

FRANCHISE DISCLOSURE DOCUMENT

Inchins Bamboo Garden Franchising LLC
a Georgia limited liability company
11105 State Bridge Road, Suite 200
Alpharetta, Georgia 30022
(404) 271-4493 (t)
www.bamboo-gardens.com

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As an INCHIN'S BAMBOO GARDEN® franchisee, you will operate a full service, casual dining restaurant offering Pan Asian cuisine, soft drinks, alcoholic beverages (optional) and related services under the composite service mark INCHIN'S BAMBOO GARDEN®.

The initial investment necessary to begin operation of an Inchins Bamboo Garden Franchising LLC franchise business ranges from \$634,500 to \$867,000 for a full service, casual dining restaurant. This includes the total amounts shown in Item 5 of between \$134,500 to \$161,000 that must be paid to us in connection with a full service, casual dining restaurant.

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 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 Kaushik Patel at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022 and (404) 271-4493.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 home page 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.

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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 Item 20 or Exhibit E and Exhibit F.
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?	Item 21 or Exhibit G 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 INCHIN'S BAMBOO GARDEN® 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 an INCHIN'S BAMBOO GARDEN® franchisee?	Item 20 or Exhibit E and Exhibit F 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 that 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 A-1.

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 and/or litigation only in Georgia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Georgia than in your own state.
- 2. Personal Guaranty:** Franchisees must also sign a personal guaranty, making your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your spouse's marital and personal assets, perhaps even your house, at risk if your franchise fails.

Other 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.

MICHIGAN

The Michigan Attorney General requires the following specific disclosures to be made to prospective Michigan franchisees.

The following language is added as a separate page after the page containing the Risk Factors:

"THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

EACH OF THE FOLLOWING PROVISIONS IS VOID AND UNENFORCEABLE IF CONTAINED IN ANY DOCUMENTS RELATING TO A FRANCHISE:

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.
- (D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (I) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS AND (II) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.
- (G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:
 - (i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
 - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
 - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
 - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).
- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE MICHIGAN ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE MICHIGAN ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THE NOTICE SHOULD BE DIRECTED TO THE STATE OF MICHIGAN, DEPARTMENT OF THE ATTORNEY GENERAL, ATTN: FRANCHISE, P.O. BOX 30215, LANSING, MICHIGAN 48909, OR CALL (517) 373-7117."

TABLE OF CONTENTS

Item	Page
ITEM 1. The Franchisor and any Parents, Predecessors, and Affiliates	1
ITEM 2. Business Experience	2
ITEM 3. Litigation.....	3
ITEM 4. Bankruptcy.....	3
ITEM 5. Initial Fees.....	4
ITEM 6. Other Fees	6
ITEM 7. Estimated Initial Investment	11
ITEM 8. Restrictions on Sources of Products and Services	15
ITEM 9. Franchisee's Obligations	20
ITEM 10. Financing.....	21
ITEM 11. Franchisor's Assistance, Advertising, Computer Systems, and Training	22
ITEM 12. Territory	33
ITEM 13. Trademarks	34
ITEM 14. Patents, Copyrights and Proprietary Information	36
ITEM 15. Obligation to Participate in the Actual Operation of the Franchise Business.....	36
ITEM 16. Restrictions on What the Franchisee May Sell.....	37
ITEM 17. Renewal, Termination, Transfer, and Dispute Resolution.....	38
ITEM 18. Public Figures	42
ITEM 19. Financial Performance Representations.....	42
ITEM 20. Outlets and Franchisee Information.....	43
ITEM 21. Financial Statements	47
ITEM 22. Contracts	47
ITEM 23. Receipts.....	47

EXHIBITS

- A-1 State Franchise Administrators
- A-2 Agents for Service of Process
- B Franchise Agreement
 - Exhibits to Franchise Agreement:
 - 1 Mark
 - 2 Addendum — Franchised Location and Fees
 - 3 Consumables
 - 4 Authorization Agreement for Prearranged Payments
 - 5 All-In-1 Restaurant Point of Sale and Management System Provided By Toast, Inc.
 - 6 Insurance Requirements
 - 7 Addendum — Bookkeeping Services Agreement and Direct Debit Authorization
 - 8 Statement of Ownership
 - 9 Termination Agreement and Mutual Release of Claims
 - 10 Guaranty and Assumption of Franchisee's Obligations
 - 11 Franchisor Trade Dress
- C All-In-1 Restaurant Point of Sale and Management System Provided By Toast, Inc.
- D Tables of Contents of Operations Manual
- E List of Outlets
- F Terminated Franchisees
- G-1 Financial Statements — Audited Financial Statements (December 31, 2023, 2022 and 2021)
- G-2 Financial Statements — Unaudited Financial Statements as of and for the five month period ended May 31, 2024
- H State-Specific Addenda to Franchise Disclosure Document and Franchise Agreement
 - California
 - Maryland
 - New York
 - Virginia
- I SBA Addendum to Franchise Agreement (Form 2462)
- J State Effective Dates
- K Receipts

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

The franchisor is Inchins Bamboo Garden Franchising LLC (referred to as "we" or "us" in this Franchise Disclosure Document). We refer to the person or entity who buys the franchise as "you" throughout this Franchise Disclosure Document. If you are a corporation, partnership, limited liability company or other entity, certain terms of the Franchise Agreement also apply to your owners (noted where applicable) and your owners are referred to as "Franchise Owners."

Franchisor, Parent, and Affiliates

Our name is Inchins Bamboo Garden Franchising LLC. Our principal business address is 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022, and our telephone number is (404) 271-4493. We are a Georgia limited liability company formed on May 30, 2006. We have no parent entity that controls us.

We do business under our corporate name and the INCHIN'S BAMBOO GARDEN® trademark and service mark that is shown on the cover page of this Franchise Disclosure Document (the "Mark").

Our affiliate and predecessor is Inchin Restaurants, Inc., a Georgia corporation formed on October 23, 2002 ("IRI"). IRI is owned by the persons (including Kaushik Patel and Amitabh Agrawal) who are our owners and it has the same principal business address as us. IRI has assigned to us all of its right, title and interest in the Mark, website and all other confidential and proprietary information and systems developed by it regarding the operation of restaurants under the Mark as well as previously existing agreements with certain franchisees in order to enable us to have all of the rights necessary to conduct the franchise business.

Agents for Service of Process

Our agents for service of process are Messrs. Kaushik Patel and Amitabh Agrawal at our principal business address, 11105 State Bridge Road, Suite 200, Alpharetta, Georgia. Any other agents for service of process are shown on **Exhibit A-2**.

Prior Experience

Amitabh Agrawal and Kaushik Patel are the owners and principal officers of IRI and are responsible for the management of IRI. IRI opened and operated two restaurants in Georgia located at Ingles Shopping Center, Suite 20 and 21, 3925 Pleasant Hill Road, Duluth, Georgia 30096 (the "Duluth Store") and at Scotts Village Shopping Center, Suite C-8, 1707 Church Street, Decatur, Georgia 30033 in Decatur, Georgia (the "Decatur Store"). The restaurants that opened in May 2003 and February 2004, respectively, operated under the Mark. In 2008, the Duluth Store closed and the Decatur Store was sold to a franchisee who relocated it to Alpharetta, Georgia.

The prior business experience of Messrs. Agrawal and Patel in operating Pan Asian restaurants is solely through the operation of the two IRI restaurants and the operation of the restaurants franchised under the Mark. See Item 20.

The Business We Offer

Our affiliate and predecessor, IRI, has never offered franchises for any line of business. As stated above, IRI only operated the Duluth Store and the Decatur Store. None of IRI or any of our other affiliates presently offer franchises in any line of business or provide products or services to our franchisees.

We began offering franchises in August 2006. We have not conducted any other line of business. We have not offered franchises in any other line of business.

We offer franchises to individuals or entities for full service (100 customers) casual dining restaurants with carry-out facilities that sell Pan Asian food, soft drinks, alcoholic beverages (optional) and related services (each, a "Restaurant"). We have not operated any Restaurants as our business is limited to franchising the Restaurants. We have no business activity other than franchising the Restaurants.

Your business will operate one or more of the Restaurants. As stated above, the service of alcoholic beverages in the Restaurants is optional, due to the fact that state and local government regulation of the sale of alcoholic beverages varies greatly from state to state. The decision as to the service of alcoholic beverages is yours to make and will depend upon a number of factors. The availability and cost of a license to dispense alcoholic beverages at the Restaurant will be primary factors in your decision.

The customers of the Restaurants are the general public who desire quality Pan Asian cuisine in a casual, but upscale, restaurant experience. There is an established market for Pan Asian cuisine. In your market, you will compete with other established Pan Asian restaurants which offer similar items. These restaurants have established customer bases and you will be competing with them for a share of the market. Our Restaurants appeal to a broad range of customers because of the perceived variety and quality of our menu items. Our menus are very extensive and the variety of both vegetarian and non-vegetarian differentiates our Restaurants and our cuisine. Our Restaurants offer an upscale, fine dining experience that most of the traditional Chinese restaurants do not offer.

Applicable Regulations

There are no laws or regulations specific to the operation of the Restaurant, although you must comply with all local, state, and federal health and sanitation laws applicable to restaurants generally. In addition, the dispensing of alcoholic beverages is regulated at the state and local level and these laws and regulations require you to obtain a license. These state laws and regulations such as, for example, the California Beverage Control Act and the California Code of Regulations, Title 4, have requirements that must be met in the sale of alcoholic beverages. Local county health departments in the various states inspect restaurants and other food facilities to ensure compliance with safe food handling practices and the adequacy of kitchen facilities. You should familiarize yourself with these laws if you intend to serve alcoholic beverages at the Restaurant.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer, President and Director: Amitabh Agrawal

From May 30, 2006, to the present, Mr. Agrawal has been our Chief Executive Officer, President and Director in Alpharetta, Georgia. From August 1, 2014, to the present, Mr. Agrawal has been Vice President of Chapati LLC in Cleveland, Ohio. From August 2008 to the present, Mr. Agrawal has been Director and General Manager of Alpharetta Hospitality LLC in Alpharetta, Georgia. From November 2002 to the present, Mr. Agrawal has been the Director and General Manager of IRI in Alpharetta, Georgia.

Vice-President, Chief Financial Officer and Director: Kaushik Patel

From May 30, 2006, to the present, Mr. Patel has been our Vice President, Chief Financial Officer and Director in Alpharetta, Georgia. From August 2008 to the present, Mr. Patel has been the Director and Chief Executive Officer of Alpharetta Hospitality LC in Alpharetta, Georgia. From November 2002 to the

present, Mr. Patel has been the President of IRI in Alpharetta, Georgia. From August 1987 to January 2015, he was the Secretary of Guru Inc. in Lithonia, Georgia.

Social Media Director: Megha Agrawal

From November 2008 to the present, Ms. Agrawal has been the Owner and Operator of Makeup By Megha makeup services and cosmetic marketing group in Lawrenceville, Georgia. From April 2015 to the present, Ms. Agrawal has been our Social Media Director in Alpharetta, Georgia.

ITEM 3. LITIGATION

Inchins Bamboo Garden Franchising, LLC (“IBGF”) v. F3 Trading Company LLC, Arfan Ahmed and Salina Ahmed (collectively, “Former Franchisee”), U.S. District Court for the Northern District of Georgia, Atlanta Division), Case 1:23-CV-02411-VMC. On May 30, 2023, this action was brought by IBGF against the Former Franchisee to prevent the Former Franchisee from engaging in unfair competition under the Lanham Act, using trade secrets of IBGF, infringing the service marks and trade dress of IBGF, and breaching the post-termination obligations under the Franchise Agreement, including the post-termination non-compete. IBGF sought monetary, injunctive and equitable relief, as well as possession of certain collateral items held by the Former Franchisee which were subject to a security interest in favor of IBGF.

Prior to trial, the parties settled their dispute under a Settlement Agreement dated September 21, 2023 and jointly dismissed the action. The Former Franchisee agreed to permanently cease using the service marks and trade dress of IBGF and to cause the restaurant in question to be disassociated from IBGF, while being permitted to continue to operate a restaurant at the same location. The Former Franchisee also agreed to: (a) change the telephone number of the restaurant that was in use when the restaurant was identified with IBGF; (b) remove and return to IBGF certain elements of the trade dress by which restaurants franchised by IBGF are identified; (c) cease any print or online advertising indicating that they were formerly associated with IBGF; (d) permanently cease using any the IBGF recipes or methods of preparation; and (e) remove certain items from the menu that were identified by IBGF as part of the Former Franchisee’s post-disassociation obligations. The Settlement Agreement included mutual releases of claims.

Washington State Department of Financial Institutions, Case No. 5-24-3750. After investigation, the Washington State Department of Financial Institutions (“WADFI”) alleged that in 2017 we sold an unregistered franchise in the state of Washington. In making this sale, we relied upon a statutory exemption from registration. When we applied for a franchise registration in the state of Washington in 2023, the WADFI examined our record of franchise sales in Washington. The WADFI took the position that we did not qualify for the exemption in the sale of a franchise in 2017. Without admitting any violation of the Washington Franchise Investment Protection Act (“WFIPA”), the WADFI required us to sign a Consent Order agreeing to cease and desist from offering or selling franchises in violation of WFIPA and to reimburse the state of Washington for administrative expenses in the amount of \$1,500.00.

Other than ~~this~~these actions, 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 Franchise Fee

You must pay to us an initial franchise fee of \$25,000 for the first Franchise Agreement that you sign for a full service, casual dining Restaurant (the "Initial Franchise Fee"). You must pay us 75% of the then-current initial franchise fee for the Franchise Agreement that you sign for a second full service, casual dining Restaurant and 50% of the then-current initial franchise fee for the third and each subsequent Franchise Agreement that you sign for a full service, casual dining Restaurant. You are not eligible for the discounted initial fees for subsequent Restaurants if you form a new entity for such Restaurants and your Franchise Owners own less than 80% of the ownership of the new entity. You must sign a separate Franchise Agreement for each Restaurant you operate and pay the initial franchise fee in a lump sum when you sign each Franchise Agreement. We fully earn the initial franchise fee when paid. It is not refundable under any circumstances.

Initial Senior Executive (Food Production) Processing Fee

You must pay to us a fee for processing the Senior Executive (Food Production) for the Restaurant in the amount of \$10,000 at the signing of the Franchise Agreement (the "Senior Executive (Food Production) Processing Fee"). The fee is payment for us to recruit, perform a background investigation, process an employment application, employ and train a Senior Executive (Food Production) for the Restaurant. Please see Item 11 for a description of the Senior Executive (Food Production). We fully earn the Senior Executive (Food Production) Processing Fee when paid. It is not refundable under any circumstances.

Senior Executive (Food Production) Pre-Opening Compensation and Travel and Living Expense Reimbursement

You must pay to us the compensation and travel and living expenses for the Senior Executive (Food Production) for the time period prior to the opening of the Restaurant during which the Senior Executive (Food Production) will be at the premises of the Restaurant preparing for the opening. While the time period in which the Senior Executive (Food Production) is at the premises of the Restaurant prior to opening will vary, in most cases it will be 30 days and the following amounts are based upon a 30-day period. The compensation will be \$1,375 per week (\$5,500 total estimated), the travel expenses will be actual costs (\$1,000-\$1,500 total estimated), and the living expenses will be \$250 per week (\$1,000-\$1,500 total estimated), and all of those expenses are payable in full at the beginning of the 30-day period. We fully earn the reimbursement of the pre-opening compensation of the Senior Executive (Food Production) when paid. It is not refundable under any circumstances.

Corporate Travel and Living Expense and Compensation Reimbursement

You will reimburse us for our travel and living expenses whenever our personnel travel to the site of the Restaurant. In the pre-opening period, one of our personnel visiting the Restaurant will be our Corporate Chef for a period of two weeks. The compensation for the Corporate Chef is \$2,250 per week for two weeks, for a total of \$4,500. If you request that our Corporate Chef spend more time with you, the additional charge is \$2,250 per week or pro rata for periods of less than one week. Travel and living expenses incurred by us for site visits prior to the opening of the Restaurant, including travel and living expenses for site visits by our Corporate Chef, are actual costs limited to a maximum amount of \$6,000. Travel and living expenses incurred for visits after the opening of the Restaurant made at your request are to be reimbursed but are not subject to a maximum amount limitation because the visits are made at your request.

Operating Assets Fee

You will also pay to us a fee of between \$40,000 and \$50,000 (depending upon the size of the Restaurant) as set forth in Section 4.3 of the Franchise Agreement and on **Exhibit 2** to the Franchise Agreement in payment for consumables for a 100-seat, full service, casual dining Restaurant described on **Exhibit 3** to the Franchise Agreement that are part of the trade dress of all of our Restaurants and are required for use in the Restaurant under the Franchise Agreement (the "Operating Assets Fee"). Because some of the consumables must be ordered substantially in advance, you will pay the Operating Assets Fee to us at the time of execution of the Franchise Agreement for the Restaurant. Shipment of all of the consumables we provide is FOB, Atlanta, Georgia (*i.e.*, you take title to the consumables at the place of shipment in Atlanta, Georgia, and you assume the risks of, and pay the cost of, shipping to your address). We fully earn the Operating Assets Fee when paid. It is not refundable under any circumstances.

Interior Décor Package Rental Fee

You must pay us an interior décor rental fee in a lump sum of between \$40,000 and \$55,000 (depending upon the size of the Restaurant) as payment in full for a prepaid lease of the various items of the interior décor that we purchase and import from China that are part of the trade dress of all of our Restaurants and deliver to you for use at the Restaurant as well as the design of the Restaurant (the "Interior Décor Package Rental Fee") that covers the entire period during which the Franchise Agreement is in effect. As a result, we own all of the various items of interior décor and we lease them to you. If the Restaurant exceeds 4,000 square feet in size, this fee will increase by \$8,000 for each additional 1,000 square feet of space. This rental fee covers the costs of our purchasing trip to China, the purchase of the items of interior décor and shipping costs to Atlanta, Georgia. This rental fee is payable to us at least 60 days before the date scheduled for the opening of the Restaurant. We fully earn the Interior Décor Package Rental Fee when paid. It is not refundable under any circumstances.

Private Label Products

You must buy from us all of the requirements of the Restaurant for our private label food products and consumables that are served or used in all of our Restaurants (the "Private Label Products"). The Private Label Products constitute approximately \$3,100 of the total opening food inventory of \$\$8,000-\$12,000. This fee is payable upon the delivery of the initial order of the Private Label Products to the Restaurant. We fully earn the price paid for the Private Label Products when paid. It is not refundable under any circumstances.

[Remainder of page intentionally left blank]

ITEM 6. OTHER FEES			
Type of fee	Amount	Due Date	Remarks
Royalty ¹	8% of Gross Sales ² of the Restaurant	Payable on the Tuesday of each week (based on the prior week's Gross Sales)	We will debit your bank account for the amount due. ³
Senior Executive (Food Production) Compensation and Living Expense Reimbursement ^{1, 4}	Annual fee established by us which includes all withholding and employment taxes (subject to a maximum annual increase of 5% per year). Actual salary is presently \$5,500 per month/\$66,000 per year (includes all withholding and employment taxes). Initially, a per diem fee of \$185 is due if the Senior Executive (Food Production) is required a seventh day in any week. Living expense reimbursement is actual costs up to a maximum of \$1,000 per month (subject to a maximum annual increase of 5% per year). One week's pay per year for substitute Senior Executive (Food Production) during vacation of regular Senior Executive (Food Production)	Payable in advance on the first day of each month	We will debit your bank account for the amount due. ³ See <u>Exhibit 2</u> to the Franchise Agreement.
Chef Guaranty Fee	Chef Guaranty Fee is equal to .5% of Gross Sales.	Payable on Tuesday of each week (based on the prior week's Gross Sales)	We will debit your bank account for the amount due. ³
Senior Executive (Food Production) Relocation Expenses	Up to \$5,000	Payable if you request that we remove the Senior Executive (Food Production)	

ITEM 6. OTHER FEES			
Type of fee	Amount	Due Date	Remarks
Corporate Travel and Living Expense Reimbursement	Actual expenses of site visits pre-opening (\$10,500 maximum) and as requested by you after the opening of the Restaurant	Upon presentation of statement	Pre-opening reimbursement is limited to \$10,500
Private Label Products	Costs of purchase of all Private Label Products needed for the Restaurant. Varies based upon volume of food sold.	Upon shipment from Atlanta, Georgia	
Administrative Charge ¹	\$150 per occurrence	On demand, but only if you are delinquent in your payments to us or fail to report Gross Sales weekly as required under the Franchise Agreement or fail to deliver reports requested by us	Payable the day after payment or other event (such as required report) is due we will debit your account for late fees
Interest on Late Payments ¹	1.5% interest per month on any late payment to us, including Royalty Fee and Marketing and Promotion Fee payments	As incurred	Due on late payments
Local Advertising Expenditure ^{1, 5}	1% of Gross Sales	Payable monthly as we designate periodically on the same date as the Royalty fee	We will debit your bank account for amount due. ³
Marketing and Promotion Fee ¹	1% of Gross Sales	Payable at the same time the Royalty fee is due	We will debit your bank account for the amount due. ³ It will be expended during each calendar year. The accounting fund primarily to be used for national advertising programs Accounting of this will be provided at the end of every year to all franchisees

ITEM 6. OTHER FEES			
Type of fee	Amount	Due Date	Remarks
Transfer ¹	50% of then-current Initial Franchise Fee	Before the transfer	Payable when your interest in the Franchise Agreement, a material portion of the Restaurant's assets, or ownership interests are transferred
Renewal Fee ¹	50% of the then-current Initial Franchise Fee	When you renew your franchise and sign the then-current Franchise Agreement with a term of five years (see Section 17 of Franchise Agreement)	
Replacement or Additional Designated Manager Training Fee	\$2,000 per person	When you send new personnel for training as Designated Managers	
Inspection and Audit Fee ^{1,6}	(1) Interest on past due amount at lesser of 1.5% per month or maximum rate permitted by law and (2) costs of audit	On demand	Costs of audit payable only if you understate your Gross Sales by 2% or more; interest payable if you understate your Gross Sales by any amount
Management Fee ^{1,7}	12% of Gross Sales up to a maximum of \$5,000 per month plus our direct out-of-pocket costs and expenses	As incurred	Due when we manage your Restaurant after your default or abandonment
Costs and Attorneys' Fees ¹	Will vary under circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement
Indemnification ¹	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims related to your Restaurant's operations

ITEM 6. OTHER FEES			
Type of fee	Amount	Due Date	Remarks
Testing ^{1,8}	Cost of Testing up to a maximum of \$1,000	As incurred	This covers the cost of testing new products or inspecting new suppliers you propose
Liquidated Damages ⁹	A fee equal to 60% of the total fees due to us for the unexpired term of the Franchise Agreement	Upon a termination of the Franchise Agreement due to a default by you	This fee is in lieu of a post-termination non-competition provision
Estimated Royalty and Marketing and Promotion Fee Payment ¹	Minimum of \$850 or average of last four weeks' Royalty Fees, whichever is higher, a week for Royalty Fees and \$200 a week for Marketing and Promotion Fees, \$150 in nonrefundable administrative charges; greater amount if we reasonably estimate that your Restaurant is generating higher Gross Sales	As incurred	Payable only if you fail to submit timely reports of Gross Sales to us and we must estimate your Gross Sales in order to debit your account for required payments; we will reconcile these amounts with the actual amounts owed after you submit reports

^{1/} Except as otherwise noted, fees are imposed and collected by and payable to us. Fees are not refundable under any circumstances. All fees are imposed uniformly. Some states impose a maximum interest rate that is lower than the rate stated in the chart above. For example, California imposes a maximum rate of 10% annually on late payments.

