Agreement or any other agreement between Area Developer and Franchisor or any of Franchisor's affiliates, Franchisor may use the Performance Bond, or any portion of it, to cure the default or to compensate Franchisor for all damages or expenses Franchisor incurs because of Franchisee's default. Franchisor may also use the Performance Bond to pay any late charges, interest, penalties, and fees and any costs and charges due Franchisor for performing obligations that Area Developer does not perform, and which Franchisor is entitled to perform for Area Developer. If monies are owed, or become due, to Franchisor on or after termination or expiration of this Agreement for any reason, Franchisor may use all or any part of the Performance Bond to pay those sums. If Franchisor uses any part of the Performance Bond before the end of the term of this Agreement, Area Developer will have to restore the balance of the Performance Bond to $20,000. If Area Developer is not in default in performance under this Agreement or any other agreement with Franchisor or any of Franchisor's affiliates on the date this Agreement expires or is terminated for any other reason, Franchisor will return to Area Developer within 30 days after the expiration or effective date of termination the remaining balance of the Performance Bond, without any interest accrued or payable.

IV. TRANSFER OR ASSIGNMENT

4.1 Assignability.

(a) Franchisor has executed this Agreement in reliance upon and in consideration of the singular personal qualifications, trust and confidence that Franchisor reposes in Area Developer. Accordingly, although Area Developer may assign individual Franchise Agreements, Area Developer may not assign this Agreement except as provided in Section 4.2 below.

(b) Franchisor may assign this Agreement in Franchisor's sole discretion and without Area Developer's consent, and Area Developer acknowledges that Franchisor is permitted to do so without liability or obligation to Area Developer, and Area Developer expressly and specifically waives any claims, demands or damages arising from or related to any such assignment.

4.2 Transfers from Area Developer to an Affiliated Entity.

(a) Upon not less than 30 days' prior written notice to Franchisor, Area Developer may without Franchisor's consent assign and transfer this Agreement to an entity that is (i) organized to operate as a developer of Stores and (ii) entirely owned by Area Developer.

(b) Any assignment and transfer of the rights, duties and obligations under this Agreement to an affiliated entity must be evidenced by a written instrument, in form reasonably satisfactory to Franchisor, under the terms of which said business entity expressly assumes all of Area Developer's obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and the assignee agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Area Developer is. A copy of said instrument, executed by both Area Developer and said business entity must be delivered to Franchisor before the effective date of the transfer.

V. NON-COMPETITION

5.1 Restriction on Competitive Activities.
During the term of this Agreement and for one year after it is terminated or expires, Area Developer and each of its Principal Equity Owners must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by Area Developer (or its affiliated entity) and Franchisor.

5.2 Website and Unauthorized Advertising.
During the term of this Agreement, neither Area Developer nor any of its Principal Equity Owners may establish a website or register an Internet domain name using, or otherwise advertise on the Internet or anywhere else, the trademark “Fried Chicken Master”, or any combination or derivations thereof, or similar marks, or any other trademarks of ours, except as Franchisor specifically authorizes in writing.

VI. DEFAULT AND TERMINATION

6.1 General.
In addition to a termination pursuant to section 2.4 above, this Agreement may be terminated by Franchisor if Area Developer (i) fails to substantially comply with any obligation, duty or promise under this Agreement, including failure to open a Store within the time specified in the Development Schedule, after being given a notice of default and reasonable opportunity to cure the default (no more than 30 days), or (ii) is in material breach of any Franchise Agreement that Area Developer (or its affiliated entity) entered into with Franchisor.

6.2 Operation of Opened Stores after Termination or Expiration.
If Franchisor terminates this Agreement for the reasons described in section 6.1 above, Area Developer (or its affiliated entities) will be able to maintain ownership and operation of the Stores which Area Developer has developed so long as Area Developer is not in material breach of the applicable Franchise Agreements; however, Area Developer will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Stores that were not developed.