^{2/} "Gross Sales" are defined as sales of any kind for all services or products from or through your Restaurant, including any sales made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, regardless of whether sales are conducted in compliance with or in violation of the terms of the Franchise Agreement, and regardless of whether sales occur at the site of your Restaurant or off-site, but excluding discounts, sales taxes or other similar taxes and credits. "Gross Sales" also include the fair market value of any services or products you receive in barter or exchange for your services and products.

^{3/} Thirty (30) days prior to opening, you must sign and deliver to us and your bank all documents needed to permit us to debit your bank account for each week's Royalty Fee, Senior Executive Compensation and Living Expense Reimbursement and Marketing and Promotion Fund payments and other payments due under the Franchise Agreement or otherwise. However, we may require you to pay all amounts due by means other than automatic debit whenever we deem appropriate.

Payments of Royalty Fees, Senior Executive Compensation and Living Expense Reimbursement and Chef Guaranty Fee, Local Advertising Expenditure and Marketing and Promotion Fees are to be made through an automated clearing house system by direct debit to your bank account. You are required to have sufficient funds in your bank account on Thursday of each week to cover the aggregate amount of these payments due for the preceding week (Monday through Sunday). You are required to maintain, at all times, a minimum balance of \$5,000 in your bank account to provide for payments by direct debit. Failure to maintain such minimum balance is a default under the Franchise Agreement and may cause a termination of the Franchise Agreement.

- 4/ The standard annual salary of the Senior Executive (Food Production) is presently \$66,000 which includes all applicable employment taxes and is subject to annual increases of up to a maximum of 5%. In the event the Restaurant is located in a Metropolitan Statistical Area in which the cost of living is higher than the median cost of living in all Metropolitan Statistical Areas in the United States, there is a cost of living adjustment added to the standard annual compensation of the Senior Executive (Food Production). There is a living expense reimbursement to us of a maximum of \$1,000 per month subject to annual increases of up to a maximum of 5%. In addition, in certain circumstances in which the Senior Executive (Food Production) is required to work seven days a week, you will be required to pay the daily compensation of the Senior Executive (Food Production) for the seventh day of work in any week. The Senior Executive (Food Production) is entitled to one week of paid vacation each year and you will reimburse us for the compensation of a substitute Senior Executive (Food Production) who we will supply you during the vacation period, if required.
- 5/ The Local Advertising Expenditure may be payable to the Marketing and Promotion Fund if we designate that payment. In the event you do not spend an amount equal to at least 1% of Gross Sales on local advertising on a continual basis, we can debit your account for such amount and place the local advertising on your behalf.
- 6/ The costs of the audit consist of our actual out-of-pocket costs incurred (e.g., travel, meals, lodging) up to a maximum amount of \$200 per day for each day spent on the audit.
- 7/ We have the right (but not the obligation) to assume management of the Restaurant if you fail to operate, or if you abandon, the Restaurant for a period of five consecutive days or if you fail to cure a default within the grace period allowed. In such case, the management fee specified above is payable to us.
- 8/ The costs of testing consist of actual out-of-pocket costs incurred in testing any proposed new product with a maximum cost of \$1,000 for each proposed new product.
- 9/ You agree not to engage in certain businesses we define as "Competitive Businesses" during the term of the Franchise Agreement; not to engage in a "Branded Business" within 20 miles of your Restaurant without our consent during the term of the Franchise Agreement; and, if all amounts due to us (including liquidated damages) are not paid, not to engage in any Competitive Business located or operating within a 50 mile radius of your former Restaurant or any other franchised or franchisee-owned Restaurant operating under the Mark for two years following the termination or expiration of the Franchise Agreement. The term "Competitive Business" is defined as any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business that has more than 50 seats at which customers may be served food and utilizes a wok in any manner in food preparation (other than another Restaurant operated by you. The term "Branded Business" is defined as any business marketed by a franchisor or chain under a locally, regionally, or nationally known or registered trademark or service mark.

ITEM 7. ESTIMATED INITIAL INVESTMENT				
YOUR ESTIMATED INITIAL INVESTMENT				
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ^{2,3}	\$25,000	Lump Sum	At Franchise Agreement signing	Us
Senior Executive (Food Production) Processing Fee	\$10,000	Lump Sum	At Franchise Agreement signing	Us
Senior Executive (Food Production) Pre-Opening Travel and Living Expense Reimbursement and Compensation	\$7,500 to \$8,500	Lump Sum	Before Opening	US
Corporate Opening Travel and Living Expense Reimbursement and Corporate Chef Compensation	\$10,500	Lump Sum	Before Opening	Us
Travel and Living Expenses Incurred by You While Training ⁴	\$1,500 to \$2,000	As Incurred	At Initial Training	Airlines, Hotels & Restaurants
Operating Assets Fee ⁵ (Consumables)	\$40,000 to \$50,000	Lump Sum	Upon signing of lease	Us, Suppliers
Interior Décor Package Rental Fee ⁸ (Includes Décor Signature Mural)	\$40,000 to \$55,000	Lump Sum	Upon signing of lease	Us
Equipment ^{5,6,7}	\$95,000 to \$125,000	Lump Sum	Before Opening	Suppliers
Smallwares	\$12,000 to \$16,000	Lump Sum	Before Opening	Suppliers
Leasehold Improvements ^{5,6,7, 15}	\$300,000 to \$400,000	Lump Sum	Before Opening	Contractors
Furniture ^{5,6,7}	\$15,000 to \$18,000	Lump Sum	Before Opening	Us, Suppliers
Point of Sale System ⁵ , Phones, Fax	\$3,000 to \$4,000	Lump Sum	Before Opening	Suppliers
Signs	\$11,500 to \$18,000	Lump Sum	Before Opening	Suppliers

ITEM 7. ESTIMATED INITIAL INVESTMENT				
YOUR ESTIMATED INITIAL INVESTMENT				
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Security Deposits Rent, Utility, Phone, Licenses	\$7,000 to \$15,000	As Incurred	Before Opening	Landlord, Utility Co
Professional Fees	\$12,000 to \$18,000	As Incurred	Before Opening	Lawyer, Architect
Construction Materials Expense	\$18,000 to \$35,000	As Incurred	Before Opening	Contractors, Suppliers
Insurance ⁹	\$3,500 to \$6,000	Lump Sum	Before Opening	Insurance company
Liquor License ¹⁰ (optional)	\$3,500 to \$12,000	Lump Sum	Before Opening	Local, State Offices, Third Party
Opening Inventory Food ¹¹	\$8,000 to \$12,000	Lump Sum	Before Opening	Suppliers
Grand Opening Advertising	\$3,000 to \$5,000	As Incurred	Before Opening	Suppliers
Additional Funds Working Capital – 3 Months ¹²	\$8,500 to \$22,000	As Incurred	Before Opening	Suppliers, Employees
TOTAL ^{12, 13}	\$634,500 to \$867,000 ¹⁴			

^{1/} The estimated investment figures above (other than the Interior Décor Package Rental Fee) represent approximate costs based on a Restaurant with 100 seats. The size of your Restaurant, its location, site preparation and the extent of renovations required will affect the amount of the actual investment. A lower cost Restaurant is one that would require less site preparation, fewer leasehold improvements, less seating, and fewer equipment expenditures. A higher cost Restaurant might require more site preparation, extensive interior renovations, a greater amount of seating, and additional equipment. It might not be possible to build a Restaurant for the lower total estimated investment cost listed at a particular location because of the specific circumstance present at that location. All amounts are stated in United States Dollars.

^{2/} All of the amounts described above that are payable to us are non-refundable under any circumstances after payment. Amounts payable to suppliers may be refundable depending upon the terms you negotiate with the supplier.

- 3/ The initial franchise fee may be reduced if you are purchasing a second or subsequent franchise. (See Item 5)
- 4/ The travel and living expenses listed are for one person only. If more than one person will attend initial training, the amounts listed should be multiplied by the number of persons attending initial training.
- 5/ The amounts listed contemplate that you will pay for the entire cost of preparing the Restaurant to commence business. The amounts stated include the Operating Assets Fee of between \$40,000 and \$50,000 (depending upon the size of the Restaurant) that is paid for the items of consumables, furniture and décor described on **Exhibit 3** to the Franchise Agreement. The remainder of all items of consumables, furniture and fixtures required for the operation of the Restaurant must be purchased separately. These amounts might be reduced if the landlord contributes any tenant construction or finish allowance. The amounts do not include any applicable sales taxes.
- 6/ The amounts listed contemplate that you will purchase all of the equipment and furniture. These amounts might be reduced if you lease or finance any equipment or furniture.
- 7/ Real estate costs depend on whether you own the Franchised Location before or instead lease your Franchised Location. The amounts set forth in this Item 7 are based upon a lease of the Restaurant premises. A Restaurant typically is located in an outdoor or enclosed mall or a strip shopping center and generally is from 3,000 to 4,000 square feet. Leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry and similar work, and contractor's fees, depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Restaurant; and any construction or other allowances the landlord grants. If you lease your Franchised Location, rent is estimated at between \$7,000 to \$13,000 per month depending on the market, size of the Restaurant, and common area expenses passed through to tenants. Rent for enclosed mall locations generally will be higher.
- 8/ The Interior Décor Package Rental Fee varies with the size of the Restaurant as follows:
- 3,000 square feet — \$40,000
4,000 square feet — \$55, 000
Each additional 1,000 square feet — \$12,000
- 9/ The estimated cost of the insurance does not include workers' compensation insurance which varies greatly depending upon the state in which the Restaurant is located.
- 10/ Serving alcoholic beverages in the Restaurant is optional and is a decision for you to make. Because state and local governmental regulation of the sale of alcoholic beverages varies greatly from state to state and may be dependent upon the exact location of the Restaurant, it is not possible to estimate with accuracy the cost of a liquor license for any particular Restaurant. The cost of a license to dispense alcoholic beverages will depend upon a number of factors, but the state and local governmental regulatory program and the availability of a license at the Restaurant will be the primary factors in determining the cost of a license. As part of your decision-making process with respect to serving alcoholic beverages in the Restaurant, you should investigate thoroughly the cost of obtaining a license to dispense alcoholic beverages at the Restaurant. At the present time, all of the five Restaurants operating under the Mark have a license to dispense alcoholic beverages.

In addition, the estimated cost of insurance set forth in the table above does not include any insurance coverage with respect to serving alcoholic beverages in the Restaurant. Typically, the annual premium for this type of insurance ranges from \$3,000 to \$4,000, but you should investigate the cost of this insurance coverage as part of your investigation of the cost of obtaining a liquor license.

- 11/ As disclosed in Item 8 below, the Private Label Products constitute approximately \$3,100 of the total opening food inventory of \$8,000-\$12,000.
- 12/ This estimates the funds needed to cover your initial expenses for the first 3 months of operation. It includes payroll costs (including the Senior Executive Compensation and Travel and Living Expense Reimbursement, but not any draw or salary for you), utilities, rent and miscellaneous supplies. This amount is an estimate, and we cannot guarantee that you will not have additional expenses in operating your Restaurant. Your costs will depend on your management skill, experience, and business acumen, local economic conditions, the prevailing wage rate, competition and your Restaurant's sales during the initial period. In addition, in the event the construction and equipping of the Restaurant are delayed and cause the Restaurant to be opened at a date later than anticipated, additional amounts of working capital will be required until the Restaurant is open and begins to generate sales. All of these expenses are paid to third parties.
- 13/ Under Section 11.2 of the Franchise Agreement, the maximum amount of indebtedness you may incur in connection with the opening and operation of the Restaurant is limited to \$140,000. You will be limited to \$140,000 of indebtedness and the balance of the initial investment will be required to be made in the form of equity contributions.
- 14/ These amounts do not include real estate acquisition costs, but are based upon the leasing of the Restaurant premises. We have relied on our combined 12 years of experience in this business to compile these estimates. ~~Because these figures are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above.~~ Actual costs will depend on physical size and current condition of the premises. To avoid excessive construction costs, we strongly recommend that you pick contractors carefully by obtaining several competitive bids beforehand. These estimates do not include extensive exterior renovations. You should review all figures in Item 7 carefully with a business advisor before you decide to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your credit worthiness and collateral and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.
- 15/ In the case of certain landlords, tenant incentives may be received from the landlords during lease negotiations that may be applied to the payments for tenant improvements. The tenant incentives, if available, customarily range between \$30 and \$50 per square foot. The landlord recovers the tenant incentives through the rental payments under the lease.

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods and Services

Senior Executive (Food Production). In the operation of the Restaurant, you are required to use the Senior Executive (Food Production) that we recruit, hire, train and make available to you. You are not permitted to have any other person manage the operation of the kitchen of the Restaurant. We are the only approved supplier for the Senior Executive (Food Production) because the Senior Executive (Food Production) is our employee whose services we provide to you on the terms in the Franchise Agreement. There are no alternative suppliers for the Senior Executive (Food Production) and we do not intend to have alternative suppliers in the foreseeable future because of the specialized training we provide to the Senior Executive (Food Production) that cannot be duplicated elsewhere. We will derive revenue from providing the Senior Executive (Food Production) to you only from the Initial Senior Executive (Food Production) Processing Fee and the Senior Executive Compensation Reimbursement and Travel and Living Expense, and the Chef Guaranty Fee described in Items 5 and 6. In the event that, after the Restaurant has been open and operating at least 60 days, the Senior Executive (Food Production) works seven days a week without a day off, then the Senior Executive (Food Production) will be entitled to compensation for such days' work and you will be required to reimburse us for the extra days of work at the then-current average daily compensation of the Senior Executive (Food Production).

If, for any reason other than food production, you are not satisfied with the performance of the Senior Executive (Food Production), upon notice from you, we will review the matter and take corrective action, in our discretion, within 30 days of your notice. If you request that we remove the Senior Executive (Food Production), you will be responsible for all of the actual relocation expenses we incur in doing so up to a maximum of \$5,000.

We reserve the right to replace the Senior Executive (Food Production) at any time, but only when we have an immediate replacement to provide to you. In that event, we will be responsible for all of the relocation expenses.

Operating Assets. Under Section 4.3 of the Franchise Agreement, you are required to purchase from us the consumables listed on **Exhibit 3** of the Franchise Agreement (the "Operating Assets"). We are the only approved supplier for such consumables. There are no alternative suppliers for such consumables, and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the consumables, furniture and décor items to you.

Interior Décor Package. You must allow us to arrange for the various items of the interior décor which we purchase in China and import to Atlanta, Georgia and lease to you for use at the Restaurant that are part of the trade dress of all of our Restaurants. We are the only approved supplier for such interior décor package. There are no alternative suppliers for such interior décor package and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the interior décor package to you.

Décor Signature Mural. Included as part of the Interior Décor Package, you must allow us to arrange for the painting of a décor signature mural on two of the main walls of the Restaurant that is the standard mural that is part of the trade dress of all of our Restaurants. We will select the approved supplier in the local market of the Restaurant for such décor signature mural. There are no alternative suppliers for such décor signature mural and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the décor signature mural to you.

Private Label Products. You must purchase from us all of the Private Label Products (i.e., food products and consumables) that are to be served to customers or used in the Restaurant. We contract for the Private Label Products and require their use in all Restaurants because they are prepared according to unique proprietary recipes and specifications of ours and are used to differentiate the food served and the manner of service in the Restaurants from other Pan Asian restaurants. We are the only approved supplier for such Private Label Products. There are no alternative suppliers for such Private Label Products and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the Private Label Products to you.

The Private Label Products constitute approximately \$3,100 of the total opening food inventory of \$8,000-12,000. Payment for the Private Label Products is due upon the delivery of each order of Private Label Products to the Restaurant. We fully earn the price paid for the Private Label Products when paid. It is not refundable under any circumstances.

Food Products, Equipment and Fixtures. With the exception of items which we supply to you directly, you must adhere to our standards and specifications for the construction, design and preparation of your Restaurant premises, food products, packaging, advertising materials, suppliers, ingredients, equipment, point of sale systems, fixtures, furnishings, table linens, eating utensils, employee apparel and other items used in operating your Restaurant. We do not derive revenue from your purchase of these items from third parties.

Marketing and Promotion. All marketing and promotion materials for your Restaurant must conform to our standards and specifications.

Bookkeeping and Payroll. Under Section 15.1 of the Franchise Agreement, during the first twelve calendar months after the opening of the Restaurant, you must use an approved supplier of bookkeeping and payroll services. After that twelve calendar month period, you may use our designated supplier or a supplier that you select that is approved in writing by us to provide bookkeeping and payroll services for the operation of your Restaurant. We do not have any written criteria for approving other suppliers of bookkeeping and payroll services. We judge each such supplier on a discretionary basis. There are no fees payable to us to secure approval of alternative suppliers of bookkeeping and payroll services. We will notify you within thirty days of your written request for approval of such an alternative supplier of the approval or rejection of your request. Our approval, if given, is subject to revocation if the financial reports required by the Franchise Agreement are not delivered in a timely manner. We use and recommend HRP Hitesh Certified Public Accountant ("HRP") as the supplier of bookkeeping and payroll services.

You must enter into an agreement with HRP (Exhibit 7 to the Franchise Agreement) for the first twelve calendar months after the Restaurant opens for business and then you may engage HRP or a supplier that is approved in writing by us for the provision of such services and you will pay them directly. None of our officers has an ownership interest in HRP. We will not derive revenue or other material consideration as a result of your engagement of HRP or supplier that you select that is approved in writing by us. We do not derive revenue from your purchase of these bookkeeping and payroll services.

Insurance. You must maintain the following types and minimum amounts of insurance coverage, described in greater detail in the Franchise Agreement and Operations Manual: comprehensive general liability-bodily injury and property damage (\$1 million per occurrence), including products/completed operations liquor liability (\$2 million annual aggregate); automobile liability - any owned vehicles, hired and non-owned auto liability (\$1 million combined single limit); umbrella liability coverage (\$1,000,000 each occurrence); workers' compensation - comply with state and local laws. You may purchase this insurance from any insurance company that is rated "A" or better by A.M. Best Company, Inc. All insurance policies must name us as additional insured and give us at least 30' days' prior written notice of termination, amendment,

or cancellation. You also must provide us with certificates of insurance evidencing your insurance coverage no later than 10 days before your Restaurant opens. The annual premium for this insurance coverage is estimated to be approximately 1.2% to 1% of all purchases and leases you will make in the establishment of the Restaurant.

In addition, in the event you decide to dispense alcoholic beverages in the Restaurant, you must maintain liability insurance covering this activity with a minimum umbrella coverage of \$1,000,000. We do not derive revenue from your purchase of insurance.

Point of Sale System. Under Section 6.9 of the Franchise Agreement, you must purchase and maintain point of sale computer work stations for taking customer orders, recording sales and running local reports. Our designated supplier for the point of sale management system is Toast, Inc., a publicly held company, that provides an All-In-1 Restaurant Point of Sale and Management System (the "Toast POS System") through a Master Agreement between Toast, Inc. and us (See Item 11). Toast, Inc. is the only approved supplier for the Toast POS System and no alternative suppliers will be approved. Neither we nor any of our affiliates are approved suppliers for the Toast POS System. Neither we nor any of our affiliates derive any revenue from your purchase of the Toast POS System. None of our officers owns an interest in Toast, Inc.

Music Service. Under Section 6.11 of the Franchise Agreement, you must purchase or otherwise obtain and maintain a music service from an approved supplier for the music service. The music service must consist of a license from The American Society of Composers, Authors and Publishers ("ASCAP") or Broadcast Music, Inc. ("BMI") for the use of commercial radio or a subscription to a service such as XM Satellite Radio, Sirius Satellite Radio or another approved subscription music service. We do not derive any revenue from your purchase of any of these music services.

Required and Approved Suppliers. With the exception of the Senior Executive (Food Production), the Toast POS System, the Operating Assets, the décor signature mural, the items of interior décor and the Private Label Products, you may purchase or lease/license the items described above from any approved manufacturer, supplier or purveyor. However, we may have only one approved supplier. If there is no approved or designated manufacturer, supplier or purveyor for a particular item, you must purchase all products and services from manufacturers, suppliers or purveyors who meet our specifications and standards as to quality, composition, appearance, and service and adequately demonstrate their capacity to supply your needs in the quantities, at the times, and with the reliability required for an efficient operation. Except as noted in this Item, we currently are not suppliers of any item of food products, equipment and fixtures, although we or one of our affiliates may become one at any time in the future and may even become the designated or sole supplier of one or more of such items, in which case you would have to buy the item from us or our affiliate at our then current price. Until we become suppliers, we will formulate and modify standards and specifications for approved manufacturers, suppliers and purveyors based on our and our franchisees' experience in operating Restaurants. Our Operations Manual or other communications we will provide to you will identify our standards and specifications (and modifications to them when made) and the names of approved or designated suppliers and purveyors.

Approval of Alternative Suppliers

If you desire to purchase food products, services, supplies, or materials from manufacturers, suppliers, or purveyors (other than those for which we are the only approved supplier, those we have previously approved and those we may designate), you first must send us a written request to change the supplier or purveyor. We will investigate the proposed manufacturer, supplier or purveyor in order to determine if that supplier or purveyor can meet our standards. Upon request, we will provide you with a copy of our standards for suppliers. We will notify you in writing of our approval or rejection of the proposed manufacturer, supplier or purveyor within thirty (30) days of our receipt of your request; provided, however, if we have not

completed our investigation, or do not have all of the facts necessary to render a judgment, we shall have the right to reject the proposed manufacturer, supplier or purveyor at that time. We may withhold approval of the manufacturer, supplier or purveyor for any reason. In order to make our decision, we may require that samples of a proposed new product or examples of the proposed new service first be delivered or shown to us for testing or examination. Permission for such inspection will be a condition of the initial and continued approval of such manufacturer, supplier or purveyor. You will pay us a charge not to exceed the actual cost of our investigation and testing. Upon our approval of an alternative manufacturer, supplier or purveyor, you may enter a contract directly with those parties. We reserve the right periodically to inspect the facilities and products of any approved manufacturer, supplier or purveyor and to revoke our approval upon the manufacturer's, supplier's or purveyor's failure to continue to meet any of our then current criteria. A charge not to exceed the actual cost of any tests we conduct may be imposed which you are obligated to pay.

Ownership Interests

None of our officers has an ownership interest in any of the suppliers from whom you are required to purchase or lease products or services or who are approved suppliers other than the ownership of stock in publicly-held companies or mutual funds. We will not derive revenue or other material consideration as a result of your purchase of the required products or services. None of the designated or approved suppliers presently make payments to us based upon your purchases from them.

Revenue From Your Purchases

Our total revenue for 2023 was \$4,987,629 of which \$1,625,682 was the aggregate revenue received from required purchases and leases of products and services by our franchisees. The revenue received by us from required purchases and leases of products and services by our franchisees was 32.59% of our total revenues for 2023.

None of our affiliates sells or leases products or services to our franchisees.

Proportion of Required Purchases

The estimated proportion of the required purchases described above to all purchases by you in the opening of a full service, casual dining Restaurant is 5%. The estimated proportion of the required purchases described above to all purchases by you in the operation of a full service, casual dining Restaurant is 5%.

Payments From Suppliers

We do not receive payments from manufacturers, suppliers or purveyors who deal with our franchisees. Although we do not do so at the present time, we have the right to receive payments from manufacturers, suppliers and purveyors on account of their dealings with you and other franchisees and to use the amounts we receive without restriction (unless we agree otherwise with the supplier) for any purpose we deem appropriate. We may negotiate purchase arrangements with suppliers or purveyors for the benefit of franchisees, which often include volume discounts. Some manufacturers, suppliers or purveyors may pay us fees for products purchased through these negotiated agreements, and willingness to pay us fees may be a condition of our approval of a manufacturer, supplier or purveyor. However, in 2023, we did not receive any payments from manufacturers, suppliers or purveyors on account of their dealings with our franchisees.

Cooperatives

There are no purchasing or distribution cooperatives in operation to provide goods or services to our franchisees.

Purchase Arrangements with Suppliers

Although we do not do so at the present time, we may in the future negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees.

Material Benefits

We do not provide any material benefits to our franchisees if they buy particular products or services or buy from particular approved suppliers.

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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 agreement	Disclosure document item
a. Site selection and acquisition/lease	Sections 3.1, 3.2, 6.1, 6.2, 6.3, and 6.4	Items 5, 7, 8 and 11
b. Pre-opening purchases/leases	Sections 6.1 through 6.8	Items 7 and 8
c. Site development and other pre-opening requirements	Sections 6.1 through 6.8	Items 7, 8, 11 and 12
d. Initial and ongoing training	Sections 7.1 and 7.2	Item 11
e. Opening	Section 6.8	Item 11
f. Fees	Sections 4.1, 4.2, 4.3, 5.1, 5.2, 6.2, 6.3, 10.1(d), 11.1(k), 12.2, 12.3, 12.4, 12.5, 13.5, 15.1, 15.4, 16.2, 17.2, 18.4, 18.5, 18.8, 19.3, 20.4, 21.3, and 23.6, Section 1.C. of Bookkeeping Services	Items 5, 6, 7 and 10
g. Compliance with standards and policies/operating manual	Sections 2.2, 8.1, 8.2, 11.1, 12.1, 13.1, 13.3, 13.4 and 13.5	Items 8 and 11
h. Trademarks and proprietary information	Sections 14, 20.5 and 20.6	Items 13 and 14
i. Restrictions on products/services offered	Sections 3.3, 3.4, 11.1 and 13.3	Items 8, 11 and 16
j. Warranty and customer service requirements	None	
k. Territorial development and sales quotas	None	
l. Ongoing product/service purchases	Sections 6.7, 11.1, 13.3, 13.4 and 13.5	Item 8
m. Maintenance, appearance, and remodeling requirements	Sections 11.1 and 17.2	Item 11
n. Insurance	Sections 11.1 (j) and (k)	Items 6, 7 and 8
o. Advertising	Section 12	Items 6, 7 and 11

Obligation	Section in agreement	Disclosure document item
p. Indemnification	Section 19.3	Item 6
q. Owner's participation/ management/staffing	Sections 7.1, 7.2 and 11.1(c)	Items 11 and 15
r. Records and reports	Sections 5.3, 11.1(h), 12.4, 15.1, 15.2, 15.3, 15.4 and 18.5	Item 11
s. Inspections and audits	Sections 13.2 and 15.4	Item 6
t. Transfer	Section 16 of Franchise Agreement and Section 9.5 of Asset Purchase Agreement	Item 17
u. Renewal	Section 17.2	Item 17
v. Post-termination obligations	Sections 18.6, 18.7, 18.8 and 20.3	Item 17
w. Non-competition covenants	Sections 20.1 through 20.4	Item 17
x. Dispute resolution	Section 21 of Franchise Agreement and Sections 9.8 and 9.9 of Asset Purchase Agreement	Item 17
y. Other (Security Interest)	Section 22	Item 17

ITEM 10. FINANCING

We do not offer, either directly or indirectly, any financing arrangements. We do not arrange financing from other sources. We do not guarantee your note, lease of the Restaurant premises, or any other obligations you may incur. You agree in the Franchise Agreement (**Exhibit B**) that you will not, without our prior written consent, borrow more than the maximum allowed debt we prescribe. Currently, the maximum allowed indebtedness permitted to be serviced by your Restaurant is a maximum amount of \$140,000. The balance of your initial investment must be in the form of equity contributions from you.

We reserve the right to sell the accounts receivable from our franchisees or to use them as collateral for amounts we may borrow. We utilize these credit facilities and loans to finance our working capital needs. To the extent we presently do not transfer or assign the accounts receivable from our franchisees to third parties, we reserve the right to do so in the future. We have no other practice or intent to sell, assign, or discount to a third party all or a part of any franchise accounts receivable. We receive no payments for placing financing with any lender.

Under the Franchise Agreement, you are required to grant to us a security interest in all of your personal property used in the Restaurant. This secures the payment of all monetary obligations that you owe to us (e.g., royalty fees, Marketing and Promotion Fund contributions (as described in Item 11 below) and interest, costs and expenses of collection as well as all performance obligations under the Franchise Agreement, including those under Section 20 of the Franchise Agreement).

All shareholders, partners or members of an entity which is a franchisee are required to sign a personal guaranty. A personal guaranty means that as a shareholder, partner or member, you personally guarantee to us the payment of the monetary obligations and the performance of all of your non-monetary obligations under the Franchise Agreement. If your spouse is a shareholder, partner or member, then he or she is required to personally guarantee those obligations in favor of us as well. A copy of the Guaranty and

Assumption of Franchisee's Obligations that you must sign is attached as **Exhibit 10** to the Franchise Agreement. If you or your spouse is not a shareholder, partner or member, then he or she will be required to sign a spousal consent to allow assets jointly held by you and your spouse to be subject to claims under the Guaranty and Assumption of Franchisee's Obligations.

For prospective franchisees who wish to utilize the Small Business Administration ("SBA") loan program, we are willing to comply with the requirements of the SBA. This makes prospective franchisees eligible for financing in SBA transactions. We do not arrange for, or guarantee, this financing on your behalf. You must seek and secure this financing yourself based upon your own creditworthiness. Our willingness to comply with the SBA requirements only makes our franchise opportunity eligible to be financed through SBA financings. As a result, we have no knowledge of the terms and conditions under which such financing may be available to you.

In connection with our compliance with the SBA requirements, we have been required to make certain changes to our franchise offering. The SBA requires that a franchisor execute a standard form SBA Addendum to Franchise Agreement that is attached to this Franchise Disclosure Document as **Exhibit I**.

The SBA Addendum to Franchise Agreement, attached as **Exhibit I**, contain the terms under which your franchise will be governed if you are successful in obtaining SBA financing.

If you are interested in pursuing SBA financing for your franchise, you should read the SBA Addendum to Franchise Agreement carefully.

As part of an SBA financing, the Addendum to Franchise Agreement will be required to be executed at the closing of the SBA financing.

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

Except as listed below, Inchins Bamboo Garden Franchising LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open a Restaurant, we (or our representative, if applicable) will:

1. Give you specifications for the Restaurant's Franchised Location if you do not have a proposed location when you sign the Franchise Agreement. The Restaurant must be located within the Franchised Area that we mutually agree upon as specified in Section 3.1 of the Franchise Agreement. We do not generally own the premises of the Restaurant and lease it to you. We do not approve the site of the Restaurant, but we will provide you with suggestions and recommendations with respect to site selection. We base our suggestions and recommendations as to any proposed site on information you submit to us in a form sufficient to allow us to assess the location. (Section 9.1(b), Franchise Agreement) We reserve the right to determine whether a site proposed by you fulfills the requisite criteria for a franchised location. We also might provide certain lease review, lease negotiation, and lease assistance services, the terms of which are referenced again later in this Item 11. (Sections 6.1, 6.2, and 6.3, Franchise Agreement)

You must select the premises for your Restaurant. We typically will not negotiate your lease unless we determine for business reasons that the site is important in a particular market and that our negotiating the lease will expedite the lease review, approval, and signing process. We consider the following factors when we review your proposed Restaurant: general location, demographics of the neighborhood in which the

proposed site is located, physical characteristics of the site and buildings located there, the nature and location of competitive restaurants and potential customers, population density, available parking, size, traffic patterns and lease terms. Once we have all of the necessary documentation for review, we typically take 30 days to provide you with suggestions and recommendations as to your proposed Restaurant and lease. If you do not find a site and/or have a lease so that you can open your Restaurant within 240 days after signing the Franchise Agreement, we may terminate the Franchise Agreement and retain the initial franchise fee. (Section 6.1, Franchise Agreement)

Upon your request, we will provide advice and consultation on conforming the premises of your proposed Restaurant to local ordinances and building codes and obtaining required permits. We provide the decorating services that are covered by the Interior Décor Package Rental Fee described in Items 5 and 8. (Sections 6.7, 9.1(c), Franchise Agreement)

2. Provide certain financial and administration services in connection with (a) the evaluation of your franchise application, (b) seeking and selecting financing sources, (c) seeking and selecting insurers, (d) analyzing and reviewing the unit economic model, and (e) monitoring and tracking construction costs relative to budget. (Section 9.1(a), Franchise Agreement)

3. Provide you with the operating assets described in **Exhibit 3** to the Franchise Agreement. (Section 4.3, Franchise Agreement)

4. Give you advice regarding the required build out (including compliance with local ordinances and building codes), interior design, layout, floor plan, signs, design, color, and decoration of the Restaurant's premises and obtaining the required permits (occupancy, health and sanitation and sign permits). (Section 9.1(c), Franchise Agreement)

5. Give you advice regarding our standards and specifications for the equipment, supplies, and materials used in, and the selection of suppliers and menu items offered for sale by, your Restaurant. We give you a list of approved suppliers of equipment, supplies, and materials and, if available, a description of any national or central purchase and supply agreements that approved suppliers offer for the benefit of our franchisees. (Section 9.1(d), Franchise Agreement)

6. Assist you in recruiting a manager for your Restaurant (the "Designated Manager"). Train you, the Designated Manager and your employees in all respects of the operation of the Restaurant in an actual operating Restaurant located in Atlanta, Georgia or at another location we designate. A charge of \$2,000 per attendee up to a maximum of \$5,000 will be made for each of your attendees in addition to you and the Designated Manager. You must pay all travel and living expenses for your personnel during the training program. The availability of the training programs depends on space considerations and prior commitments to new INCHIN'S BAMBOO GARDEN® franchisees. (Sections 7.1 and 9.1(f), Franchise Agreement)

7. Loan you one copy of an Operations Manual (and appropriate updates and revisions from time to time), covering the operating and marketing methods and techniques for the Restaurant. (Sections 8 and 9.1(h), Franchise Agreement)

8. Provide opening assistance, from one or more of our representatives, to assist you in opening your Restaurant. (Section 9.1 (g), Franchise Agreement)

9. Guide you in implementing advertising and marketing programs, operating and sales procedures, and bookkeeping and accounting programs. (Section 9.1(e), Franchise Agreement)

10. Assist you in obtaining certain of the operating assets of the Restaurant, namely, the consumables, furniture and décor. The consumables to be provided are estimated to last for a year, but the number of each item to be provided will be as set forth on **Exhibit 3** to the Franchise Agreement. The furniture and décor items provided shall be as set forth on **Exhibit 3** of the Franchise Agreement. (Section 4.3, Franchise Agreement)

We will order the materials set forth on **Exhibit 3** to the Franchise Agreement upon receipt of payment of the Operating Assets Fee. All of the consumables shall be your property. In the event that you are not ready to open the Restaurant, you shall be responsible for the storage of these items at your expense and for the movement of those items from storage to the Restaurant when it is ready to open. (Section 4.3, Franchise Agreement)

Any further consumables and/or furniture and/or décor items beyond the quantities listed in **Exhibit 3** to the Franchise Agreement will be available for purchase from us in accordance with a price list to be established by us from time to time. The price list will be subject to additions for freight, packing, and delivery charges and all applicable taxes. (Section 4.3, Franchise Agreement)

Franchisee will also determine the time of delivery of the said consumables at the time of the initial signing of the Franchise Agreement, as the payments for the said consumables must be made in timely manner to ensure that the consumables arrive as needed for the opening of the Restaurant. (Section 4.3, Franchise Agreement)

These operating assets will be obtained from suppliers in the Atlanta, Georgia area and will be shipped to you f.o.b., Atlanta.

11. Arrange to provide you with the décor signature mural that is part of the trade dress of all of the Restaurants. The mural is proprietary to us, is part of the trade dress of all of our Restaurants and serves to differentiate our Restaurants from those of others. The mural will be painted on two of the main walls of the Restaurant that are most visible from within the Restaurant. (Section 6.7, Franchise Agreement)

12. Arrange to provide you with an interior décor package that we purchase in China and import to Atlanta, Georgia. The interior décor package is proprietary to us, is part of the trade dress of all of our Restaurants and serves to differentiate our Restaurants from those of others. The interior décor package consists of wall hangings and various and assorted Chinese artifacts selected to provide a unique Chinese atmosphere to the Restaurant and which vary from Restaurant to Restaurant but are chosen by us to provide an overall uniform Chinese atmosphere. (Section 4.4, Franchise Agreement)

13. Arrange to provide you with an appropriate inventory of Private Label Products (i.e., noodles, sauces and rice) that are served in all of the Restaurants. The Private Label Products are prepared according to unique proprietary recipes of ours and serve to differentiate the food served in the Restaurants from other Pan Asian restaurants. (Section 4.5, Franchise Agreement)

14. Visit the site of the Restaurant six times prior to opening at the following times:

- Initial preview of locations;
- At the time of approval of the site of the Restaurant;
- At the organizational meeting of contractors to award construction contracts prior to the start of construction;

- At the mid-point of construction;
- Two weeks prior to the opening of the Restaurant; and
- At the grand opening of the Restaurant. (Section 6.4, Franchise Agreement)

15. Visit the site of the Restaurant prior to opening as many times as is reasonably necessary to assist in preparing the Restaurant for opening, subject to the reimbursement of travel and living expenses described in Item 6. (Section 6.5, Franchise Agreement)

We provide you with some of the necessary signs, fixtures and supplies that are required for the opening and operation of the Restaurant that are covered by the Operating Assets Fee described in Items 5 and 8. Some of the total signs, fixtures and supplies of the Restaurant are delivered and installed by us as part of the services we provide that are covered by the Interior Décor Package Rental Fee described in Items 5 and 8. (Sections 4.4, 6.7 and 6.8, Franchise Agreement)

Senior Executive (Food Production) Assistance. We will recruit, conduct a background investigation, process an employment application, employ and train a Senior Executive (Food Production). The purpose of providing a Senior Executive (Food Production) is to provide authenticity in the recipes and food production in the Restaurant through the training we provide to the Senior Executive (Food Production). (Section 10.2, Franchise Agreement)

The Senior Executive (Food Production) for the Restaurant will be trained at our headquarters under our corporate Senior Executive (Food Production). The Senior Executive (Food Production) will be well aware and fluent in all of the operations of the Restaurant. At the time of opening of the Restaurant, and a specific date set thereon, you will reimburse us for the compensation and employment taxes associated with the Senior Executive (Food Production) for the Restaurant after such date. (Section 10.2, Franchise Agreement)

We will provide the Senior Executive (Food Production) for the Restaurant. The Senior Executive (Food Production) will be our employee and will be paid directly by us. You will reimburse us for the Senior Executive (Food Production)'s salary and other expenses connected with his employment, including but not limited to the employer's contribution to Social Security, workers' compensation and costs of other benefits. You will also be required to reimburse us for a cost of living adjustment to the annual compensation of the Senior Executive (Food Production) if the Restaurant is located in a Metropolitan Statistical Area that has a higher than median cost of living. In addition, under certain circumstances, if the Senior Executive (Food Production) is required to work seven days a week, you will be required to reimburse us for the seventh day of work at his then-current average daily rate of compensation. Reimbursement for the Senior Executive (Food Production) salary (including wages for the seventh day of work in a week and other expenses, shall be on a monthly basis, based upon the estimated costs, and payable a month in advance. The cost for the Senior Executive (Food Production) may increase up to 5% on an annual basis to cover salary increases and increases in other costs. We shall have the sole authority to determine the amount of any salary increases given to the Senior Executive (Food Production). The Senior Executive (Food Production) will assist in hiring, as employees of the Restaurant, additional personnel for the kitchen. The franchised business model requires efficient kitchen operation and our Operations Manual must be complied with. You are responsible to comply with the Kitchen Staff Requirement Criteria in our Operations Manual through the hiring of Kitchen Staff consisting of an Assistant Chef, Assistant Cook, Fryer, Food Preparers and Dishwasher. The Senior Executive (Food Production) is not responsible for the hiring and retention of these personnel. (Section 10.2, Franchise Agreement)

The Senior Executive (Food Production) will manage all operations of the kitchen, but will not be involved in the operation or management of the other aspects of the Restaurant. You will assist the Senior Executive (Food Production) in settling into the local geographic area by assisting him in finding an apartment and/or relocating. If the Senior Executive (Food Production) does not perform his duties properly, we will provide a substitute Senior Executive (Food Production) at our expense on an interim basis so that there is no interruption in the operation of the Restaurant. If a Senior Executive (Food Production) from the corporate headquarters is required by you for some reason other than the Senior Executive (Food Production)'s failure to perform his duties, then you will pay all expenses of recruiting and having a substitute Senior Executive (Food Production), including travel, salary, and related expenses for the Senior Executive (Food Production). (Section 10.2, Franchise Agreement)

You will provide to us in writing, in advance, a specific date for the opening of the Restaurant, at least 60 days prior of the opening of the Restaurant. Reimbursement for the Senior Executive (Food Production) compensation and travel and living expenses will then be payable to us from the date that is 30 days prior to the opening of the Restaurant regardless of the date of the actual opening of the Restaurant. (Section 4.2, Franchise Agreement)

The initial amount to be paid by you for the salary and other related expenses connected with the Senior Executive (Food Production), as set forth above is provided for in **Exhibit 2** to the Franchise Agreement. The expenses connected with the Senior Executive (Food Production) consist of salary, cost of living differential, rate for overtime services and a Chief Guaranty Fee as described in Items 5, 6 and 7. (Sections 5.3, 5.4, 10.1 and 10.2, Franchise Agreement) The cost of living differential will be governed by the difference in the Consumer Price Index (All Goods) between the previous location of the Senior Executive (Food Production) and the location of the Restaurant. The rates for overtime services will be governed by the federal law and the laws of the state in which the Restaurant is located. The expenses of the kitchen staff (excluding the salary and other related expenses connected with the Senior Executive (Food Production)) should not exceed 24% of Gross Sales. (Section 4.2, Franchise Agreement)

Schedule For Opening

We estimate that the typical length of time between the date you sign the Franchise Agreement and open your Restaurant is 6 to 8 months. This depends on your ability to locate a site, secure financing, and obtain a lease, zoning and building permit approval; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment, inventory, and supplies; weather; supplier delays in the installation of equipment, fixtures and supplies and completing training. You must open your Restaurant within 240 days after you sign the Franchise Agreement, subject to our 90 day extension period if despite your delinquent efforts factors beyond your control cause you to need additional time in which to open your Restaurant.

You must open the Restaurant within 240 days after signing the Franchise Agreement. We may grant you an additional period of up to 90 days in which to open the Restaurant. This extension is subject to you demonstrating diligent and good faith efforts to open the Restaurant and the presence of external factors beyond your control that prevent you from meeting the 240 day deadline. If you do not open the Restaurant within the 240 day time period (as may be extended) noted above, then we have the right to terminate the Franchise Agreement and retain the initial franchise fee.

You must notify us of the specific date for the opening of the Restaurant at least 60 days prior to the opening of the Restaurant. (Section 6, Franchise Agreement)

Continuing Assistance

During the operation of your Restaurant, we (or our representative, if applicable) will, if you request and, except as provided in paragraph 6 below, without cost to you:

1. Visit the Restaurant as many times as are reasonably necessary to provide advice and consultation on the operation and management of the Restaurant, subject to reimbursement of travel and living expenses described in Item 6. (Section 6.5, Franchise Agreement)

2. Provide telephone consultation regarding the continued operation and management of your Restaurant and advice regarding Restaurant services, product quality control, bookkeeping, accounting and inventory control procedures, menu items, customer relations, hiring and training employees, and similar general operating matters and problem resolution. (Section 10.1(a), Franchise Agreement)

3. Provide you with the Private Label Products required for the operation of the Restaurant. (Section 10.3, Franchise Agreement)

4. Give you access to advertising and promotional materials we develop, the cost of which we may pass on to you at our option. (Section 10.1(b), Franchise Agreement)

5. Provide you, as we deem necessary, on-going updates of information and programs regarding menu items and their preparation, the Restaurant business, and related Licensed Methods, including information about special or new services or products which we develop and make available to franchisees. (Section 10.1(c), Franchise Agreement)

6. Train replacement or additional Designated Managers during the term of the Franchise Agreement. We reserve the right to charge a tuition or fee for training, payable in advance, commensurate with our then-current published prices. Our charge for training at the present time is \$2,000 per person. You must pay all travel and living expenses for your personnel during the training program. The availability of the training programs depends on space considerations and prior commitments to new INCHIN'S BAMBOO GARDEN® franchisees. (Sections 7.2 and 10.1(d), Franchise Agreement)

7. Provide access to our payroll and bookkeeping services, including preparing balance sheets, profit and loss statements, a detailed general ledger, bank reconciliations, accounts payable checks, various tax reports, and payroll services if specifically asked for by you. During the first year, you are required to use an accounting firm designated by us to assist you in establishing a proper recordkeeping and accounting system. (Section 15.1, Franchise Agreement) (See Item 8)

8. Assist in resolving operating problems encountered in the operation of the Restaurant. (Section 10.1(a), Franchise Agreement)

Advertising Program

Marketing Fund. You must pay a Marketing and Promotion Fee of 1% of your weekly Gross Sales. (See Item 6) All franchisees contribute of the same rate. We deposit the Marketing and Promotion Fee in a bank, commercial account, or savings account ("Marketing Fund") that is commingled with our operating funds. However, we keep a separate accounting of contributions to, and expenditures from, the Marketing and Promotion Fees Paid. All company-owned or affiliate-owned Restaurants (if any) must pay into the Marketing Fund on a pro rata basis with all franchised Restaurants. All company-owned and affiliate-owned Restaurants (if any) will make a contribution to the Marketing Fund in an amount equal to the annual expenditures from the Marketing Fund multiplied by a fraction, the numerator of which is the number of

company-owned and affiliate-owned Restaurants and the denominator of which is the total of all franchised and company-owned and affiliate-owned Restaurants. In this way, the company-owned and affiliate-owned Restaurants will pay their pro rata share of all expenditures from the Marketing Fund. Because we do not audit the Marketing Fund, audited financial statements are not available to franchisees. Annual unaudited statements of contributions to, and expenditures from, the Marketing Fund certified as accurate by us are available upon request 120 days after the end of the Marketing Fund's fiscal year. (Section 12.3, Franchise Agreement)

We administer and control the Marketing Fund. We use the Marketing Fund to create, produce, and place advertising, in-store signs, in-store promotions, and commercial advertising for the purpose of brand building marketing and promotion; to pay agency costs and commissions; to create and produce video, audio, electronic and written advertisements; to administer multi-regional advertising programs, including direct mail and other media advertising (including the Internet); to employ advertising agencies and in-house staff assistance; and to support public relations, market research, and other advertising and marketing activities. The advertising may be disseminated in print, television, or radio. We may produce the advertising and marketing materials in-house or through an outside agency. The coverage may be a local, regional or national cable television campaign. (Section 12.3(b), Franchise Agreement)

Advertising Activities. We have no obligation to conduct any specific advertising on behalf of the franchise system, nor do we have any obligation to spend any amount on advertising in the area in which your Restaurant is located.

We reserve the right to make expenditures from the Marketing Fund for advertising on behalf of the franchise system that we, in our discretion, deem necessary and appropriate for the franchise system.

We reserve the right to select the media used for such advertising and whether such advertising will be conducted on a local, regional or national level.