VII. DISPUTE RESOLUTION

7.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Area Developer have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the entire System, as contemplated by this Agreement. To that end, Area Developer and Franchisor acknowledge that Area Developer and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisor and Area Developer are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, “Dispute”) by first having Franchisor's executive officers and Area Developer's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor’s principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with the express intention of arriving at a settlement (“Settlement Conference”). If a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 7.1, the other party may immediately commence an arbitration proceeding pursuant to section 7.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference within 10 business days after the date the Settlement Conference took place (or should have taken place), Area Developer and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law at a location in California mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 7.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

7.2 Arbitration.

(a) Any Dispute between Franchisor (or its affiliated entities) and Area Developer (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 7.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 7.2.

(b) All hearings and other proceedings will take place in Santa Clara County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the arbitrator's business location nearest in the county where Area Developer's (or an applicable Principal Equity Owner's) principal place of business is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER AREA DEVELOPERS OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, AREA DEVELOPER ACKNOWLEDGES AREA DEVELOPER IS AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT AREA DEVELOPER MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, AREA DEVELOPER EXPRESSLY AGREES TO WAIVE ANY RIGHT AREA DEVELOPER MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(g) The provisions of this section 7.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 7.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully

requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials:____Area Developer's Initials: ____]

7.3 Injunctive Relief.
Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 7.1 and 7.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 7.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 7.1 or 7.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 7.3. Area Developer acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

7.4 Legal Fees and Expenses.
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other Expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 7.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

7.5 Survival.
The terms of this Article VII survive termination, expiration or cancellation of this Agreement.

VIII. NOTICES

8.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable international air courier, for delivery on the next available business day and addressed as follows:

(i) If to Franchisor:

A QIN LLC
ATTN: CHOU, CHING-LUN
2055 Junction Avenue Suite 100
San Jose, CA 95131
Phone: +

(ii) If to Area Developer:

____

____

____

Phone: +1-

(b) Unless previously delivered in person by an agent of the sending party, notices between Area Developer and Franchisor will be deemed given three business days after deposit with a reliable international air courier, properly addressed and marked for delivery on the next available business day.

(c) Any change in the addresses listed in section 8.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable international air courier or in person by an agent of the sending party.

IX. GENERAL TERMS AND PROVISIONS

9.1 Governing Law.
The laws of the state where the Development Area is located govern this Agreement, without regard to conflicts of laws. If any provision of this Agreement is impermissible under the governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision.

9.2 Modification.
This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto.

9.3 Waiver and Delay.
No waiver by Franchisor of any breach or series of breaches or defaults in performance by Area Developer and no failure, refusal or neglect by Franchisor either to exercise any of its rights hereunder or to insist upon strict compliance with or performance of Area Developer’s obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

9.4 Severability; Partial Invalidity.
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed appropriately modified, and the remaining parts thereof will continue in full force and effect.

9.5 Titles for Convenience Only.
Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

9.6 No Third-Party Beneficiaries.
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor has granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder under so-called “third party beneficiary rights” or otherwise.

9.7 Survival of Covenants.
The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.8 Successors and Assigns.
Subject to the restrictions on any assignment by Area Developer contained herein, this Agreement is binding upon (i) Franchisor and inures to the benefit of its successors and assigns and (ii) Area Developer and inures to the benefit of its successors and assigns.

9.9 Counterparts.
This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

9.10 Entire Agreement.

(a) This Agreement contains all the terms and conditions agreed upon by Area Developer and Franchisor regarding the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Fried Chicken Master franchise disclosure document that was provided to Area Developer. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. Area Developer acknowledges that it executed this Agreement without reliance upon any unauthorized representation or promise.

(b) This Agreement cannot be modified or changed except by written instrument signed by all the parties hereto.

IN WITNESS WHEREOF, the parties executed this Agreement as of the Effective Date.