We also reserve the right to choose the source of the creation of the advertising material. We do not have an obligation to spend any specific amount in the area or territory where any Restaurant is located.

You may use your own advertising materials only with our prior review and approval of the proposed advertising materials which will be provided within ten (10) business days after submission to us of the proposed advertising materials.

Presently, there is no advertising council, although we reserve the power to form and control an advertising council if we choose to do so. Presently, there are no local or regional advertising cooperatives, although we reserve the power to form and control advertising cooperatives if we choose to do so.

For the year ended December 31, 2023, total expenditures from the Marketing Fund were \$472,016 of which 61% was spent on the production of advertising materials (brochures) and media placements and 39% was spent on administrative and other expenses.

We may reimburse ourselves from the Marketing Fund for administrative costs, salaries, and overhead expenses related to administering the Marketing Fund and its marketing programs, including conducting market research, preparing material, and collecting and accounting for Marketing Fund contributions. In any fiscal year, we may spend more or less than the aggregate contribution of all of our Restaurants to the Marketing Fund in that year. The Marketing Fund may borrow from third party lenders to cover deficits or invest any surplus for future use. Any amounts that remain in the Marketing Fund at the end of each year are carried over and we apply them toward the next year's programs and expenses. The Marketing Fund is not our asset. The Marketing Fund is to maximize recognition of the Mark and patronage of Restaurants.

Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs and to place advertising and marketing that will benefit all franchisees, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund contributions by Restaurants operating in that geographic area or that any franchisee benefits directly or in proportion to its Marketing Fund contribution from the development of advertising and marketing materials or the placement of advertising. We have the right to deposit into the Marketing Fund any advertising, marketing, or similar allowances paid by suppliers with whom we have agreed that we will (or if we otherwise choose to) so deposit these allowances. (See Item 8) We assume no other direct or indirect liability or obligation to you for collecting amounts due to or maintaining, directing, or administering any advertising account.

The Marketing Fund will not be used for advertising that is principally a solicitation for the sale of franchises.

We may use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. We may at any time defer or reduce a franchisee's contributions and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to the contributors in proportion to their respective Marketing Fund contributions during the preceding 12 month period.

You must submit to us (through the mail, return receipt requested), for our prior approval at least ten (10) business days prior to publication, broadcast or use, samples of all advertising and promotional materials that you want to use which we have not prepared or previously approved. If our written approval is not received within ten (10) business days from the date we received the material, the material is deemed disapproved. You must conduct all advertising in a dignified manner and conform to the standards and requirements we specify. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials. At the present time, there are no designated or approved suppliers for marketing and promotional materials for the Restaurant. We do not derive revenue from your purchase of these marketing and promotion materials.

You may create your own advertising and promotion materials; however, all your advertising and promotion must be in media of a type and in a format we approve, be conducted in a dignified manner, and conform to the standards and requirements we specify. You may not use any advertising or promotional plans or materials until you receive our written approval. We will provide approval or disapproval of any proposed advertising or promotional plans or materials within ten (10) business days of submission to us.

You must participate in any promotion companies and advertising and other programs that we establish periodically.

There are no local or regional advertising cooperatives among franchisees in which you are required to participate.

Please see Items 6, 8 and 9.

Local Advertising. You are required to do local advertising and marketing of the Restaurant in an amount equal to 1% of Gross Sales each calendar quarter. We may require an accounting from you of the amounts spent on local advertising and marketing within 10 days following the end of each calendar quarter. We require all affiliate-owned Restaurants to spend money for local advertising on an equal percentage basis

with all franchised Restaurants. You may purchase local advertising and marketing separately through local marketing and media sources within a geographical area. Local advertising is your responsibility. In the event you fail to conduct the local advertising and marketing as required, we have the right to debit your bank account in the amount of 1% of your quarterly Gross Sales and place the local advertising and marketing on your behalf. (Section 12.4, Franchise Agreement)

Grand Opening. You must conduct a grand opening advertising and promotion program for your Restaurant at the time and in the manner we specify (depending on your particular circumstances). You must spend a minimum of \$5,000 on grand opening advertising and promotion within 120 days of opening of the Restaurant.

Computer Hardware and Software/Point of Sale Systems Requirements

You must obtain point of sale ("POS") workstations for taking customer orders, recording sales, and running local reports. You must use a POS system we designate in the Operations Manual or elsewhere. We currently require that you use the All-In-1 Restaurant Point of Sale and Management System from Toast, Inc. (the "Toast POS System") that has the specifications and the software, hardware and implementation/onboarding components set forth on Exhibit C to this Franchise Disclosure Document. At the present time, the cost of purchasing the POS System ranges between \$3,520 and \$4,520, and the monthly subscription fees for software total approximately \$520 per month. At the present time, the only approved vendor for the POS system is Toast, Inc., 401 Park Drive, Suite 801, Boston, Massachusetts 02215, telephone number (617) 672-0225, <https://pos.toasttab.com>. (Section 6.9, Franchise Agreement)

The hardware and software components used in the POS system are the proprietary property of Toast, Inc. Ongoing maintenance, repairs, upgrades and updates are provided by Toast, Inc. at additional cost upon the request of the user. (See Exhibit C to the Franchise Agreement) The estimated current annual costs of software upgrades from Toast, Inc. will be provided automatically by updates to the Toast POS System and the cost of which is included in the monthly subscription payment. The estimated current annual cost of optional or required (by Toast, Inc.) maintenance and support contracts, upgrades and updates, ranges from \$750 per hour for remote assistance to \$500 per 4 hour one-half day onsite assistance, plus travel and expenses, to \$1,000 per full day onsite assistance, plus travel and expenses, without a service contract. Because of the proprietary nature of the software, you are required to use the services of Toast, Inc. for the optional or required maintenance and support, upgrades and updates. However, the software upgrades and updates are included in the monthly subscription fees payable to Toast, Inc. (Section 6.9, Franchise Agreement)

There is no compatible equivalent component or program approved by us for use with the Toast POS System to perform the same functions. The Toast POS System provided by Toast, Inc. has been in continuous use by affiliate-owned Restaurants since December 2011. We reserve the right to change these specifications and to update specifications from time to time. (Section 6.9, Franchise Agreement)

We do not provide material benefits to franchisees based upon their purchase of products.

You must use a personal computer in operating your Restaurant and also use a letter quality printer to print reports generated by your personal computer. You may purchase any personal computer that is an MS-DOS system with a minimum 486 microchip capacity and any letter quality printer. We may require you to use specific software programs, although we do not currently do so. All hardware components are the proprietary property of their manufacturers, who need not provide ongoing maintenance, repairs, upgrades, or updates unless you pay for them. Their charges vary. (Section 6.9, Franchise Agreement)

We will have independent access to all of the sales information and data produced by your computer system but no independent access to any other information. There are no contractual limitations on our right to access this information and data. (Section 6.9, Franchise Agreement)

You have a contractual obligation to upgrade or update hardware components and software to meet our then current standards and specifications and to address technological developments or events. There are no contractual limitations on the frequency or cost of the required upgrades or updates. We are obligated to assist you in obtaining the above items and services. (Section 10.1 of the Franchise Agreement)

The POS system and personal computer will collect, organize and store all of the sales, expense and capital expenditure information that is generated in the operation of the Restaurant. (See Item 7) (Section 6.9, Franchise Agreement)

Operations Manual

The table of contents of our Operations Manual is attached as **Exhibit D** to this Franchise Disclosure Document. There are approximately 91 total pages in the Operations Manual.

Training Program

After you sign the Franchise Agreement and no later than 60 days before you open your Restaurant, you (or your managing owner) and your Designated Manager must attend and complete to our satisfaction the initial training program. You have up to 240 days after the signing of the Franchise Agreement to complete the training program satisfactorily, subject to extension as noted above. You and additional persons you designate may also attend the initial training program. We do not charge you for up to 2 individuals who attend training. In the event you wish to have additional persons attend the training sessions, the charge for each additional trainee is \$2,000 up to a maximum of \$5,000. You must pay travel, living expenses, and wages for all persons who attend the training sessions. Training may be conducted in Atlanta, Georgia, a certified regional training center, or a place of our choice or a combination of both. The training program is held four times a year and is scheduled based upon need for the initial training. (Section 7, Franchise Agreement)

Our training currently is a 7-day program (plus homework and self-paced study), with 3 days focused on training in a Restaurant. The program includes on-the-job training, homework and activities, and classroom training. We may change the training program and curriculum at any time. Our instructional materials consist primarily of the Operations Manual that is delivered in printed form. (Section 7, Franchise Agreement)

We will provide initial or supplemental training at any time during the term of the Franchise Agreement including for replacement or additional Designated Managers upon your request. Your request must be made within 30 days after the date a replacement Designated Manager is appointed by you. Upon our receipt of a request for supplemental training from you, we will schedule a training session within thirty (30) days thereafter. In the event the initial or supplemental training can be provided at our regularly scheduled training sessions, there will be no charge to you for such training. If the supplemental training is to be conducted at specially conducted training sessions, the charge for each attendee shall be \$2,000 up to a maximum of \$5,000.

We require you (or your managing owner) and your Designated Manager to attend an annual two-day seminar to be held in Atlanta, Georgia for the purpose of updating our franchisees on all matters involved in the operation of the Restaurant.

We may require you (or your managing owner) or your Designated Manager to attend, at your expense (although we do not charge tuition), during the term of the Franchise Agreement meetings, seminars, or conferences which we present in Atlanta, Georgia or at locations we determine from time to time to discuss topics such as advertising programs, new operations methods, training, management, sales, or sales promotion and other additional training programs and refresher courses. Attendance is optional unless we give you 30 days' prior written notice that they are mandatory. We will not require you to attend these training programs or seminars more than 4 times a year or for more than 3 days at anyone seminar. (Section 7, Franchise Agreement)

Although we customarily conduct classes at least once a quarter, we reserve the right to change the schedule in the future.

TRAINING PROGRAM			
Subject (Notes 1, 2 and 3)	Hours of Classroom Training	Hours of Training On-the-Job	Location
Introduction/Orientation/Review of Operations Manual	4 Hours		Alpharetta, GA or Franchised Location
Point-of-Sale (POS) System Overview and Training	4 Hours		Alpharetta, GA or Franchised Location
Front-of-house Operations/Employment and Scheduling/Serv Safe	4 Hours		Alpharetta, GA or Franchised Location
Alcoholic Beverage Training/Services and Supplies/Pest Control	6 Hours		Alpharetta, GA or Franchised Location
Field Trips – Equipment, Produce Store and Warehouse		6 Hours	Alpharetta, GA or Franchised Location
Review of Standards Manual/Reservations/Banquets and Catering/Documentation	4 Hours		Alpharetta, GA or Franchised Location
Marketing and Design	4 Hours		Alpharetta, GA or Franchised Location
To-Go Packaging/Mock Dinner Service	4 Hours		Alpharetta, GA or Franchised Location
Examination and Open Discussion	4 Hours		Alpharetta, GA
Pre-Opening Training	16 Hours	36 Hours	At the Restaurant

^{1/} These topics are inter-woven throughout the 7 days of on the job training, classroom, and homework; actual hours depend on location of training, class size, etc.

^{2/} Our employees who have experience in the areas of instruction will conduct the training program. Mr. Bijesh Sur will have responsibility as the Chief Executive Chef. Messrs. Agrawal and Patel will supervise the conduct of the training program. These persons have an aggregate of 30 years of experience in the restaurant industry and have been associated with us since our formation in May 2006.

- ^{3/} Mr. Agrawal will provide the training in the operation of the Restaurants and will oversee the operations of the Restaurants. Mr. Agrawal was responsible for all of the operations of the INCHIN'S BAMBOO GARDEN® restaurants at the two locations in Atlanta, Georgia formerly operated by IRI. Mr. Patel will oversee the development of the Restaurants. He was responsible for the finances of the INCHIN'S BAMBOO GARDEN® restaurants at the two locations in Atlanta, Georgia formerly operated by IRI.

ITEM 12. TERRITORY

You will receive an exclusive or protected territory consisting of a mileage radius around the specific location of the Restaurant measured from the front door of the Restaurant or other specific boundaries (e.g., streets, municipal limits, postal code zones) that will define a geographic area around the Restaurant. Prior to signing a Franchise Agreement, you and we will negotiate the boundaries of your exclusive or protected territory. The criteria we will consider in setting boundaries for your exclusive or protected territory are the number of Restaurants that can be accommodated by the market in which you desire to locate the Restaurant and, among other criteria, the population density, demographics, disposable income and existing competition in the market you have chosen. (See Item 11 – Site Selection Assistance) You will select and acquire a location for the Restaurant. You will select and propose to us a specific site for the Restaurant. The location of the Restaurant will be a specific numbered street or mall address at which the Restaurant will be physically located. We will review the proposed site against our specified criteria and inform you of how the proposed meets or does not meet those criteria. The final decision on site selection shall be made by you and we will not participate in that decision.

We and our affiliates may not establish any other franchised or company-owned Restaurants operating under the Mark anywhere within the exclusive or protected territory granted to you.

Under the Franchise Agreement, you must operate your Restaurant at a specific location identified in the Franchise Agreement. That location will be a specific numbered street or mail address. You may not conduct business from any other site, including unapproved catering and delivery services. There is no minimum sales quota. You may not relocate the Restaurant without our written consent. Our consent to relocation of the Restaurant will be based upon the same criteria used to determine the existing location for the Restaurant. You may advertise your Restaurant and solicit customers from any area and serve all customers who enter your Restaurant.

We do not grant you any options or similar rights to acquire additional franchises in your territory or in any area contiguous to your Restaurant, although a reduced initial franchise fee (see Item 5) may be available to you subject to the satisfaction of certain ownership criteria if we decide to grant an additional franchise to you.

The continuation of your territorial exclusivity does not depend on achievement of any certain sales volume, market penetration or other contingency. Your exclusive or protected territory may not be altered without your consent except upon expiration or termination of the Franchise Agreement.

In the event we wish to open another franchised or company-owned Restaurant in the area comprised of a 10-mile radius around your exclusive or protected territory (the area between the boundaries of your exclusive or protected area and a 10-mile radius around your exclusive or protected territory), we will offer you a right of first refusal to sign a Franchise Agreement for the new Restaurant. We will send a notice of our intentions and you will then have the opportunity to decide if you would like to open a new Restaurant at the proposed location. You will have 30 days from our notice to you regarding the proposed location for the new Restaurant to send us written notification of your intention to open the new Restaurant. If you do not send us notice of your intention to open the new Restaurant within the 30-day period, we will then be

free to open a franchised or company-owned Restaurant at the proposed location. If you notify us that you intend to open a new Restaurant at the proposed location, we will jointly negotiate the lease for the premises of the new Restaurant. In the negotiation process, if you are unwilling to accept the terms offered by the landlord, you will have the right to withdraw without any liability and we may then proceed to open a franchised or company-owned Restaurant at the proposed location without any compensation or consideration of any kind to you. (See Section 3.4, Franchise Agreement)

We retain the right under the Franchise Agreement: (a) to use, and to license others to use, the Mark and Licensed Methods to operate Restaurants using the Mark and the Licensed Methods at any location other than at a location within your protected territory; (b) to use the Mark and Licensed Methods in connection with services and products, promotional and marketing efforts or related items, or in any and all alternative channels of distribution, other than a physical restaurant located within your protected territory; (c) to use and license the use of different and alternative proprietary marks or methods for the operation of restaurants or other businesses under names which are not the same as or confusingly similar to the Mark, which businesses may be the same as, or similar to, or different from the Restaurants and may be located in your protected territory; and (d) to engage in any other activities not expressly prohibited in the Franchise Agreement. At the present time, we do not operate or franchise or plan to operate or franchise any restaurants or businesses of the type described in paragraph (c) above.

We do not pay any compensation to you in the event any other franchised or company-owned Restaurants advertise or solicit and accept orders and design from within your protected territory. You have the unrestricted right to advertise and solicit and accept orders from outside your protected territory via telephone, the internet or other direct marketing.

ITEM 13. TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the service mark INCHIN'S BAMBOO GARDEN® in the form shown below (the "Mark") to operate your Restaurant.

INCHIN'S BAMBOO GARDEN®

We registered the Mark on the Principal Register of the United States Patent and Trademark Office (USPTO) as follows:

Mark	Registration Number	Registration Date
"INCHIN'S BAMBOO GARDEN" service mark	4,620,582	10/14/14

The Mark is words only and is for restaurant and bar services. The application for registration of the Mark was filed by IRI and all of the rights of IRI to the Mark have been assigned to us. The Mark is not registered in any state.

We have filed all required affidavits. Our registration does not yet require renewal. The name is registered on the Principal Register of the United States Patent and Trademark Office.

There are no currently effective material determinations of Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court involving the Mark. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the Mark.

There is no pending federal or state court litigation regarding our use or ownership rights in the Mark.

Except for existing agreements with other franchisees, no agreements limit our right to use or license the use of the Mark at locations outside your protected territory. Except for the agreement with you, no agreements limit our right to use or license the use of the Mark in your protected territory.

You must notify us immediately of any apparent infringement or challenge to your use of the Mark and may not communicate with any person other than us, or our counsel, regarding this matter. You may not settle any claim without our written consent. We may take the action we deem appropriate and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising out of any infringement, challenge, or claim.

If a suit in equity or action at law is brought against you and/or us alleging that you and/or we have no right to use the Mark at your Franchised Location, we, with your cooperation, will assume the defense of the suit or action. Trademark counsel, chosen by us, will control and coordinate the defense. We will bear all costs of the defense, and any money we win belongs to us.

If the Mark is being used by an unlicensed party, in your Target Area and you ask us to protect or enforce your rights to the Mark, we, with your cooperation, will take whatever action we think is appropriate. This action will be controlled and coordinated by trademark counsel chosen by us. We will bear all the costs of protecting and enforcing the trademark rights. Any money that we win in defending the Mark will belong to us.

You must notify us immediately when you learn about an unlicensed third party who is using a name that is confusingly similar to the Mark or INCHIN'S BAMBOO GARDEN® in your Target Area. You and we will try to agree on a course of action. Trademark counsel chosen by us will control and coordinate whatever action that you and we decide on. You and we will share the costs of protecting our trademark rights and equally share any money that you and we win.

If we do not believe the use of the name by the third party is confusingly similar to INCHIN'S BAMBOO GARDEN® based upon the advice of our counsel, you may take whatever action you think is appropriate to protect or enforce your trademark rights in your Target Area. You will pay all of the costs of your course of action. We will cooperate with you to help you protect or enforce your trademark rights as long as we do not become a party to this action. Any money that you win belongs to you.

We have no knowledge of any superior prior rights or infringing uses that could materially affect your use of the Mark or INCHIN'S BAMBOO GARDEN® in any state in which the Restaurant is to be located.

In the event we decide to modify or discontinue use of any of the Mark, or to develop additional or substitute marks, you are required, within a reasonable time after receipt of written notice, to take such action, at your sole expense, as is necessary to comply with such modification, discontinuation, addition, or substitution. We are not required to reimburse you for your direct expenses of changing the Restaurant's exterior or interior signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise and we have no pending patent applications. Our Operations Manual, recipes, and related materials are considered proprietary and confidential and constitute trade secrets, to be used only as described in the Franchise Agreement. We claim copyrights in the Operations Manual, advertising and marketing materials, and similar items used in operating the franchise. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so to protect them. You may use these items only as we specify while operating your franchise (and must stop using them if we so direct you).

There currently are no effective determinations of the United States Patent and Trademark Office, the Copyright Office (Library of Congress) or any court regarding the copyrighted materials. We do not actually know of any infringing uses which could materially affect your using the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in our System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright.

We do not know of any patent or copyright infringement that could materially affect you.

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

Under the Franchise Agreement, you personally (or, if you are not an individual, your managing owner) or your Designated Manager must devote full time and best efforts to manage and operate your Restaurant, and you (or your managing owner) and your Designated Manager must successfully complete our mandatory initial training program. Although we recommend it, you (or your managing owner) need not participate personally in the Restaurant's on-site operation. In that case, however, your Designated Manager must manage the Restaurant's daily operations. (See Item 11) These are the only limitations on whom you can engage as an on-premises supervisor.

If you are a corporation, limited liability company, or partnership, we do not require your Designated Manager to have an equity interest in the entity. However, your Designated Manager and all of your officers, directors, partners, shareholders, and members (and, if you are an individual, your spouse) must agree to be bound by the confidentiality, non-disclosure and non-competition provisions of the Franchise Agreement.

Neither you nor any of the employees can have an interest in, or business relationship with, any of our business competitors. Each of your employees must sign an agreement to maintain confidentiality of the trade secrets described in Item 14 and conform to the covenants not to compete described in Item 17. The manager or supervisor, the officers and directors of a corporate franchise, the general and limited partners of a limited partnership franchise and each individual who owns a five percent (5%) or greater interest in the franchise entity must sign an agreement with covenants similar in substance to those described in Section 20 (noncompetition obligations) of the Franchise Agreement agreeing to be bound individually by the provisions of Section 20 of the Franchise Agreement.

The noncompetition obligations of Section 20 of the Franchise Agreement require that, upon expiration or termination of the Franchise Agreement, you refrain from being involved in, directly or indirectly, any business which offers products or services similar to the products and services offered by the Restaurant for a period of two years which is located within the Territory or within a 50 mile radius around the Franchised Location or within a 50 mile radius of any other restaurant operating under the Mark. In

addition, you must discontinue all use of the Mark and the System, disassociate yourself from us, assign to us the telephone numbers for the Restaurant, close all of your accounts with vendors and cancel any fictitious name registrations you made with respect to the Mark. Please refer to Items 17i, q and r of this Franchise Disclosure Document.

We may require each of your officers, directors, shareholders, partners, or members to sign an agreement (**Exhibit 8** to the Franchise Agreement) personally assuming and agreeing to perform all of your obligations and to be bound by the terms of the Franchise Agreement. All shareholders, partners or members of an entity which is a franchisee are required to sign a shareholder, partner or member guaranty. A shareholder, partner or member guaranty means that as a shareholder, partner or member, you must personally guarantee to us the payment of the monetary obligations of the franchise business to us under the Franchise Agreement and you must agree to become personally bound by the confidentiality, non-competition and dispute resolution provisions of the Franchise Agreement. If your spouse is a shareholder, partner or member, then he or she is required to personally guarantee the monetary obligations of the franchised business in favor of us and agree to the confidentiality, non-competition and dispute resolution provisions under the Franchise Agreement as well. A copy of the guaranty that you must sign is attached as **Exhibit 10** to the Franchise Agreement (**Exhibit B** to this Franchise Disclosure Document). If you or your spouse is not a shareholder, partner or member, then he or she will be required to sign a consent to allow assets jointly held by you and your spouse to be subject to claims under the guaranty.

We make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell all of the products, and only those products, that we approve or specify for the Restaurant and authorize you to offer for sale from time to time. You may not offer for sale any products that we have not approved and authorized you to offer for sale from the Restaurant. We have the right to change the types of approved products periodically and when we do you will be authorized (and obligated) to offer the newly approved products. In certain cases, you will be required to discontinue offering previously approved products. There are no limits on our right to do so.

We impose no other restrictions on goods or services you offer or the customers to whom you may sell.