AREA DEVELOPER:	FRANCHISOR:
______________________________	A QIN LLC
By: ___________________________	By: ___________________________ Ching-Lun Chou Manager
______________________________ [PRINTED NAME AND TITLE]	

EXHIBIT 1 – DEVELOPMENT SCHEDULE

The initial Store (or Store 1) is to be opened and operated under the concurrently signed Franchise Agreement. Stores will be opened at sites Franchisor reviews and consents to, all of which will be located in the "Development Area" described either [ ] in the map immediately following this Exhibit 1 or [ ] as follows:

____
____
____

Area Developer (or its affiliated entities) must open (and thereafter maintain) Stores in accordance with the following schedule (if more than five Stores are committed to be opened, the schedule will be expanded appropriately):

NUMBER OF STORE	DATE BY WHICH STORE MUST BE OPENED
1	
2	
3	
4	
5	

Franchisor may defer a scheduled opening date in the table above if Franchisor determines, in its sole discretion, that Area Developer (or its affiliated entity) made a diligent effort to open a Store according to the schedule but was unable to do so for reasons beyond Area Developer's (or its affiliated entity's) reasonable control.

FRIED CHICKEN MASTER

FINANCIAL STATEMENTS

EXHIBIT B

A QIN LLC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020

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WLCC
Accountancy Corp
1108 S Baldwin Ave. Suite 107, Arcadia, CA 91007
Phone + 626.254.9411 www.wlcccpa.com

Independent Auditor's Report

A QIN LLC
2055 Junction Ave., Suite 100
San Jose, CA 95131

Opinion

We have audited the financial statements of A QIN LLC, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of A QIN LLC as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of A QIN LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about A QIN LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of A QIN LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about A QIN LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

March 24, 2023
Arcadia, California

A QIN LLC

Balance Sheet
December 31, 2022, 2021, and 2020

ASSETS		2022		2021		2020
CURRENT ASSETS						
Cash and Cash Equivalents	$	267,340	$	153,435	$	90,275
Prepaid Expenses		-		500		-
Total Current Assets		267,340		153,935		90,275
Total Assets	$	267,340	$	153,935	$	90,275
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accrued Liabilities	$	437	$	-	$	-
Unearned Revenue - Short term	$	30,000	$	22,500	$	-
Total Current Liabilities		30,437		22,500		-
Unearned Revenue - Long Term		127,500		31,500		-
Performance Bond		25,000		25,000		-
Commitment and Contingencies		-		-		-
EQUITY						
Capital Contribution		100,200	$	100,200	$	100,200
Retained Deficit		(15,797)		(25,265)		(9,925)
Total Equity		84,403		74,935		90,275
TOTAL LIABILITIES AND EQUITY	$	267,340	$	153,935	$	90,275

A QIN LLC

Statement of Operation and Member's Equity

For years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenue	$ 22,500	$ -	$ -
Cost of Revenue	-	-	-
Gross Profit	22,500	-	-
Operating Expenses			
Selling Expenses	-	-	-
General and Administrative Expenses	$ 821	$ 850	$ 749
Professional Expenses	11,000	13,700	7,600
Total Operating Expenses	11,821	14,550	8,349
Other Income			
Interest Income	26	10	18
Total Other Income	26	10	18
Income Before Income Tax	10,705	(14,540)	(8,331)
Provision for Income Tax	1,237	800	1,600
Net Income (Loss)	$ 9,468	$ (15,340)	$ (9,931)
Member's Equity, beginning	74,935	90,275	100,206
Contribution	-	-	-
Member's Equity, ending	$ 84,403	$ 74,935	$ 90,275

A QIN LLC

Statement of Cash Flows

For years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 9,468	$ (15,340)	$ (9,931)
Changes in assets and liabilities:			
Prepaid Expenses	500	(500)	-
Accrued Liabilities	437		
Unearned Revenue	103,500	54,000	-
Performance Bond	-	25,000	-
Net cash provided by (used in) operating activities	113,905	63,160	(9,931)
NET CASH INCREASE (DECREASE)	113,905	63,160	(9,931)
Cash Cash Equivalents - beginning of year	153,435	90,275	100,206
Cash Cash Equivalents - end of year	$ 267,340	$ 153,435	$ 90,275
Supplemental disclosure of cash flows			
Cash paid during the year for:			
Income tax	$ 800	$ 800	$ 1,600
Interest expense	$ -	$ -	$ -

A QIN LLC

Notes to Financial Statements

For the Periods Ending December 31, 2022, 2021 and 2020

NOTE 1 – ORGANIZATION

A QIN LLC (the Company) was organized in California on July 9, 2019, and maintains its corporate office in San Jose, California. The Company was organized for the purpose of offering for sale franchise licenses.

The Company currently has one active franchise restaurant (Canada).

Franchise operations are regulated by the Federal Trade Commission (FTC). The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. Once registered, the Company will provide franchises with uniform standards and procedures efficient business operations, territorial rights, management training, and a license to use specified names and trademarks. The Company is currently going through the registration process.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Company is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Basis of accounting – The accompanying financial statements have been prepared on the accrual method of accounting in accordance with Generally Accepted Accounting Principles.

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company maintains its cash accounts at major financial institutions that are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, cash balance may be in excess of the amounts insured by the FDIC. As of December 31, 2022, total balance exceeding FDIC insurance amounted to $17,340. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Revenue Recognition – In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which amends the accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to a customer. Topic 606 requires the Company to recognize revenues when control of the promised goods or services and receipt of payment is probable. The Company recognizes revenue based on the five criteria for revenue recognition established under Topic 606:

1) identify the contract,
2) identify separate performance obligations,
3) determine the transaction price,
4) allocate the transaction price among the performance obligations, and
5) recognize revenue as the performance obligations are satisfied.

Franchise Fee Revenue – The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial fee prior to opening the respective location(s). The Company requires a franchise fee and performance bond from the franchisee in separate payments after execution of the agreement. Each franchised restaurant operates under a separate franchise agreement. Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as blueprints, operational materials, training courses, and ongoing services. Upon adoption of Topic 606, the Company determined that performance obligation is based on period of the agreement term. As such, franchise fees are recognized as revenue when amortized over the period of the agreement.

Royalty Fees – Continuing royalty fees are recognized as revenue when earned. The Company accrued royalty fees based on a percentage of franchisee sales on a monthly basis. Royalty fee is recognized as revenue during the respective franchise agreement based on the royalties earned each period as the underlying franchise store sales occur.

Income taxes – The Company has elected to be treated as a Corporation for federal and state income tax purposes. The Company's income tax filings are subject to examination by the appropriate tax jurisdictions.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain tax positions associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties and interest as a result of such challenge.

NOTE 3 – UNEARNED REVENUE

As of December 31, 2022, one franchisee (Canada) has executed franchise agreement; has commenced operation of one franchise restaurant. The Company recorded franchise fee as unearned revenue until the commencement of operations of franchise store. Franchise fee to be earned after one year period are classified in long term.

	December 31, 2022	December 31, 2021	December 31, 2020
Unearned Franchise fee	$ 157,500	$ 54,000	$ -
Current portion	(30,000)	(22,500)	-
Long term portion	$ 127,500	$ 31,500	$ -

NOTE 4 – INCOME TAXES

The Company is a single member LLC. Provision for state income taxes was $1,237, $800, and $1,600 for years of 2022, 2021, and 2020, respectively. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2022, 2021, and 2020.

NOTE 5 – PERFORMANCE BOND

The Company requires performance bond from its franchisee as security deposit. The amount received does not bear any interest and refundable upon termination of the agreement. Performance bond received is as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Performance bond	$ 25,000	$ 25,000	$ -

NOTE 6 – SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after December 31, 2022 up through the date, March 24, 2023 that financial statements are issued or are available to be issued. All subsequent events requiring recognition as of December 31, 2022 have been incorporated into these financial statements and there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, “Subsequent Events.”

FRIED CHICKEN MASTER

LIST OF FRANCHISE OUTLETS

EXHIBIT C

LIST OF FRANCHISE OUTLETS

As of December 31, 2022, no franchised outlets were open and operating in any state.

FRIED CHICKEN MASTER

LIST OF TERMINATED FRANCHISES

EXHIBIT D

LIST OF TERMINATED FRANCHISES

As of December 31, 2022, no franchisee had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during the past 12 months.

No franchisee has failed to communicate with us within the 10 weeks ending on the date of this disclosure document.