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**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 or other agreement	Summary
a. Length of the franchise term	Section 17.1 of the Franchise Agreement	10 years
b. Renewal or extension of the term	Section 17.2 of the Franchise Agreement	Option to renew for additional 5 year term if you meet requirements
c. Requirements for you to renew or extend	Section 17.2 of the Franchise Agreement	Written notice at least 180 days before expiration, sign then-current form of Franchise Agreement which may contain terms materially different from those in the original Franchise Agreement, be in compliance with Franchise Agreement, sign release, pay fee, and renovate (if applicable)
d. Termination by you	Section 18.1 of the Franchise Agreement	Upon written notice if we materially fail to comply and fail to cure within 30 days after notice of default or such additional time reasonably needed to cure
e. Termination by us without cause	None	Bankruptcy and the provision in the Franchise Agreement for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.)
f. Termination by us with cause	Sections 18.2 and 18.5	We can terminate if you commit any of the listed violations: 1. Material misrepresentation including omission of information in application; 2. Unauthorized opening of Restaurant; 3. Disclosure of trade secrets or other confidential information; 4. Fraud in connection with opening or operation of Restaurant; 5. Abandonment of the Restaurant for 5 consecutive days for other than natural causes;

Provision	Section in franchise or other agreement	Summary
		6. Insolvency, assignment for benefit of creditors, unsatisfied judgments; 7. Criminal conviction; 8. Failure to make payments; 9. Underreporting of Gross Sales of 5% or more; 10. Failure to satisfactorily complete initial training program; 11. Misuse of Mark; 12. Three notices of default within any 12-month period; 13. Default under lease or sublease; 14. Unauthorized transfer of interest in Restaurant; and 15. Issuance of termination notice under any franchise agreement with us.
g. "Cause" defined – curable defaults	Section 18.3	72 hours for violations of health, safety, sanitation laws; 5 days to discharge executions against property; 10 days for failure to pay amounts owed or for misuse of Mark; and 30 days for all other defaults
h. "Cause" defined – non-curable defaults	Section 18.2	1. Material misrepresentation including omission of information in application; 2. Unauthorized opening of Restaurant; 3. Disclosure of trade secrets or other confidential information; 4. Fraud in connection with opening or operation of Restaurant; 5. Abandonment of the Restaurant for 5 consecutive days for other than natural causes; 6. Bankruptcy, insolvency, assignment for benefit of creditors, unsatisfied judgments; 7. Criminal conviction; 8. Failure to make payments; 9. Underreporting of Gross Sales of 5% or more; 10. Failure to satisfactorily complete initial training program; 11. Misuse of Mark; 12. Three notices of default within any 12-month period;

Provision	Section in franchise or other agreement	Summary
		13. Default under lease or sublease; 14. Unauthorized transfer of interest in Restaurant; and 15. Issuance of termination notice under any franchise agreement with us.
i. Your obligations on termination/non-renewal	Sections 18.7 and 18.8	Cease operating franchised business, cease using confidential information and Mark, deliver property containing the Mark, cancel assumed or similar name registrations, assign lease or de-identify, pay outstanding amounts and damages, deliver manuals, assign phone numbers, and comply with covenants
j. Assignment of contract by us	Section 16.5	No restriction on our right to assign
k. "Transfer" by you – defined	Section 16.1	Includes transfer of any interest in the Franchise Agreement, Restaurant assets, or an entity owned by you
l. Our approval of transfer by you	Section 16.3	No transfer without our approval
m. Conditions for our approval of transfer	Section 16.2	Full compliance, transferee qualifies, all amounts due are paid in full, all reports submitted, you have not breached any obligation during 60 day period before you requested our consent to transfer or during period between your request and the effective date of the transfer, transferee signs our then-current form of franchise agreement (which may differ materially include higher fees), transferee and its owners and affiliates do not operate or have ownership interest in competitive business, lease transferred, subordination of amounts due to you and your owners from transferee, completion of training, transfer fee paid, and execute and deliver other required documents (including release)
n. Our right of first refusal to acquire your business	Section 16.4	For 30 day period, we have right to match offer

Provision	Section in franchise or other agreement	Summary
o. Our option to purchase your business	Section 18.5	Price is 20% of Gross Sales for 12 month period immediately preceding expiration or termination of the Franchise Agreement
p. Your death or disability	Section 16.6	Assignment within 120 days of death or disability (or longer if required by probate proceedings); Designated Manager at the Restaurant at all times
q. Non-competition covenants during the term of the franchise	Sections 20.1 and 20.2	No involvement in any Competitive Business wherever located or operating; no involvement in Branded Business within a 1/4 mile radius of your Restaurant
r. Non-competition covenants after the franchise is terminated or expires	Section 20.3	You must pay liquidated damages equal to an amount equal to the discounted future royalty fees for the remainder of the term of Franchise Agreement. If you fail to pay such amount you are not permitted to have an interest in Competitive Business for 2 years within 50 miles of the former Franchised Location or any other Restaurant operating under the Mark. Competitive Business includes any Pan Asian cuisine.
s. Modification of the agreement	Section 23.1	Mutual agreement and signed by both parties to Agreement, but Operations Manual subject to change
t. Integration/merger clause	Section 23.2	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside this disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 21	Except for certain claims, all disputes must be mediated in Atlanta, Georgia; all parties waive their rights to a jury trial, subject to state law
v. Choice of forum	Section 21.1	Litigation in Atlanta, Georgia, subject to state law.
w. Choice of law	Section 21.1	Except for federal law, Georgia law applies (subject to state law); laws of state where Restaurant is located apply to in-term and post-term non-competition provisions

ITEM 18. PUBLIC FIGURES

We currently do not use any public figure to promote our franchise.

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 outlets, if there is a reasonable basis for the information, and if the information is included in this disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (a) a franchisor provides the actual records of an existing outlet you are considering buying; or (b) 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 representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 outlet, however, we may provide you with the actual records of that outlet. 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 Kaushik Patel, Vice-President, Chief Financial Officer and Director of Inchins Bamboo Garden Franchising LLC, 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022, (404) 271-4493, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. **OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1 Systemwide Outlet Summary For years 2021 to 2023				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	25	23	-2
	2022	23	23	0
	2023	23	20	-3
Company-Owned	2021	0	1	+1
	2022	1	1	0
	2023	1	2	+1
Total Outlets	2021	25	24	-1
	2022	24	24	0
	2023	24	22	-2

Table No. 2 Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) For years 2021 to 2023		
State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	1

Table No. 3
Status of Franchised Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
California	2021	7	1	1	0	0	0	7
	2022	7	0	0	0	0	1	6
	2023	6	0	0	0	0	0	6
Colorado	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Georgia	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	1	2
	2023	2	0	1	0	0	0	1
Illinois	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Texas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	1	0	0	0	2
Virginia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Washington	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Totals	2021	25	2	4	0	0	0	23
	2022	23	2	0	0	0	2	23
	2023	23	0	3	0	0	0	20

Table No. 4 Status of Company-Owned Outlets For years 2021 to 2023							
	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Totals	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2

Table No. 5 Projected Openings As of December 31, 2023			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	1	1	0
Florida	0	1	0
Michigan	0	1	0
New Jersey	1	1	0
New York	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
Total	2	7	0

Contact Information for Current Franchisees

A list of the names of all of our existing franchisees and the address and telephone numbers of their outlets is set forth on **Exhibit E** to this Franchise Disclosure Document.

Former Franchisee Contact Information

A list of the names of all of our franchisees whose Franchise Agreements were terminated, canceled, not renewed, or who otherwise ceased doing business during the period through December 31, 2023, or who have not communicated with us within the 10 weeks prior to the date of this Franchise Disclosure Document is set forth on **Exhibit F** to this Franchise Disclosure Document.

Previous Owner Information — None.

Confidentiality Agreements — No franchisees have signed confidentiality clauses during the last three fiscal years.

Franchisee Associations — None.

[Remainder of page intentionally left blank]

ITEM 21. FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as **Exhibit G-1** are our audited financial statements as of December 31, 2023, 2022 and 2021. The financial statements have been prepared in accordance with generally accepted United States accounting principles and have been audited by independent certified public accountants in accordance with United States auditing standards. Our fiscal year ends on December 31.

Attached to this Franchise Disclosure Document as **Exhibit G-2** are our unaudited financial statements as of and for the five month period ended May 31, 2024. THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

ITEM 22. CONTRACTS

The following agreements and other required exhibits are attached to this Franchise Disclosure Document in the pages immediately following:

Exhibit B	Franchise Agreement
Exhibit C	All-In-1 Restaurant Point of Sale and Management System Provided By Toast, Inc.
Exhibit H	State Addenda to Franchise Disclosure Document and Franchise Agreement

California
Maryland
New York
Virginia

Exhibit I	SBA Addendum to Franchise Agreement
Exhibit K	Receipts

ITEM 23. RECEIPTS

A Receipt in duplicate is attached as **Exhibit K** to this Franchise Disclosure Document (the last two pages to this Franchise Disclosure Document). You must sign both copies of the Receipt. Keep one copy for your records and send the other signed copy to Inchins Bamboo Garden Franchising LLC at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022.

If these pages or any other pages or exhibits are missing from your copy of this Franchise Disclosure Document, please contact us at the address and phone number on the cover page of this Franchise Disclosure Document with an issuance date of April 30, 2024, as amended July 16, 2024. State effective dates for this Franchise Disclosure Document appear on the State Effective Dates page, attached as **Exhibit J**, to this Franchise Disclosure Document.

**EXHIBIT A-1
TO FRANCHISE DISCLOSURE DOCUMENT**

STATE FRANCHISE ADMINISTRATORS

<u>State</u>	<u>Address</u>	<u>Telephone Number</u>
California	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344	1-866-275-2677
Hawaii	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813	808-586-2722
Illinois	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62706	217-782-4465
Indiana	Office of the Secretary of State Securities Division 302 West Washington, Room E-111 Indianapolis, IN 46204	317-232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place, 20 th Floor Baltimore, MD 21202-2020	410-576-7042
Michigan	Department of the Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48913	517-373-7117
Minnesota	Franchise Examiner Department of Commerce 85 East 7th Place, Suite 280 St. Paul, MN 55101	651-539-1600

<u>State</u>	<u>Address</u>	<u>Telephone Number</u>
New York	Office of the Attorney General New York State Department of Law Investor Protection Bureau Franchise and Securities Division 28 Liberty Street, 21 st Floor New York, NY 10005	212-416-8236
North Dakota	Office of Securities Commissioner 600 E. Boulevard Avenue State Capitol, 5th Floor, Dept. 414 Bismarck, ND 58505-0510	701-328-4712
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex-69-1 1511 Pontiac Avenue Cranston, RI 02920	401-277-3048
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501	605-773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, VA 23219	804-371-9051
Washington	Department of Financial Institutions Securities Division, 3 rd Floor 150 Israel Road, S.W. Tumwater, WA 98501	360-902-8760
Wisconsin	Securities Division Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705	608-261-9555

EXHIBIT A-2
TO FRANCHISE DISCLOSURE DOCUMENT

AGENT FOR SERVICE OF PROCESS

<u>State</u>	<u>Agent for Service of Process</u>	<u>Address</u>	<u>Telephone Number</u>
California	Corporations Counsel <u>Commissioner of Financial Protection and Innovation</u>	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013	1-866-275-2677
Maryland	Office of Attorney General	200 St. Paul Place, 20 th Floor Baltimore, MD 21202-2020	410-576-7042
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1 st Floor Richmond, VA 23219	804-371-9733

If a state is not listed, Franchisor has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Franchisor has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT



INCHINS BAMBOO GARDEN FRANCHISING LLC

FRANCHISE AGREEMENT

WITH

DATE: _____, _____

**INCHINS BAMBOO GARDEN FRANCHISING LLC
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

	Page
1. PURPOSE	1
1.1 Mark and Licensed Methods	1
1.2 Establishment of Restaurants	1
1.3 Franchisee Restaurant	1
2. GRANT OF FRANCHISE	1
2.1 Grant of Franchise	1
2.2 Scope of Franchise Operations	1
3. FRANCHISED LOCATION AND TARGET AREA	2
3.1 Franchised Location; Franchised Area	2
3.2 Limitation on Franchise Rights	2
3.3 Special Products	2
3.4 Franchisee's Right of First Refusal	2
3.5 Franchisor's Reservation of Rights	4
4. INITIAL FEES	4
4.1 Initial Franchise Fee	4
4.2 Senior Executive (Food Production) Processing Fee	4
4.3 Operating Assets Fee	4
4.4 Interior Décor Package Rental Fee.....	5
4.5 Private Label Products Fee.....	5
5. PERIODIC PAYMENTS	5
5.1 Royalty	5
5.2 Gross Sales	6
5.3 Senior Executive Compensation and Travel and Living Expense Reimbursement and Chef Guaranty Fee	6
5.4 Payment Method	6
5.5 Travel and Living Expenses Reimbursement.....	7
5.6 Failure to Report Gross Sales	7
5.7 Application of Payments	7
5.8 Interest on Overdue Payments	7
5.9 Administrative Charges	7
6. DEVELOPMENT OF FRANCHISED LOCATION	8
6.1 Selection of Franchised Location	8
6.2 Lease Review	8
6.3 Schedule	8
6.4 Mandatory Site Visits.....	9
6.5 Requested Site Visits.....	9
6.6 Conversion and Design	9
6.7 Interior Décor Lease Package.....	9
6.8 Signs	9
6.9 Equipment	10

6.10	Permits and Licenses	10
6.11	Commencement of Operations	10
6.12	Continuous Operation	11
6.13	Insurance	11
6.14	Music Service	11
7.	TRAINING	11
7.1	Initial Training Program	11
7.2	Additional Training Programs	12
8.	OPERATIONS MANUAL	13
8.1	Operations Manual	13
8.2	Changes to Operations Manual	13
9.	DEVELOPMENT ASSISTANCE	13
9.1	Franchisor's Development Assistance	13
10.	OPERATING ASSISTANCE	14
10.1	Franchisor's Assistance	14
10.2	Senior Executive (Food Production)	15
10.3	Private Label Products.....	15
11.	FRANCHISEE'S OPERATIONAL COVENANTS	16
11.1	Business Operations	16
11.2	Maximum Borrowing Limitation	20
12.	ADVERTISING	20
12.1	Approval and Use of Advertising	20
12.2	Grand Opening	20
12.3	Marketing and Promotion Fee	20
12.4	Local Advertising	22
12.5	Regional Advertising Programs	22
13.	QUALITY CONTROL	23
13.1	Standards and Specifications	23
13.2	Inspections	23
13.3	Restrictions on Services and Products	23
13.4	Approved Suppliers	23
13.5	Requests for Change of Supplier	23
14.	MARK, TRADE NAMES AND PROPRIETARY INTERESTS	24
14.1	Mark	24
14.2	Confidential Information and Trade Secrets	25
14.3	Trademark Infringement	26
14.4	Franchisee's Business Name	26
14.5	Change of Mark	26
14.6	Litigation	26
15.	REPORTS, RECORDS AND FINANCIAL STATEMENTS.....	27
15.1	Franchisee Reports	27
15.2	Financial Records Use and Access	28

15.3	Books and Records	28
15.4	Audit of Books and Records	28
15.5	Recordings of Surveillance Cameras	28
16.	TRANSFER	28
16.1	Transfer by Franchisee	28
16.2	Pre-Conditions to Franchisee's Transfer	29
16.3	Franchisor's Approval of Transfer	30
16.4	Right of First Refusal	30
16.5	Transfer by Franchisor	30
16.6	Franchisee's Death or Disability	31
17.	TERM AND RENEWAL	31
17.1	Term	31
17.2	Renewal	31
18.	DEFAULT AND TERMINATION	32
18.1	Termination by Franchisee	32
18.2	Termination by Franchisor - Effective Upon Notice	32
18.3	Termination by Franchisor - Thirty Days' Notice	33
18.4	Failure to Comply with Reporting Requirements	34
18.5	Right to Purchase	34
18.6	Obligations of Franchisee Upon Termination or Expiration	35
18.7	State and Federal Law	36
18.8	Assumption of Management	36
19.	BUSINESS RELATIONSHIP	37
19.1	Independent Businesspersons	37
19.2	Payment of Third Party Obligations	37
19.3	Indemnification	37
20.	RESTRICTIVE COVENANTS	37
20.1	Non-Competition During Term	37
20.2	Branded Business	38
20.3	Post-Termination Covenant Not to Compete	38
20.4	Termination by Franchisor and Liquidated Damages	38
20.5	Confidentiality of Proprietary Information	39
20.6	Confidentiality Agreement	39
21.	DISPUTES	40
21.1	Governing Law/Consent to Venue and Jurisdiction	40
21.2	Waiver of Jury Trial	40
21.3	Remedies	40
21.4	Limitation of Claims	40
21.5	Dispute Resolution Process	41
22.	GRANT OF SECURITY INTEREST.....	43
22.1	Collateral	43
22.2	Obligations Secured	43
22.3	Additional Documents	43
22.4	Possession of Collateral	43

22.5	Remedies of Franchisor in Event of Default	43
22.6	Limitations on Sale of Collateral.....	44
22.7	Special Filing as Financing Statement	44
23.	MISCELLANEOUS PROVISIONS	44
23.1	Modification	44
23.2	Entire Agreement	44
23.3	Delegation by Franchisor	45
23.4	Agreement Effective	45
23.5	Review of Agreement	45
23.6	Attorneys' Fees	45
23.7	Injunctive Relief	45
23.8	No Waiver	45
23.9	No Right to Set-Off	46
23.10	Invalidity	46
23.11	Notices	46
23.12	No Agency Relationship	46
23.13	Usage	46
23.14	Counterparts	46
23.15	Agreements	46

<u>EXHIBITS</u>	<u>INITIAL SECTION REFERENCE</u>
1 Mark	1.1
2 Addendum — Franchised Location and Fees	3.1
3 Consumables	4.3
4 Authorization Agreement for Prearranged Payments	5.4
5 All-In-1 Restaurant Point of Sale and Management System Provided By Toast, Inc.	6.9
6 Insurance Requirements	6.13
7 Addendum — Bookkeeping Services Agreement and Direct Debit Authorization	15.1
8 Statement of Ownership	16.1
9 Termination Agreement and Mutual Release of Claims	16.2; 17.2(d)
10 Guaranty and Assumption of Franchisee's Obligations	20.1
11 Franchisor Trade Dress	18.6(b)

FRANCHISEE: _____

ADDRESS: _____

EFFECTIVE DATE: _____

THIS AGREEMENT (the "**Agreement**") is between INCHINS BAMBOO GARDEN FRANCHISING LLC, a Georgia limited liability company, located at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022 ("**Franchisor**") and the franchisee listed above ("**Franchisee**") who agree as follows:

1. PURPOSE

1.1 **Mark and Licensed Methods.** Franchisor has developed methods for establishing, operating, and promoting restaurants offering a combination of Chinese, Indo Chinese, Indian, Malaysian, Burmese, Thai, and other cuisines originating from Southeast Asia ("**Pan Asian**") beverages, and related restaurant and carry out services under the service mark INCHIN'S BAMBOO GARDEN® per se and in combination with the logo as set forth on Exhibit 1 attached hereto (the "**Mark**") and Franchisor's proprietary and confidential techniques, expertise, and knowledge in establishing, operating, and promoting restaurants and related methods of doing business as the same may be modified by Franchisor at any time and from time to time (the "**Licensed Methods**").

1.2 **Establishment of Restaurants.** Franchisor grants to others the right to establish and operate restaurants under the Mark and using the Licensed Methods.

1.3 **Franchisee Restaurant.** Franchisee recognizes and acknowledges the benefits to be derived from being identified and associated with Franchisor, and being able to utilize the Mark and the Licensed Methods in the operation of a restaurant and therefore desires to establish a restaurant operating under the Mark and the Licensed Methods at a location selected by Franchisee in the exercise of its own business judgment. Franchisor is willing to grant Franchisee the right to operate a Restaurant under the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE

2.1 **Grant of Franchise.** Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, the right to use the Mark and Licensed Methods in connection with establishing and operating a restaurant at the location described in Section 3 (the "**Restaurant**"). Franchisee agrees to use the Mark and Licensed Methods, as they are changed, improved, and further developed by Franchisor from time to time, only in accordance with the terms and conditions of this Agreement.

2.2 **Scope of Franchise Operations.** Franchisee agrees at all times faithfully, honestly, and diligently to perform its obligations under this Agreement, to use best efforts to promote the Restaurant, and not to engage in any other business or activity that conflicts with the operation of the Restaurant in compliance with this Agreement. Franchisee agrees to utilize the Mark and Licensed Methods to operate all aspects of the Restaurant in accordance with the methods and systems developed and prescribed from time to time by Franchisor, all of which are a part of the Licensed Methods. The Restaurant shall offer all products and services designated by Franchisor at any time and from time to time. Franchisee shall implement any additions and changes to the products and services offered by the Restaurant that Franchisor requires.

3. FRANCHISED LOCATION AND TARGET AREA

3.1 **Franchised Location; Franchised Area.** Franchisee is granted the right to own and operate the Restaurant at a specific address and location (the "**Franchised Location**") within an exclusive geographic area described on Exhibit 2 (the "**Franchised Area**"). The Franchised Location cannot and will not under any circumstances be defined as a geographic area or be described in terms other than the specific numbered street or mall address proposed by Franchisee and accepted by Franchisor; provided, however, the Franchised Area consists of the defined geographic area described on Exhibit 2. During the term of this Agreement, the Franchised Location shall be used exclusively to operate the Restaurant.

3.2 **Limitation on Franchise Rights.** The rights granted to Franchisee are for the specific Franchised Location and cannot be transferred to any other location, except with Franchisor's prior written approval. The Mark and Licensed Methods are licensed only for the Franchised Location.

3.3 **Special Products.** From time to time, Franchisor may offer supplemental programs to be incorporated in certain Restaurants ("**Special Products**"). Franchisee may not offer a Special Product except with Franchisor's prior written permission.

3.4 **Franchisee's Right of First Refusal.** In the event Franchisor desires to open and operate a Restaurant under the Mark in the area encompassed by a radius of ten (10) miles around the Franchised Area (the "**Right of First Refusal Area**"), or in the event Franchisor desires to grant a license of the Mark to third parties in the Right of First Refusal Area, Franchisor and Franchisee shall proceed as follows:

(a) Franchisor shall give written notice to Franchisee of its intention to open and operate a Restaurant in the Right of First Refusal Area or to grant a license for the use of the Mark by a third party in the Right of First Refusal Area. Such written notice shall specify (i) the exact location where the Restaurant is to be opened, or the exact geographic area to be licensed, (ii) if determined, the terms upon which Franchisor proposes to open and operate such Restaurant or the terms upon which Franchisor is prepared to offer a license for use of the Mark to such third party, and (iii) the lease terms which Franchisor or the third party has obtained for such location, if any or a statement that Franchisor intends to commence negotiations with the landlord with respect to such lease terms;

(b) Upon receipt of the written notice from Franchisor, Franchisee shall determine whether it desires to open a Restaurant at the location specified in Franchisor's written notice. Franchisee shall have thirty (30) days from the date it receives Franchisor's written notice affirmatively to notify Franchisor in writing of its intention to open a Restaurant at the location specified;

(c) If Franchisor does not receive notification from Franchisee in accordance with this Section 3.4, Franchisor or any of its affiliates may then open a Restaurant under the Mark or Franchisor may license the use of the Mark to a third party at the location without compensation or consideration of any kind to Franchisee. However, in the event Franchisor or such third party does not have a fully executed lease for the location specified within one hundred twenty (120) days from the date of Franchisor's written notice provided under this Section 3.4, then the provisions of this Section 3.4 shall again become effective with respect to the location specified in such written notice; provided, however, that as long as good faith negotiations for a lease for such location are being diligently pursued, such time period shall be extended until a lease is executed or such good faith negotiations cease to continue;

(d) In the event Franchisee notifies Franchisor under this Section 3.4 of its intention to open a Restaurant at the location specified and Franchisor intends to commence negotiations with the landlord with respect to a final lease for such location, Franchisor and Franchisee shall each participate in such negotiations; provided, however, as between Franchisor and Franchisee, Franchisor shall have the

exclusive right to control such negotiations and to make all decisions as to the acceptance or rejection of lease terms. In the event that Franchisee is unwilling to accept any lease terms offered by the landlord which are acceptable to Franchisor, Franchisee shall have the right to so notify Franchisor and, upon the giving of such notice, Franchisee shall be deemed to have withdrawn completely without liability of any kind and no longer have any rights with respect to such location. Franchisor may then open a Restaurant under the Mark or Franchisor may license the Mark to a third party at such location without compensation or consideration of any kind to Franchisee. In the event Franchisor is unwilling to accept any lease terms offered by the landlord, and Franchisee is willing to accept such lease terms, notwithstanding Franchisor's recommendation not to accept such lease terms, Franchisee shall have the right to continue to negotiate with the landlord and to accept a lease for such location upon such lease terms then offered by the landlord. Franchisor shall give notice to Franchisee that it has determined that the lease terms are unacceptable to it and, upon the giving of such notice, Franchisor shall no longer have the right to participate in the negotiations with respect to such location and Franchisee shall be free to make the determination as to whether it desires to accept a lease for such location. In the event that the lease terms being offered by the landlord are satisfactory to Franchisor and Franchisee or to Franchisee alone and a lease for such location is to be executed by Franchisee, Franchisee shall execute a lease for such location and the provisions of Section 6 of this Agreement shall be applicable to such lease provided that the time periods in Section 6.3 shall run from the date of the signing of the lease for the location;

(e) In the event Franchisor or any of its affiliates opens a Restaurant in the Right of First Refusal Area in accordance with the foregoing provisions and subsequently receives a bona fide written offer and application from a third party to purchase such Restaurant and to obtain a license of the Mark for use in the operation of such Restaurant, Franchisor shall give Franchisee written notice and a copy of such bona fide written offer. Such written notice shall specify the exact location where the Restaurant is located. Franchisee shall determine whether it desires to purchase such Restaurant on the terms contained in such written offer. Franchisee shall have seven (7) days from the date it receives Franchisor's written notice affirmatively to notify Franchisor of its intention to purchase such Restaurant in accordance with the terms of the written offer. Franchisee shall then have sixty (60) days from the date of its notice to Franchisee to close the purchase of such Restaurant. Upon the failure of Franchisee to comply with either or both of the foregoing conditions, Franchisor shall be free to sell such Restaurant in accordance with the terms of the written offer without any further obligation to Franchisee;

(f) In the event Franchisor or any of its affiliates opens a Restaurant or grants a license for use of the Mark by third parties in the Right of First Refusal Area in accordance with the foregoing provisions, then Franchisee may not open a Restaurant within a twenty (20) mile radius of a Restaurant so opened by Franchisor or by such third parties or such larger area as is described as the noncompetition radius in the lease for such Restaurant, if any; and

(g) Notwithstanding any of the foregoing provisions to the contrary, Franchisee's rights under this Section 3.4 shall be subject at all times to the satisfaction of the following conditions precedent:

(i) Franchisee shall be in compliance with all of its obligations under this Agreement including, without limitation, its obligation to make all payments due Franchisor in a timely manner; and

(ii) Franchisee shall meet the then current qualification standards applicable to a prospective licensee of Franchisor who desires to execute a Franchise Agreement with Franchisor and open a Restaurant under the Mark.

In the event that Franchisee fails to satisfy both of such conditions precedent at any time during the term of this Agreement, its rights under this Section 3.4 shall be suspended during such period of time and shall be reinstated at the time Franchisee has once again satisfied such conditions precedent.

3.5 **Franchisor's Reservation of Rights.** Franchisee acknowledges that, except as expressly provided herein, the franchise granted under this Agreement is nonexclusive, that Franchisee has no territorial protection, except for the Franchised Area, and that Franchisor retains the right to: (a) use, and license others to use, the Mark and Licensed Methods for the operation of restaurants using the Mark and the Licenses Methods at any location other than a location within the Franchised Area; (b) use the Mark and Licensed Methods in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution other than a physical restaurant located within your Franchised Area, without regard to location within or outside of the Franchised Area; (c) use, and license the use of, alternative proprietary trademarks or service marks or methods in connection with the operation of restaurants or other businesses under names which are not the same as or confusingly similar to the Mark, which businesses may be the same as, or similar to, or different from restaurants operating under the Mark; and (d) to engage in any other activities not expressly prohibited in this Agreement.

4. INITIAL FEES

4.1 **Initial Franchise Fee.** Franchisee agrees to pay to Franchisor, concurrently with signing this Agreement, an initial franchise fee ("**Initial Franchise Fee**") in the amount set forth on Exhibit 2. Franchisee acknowledges and agrees that the Initial Franchise Fee represents payment for the initial grant of the right to use the Mark and Licensed Methods, that Franchisor has fully earned the Initial Franchise Fee upon receipt and that the Initial Franchise Fee is not refundable to Franchisee under any circumstances after it is paid.

4.2 **Senior Executive (Food Production) Processing Fee.** Franchisee agrees to pay to Franchisor, concurrently with signing this Agreement, a fee for recruiting and processing a senior executive-food production (the "**Senior Executive (Food Production)**") for placement at the Franchised Location in the amount set forth on Exhibit 2 (the "**Senior Executive (Food Production) Processing Fee**"). The Senior Executive (Food Production) will be primarily responsible for, and will direct, the management of the food production operations for the Franchised Location, set policies and goals with authority to make major decisions regarding food production and authority to hire and fire or transfer employees of Franchisee working in the food procurement and production areas. Franchisor will cause the Senior Executive (Food Production) to be well aware and fluent in all of the operations of the Restaurant. At the time of opening of the Franchised Location, and a specific date set thereon, the franchisee will pay Franchisor directly for the Senior Executive (Food Production) as provided below.

Franchisee will provide, in writing, in advance at least sixty (60) days prior to the opening of the Restaurant, notice of the specific date upon which the Restaurant will open for business. Reimbursement of the Senior Executive's compensation and actual travel and living expenses is payable by Franchisee to Franchisor effective thirty (30) days prior to the above-specified date, and onwards irrespective of the date of the actual opening of the Restaurant.

Franchisee acknowledges and agrees that the Senior Executive (Food Production) Processing Fee is payment to Franchisor to recruit, process an application, employ and train a Senior Executive (Food Production) for the Franchised Location, that Franchisor has fully earned the Senior Executive (Food Production) Processing Fee upon receipt and that the Senior Executive (Food Production) Processing Fee is not refundable to Franchisee under any circumstances after it is paid.

4.3 **Operating Assets Fee.** Franchisee agrees to pay to Franchisor the sum set forth on Exhibit 2 in payment for consumables for a 100-seat restaurant (the "**Operating Assets Fee**"). The number of each item of consumables to be provided shall be as set forth on Exhibit 3. Because some of the consumables have to be ordered substantially in advance, the Franchisee will pay the amount as per Exhibit 2 to Franchisor concurrently with the signing of this Agreement. Franchisee acknowledges and agrees that the Operating Assets Fee is payment to Franchisor for the purchase of the property described on Exhibit 3, that Franchisor has fully earned the Operating Assets Fee upon receipt and that the Operating Assets Fee is not refundable to Franchisee under any circumstances after it is paid.

Franchisor will order the Operating Assets set forth on Exhibit 3 upon receipt of such payment. The Operating Assets will be shipped to Franchisee, f.o.b. Atlanta, Georgia. Those Operating Assets shall be the property of Franchisee upon delivery to the carrier in Atlanta. In the event that the Franchisee is not ready to open the Restaurant, Franchisee shall be responsible for the storage of the consumables at its expense and for the movement of those items from storage to the Restaurant when they are ready to open the Restaurant.

Any additional consumables beyond the quantities listed on Exhibit 3 will be available for purchase from the Franchisor in accordance with a price list to be established by Franchisor. The price list will be subject to additions for freight, packing, and delivery charges and all applicable taxes.

Franchisee will also determine the time of delivery of the said consumables at the time of the initial signing of the agreements, as the payments for the said consumables have to be made in timely manner to ensure that.

Franchisee acknowledges and agrees that the Operating Assets Fee is payment to the Franchisor for the initial consumable, furniture and décor items to be used in the operation of the Restaurant, that Franchisor has fully earned the Operating Assets Fee upon receipt and that the Operating Assets Fee is not refundable under any circumstances after it is paid.

4.4 **Interior Décor Package Rental Fee.** Franchisee agrees to pay to Franchisor, upon the signing of the lease for the premises of the Restaurant, a proprietary interior décor package rental fee (the "**Interior Décor Package Rental Fee**") in the amount set forth in Exhibit 2. Franchisee acknowledges and agrees that the Interior Décor Package Rental Fee represents payment in full for a prepaid lease for the period during which this Agreement is in effect of the layout and design of the Restaurant and the various items of interior décor (e.g., Xian warriors, Foo Dogs, waiting area seating, paintings, wall hangings and various and assorted Chinese artifacts) that Franchisor purchases in China and imports to Atlanta, Georgia that is part of the trade dress of all of Franchisor's Restaurants, that Franchisor has fully earned the Interior Décor Package Rental Fee upon receipt and that the Interior Décor Package Rental Fee is not refundable to Franchisee under any circumstances after it is paid. Franchisee further acknowledges and agrees that Franchisor, as the owner of the items of interior décor, has the right to replace, remove and change such items of interior décor at its discretion.

4.5 **Private Label Products Fee.** Franchisee agrees to purchase from Franchisor all of the requirements of the Restaurant for our private label food products and consumables that are served or used in all of our Restaurants (the "**Private Label Products**"). The purchase price for the Private Label Products is payable in full upon delivery to the Restaurant. We fully earn the purchase price when paid. It is not refundable under any circumstances.

5. PERIODIC PAYMENTS

5.1 **Royalty.** Franchisee will pay to Franchisor a monthly royalty fee ("**Royalty Fee**") equal to eight percent (8%) of the total amount of its Gross Sales, defined in Section 5.2, generated from or through the Restaurant.

5.2 **Gross Sales.** As used herein, "**Gross Sales**" is defined as sales of any kind for all services or products from or through the Restaurant, including any sale of services or products made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, and regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement, or whether such sale is at the Franchised Location or off-site, but exclusive of discounts, sales taxes, or other similar taxes and credits. Gross Sales also include the fair market value of any services or products received by Franchisee in barter or exchange for its services and products.

5.3 **Senior Executive Compensation and Travel and Living Expense Reimbursement and Chef Guaranty Fee.** Franchisor will provide the services of the Senior Executive (Food Production) for the Restaurant during the thirty (30) day period prior to the opening of the Restaurant and during all of the operating hours of the Restaurant (the "**Pre-Opening Period**"). The Senior Executive (Food Production) will be an employee of Franchisor and will be paid directly by Franchisor. Franchisee will: (a) reimburse Franchisor for the salary (including one week's paid vacation) and other expenses connected with the employment of the Senior Executive (Food Production), including but not limited to the employer's contribution to Social Security, workers' compensation, and costs of other benefits (the "**Senior Executive Compensation**") as set forth on Exhibit 2; (b) reimburse Franchisor for the actual travel costs of the Senior Executive (Food Production) in the Pre-Opening Period; (c) reimburse Franchisor for the actual costs of the and living expenses provided to the Senior Executive (Food Production) up to a maximum of \$1,000 per month; and (d) pay to Franchisor a Chef Guaranty Fee in respect of the Senior Executive (Food Production) in an amount equal to .5% of Gross Sales. This reimbursement shall be on a monthly basis, based upon the estimated costs, and payable a month in advance. The Chef Guaranty Fee payment shall be made monthly at the same time as the payment of the Royalty Fee. In the event that, after the Restaurant has been open and operating at least 60 days, the Senior Executive (Food Production) works seven days a week without a day off, then the Senior Executive (Food Production) will be entitled to compensation for such days' work and you will be required to reimburse us for the extra days of work at the then-current average daily compensation of the Senior Executive (Food Production). The cost for the Senior Executive Compensation and Travel and Living Expense Reimbursement may increase up to a maximum amount of 5% annually to cover salary increases and increases in other costs. Franchisor shall have the sole authority to determine the amount of any salary increases given to the Senior Executive (Food Production), subject to the maximum amount of increase set forth above. In addition to the Senior Executive (Food Production) Compensation, if a substitute Senior Executive (Food Production) is required, an amount equal to one week's compensation shall be payable to a substitute Senior Executive (Food Production) who shall serve during the one week of vacation to which the Senior Executive (Food Production) is entitled.

5.4 **Payment Method.** Payments of Senior Executive Compensation and Travel and Living Expense Reimbursement will be paid monthly in advance on the first day of each calendar month (the "**Monthly Due Date**") and will be made available to Franchisor through direct debit and by electronic funds transfer on the Monthly Due Date. Payments of Royalty Fees, Senior Executive Compensation and Travel and Living Expense Reimbursement and Marketing and Promotion Fees (as defined in Section 12.3) will be paid weekly and will be made available to Franchisor through direct debit and by electronic funds transfer, due on Thursday (for the preceding Monday through Sunday period), or such other specific day of the week which Franchisor designates from time to time (the "**Weekly Due Date**"). Upon the request of Franchisor and in no event later than thirty (30) days before the Restaurant opens, Franchisee shall execute an Authorization Agreement, in the form attached to this Agreement as Exhibit 4, for pre-authorized

payment of Royalty Fees, Senior Executive Compensation and Travel and Living Expense Reimbursement and Marketing and Promotion Fees and other amounts due from Franchisee under this Agreement or otherwise, through direct debit and by electronic transfer of funds from Franchisee's bank account to Franchisor's bank account. On the Tuesday preceding each Weekly Due Date, Franchisee shall report to Franchisor by telephone, electronic means, or in written form, as Franchisor directs (as more fully described in Section 15), Franchisee's Gross Sales and such additional information requested by Franchisor. Franchisor shall have the right to verify such payments of Royalty Fees, Senior Executive Compensation and Travel and Living Expense Reimbursement and Marketing and Promotion Fees from time to time as it deems necessary in any reasonable manner. If Franchisee fails to have sufficient funds in its account or otherwise fails to pay any payment of Royalty Fees, Senior Executive Compensation and Travel and Living Expense Reimbursement, Marketing and Promotion Fees or administrative charges due as of the Monthly Due Date or Weekly Due Date, as the case may be, Franchisee shall owe, in addition to such Royalty Fee Payments, simple interest at the rate of eighteen percent (18%) per annum (or portion thereof) on the amount of the delinquent payment; provided, however, in no event shall Franchisee be required to pay interest at a rate greater than the maximum commercial contract interest rate permitted by applicable law.

At all times during the term of this Agreement, Franchisee shall maintain a balance of \$5,000 in the bank account identified on Exhibit 4 to provide for payment by direct debit of payments of Royalty Fees, Senior Executive Compensation and Travel and Living Expense Reimbursement, Marketing and Promotion Fees and administrative charges.

Franchisor may require Franchisee to pay the payments of Royalty Fees, Senior Executive Compensation and Travel and Living Expense Reimbursement and Marketing and Promotion Fees and other amounts due under this Agreement by means other than automatic direct debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

5.5 Travel and Living Expenses Reimbursement. Franchisee will reimburse Franchisor for Franchisor's travel and living expenses when Franchisor's personnel travel to the site of the Restaurant. This includes visits by our Corporate Chef prior to the opening of the Restaurant. The total amount subject to reimbursement prior to the opening of the Restaurant is limited to a maximum amount of \$6,000 and compensation for our Corporate Chef for a two-week period at \$2,250 per week or a total of \$4,500. In the event Franchisee desires to extend the visit by our Corporate Chef or requests additional visits by our Corporate Chef, the additional compensation is \$2,250 per week or pro rata for periods of less than one week. This expense reimbursement is applicable to all visits made to the Restaurant by Franchisor's personnel whether prior to or after the opening of the Restaurant; provided, however, site visits made after the opening of the Restaurant are not subject to the \$6,000 limitation.

5.6 Failure to Report Gross Sales. In the event Franchisee fails to report Gross Sales as required above, for any weekly operating period, Franchisor shall be authorized to debit Franchisee's bank account in an amount equal to the sum of: (a) \$850 or the average of the last four weeks' Royalty Fee payments, whichever is higher, in payment of the Royalty Fee for such weekly operating period; (b) the actual amount of the Senior Executive Compensation and Living Expense Reimbursement for such weekly operating period; (c) \$200 in payment of the Marketing and Promotion Fee for such weekly operating period; and (d) \$150 in payment of the administrative charge due and payable to Franchisor pursuant to Section 5.9.

5.7 Application of Payments. Notwithstanding any designation Franchisee might make, Franchisor may apply any payments made by Franchisee to any of Franchisee's past due indebtedness to Franchisor or its affiliates. Franchisee acknowledges that Franchisor has the right to set-off any amounts Franchisee owes Franchisor or its affiliates against any amounts Franchisor or its affiliates might owe Franchisee.

5.8 **Interest on Overdue Payments.** Interest at the rate of one and one-half percent (1.5%) per month or the highest interest rate otherwise permitted by law shall accrue on all overdue payments in favor of Franchisor.

5.9 **Administrative Charges.** In the event Franchisee fails to report Gross Sales on the Tuesday before each Weekly Due Date, fails to have funds on deposit in Franchisee's bank account on the Weekly Due Date in an amount equal to the aggregate of the Royalty Fee, Senior Executive Compensation and Living Expense Reimbursement and Marketing and Promotion Fee then due, or fails to deliver to Franchisor any other report requested by Franchisor within seven (7) days of the request, Franchisee shall be obligated to reimburse Franchisor for administrative costs incurred by Franchisor in investigating and causing a cure of such default in the amount of One Hundred Fifty Dollars (\$150) per occurrence.

6. DEVELOPMENT OF FRANCHISED LOCATION

6.1 **Selection of Franchised Location.** Franchisee may operate the Restaurant at any Franchised Location selected by Franchisee. Franchisor will provide site selection criteria and other suggestions and recommendations with respect to the Franchised Location of the Restaurant but, ultimately, the Franchised Location of the Restaurant must be selected by Franchisee. Franchisor recommends that Franchisee follow Franchisor's site selection procedures in locating a Franchised Location for the Restaurant, but Franchisee is authorized to use other site selection criteria if it so desires. Franchisee shall submit a completed site submittal package, including demographics and other materials requested by Franchisor, containing all information reasonably required by Franchisor to assess a proposed Franchised Location and to make suggestions and recommendations with respect to the proposed Franchised Location. As part of the site submittal package, Franchisee shall submit to Franchisor evidence of a due diligence investigation with respect to the use of any trade name for a restaurant located in the Target Area that uses any of the words contained in the Mark in such trade name. Franchisee shall be solely responsible for the thoroughness and accuracy of such investigation.

6.2 **Lease Review.** Franchisee shall allow Franchisor to review any lease or purchase agreement for the Franchised Location before executing the same. In its discretion, Franchisor shall have the right to require any lease agreement for the Franchised Location to be collaterally assigned to Franchisor as security for Franchisee's performance of its obligations under this Agreement and to provide Franchisor with certain rights in and to the leased premises upon the expiration or termination of this Agreement. In such case, a form of collateral assignment of lease will be negotiated with, and approved by, the landlord under the lease. Prior to its execution, Franchisee's proposed lease agreement for the Franchised Location must be reviewed by Franchisor. Such review is for the benefit of Franchisor, and Franchisee acknowledges that Franchisor's review of a lease agreement for the Franchised Location does not constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability or profitability of the Franchised Location or the lease agreement, and Franchisee should take all steps necessary to ascertain whether the Franchised Location and lease agreement are acceptable to Franchisee. Franchisee shall deliver a copy of the signed lease for the Franchised Location and such collateral assignment (if required) to Franchisor with five (5) days after it is signed.

6.3 **Schedule.** Franchisee shall open the Restaurant for business no later than 240 days from the date this Agreement is signed. Franchisor will extend the time in which Franchisee has to open the Restaurant for business for one 90 day period in the event Franchisee, in the judgment of Franchisor which need not be exercised in a reasonable manner, has demonstrated diligent good faith efforts to open the Restaurant and factors beyond Franchisee's reasonable control prevent Franchisee from meeting this deadline and Franchisee requests in writing an extension of time before the end of the 240 day period. Franchisee shall provide Franchisor with notice of a specific date for the opening of the Restaurant at least 60 days prior to the opening of the Restaurant.

6.4 **Mandatory Site Visits.** Franchisor shall visit the Restaurant six times prior to opening at the following times:

- Initial preview of locations;
- At the time of approval of the site of the Restaurant;
- At the organizational meeting of contractors to award construction contracts prior to the start of construction;
- At the mid-point of construction;
- Two weeks prior to the opening of the Restaurant; and
- At the grand opening of the Restaurant.

6.5. **Requested Site Visits.** At the request of Franchisee, Franchisor shall visit the Restaurant prior to opening as many times as are reasonably necessary to assist Franchisee in preparing the Restaurant for opening, subject to the reimbursement for travel and living expenses provided for in Section 5.5.

6.6 **Conversion and Design.** Franchisee acknowledges that the layout, design, decoration and color scheme of the Restaurant are an integral part of the Licensed Methods, and, accordingly, Franchisee shall convert and decorate the Franchised Location in accordance with Franchisor's plans, designs, and specifications. Franchisee also shall obtain Franchisor's written consent to any conversion, design, or decoration of the Franchised Location before remodeling or decorating begins, recognizing that such remodeling and decoration, and any related costs, are Franchisee's sole responsibility.

6.7 **Interior Décor Lease Package.**

(a) Franchisor will assist Franchisee with the installation of the décor signature mural that is part of the trade dress of all of the Restaurants. The content and design of the mural are owned by, and proprietary to, Franchisor and serve to differentiate the Restaurants from those of others. The mural will be painted on two of the main walls of the Restaurant that are most visible from within the Restaurant.

(b) Franchisor will provide Franchisee with an interior décor package that Franchisor purchases and imports from China (i.e., all décor used in a Restaurant operating under the Mark, including but not limited to all jalis, bamboo screens, paintings and Xian warriors) (the "**Interior Décor Lease Package**"). The Interior Décor Lease Package is owned by, and proprietary to, Franchisor and serves to differentiate the Restaurants from those of others. The interior décor package consists of wall hangings and various and assorted Chinese artifacts selected by Franchisor to provide a unique Chinese atmosphere to the Restaurant.

(c) Franchisor hereby leases to Franchisee, and Franchisee hereby accepts, a lease of the Interior Décor Lease Package for the entire period during which this Agreement is in effect in exchange for the payment of the Interior Décor Package Fee.

6.8 **Signs.** Franchisee shall purchase or otherwise obtain for use at the Franchised Location and in connection with the Restaurant the maximum number and size of signs allowed by applicable building codes or sign ordinances, which signs shall comply with Franchisor's standards and specifications. It is Franchisee's sole responsibility to ensure that all signs comply with applicable local sign ordinances, building codes, and zoning regulations. Any modifications to Franchisor's standards and specifications for

signs due to local sign ordinances, codes, or regulations shall be submitted to Franchisor for prior written approval. Franchisee acknowledges that the Mark, or any other name, symbol, or identifying mark on any signs, shall be used only in accordance with Franchisor's standards and specifications and only with Franchisor's prior written approval.