FRIED CHICKEN MASTER

STATEMENT OF FRANCHISEE

EXHIBIT E

STATEMENT OF FRANCHISEE

A QIN LLC and you are entering into a Franchise Agreement under the terms of which you will operate a Fried Chicken Master franchise outlet. The purposes of this Statement of Franchisee are (i) to verify compliance with franchise disclosure legal requirements and (ii) to determine whether any statements or promises were made to you that we did not authorize or that may be untrue, inaccurate or misleading. *This Statement of Franchisee must be completed, signed and dated on the same day you sign your initial Fried Chicken Master Franchise Agreement.* (However, this Statement of Franchisee does not apply to any Franchise Agreement for an additional outlet being opened under an Area Development Agreement.)

This statement must be completed when you sign your initial Fried Chicken Master Franchise Agreement.

A. The following dates are true and correct:

1. ________________, 20____ (Date)	___________ (Initials)	The date on which I received a Franchise Disclosure Document ("FDD") about the Fried Chicken Master franchise
2. ________________, 20____ (Date)	___________ (Initials)	The date on which I signed the Fried Chicken Master Franchise Agreement (must be at least 15 days after the date in A.1).
3. ________________, 20____ (Date)	___________ (Initials)	The earliest date on which I delivered cash, check or other consideration to a Fried Chicken Master franchise sales representative (must be at least 15 days after the date in A.1).

B. Representations:

1. No oral, written or visual claim or representation which contradicted or was not disclosed in the Fried Chicken Master FDD was made to me, except:

____

____ Initial: ________

(If none was made, you must write "none").

2. A QIN LLC made no oral, written or visual claim or representation which stated or suggested any financial performance, sales, income or profit levels to me, except:

____

____ Initial: ________

(If none was made, you must write "none").

I/we certify the above is true and correct to the best of my/our knowledge.

Franchisee

By: ____ Date:______________

By: ____ Date:______________

FRIED CHICKEN MASTER

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT F

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:
Commissioner of Financial Protection
and Innovation
1515 K St., Ste. 200
Sacramento, CA 95814
(866) 275-2677

Hawaii:
Business Registration Division
Dept. of Commerce and Consumer Affairs
335 Merchant St., Rm. 203
Honolulu, HI 96813
(808) 586-2722

Illinois:
Office of the Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:
Franchise Section
Indiana Securities Division
302 W. Washington St., Rm. E111
Indianapolis, IN 46204
(317) 232-6681

Maryland:
Office of the Attorney General
Securities Division
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Bldg., 1st Flr.
525 W. Ottawa St.
Lansing, MI 48909
(517) 373-7117

Minnesota:
Department of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:
Bureau of Investor Protection and Securities
NYS Department of Law
28 Liberty St., 21st Flr.
New York, NY 10005
(212) 416-8236

North Dakota:
Franchise Examiner
North Dakota Securities Department
600 E. Boulevard Ave.
State Capitol - 5th. Flr., Dept. 414
Bismarck, ND 58505
(701) 328-4712

Rhode Island:
Securities Division
Dept. of Business Regulation
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:
Dept. of Labor & Regulation
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501
(605) 773-3563

Virginia:
State Corporation Commission
Div. of Securities & Retail Franchising
1300 Main St., 9th Flr.
Richmond, VA 23219
(804) 371-9051

Washington:
Administrator
Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:
Franchise Administrator
Division of Securities
Dept. of Financial Institutions
345 W. Washington Ave.
Madison, WI 53703-2640
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:
Commissioner of Financial Protection
and Innovation
1515 K St., Ste. 200
Sacramento, CA 95814
(866) 275-2677

Hawaii:
Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:
Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:
Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:
Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:
Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

Minnesota:
Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:
New York Secretary of State
One Commerce Plaza
99 Washington Ave., 6th Flr.
Albany, NY 12231-0001
(518) 473-2492

North Dakota:
North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:
Director, Rhode Island Department of
Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

Virginia:
Clerk, Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:
Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:
Administrator, Wisconsin
Division of Securities
345 W. Washington Ave.
Madison, WI 53703
(608) 261-9555

FRIED CHICKEN MASTER

STATE SPECIFIC ADDENDA

EXHIBIT G

APPENDIX FOR CALIFORNIA FRANCHISEES

1. California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

2. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*)

3. The franchise agreement contains a covenant not to compete that extends beyond the termination or transfer of the franchise. This provision may not be enforceable under California Law.