6.9 **Equipment.** Franchisee shall purchase or otherwise obtain for use in connection with the Restaurant the equipment, including delivery vehicles (if utilized), computer hardware and software, a point of sale system and surveillance cameras (the "**Surveillance Cameras**") of a type and in an amount which complies with Franchisor's standards and specifications and only from suppliers or other sources approved by Franchisor from time to time and utilize the same in accordance with the Operations Manual (as defined in Section 8.1). Franchisee acknowledges that the type, quality, configuration, capability, and performance of the Restaurant equipment are all standards and specifications which are a part of the Licensed Methods. Franchisee shall purchase or lease for use in the Restaurant the All-In-1 Restaurant Point of Sale and Management System provided by Toast, Inc., a publicly-held company, which includes software, hardware and implementation/onboarding services as described in Exhibit 5 that accurately records every sale or other transaction. Franchisee shall purchase, or Franchisor, an affiliate or an approved supplier may license to Franchisee for the license fee it determines, software to be used by Franchisee in conjunction with the System. Franchisee shall submit any required reports in a format designated from time to time by Franchisor. Franchisee grants Franchisor the right to access the System and to obtain sales, sales mix, and revenue information directly by modem or otherwise. Franchisee acknowledges that Franchisor will use information from required reports primarily to make business and marketing decisions. Franchisee shall be obligated to upgrade or update the System, the software and the Surveillance Cameras at Franchisee's sole cost, to meet Franchisor's then-current standards and specifications and to address technological developments or events. Franchisor has no obligation to reimburse Franchisee for any of these costs.

6.10 **Permits and Licenses.** Franchisee agrees to obtain all permits and licenses required for the lawful construction and operation of the Restaurant together with all certifications from government authorities having jurisdiction over the Franchised Location that all requirements for construction and operation have been met, including, without limitation, zoning, access, sign, health, fire, and safety requirements; building and other required construction permits; licenses to do business; fictitious name registrations; sales tax permits, health and sanitation permits and fire inspection clearances. Franchisee agrees to obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating, and installation of equipment at the Franchised Location. Franchisee shall keep copies of all health department, fire department, building department, and other reports of inspections on file and available for inspection by Franchisor. Franchisee shall immediately forward to Franchisor any such reports or inspections in which Franchisee has been alleged not to be in compliance with the underlying regulation.

6.11 **Commencement of Operations.** Unless otherwise agreed in writing by Franchisor and Franchisee, Franchisee has 240 days from the date of this Agreement (which may be extended by 90 days as provided by Section 6.3) within which to commence operation of the Restaurant. Franchisee shall obtain the written consent of Franchisor prior to commencing operation of the Restaurant, which consent shall not be unreasonably withheld, but cannot be granted until Franchisor has accepted the Franchised Location and Franchisee has: (a) successfully completed the initial training program; (b) paid all fees and other amounts due to Franchisor; (c) furnished copies of all insurance policies required by this Agreement; (d) built out and equipped the Franchised Location in accordance with Franchisor's standards and specifications and received a certificate of occupancy from Franchisor; (e) purchased an inventory of approved products and supplies; (f) obtained all governmental permits required for the operation of the Restaurant; and (g) otherwise completed all other aspects of developing the Restaurant as Franchisor has reasonably required.

6.12 **Continuous Operation.** Unless otherwise approved by Franchisor, the Restaurant will be open and operated continuously during the full term of this Agreement during the hours specified by Franchisor or permitted under the lease for the premises of the Restaurant, whichever is fewer, at a minimum; provided Franchisee shall have the right to operate the Restaurant for additional hours if it so desires.

6.13 **Insurance.**

(a) Franchisee shall at all times maintain in force, at its sole expense, public liability insurance and general casualty insurance (including fire, theft, water damage and extended coverage) covering the Restaurant and the contents thereof, workers' compensation and other insurance coverages as required by Franchisor, all as described on Exhibit 6. From time to time, Franchisor may require Franchisee to carry additional types of insurance coverage or to increase the amounts of the insurance coverages set forth on Exhibit 6.

(b) Franchisee shall furnish a certificate of insurance, satisfactory to Franchisor, no later than 10 days before the Restaurant opens for business showing the required insurance to be force and stating that the insurance will not be cancelled or changed except upon at least 30 days written notice to Franchisor.

(c) Franchisee agrees that all insurance policies obtained by Franchisee pursuant to Section 6.13(a) above shall be primary coverage, the applicable limits of which shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Franchisor. In the event payments are required to be made under the insurance policies of Franchisor or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, then Franchisee shall reimburse, hold harmless and indemnify Franchisor and its insurers for such payments. Franchisor shall notify its insurers of this Agreement and shall use best efforts to obtain the following endorsement on each policy it obtains pursuant to Section 6.10(a) above:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to Inchins Bamboo Garden Franchising LLC. All insurance coverage obtained by Inchins Bamboo Garden Franchising LLC shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

6.14 **Music Service.** Franchisee shall purchase or otherwise obtain for use in connection with the Restaurant a music service of a type that complies with applicable law and Franchisor's standards and specifications and only from the suppliers or other sources approved by Franchisor from time to time. The music service may consist of a license for the use of commercial radio from The American Society of Composers, Authors and Publishers ("**ASCAP**") or Broadcast Music, Inc. ("**BMI**") or a subscription to Sirius/XM Satellite Radio or other approved subscription music service. Franchisee shall cause such music service to be operational in the Restaurant during all hours of operation of the Restaurant.

7. **TRAINING**

7.1 **Initial Training Program.** Franchisee (or, if Franchisee is a corporation, partnership, or limited liability company, its managing shareholder, partner, or member (the "**Managing Owner**") and the person designated by Franchisee to assume primary responsibility for managing the Restaurant (the

"Designated Manager") must attend and successfully complete the initial training program offered by Franchisor at one of Franchisor's designated training facilities. The Managing Owner and the Designated Manager are eligible to participate in Franchisor's initial training program without paying any tuition or fee. In the event Franchisee wishes to have more than two persons attend Franchisor's initial training program, the charge for each additional attendee is \$2,000 per person up to a maximum of \$5,000. Franchisee shall be responsible for any and all travel and living expenses incurred in connection with attending the training program as well as wages or salaries, if any, of the person(s) receiving training. Franchisee (or the Managing Owner) and the Designated Manager must successfully complete the initial training program before Franchisee begins operating the Restaurant. Franchisor reserves the right to waive all or a portion of the training program or alter the training schedule.

Franchisee (or its Managing Owner) and its Designated Manager may request additional training during the initial training program, to be provided at no additional charge, if Franchisee (or the Managing Owner) and the Designated Manager do not feel completely trained in the operation of the Restaurant at the conclusion of the regular training program. However, if Franchisee (or its Managing Owner) and the Designated Manager satisfactorily complete Franchisor's initial training program, and do not inform Franchisor in writing at the end of the initial training program that Franchisee (or its Managing Owner) and the Designated Manager do not feel completely trained in the operation of the Restaurant, then Franchisee will be deemed to have been trained sufficiently to operate the Restaurant.

Franchisor will provide initial or supplemental training at any time during the term of this Agreement including for replacement or additional Designated Managers upon the request of Franchisee. Franchisee must submit such request within 30 days after the date a replacement Designated Manager is appointed. Upon receipt of a request for supplemental training, Franchisor will schedule a training session within thirty (30) days thereafter. In the event the supplemental training can be provided at regularly scheduled training sessions of Franchisor, there will be no charge to Franchisee for such training. If the initial or supplemental training is to be conducted at specially conducted training sessions, the charge for each attendee shall be \$2,000 up to a maximum of \$5,000. Franchisee shall be responsible for all travel and living expenses of its personnel during such additional training programs.

7.2 Additional Training Programs.

(a) Franchisee (or its Managing Owner) and its Designated Manager must attend an annual two-day seminar to be held at one of Franchisor's designated facilities for the purpose of updating all of its franchisees on all matters involved in the operation of the Restaurant.

(b) Franchisor reserves the right to conduct training programs or seminars in Atlanta, Georgia or at locations to be determined by Franchisor from time to time to discuss relevant business trends and share new information relating to the business of the Restaurant. Attendance at the training programs or seminars is optional unless Franchisor gives Franchisee at least thirty (30) days' prior written notice that the training programs or seminars are mandatory, in which case Franchisee (or its Managing Owner) or its Designated Manager is required to attend. Franchisor shall not require Franchisee to attend any on-going training programs or seminars more than four (4) times a year. Each mandatory training program and seminar shall not last more than three (3) days.

(c) All such mandatory additional training will be offered without tuition or a fee; provided, however, Franchisee will be responsible for any and all transportation and living expenses incurred in attending such additional training programs or seminars.

8. OPERATIONS MANUAL

8.1 **Operations Manual.** Franchisor agrees to loan to Franchisee one (1) or more manuals, technical bulletins, or other written or videotaped materials (collectively referred to as "**Operations Manual**") covering the Restaurant's operating and marketing techniques and any Special Product(s) applicable to the Restaurant. Franchisee agrees that it shall comply with the Operations Manual as an essential part of its obligations under this Agreement. Franchisee shall at all times be responsible for ensuring that its employees and all other persons under its control comply with the Operations Manual in all respects. Franchisee shall not duplicate the Operations Manual nor disclose its contents to persons other than employees or officers who need the information to perform their jobs.

8.2 **Changes to Operations Manual.** Franchisor reserves the right to revise the Operations Manual from time to time as it deems necessary to update operating and marketing techniques or standards and specifications in any manner, including updates contained in monthly newsletters. Franchisee, after receiving any updated information, shall promptly update its copy of the Operations Manual as instructed by Franchisor and conform its operations to the updated provisions which shall supersede the previously existing techniques, standards and specifications. Franchisee acknowledges that the master copy of the Operations Manual maintained by Franchisor at its principal office controls in the event of a dispute over its contents.

9. DEVELOPMENT ASSISTANCE

9.1 **Franchisor's Development Assistance.** To assist Franchisee in establishing the Restaurant, Franchisor shall provide the following:

(a) Financial services consisting of (i) a review and analysis of the credit and financial aspects of Franchisee's franchise application to ascertain whether Franchisee has met certain financial and credit criteria established by Franchisor for qualifying franchise applications (such financial criteria are established solely for Franchisor's own internal purposes; satisfaction of such criteria is not intended to serve, and should not be relied upon by Franchisee, as an indicator of the likelihood of Franchisee's ability to develop or successfully operate the Restaurant or to obtain financing, if applicable); and (ii) providing assistance (the manner and extent of which shall be in Franchisor's discretion) with (A) seeking and selecting financing sources for the development and operation of the Restaurant, (B) seeking and selecting insurance coverages as required pursuant to this Agreement, (C) analyzing and reviewing the unit economic model for the Restaurant, and (D) monitoring and tracking the construction/build-out costs of the Restaurant relative to the construction/build-out budget prepared by Franchisee.

(b) Assistance related to accepting a site for the Restaurant, although Franchisee acknowledges that Franchisor has no obligation to select or acquire a site on behalf of Franchisee. Franchisor's assistance will consist of, at a minimum, providing general criteria for an acceptable site and determining the manner in which a proposed site meets or fails to meet the specified criteria prior to formal acceptance of a site selected by Franchisee. Site selection, acquisition, and development shall be the sole obligation of Franchisee, except as set forth in this Agreement or any other written agreement executed by Franchisor. Franchisee acknowledges that Franchisor is under no obligation to provide additional site selection services other than as set forth in a written, executed agreement and that Franchisor's review of the proposed site against the criteria specified by Franchisor does not imply or guarantee the success or profitability of the site in any manner whatsoever.

(c) Advice regarding the standards and specifications for the build out (including compliance with local ordinances and building codes), interior design, layout, floor plan, signs, designs,

color, and decor of the Restaurant and obtaining the required permits for the Restaurant (e.g., occupancy, health and sanitation and sign permits).

(d) Advice regarding the standards and specifications for the equipment, supplies, and materials used in, and the menu items offered for sale by, the Restaurant and advice regarding selecting suppliers for and purchasing such items.

(e) Guidance in implementing advertising and marketing programs, operating and sales procedures, and bookkeeping and accounting programs.

(f) The initial training in accordance with Section 7.1.

(g) Opening assistance consisting of one or more representatives of Franchisor on site at the Franchised Location for not less than five (5) days to assist Franchisee in opening the Restaurant; provided, however, that Franchisee shall hire and be exclusively responsible for the training, compensation, and control of its employees engaged in the day to day operation of the Restaurant.

(h) One (1) copy of the Operations Manual, as described in Section 8, which shall be loaned to Franchisee during the term of this Agreement.

With the exception of Franchisee's obligations under this Agreement and matters relating to the use of the Mark, the Licensed Methods, the Franchisor Trade Secrets and the Franchisor Trade Dress (all as defined in this Agreement), the advice and recommendations provided by Franchisor are subject to the independent business judgment of Franchisee and Franchisee shall not be obligated to follow such advice and recommendations.

10. OPERATING ASSISTANCE

10.1 Franchisor's Assistance. Franchisor agrees that, during Franchisee's operation of the Restaurant, Franchisor or its designated representatives shall make available to Franchisee the following assistance:

(a) Upon the reasonable request of Franchisee, telephone consultation regarding the continued operation and management of a Restaurant and advice regarding Restaurant services, product quality control, menu items, and customer relations issues.

(b) Access to advertising and promotional materials developed by Franchisor through the Marketing and Promotion Fund (as defined below).

(c) On-going updates of information and programs regarding menu items and their preparation, the business of the Restaurant and the Licensed Methods, including information about special or new services or products developed and made available to franchisees of Franchisor.

(d) The initial training program to replacement or additional Designated Managers during the term of this Agreement. Franchisor currently charges a tuition or training fee of \$2,000 per person for this training. Franchisor reserves the right to charge a tuition or fee, payable in advance, commensurate with the then-current published prices of Franchisor for such training. Franchisee shall be responsible for all travel and living expenses incurred by its personnel during the training program.

(e) At the request of Franchisee, Franchisor shall visit the Restaurant after the opening of the Restaurant as many times as reasonably necessary to assist Franchisee, subject to the reimbursement for travel and living expenses provided for in Section 5.5.

10.2 **Senior Executive (Food Production).**

(a) The Senior Executive (Food Production) shall be an employee of Franchisor at all times. Franchisee shall not have the right to terminate the employment of the Senior Executive (Food Production) at any given time during the course of this Agreement. The initial Senior Executive (Food Production) shall be placed at the Restaurant and remain there during the first two years of operation of the Restaurant. If Franchisee is not satisfied with the performance of the Senior Executive (Food Production), Franchisee will notify Franchisor immediately by delivery of a notice citing specific facts which constitute a failure to meet objective standards of performance applicable to the Senior Executive (Food Production). Franchisor will review the cited facts and, at its discretion, will set forth remedies for corrective actions to be taken by the Senior Executive (Food Production) within 30 days of the notice from Franchisee. After the second anniversary of the opening of the Restaurant, in the event Franchisee requests that Franchisor remove the Senior Executive (Food Production) from working in the Restaurant and such request is based upon the failure to remedy a bona fide lack of performance previously cited by Franchisee in a notice to Franchisor, Franchisor will, within 30 days of Franchisor's request, make arrangements to replace the Senior Executive (Food Production) at the Restaurant. In such case, Franchisee acknowledges that Franchisee will be responsible for all the relocation expenses of both the departing Senior Executive (Food Production) and the replacement Senior Executive (Food Production). The relocation expenses for which Franchisee shall be responsible are the actual expenses incurred by Franchisor up to a maximum of \$5,000 and will include all of the relocation expenses incurred by Franchisor (U-Haul charges, transfer of vehicle, airfare, etc.). Franchisor reserves the right to replace the Senior Executive (Food Production) at any time, but only when Franchisor has an immediate replacement to fill the position. In the event Franchisor chooses to replace the Senior Executive (Food Production), Franchisor will be responsible for all of the relocation expenses incurred.

(b) Franchisor shall cause the Senior Executive (Food Production) to monitor the business model of the Restaurant and oversee compliance with efficient kitchen operation. The Senior Executive (Food Production) shall be the sole authority as to the selection and production of the cuisine that is to be offered by the Restaurant. The Senior Executive (Food Production) will manage and supervise all operations of the kitchen, but will not be involved in the operation or management of other departments of the Restaurant. Franchisee will assist the Senior Executive (Food Production) in settling into the geographic area of the Franchised Location by assisting him in finding an apartment and/or relocating. To avoid any interruption and ensure smooth flow of activities in the food procurement and production of the Restaurant, Franchisor will provide replacement of Senior Executive (Food Production), at its cost, from its corporate headquarters if and when such necessity arises. If a chef or other specialist staff for the food production department is required by Franchisee in any emergency, Franchisor will endeavor to provide replacement on an interim basis from its headquarters. In such event, Franchisee will pay all expenses including travel, salary and related expenses for said staff.

10.3 **Private Label Products.** From time to time, Franchisor will specify the Private Label Products that must be served and used in the operation of the Restaurant and will prescribe the quantities of Private Label Products that are reasonably necessary for the operation of the Restaurant and required to be purchased by Franchisee.

11. FRANCHISEE'S OPERATIONAL COVENANTS

11.1 **Business Operations.** Franchisee acknowledges that it is solely responsible for the successful operation of the Restaurant and that the operation of the Restaurant is required to be in compliance with the terms of this Agreement and the Operations Manual. In addition to all other obligations contained in this Agreement and the Operations Manual, Franchisee agrees that:

(a) Franchisee shall maintain the Restaurant as a clean, safe, and high quality operation and shall promote and operate the business of the Restaurant in accordance with the Operations Manual so as not to detract from or adversely reflect upon the name and reputation of Franchisor and the goodwill associated with the Mark. The Restaurant will be used solely for the operation of a Pan Asian cuisine restaurant and for no other purpose.

(b) (i) Franchisee will conduct itself and operate the Restaurant in compliance with all applicable laws, regulations, and other ordinances and in such a manner so as to promote a good public image in the business community. Franchisee will be solely and fully responsible for obtaining any and all licenses to operate the Restaurant. Franchisee shall keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor. Franchisee shall immediately forward to Franchisor any such reports or inspections in which Franchisee has been alleged not to be in compliance with the underlying regulation.

(ii) Franchisee will maintain a log of all customer complaints regarding the dining experience at the Restaurant (including the customer's name, address and telephone number) and a description of Franchisee's actions to resolve such complaints to the customer's satisfaction. The customer complaint log shall be maintained in electronic format and a copy of such log for each calendar month shall be delivered to Franchisor within ten (10) days after the end of each calendar month. In the event Franchisor's review of the customer complaint log determines that any customer complaints have not been properly resolved, Franchisor shall notify Franchisee of such determination, along with a description of the proper resolution of such complaints. In addition, if Franchisor so directs, Franchisee agrees to issue discounts or complimentary meals to customers whose complaints were not satisfactorily resolved by Franchisee in the first instance. A notification by Franchisor to Franchisee under this Section 11.1(b)(2) shall be deemed a notice of default for purposes of Section 18.2(m) below.

(c) Franchisee acknowledges that proper management of the Restaurant is important and shall ensure that Franchisee (or its Managing Owner) who has successfully completed the initial training program or a Designated Manager who has completed the initial training program will be responsible for managing and operating the Restaurant, each of whom will devote full time and best efforts to manage and operate the Restaurant. Franchisee acknowledges that Franchisor has the right to change the menu of food products to be served in the Restaurant from time to time. In such event, Franchisee agrees that, at its expense, it will send the Senior Executive (Food Production) for the Restaurant to a location in the United States designated by Franchisor for training in the preparation of any new or different menu items.

(d) Franchisee acknowledges that Franchisor requires and authorizes Franchisee to offer only authorized products and services as described in the Operations Manual, which may include authorized food and beverage products, and related restaurant and carry out or delivery services (if utilized). Franchisee shall maintain at all times a sufficient supply of all menu items and related food and paper products to ensure, insofar as possible, that such items are at all times available to its customers. Franchisee shall offer all types of services and products from time to time prescribed by Franchisor and shall not offer any other types of services or products, or operate or engage in any other type of business or profession, from or through the Restaurant, unless Franchisor's written consent is first obtained. Franchisee

acknowledges and agrees that Franchisor may, from time to time, make changes in the authorized products and services and Franchisee agrees to implement such changes in the Restaurant upon notification from Franchisor.

(e) Franchisee will purchase the entire requirements of the Restaurant for Private Label Products that are served or used in the Restaurant as prescribed by Franchisor (and only Franchisor). Franchisor will provide to Franchisee, upon order, the private label products that are prepared pursuant to Franchisor's unique proprietary recipes and proprietary specifications. From time to time, Franchisor will provide Franchisee with current price lists for the Private Label Products.

(f) Franchisee will comply with the Kitchen Staff Required Criteria in the Operations Manual. In that regard, Franchisee will be responsible for the hiring of kitchen staff consisting of an Assistant Chef, Assistant Cook, Fryer, Food Preparers and Dishwasher. The Senior Executive (Food Production) will provide advice and consultation in hiring employees of the Restaurant who will serve as additional personnel for the kitchen; provided, however, the Senior Executive (Food Production) shall not be responsible for the actual hiring and retention of such Kitchen Staff which shall be the sole responsibility of the Franchisee.

(g) Franchisee shall permit Franchisor to arrange for the painting of a décor signature mural on two of the main walls of the Restaurant that is the standard mural that is part of the trade dress of all of Franchisor's restaurants. Franchisee agrees that Franchisor has the right to select an approved supplier in the local market of the Restaurant to paint such décor signature mural. Franchisee agrees to make payment in full to such approved supplier upon completion of such décor signature mural.

(h) Franchisee shall promptly pay when due all taxes and other obligations owed to third parties, including, without limitation, all federal, state, and local taxes and any and all accounts payable or other indebtedness incurred by Franchisee in operating the Restaurant.

(i) Franchisee shall comply with all agreements with third parties related to the Restaurant, including, in particular, all provisions of any lease agreement for the Franchised Location.

(j) (i) Franchisee acknowledges that Franchisor requires all Restaurants operated by its franchisees to use the Franchisor Trade Dress and to maintain a uniform appearance for the mutual benefit of all Restaurants. Franchisee shall use the Franchisor Trade Dress and to maintain the Restaurant, both interior and exterior, in conformity with such uniform appearance, and Franchisee shall follow Franchisor's advice and recommendations on the appearance of the Restaurant. Franchisee shall cause such changes to be made in the Franchisor Trade Dress and appearance of the Restaurant as may be specified by Franchisor from time to time; provided, however, that such changes and upgrades in any calendar year during the term of this Agreement shall cost no more than the sum of one percent (1%) of Franchisee's Gross Sales for the immediately preceding calendar year plus any unspent amount carried over from a previous calendar year as described below (the "**Annual Capital Expenditure Amount**"). No such requests shall be made by Franchisor during the first year of the term of this Agreement. In the event that, during any calendar year, Franchisor does not make any such requests or the requests by Franchisor do not require the expenditure of the entire Annual Capital Expenditure Amount, Franchisee shall have the option to cause the Annual Capital Expenditure Amount (or any remaining portion thereof) to be spent for the purposes of refurbishing the appearance of the Restaurant and replacing fixtures as Franchisee shall determine during such calendar year or to allow such unspent amount to carry over to the next calendar year and be aggregated with the Annual Capital Expenditure Amount for the next calendar year to establish the maximum amount of expenditure in the next calendar year. In addition, Franchisee shall refurbish the Restaurant at the end of each five (5) year period during the term of this Agreement as may be required by Franchisor. For purposes of this Agreement, the term "**refurbish**" shall mean such changes in exterior and

interior signage, painting, flooring, lighting, seating, dinnerware and utensils as are necessary to bring the Restaurant up to the then-current standard for the design format of the Restaurants generally.