4. The franchise agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are enforceable.

5. The franchise agreement requires binding arbitration. The arbitration will occur at Santa Clara County, California with the costs being borne equally by both parties but reimbursable to the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement that restricts venue to a forum outside the State of California.

6. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

7. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, in a form and containing information that the Commissioner of the Department of Financial Protection and Innovation may by rule or order require, before solicitation of a proposed material modification of an existing franchise.

8. The franchise agreement requires you to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

9. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

10. Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (15 U.S.C.A. §78A *et seq*.), suspending or expelling these persons from membership in such association or exchange.

ADDENDUM TO FRANCHISE AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended as follows:

1. In sections 4.7(b) and 8.11(b), “18%” is amended to “10%”.

2. In sections 7.2(e), 13.1(a), 13.2(a)(viii) and 13.3(a), “30 days” is amended to “60 days”.

3. Section 15.2(d) is restated to read in full as follows:

“(d) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (we have the right to receive clear title to and possession of all items purchased from Franchisee under this section 15.2(d)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 15.2(d) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 15.2(d) will not apply:

“(i) if Franchisee declines a *bona fide* offer of renewal from Franchisor;

“(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

“(iii) to any termination or nonrenewal of the Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all Franchise activity within the relevant geographic market area in which the Franchise is located;

“(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

“(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal.”

4. Section 18.1(g) is amended to eliminate the last sentence (“Franchisor expressly disclaims the making of, and Franchisee agrees Franchisee has not received or relied on, any representation or warranty from Franchisor regarding the likelihood of Franchisee’s success at the Outlet or in Franchisee’s operating the Franchised Business”).

5. Section 18.1(h) is omitted.

Date: ______________________	Date: ______________________
FRANCHISEE: ______________________	FRANCHISOR: A QIN LLC
BY: ______________________	BY: ______________________ Ching-Lun Chou, Manager
ITS: ______________________	

FRIED CHICKEN MASTER

STATE EFFECTIVE DATES

EXHIBIT H

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

FRIED CHICKEN MASTER

RECEIPTS

EXHIBIT I

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If A QIN LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If A QIN LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit F.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Ching-Lun Chou, 2055 Junction Avenue Suite 100 San Jose, CA 95131; telephone +886-3-341-2298

Date of Issuance: March 15, 2023.

A QIN LLC authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document issued March 15, 2023, that included the following Exhibits:

"A-1"	Franchise Agreement
	Exhibits to Franchise Agreement:
	Exhibit 1: Territory and Location of Outlet
	Exhibit 2: Names and Addresses of Principal Equity Owners
	Exhibit 3: Guarantee of Franchise Agreement
"A-2"	Area Development Agreement
	Exhibit to Area Development Agreement:
	Exhibit 1: Development Schedule
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	Statement of Franchisee
"F"	State Franchise Administrators and Agents for Service of Process
"G"	State Specific Addenda
"H"	State Effective Dates
"I"	Receipts

DATED: ____________________
(Do not leave blank)

If a business entity:	If an individual:
______________________________	______________________________
(Name of Business Entity)	(Signature of Prospective Franchisee)
______________________________	______________________________
(Signature of Primary Contact Owner)	(Print Name)
______________________________	
(Print Name and Title)	

Please date and sign this page, and then keep it for your records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If A QIN LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If A QIN LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit F.

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"F"	State Franchise Administrators and Agents for Service of Process
"G"	State Specific Addenda
"H"	State Effective Dates
"I"	Receipts

DATED: ___________________

(Do not leave blank)

If a business entity:	If an individual:
______________________________	______________________________
(Name of Business Entity)	(Signature of Prospective Franchisee)
______________________________	______________________________
(Signature of Primary Contact Owner)	(Print Name)
______________________________	
(Print Name and Title)	

Please date and sign this page, and then return it by first class mail to A QIN LLC, Attn: Ching-Lun Chou, 2055 Junction Avenue Suite 100 San Jose, CA 95131; or by e-mail to ch_cho@youngqin.com.tw.