(ii) Franchisee shall submit to Franchisor a copy of all architectural drawings and specifications for the construction of the Restaurant showing leasehold improvements and interior design, including a lighting plan, a reflective ceiling plan, storefront elevation and interior elevations including floor layout, wall treatments, decoration, colors, fixtures, floor coverings and finishes and signs, for approval prior to the opening of the Restaurant. Franchisor shall notify Franchisee of its approval or disapproval of the proposed drawings and specifications within ten (10) days of receipt thereof by Franchisor. In the event of Franchisor's disapproval, Franchisor's notice to Franchisee shall specify the changes to be made by Franchisee in said drawings and specifications, and Franchisee shall make the changes specified by Franchisor prior to commencement of construction of the Restaurant. Upon approval by Franchisor of the drawings and specifications for the Restaurant, Franchisee shall construct and equip the Restaurant in accordance with such drawings and specifications using approved materials and fixtures and equipment. In the event that Franchisee fails to submit such drawings and specifications to Franchisor for approval prior to the opening of the Restaurant, or in the event the Restaurant as opened fails to conform to such drawings and specifications and the uniform appearance of all Restaurants required by Franchisor, Franchisor shall have the right to require Franchisee to make such changes in the structure, leasehold improvements, interior design and appearance as are necessary to have the Restaurant conform to the uniform appearance for all Restaurants required by Franchisor. Franchisee shall not commence construction of any Restaurant until the location of such Restaurant has been accepted by Franchisor and the lease for the Restaurant and the architectural drawings and specifications for the construction of the Restaurant have been approved by Franchisor, and Franchisee acknowledges and agrees that Franchisor may take action to prevent the opening of the Restaurant in the event Franchisee fails to obtain such acceptance and approval from Franchisor. Franchisee shall open the Restaurant for business no later than one hundred twenty (120) days after the execution of the lease for the premises of the Restaurant.

(iii) In the event Franchisee, at any time during the term hereof, shall remodel, refurbish, rebuild or relocate the Restaurant, the same shall be deemed to be the opening of a new Restaurant and the provisions of Section 11.1(j)(ii) shall be applicable, and Franchisee shall comply with such provisions.

(iv) Franchisee shall care for, clean and maintain all of the items included in the Interior Décor Lease Package in good operating condition, normal wear and tear excepted, and will return the entire Interior Décor Lease Package to Franchisor at no cost to Franchisor within thirty (30) days of the expiration or termination of this Agreement.

(k) Franchisee shall at all times during the term of this Agreement own and control the Restaurant. Upon request of Franchisor, Franchisee shall promptly provide satisfactory proof of such ownership to Franchisor. Franchisee represents that the Statement of Ownership attached as Exhibit 8 is true, complete, accurate, and not misleading. Franchisee shall promptly provide Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Section 16. Franchisee acknowledges that, if Franchisee is other than an individual(s), Franchisor requires that the individual owners, shareholders, partners or members of Franchisee guarantee the performance of Franchisee and execute the Guaranty and Assumption of Franchisee's Obligations attached to this Agreement as Exhibit 10.

(l) Franchisee shall at all times during the term of this Agreement keep its Restaurant open during the business hours designated by Franchisor from time to time in the Operations Manual. Any deviations from the required hours must be approved in advance in writing by Franchisor.

(m) Franchisee shall procure, maintain, and provide evidence of insurance for the Restaurant and its operations of the types, in the amounts, and with such terms and conditions as Franchisor from time to time prescribes in the Operations Manual or otherwise. All of the required policies of insurance shall name Franchisor as additional insureds and provide for thirty (30) days' advance written notice to Franchisor of their cancellation or modification.

(n) Franchisee will provide proof of insurance to Franchisor at least 10 days before beginning operations at the Restaurant. The proof of insurance shall also show evidence that the insurer has been authorized to inform Franchisor in the event any policies lapse or are canceled or modified. Franchisor has the right to change the insurance Franchisee is required to maintain by giving Franchisee reasonable prior notice. Noncompliance with these insurance provisions shall be deemed a material breach of this Agreement. In the event of any lapse in insurance coverage, then, in addition to all other remedies, Franchisor shall have the right to demand that Franchisee cease operations of the Restaurant until coverage is reinstated.

(o) Franchisee acknowledges and agrees that the programs as funded by the Marketing Fund (as defined in Section 12.3) are intended to increase general public recognition and acceptance of the Mark for the benefit of Franchisor and its franchisees. Franchisee understands and acknowledges that the marketing programs to be implemented by Franchisor will be utilized to maximize general public recognition of the Mark and that Franchisor does not undertake any obligation in administering such program to ensure that expenditures are proportionate or equivalent to Franchisee's contributions or that Franchisee will benefit directly or pro-rata from advertising and promotional programs. Franchisee further acknowledges that it understands the purposes and manner of administering the Marketing Fund and authorized Franchisor to conduct the operation of the Marketing Fund in accordance with the provisions of this Agreement.

(p) Franchisor's personnel shall have the right to enter upon the premises of the Restaurant at any reasonable time for the purpose of examining the Restaurant, conferring with Franchisee and inspecting and checking merchandise, furnishings, fixtures and operating methods to ensure that the integrity of the Mark is being maintained. Franchisor shall have the right to require Franchisee to discontinue any practices which are not of high quality in the trade or which do not uphold the integrity of the Mark. All such inspections, examinations and conferences shall be at the sole cost and expense of Franchisor.

(q) Franchisor shall have the right to photograph the Restaurant, its operations and exterior and interior, and the new items offered by the Restaurant and to use any such photograph in any of its publicity or advertising including, without limitation, in the website maintained by Franchisor. Franchisor shall provide to Franchisee, promptly upon request by Franchisee, copies of such photographs at Franchisor's cost.

(r) Franchisee acknowledges that it has been advised by Franchisor to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee acknowledges that it has either consulted with such advisors or has deliberately declined to do so.

(s) Franchisee affirms that all information set forth in all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Franchisee expressly acknowledging that each of Franchisor and Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

(t) Franchisee acknowledges and agrees that, in the negotiation of the terms of this Agreement, the governing law and jurisdiction and venue provisions set forth in Section 21 hereof were bargained for between Franchisee and Franchisor and consideration was given to Franchisee in respect of other terms of this Agreement based upon Franchisee's willingness to agree to such provisions.

11.2 **Maximum Borrowing Limitation.** Franchisee acknowledges and agrees that the maximum amount of indebtedness that the Franchised Restaurant may service shall be a maximum of One Hundred Forty Thousand Dollars (\$140,000). The balance of the initial investment in the Franchised Restaurant must be in the form of equity contributions from the owners of Franchisee. Franchisee shall not borrow in excess of this maximum permitted indebtedness without Franchisor's prior written consent. Franchisee acknowledges that excess indebtedness will adversely affect the Franchised Restaurant's operational results.

12. ADVERTISING

12.1 **Approval and Use of Advertising.** Franchisee shall obtain Franchisor's prior written approval of all written advertising or other marketing or promotional programs regarding the Restaurant not previously approved by Franchisor including, without limitation, "Yellow Pages" advertising, newspaper ads, flyers, brochures, coupons, direct mail pieces, specialty and novelty items, radio and television advertising, Internet "web" pages, and other home pages or domain names on any common carrier electronic delivery system. Any proposed uses not previously approved by Franchisor shall be submitted to Franchisor at least ten (10) business days prior to publication, broadcast, or use. If Franchisor's written approval is not received within ten (10) business days from the date it received the material, the material is deemed disapproved. Franchisor will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require Franchisee to discontinue the use of any advertising or marketing materials. Franchisee acknowledges that advertising and promoting the Restaurant in accordance with Franchisor's standards and specifications are essential aspects of the Licensed Methods, and Franchisee agrees to comply with all advertising standards and specifications of Franchisor. Franchisee agrees that it will conduct all advertising in a dignified manner and to conform to Franchisor's requirements and standards. Franchisee also agrees to participate in any promotion campaigns and advertising and other programs that Franchisor establishes periodically.

12.2 **Grand Opening.** Franchisee agrees to conduct a grand opening advertising and promotional program for the Restaurant at the time and in the manner specified by Franchisor and agrees to spend a minimum of Five Thousand Dollars (\$5,000) for the grand opening program. Franchisee agrees to provide Franchisor with a summary of grand opening program expenditures within one hundred twenty (120) days after the Restaurant opens. Franchisee's grand opening program will utilize the marketing and public relations programs and media and advertising materials that Franchisor has either developed or approved.

12.3 **Marketing and Promotion Fee.** Franchisee agrees to pay to Franchisor, in addition to Royalty Fee Payments, a Marketing and Promotion fee ("**Marketing and Promotion Fee**") of one percent (1%) of the total amount of Franchisee's Gross Sales. The Marketing and Promotion Fee shall be in addition to and not in lieu of Franchisee's Local Advertising Expenditure. The following terms and conditions will apply to the Marketing and Promotion Fee payment:

(a) The Marketing and Promotion Fee shall be payable weekly, concurrently with the payment of the Royalty Fee Payments, based on Gross Sales (as defined in Section 5.2) for the immediately preceding reporting period. Franchisee shall execute an Authorization Agreement for pre-authorized payment of Marketing and Promotion Fees through direct debit and by electronic transfer of funds from Franchisee's bank account to the bank account designated by Franchisor. Any Marketing and Promotion

Fee collected by Franchisor will be deposited by Franchisor in one or more accounts of Franchisor (referred to collectively as the "**Marketing Fund**"), with all such funds designated as "INCHIN'S BAMBOO GARDEN® Marketing and Promotion Fund." Payment of the Marketing and Promotion Fees will be subject to the same interest charges as the Royalty Fee Payments. Upon written request by Franchisee, Franchisor will make available to Franchisee, no later than one hundred twenty (120) days after the end of each calendar year, an annual unaudited financial statement for the Marketing Fund which indicates how deposits to the Marketing Fund have been spent. Franchisor has the right to deposit into the Marketing Fund any advertising, marketing, or similar allowances paid by suppliers who deal with the Restaurant and with whom Franchisor has agreed that it will (or if Franchisor otherwise chooses to) so deposit these allowances. Franchisor or its affiliates will contribute to the Marketing Fund on the same basis as franchisees in respect of restaurants operated by them under the Mark.

(b) The Marketing Fund will be administered and controlled by Franchisor and may be used for production and placement of media advertising, direct response literature, direct mailings, brochures, collateral advertising material, surveys of advertising effectiveness, other advertising or public relations expenditures relating to advertising Restaurant services and products, providing professional services, materials, and personnel to support the marketing function, and creating, producing, and implementing websites for Franchisor and/or its franchisees. Franchisor may reimburse itself for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its authorized representatives in connection with the programs funded by the Marketing Fund; provided, however, such reimbursement shall be only in such amounts as are necessary to make Franchisor whole without providing a profit to it. The Marketing Fund will not be Franchisor's asset. Franchisor will not be liable for any act or omission that is consistent with this Agreement and done in good faith. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Restaurants to the Marketing Fund in that year and the Marketing Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. Franchisor may cause the Marketing Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor undertakes no obligation to ensure that the Marketing Fund benefits each Restaurant in proportion to its respective contributions. Franchisor is not obligated to expend the Marketing Fund within any particular period or in any particular manner. The Marketing Fund's primary purpose is to support sales by all of the Restaurants operating under the Mark and to build brand identity. Franchisee agrees to participate in any promotion campaigns and advertising and other programs that the Marketing Fund establishes periodically. Franchisee shall not be a third-party beneficiary with respect to contributions made to the Marketing Fund by other Franchisees of Franchisor.

(c) Franchisor reserves the right to make expenditures from the Marketing Fund for advertising on behalf of the franchise system that Franchisor, in its discretion, deems necessary and appropriate for the franchise system. Franchisor reserves the right to select the media used for such advertising and to determine whether such advertising will be conducted on a local, regional or national level. Franchisor also reserves the right to choose the source of the creation of the advertising material. Franchisor does not have an obligation to spend any specific amount in the area or territory where any Restaurant is located.

(d) Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. Franchisor also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Franchisor may at any time defer or reduce contributions to the Marketing Fund by a franchisee and, upon thirty (30) days' prior written notice to Franchisee, reduce or suspend Fund contributions and operations for one (1) or

more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If Franchisor terminates the Marketing Fund, it will distribute all unspent monies to the contributors in proportion to their respective Fund contributions during the preceding twelve (12) month period.

(e) Franchisor shall make available, upon request, annual unaudited financial statements for the Marketing Fund certified as accurate by Franchisor.

(f) Franchisor shall cause all affiliate-owned Restaurants to contribute to the Marketing Fund as a pro rata basis with all of franchised Restaurants contributing to the Marketing Fund. The amount of the annual contribution to the Marketing Fund by the affiliate-owned Restaurants shall be an amount equal to the annual expenditures from the Marketing Fund as of December 31 in each year multiplied by a fraction, the numerator of which is the number of affiliate-owned Restaurants and the denominator of which is the total of all franchised and affiliate-owned Restaurants. Franchisor shall cause such contribution to be made on or before January 31 in the succeeding year.

12.4 **Local Advertising.** Franchisee agrees to spend not less than one percent (1%) of the total amount of its Gross Sales each calendar quarter for local marketing and advertising of the Restaurant ("**Local Advertising Expenditure**"). Franchisor may request that Franchisee prepare and submit a quarterly report to Franchisor which accounts for the use of the Local Advertising Expenditure no later than ten (10) days following the end of each calendar quarter during the term of this Agreement. In the event Franchisee fails to make the Local Advertising Expenditure as required, Franchisee hereby authorizes Franchisor to debit Franchisee's bank account in the manner provided in Section 5.4 above in the amount of the Local Advertising Expenditure and to spend such amount in local advertising of the Restaurant on behalf of Franchisee.

12.5 **Regional Advertising Programs.** Although not obligated to do so, Franchisor may create a regional advertising program ("**Regional Advertising**") for the benefit of the restaurants operating under the Mark located within a particular region. Franchisor has the right to: (a) allocate any portion of the Marketing and Promotion Fund to the Regional Advertising program; and (b) collect and designate all or a portion of the Local Advertising Expenditure for a Regional Advertising program. If a Regional Advertising program is established, Franchisor may increase the Local Advertising Expenditure by one percent (1%); provided that in no event shall Franchisee be required to spend more than a total of five percent (5%) of its Gross Sales, in the aggregate, for the Local Advertising Expenditure, Regional Advertising, and Marketing and Promotion Fee contributions, including Yellow Pages advertising. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of Regional Advertising and promotion campaigns and to require that Franchisee participate in such Regional Advertising programs as and when established by Franchisor. The fees designated to the Regional Advertising programs may be used to pay regional, multi-regional or national marketing expenses. If a Regional Advertising program is implemented on behalf of a particular region, Franchisor reserves the right to establish an advertising cooperative for a particular region to enable the cooperative to self-administer the Regional Advertising program, and Franchisee agrees to participate in such cooperative according to the cooperative's then current rules and procedures and to abide by the cooperative's then current decisions. Franchisor may at any time, upon thirty (30) days' prior written notice to Franchisee, suspend a Regional Advertising program or cooperative operations for one (1) or more periods of any of any length and terminate (and if terminated reinstate) the Regional Advertising program or cooperative.

13. QUALITY CONTROL

13.1 **Standards and Specifications.** Franchisor will make available to Franchisee standards and specifications for services and products offered at or through the Restaurant and the uniforms, recipes,

materials, forms, menus, items, and supplies to be used in connection with the Restaurant. Franchisor reserves the right to change standards and specifications for services and products offered at or through the Restaurant or for uniforms, recipes, materials, forms, items, and supplies upon thirty (30) days' prior written notice to Franchisee. Franchisee agrees to accept such changes and to implement them promptly in the operation of the Restaurant.

13.2 **Inspections.** Franchisor shall have the right to interview customers of the Restaurant, to inspect the Franchised Location and to examine and copy the books, records, and documents relating to the operation of the Restaurant, including, without limitation, the inventory, products, equipment, materials, or supplies, to ensure compliance with all standards and specifications set by Franchisor. Franchisor shall conduct such inspections during regular business hours without prior notice to Franchisee.

13.3 **Restrictions on Services and Products.** Franchisee is prohibited from offering or selling any services or products from or through the Restaurant that have not been previously authorized by Franchisor.

13.4 **Approved Suppliers.** Franchisee shall purchase all equipment, products, services, supplies, and materials required for the operation of the Restaurant from manufacturers, suppliers, or distributors designated by Franchisor or, if there is no designated supplier for a particular product, service, supply, or material, from such other suppliers who meet all of Franchisor's specifications and standards as to quality, composition, finish, appearance, and service and adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation. Franchisor reserves the right to designate, from time to time, a single supplier for any services, products, equipment, supplies, or materials and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier may be Franchisor or one of its affiliates. Franchisor and its affiliates may receive payments from suppliers on account of such suppliers' dealings with Franchisee and other franchisees and may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate (unless Franchisor and its affiliates agree otherwise with the supplier). Franchisor may from time to time revoke its approval of particular products or suppliers when it determines, in its reasonable discretion, that such products or suppliers no longer meet its standards. Upon your receipt of written notice of such revocation, you must cease to use any disapproved products and cease to purchase from any disapproved supplier. Franchisee must use products purchased from suppliers solely for the purpose of operating the Restaurant and not for any other purpose, including, for example, resale.

13.5 **Requests for Change of Supplier.** In the event Franchisee desires to purchase products, services, supplies, or materials from manufacturers, suppliers, or distributors other than those previously approved by Franchisor, Franchisee shall, prior to purchasing any such products, services, supplies, or materials, give Franchisor a written request to change supplier which shall specify the reason for the requested change. Franchisor shall notify Franchisee in writing of its approval or rejection of the proposed supplier within thirty (30) days of its receipt of Franchisee's request; provided, however, if Franchisor has not completed its investigation of the proposed supplier or does not then have all of the facts necessary to render a judgment, Franchisor shall have the right to reject the proposed supplier at that time. Franchisor may from time to time inspect any manufacturer's, supplier's, or distributor's facilities and products to assure proper production, processing, storing, and transportation of products, services, supplies, or materials to be purchased from the manufacturer, supplier, or distributor by Franchisee. Permission for such inspection shall be a condition of the continued approval of such manufacturer, supplier, or distributor. Franchisor may, for any reason whatsoever, elect to withhold approval of the manufacturer, supplier, or distributor; however, in order to make such determination, Franchisor may require that samples from a proposed new supplier be delivered to Franchisor for testing prior to approval and use. A charge not to exceed the actual

cost of the test up to a maximum amount of \$1,000 per product may be made by Franchisor and shall be paid by Franchisee.

14. MARK, TRADE NAMES AND PROPRIETARY INTERESTS

14.1 Mark.

(a) Franchisee acknowledges that Franchisor has the sole right to license and control Franchisee's use of the Mark and that such Mark shall remain under the sole and exclusive ownership and control of Franchisor. Franchisee acknowledges that it does not acquire any right, title, or interest in the Mark except for the right to use the Mark in operating its Restaurant under this Agreement. The Restaurant shall be identified by the Mark and operated using the Licensed Methods and the Franchisor Trade Dress at all times during the full term of this Agreement. Franchisee shall display the Mark prominently at the Restaurant, on packaging and serving materials, and in connection with forms, advertising, and marketing, all in the manner Franchisor prescribes. Franchisee further agrees that no other trademark or service mark other than INCHIN'S BAMBOO GARDEN[®], or such other trademarks specified by Franchisor shall be used in the marketing, promotion, identification, or operation of the Restaurant, except with Franchisor's prior written consent and except for trademarks appearing on third party goods or products used in the operation of the Restaurants. Franchisee may not use any of the Mark, except as allowed by Franchisor in writing, as part of any entity name, domain name or electronic mail address it maintains on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system. Franchisee shall use the Mark in the Target Area only in accordance with the terms and conditions of this Agreement and will not intentionally and/or knowingly do anything adversely to affect or impair the integrity of the Mark or the goodwill and prestige that the Mark enjoys with the public.

(b) Franchisee acknowledges Franchisor's ownership and title to the Mark that is used in connection with the operation of Restaurants identified as INCHIN'S BAMBOO GARDEN[®] as well as any copyrights or distinctive features of the labeling used in connection with the Mark and the distinctive business format and trade dress of the retail stores operated under the Mark. Franchisee acknowledges that Franchisee shall not, directly or indirectly or through any other entity directly or indirectly related to Franchisee or its shareholders/partners/members, if any, acquire or claim adversely to Franchisor any right, title or interest in and to the Mark per se or in combination with any other term or trademark or any such copyrights or distinctive features of the labeling used in connection with the Mark or the distinctive business format and trade dress used in the retail stores operated under the Mark. Franchisee acknowledges that each and every use of the Mark by Franchisee under this Agreement shall at all times inure to the benefit of Franchisor and Franchisee shall execute any and all documents that may be submitted to Franchisee reasonably necessary to carry out the intention of this covenant. This covenant shall survive the expiration or termination of this Agreement for any reason.

(c) Franchisee shall identify itself in all correspondence and other forms of business communications (excluding advertising) in its own name, followed by the words "d/b/a INCHIN'S BAMBOO GARDEN[®] under license from Inchins Bamboo Garden Franchising LLC." Franchisee shall post notices in prominent places within the Store stating that Franchisor is the owner of the Mark and Franchisee is an independent operator and licensed user of the Mark. In the event Franchisee is required to register INCHIN'S BAMBOO GARDEN[®] as a business or trade name, at the request of Franchisor, Franchisee shall deliver to Franchisor an executed termination of such registration to be held in escrow by Franchisor pending expiration or termination of this Agreement, at which time Franchisor is authorized by Franchisee to file such termination with the appropriate governmental authorities.

(d) Franchisee shall immediately notify the Franchisor of any apparent infringement of or challenge to Franchisee's use of the Mark, or any adverse claim of rights to the Mark, and Franchisee

shall not communicate with any person other than Franchisor and counsel for the Franchisor or Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisee shall proceed with the Franchisor in accordance with the provisions of Section 14.6 hereof with respect to any such infringement, challenge or claim.

14.2 **Confidential Information and Trade Secrets.**

(a) Franchisee hereby acknowledges and agrees that Franchisor owns and controls the distinctive plan for establishing, operating, and promoting Restaurants and all related licensed methods of doing business, previously defined as the Licensed Methods, which include, but are not limited to, recipes, menu items, and cooking methods; technical restaurant equipment standards; order and take-out fulfillment methods; customer relations; marketing techniques; written promotional materials and Operations Manual contents; advertising; and accounting systems, all of which constitute trade secrets of Franchisor, and Franchisee acknowledges that Franchisor has valuable rights in and to such trade secrets. Franchisee further acknowledges that it has not acquired any right, title, or interest in the Licensed Methods, except for the right to use the Licensed Methods in operating the Restaurant as provided in this Agreement, and that any and all innovations, additions, or improvements made to the Licensed Methods, even if created by Franchisee, shall belong to Franchisor.

(b) In addition, Franchisee has had access to certain proprietary and confidential information provided by Franchisor as a result of becoming a franchisee of Franchisor and participating in its franchise training and support programs including, without limitation, the Operations Manual and other written materials delivered as part of such training and support programs and that Franchisee hereby agrees to maintain the confidentiality of such proprietary and confidential information. For purposes of this Agreement, "**Franchisor Confidential Information**" shall mean any confidential or other proprietary information owned by Franchisor or any confidential or proprietary information that is disclosed under the terms of the Franchise Agreement by Franchisor to Franchisee to assist Franchisee in performing its obligations under the Franchise Agreement. For purposes of this Agreement, "**Franchisor Trade Secrets**" shall mean all of the information including, without limitation, any formulas, patterns, compilations, programs, devices, methods, techniques, processes, expertise and know-how developed by Franchisor and used in the operation of the Restaurants and set forth in the Franchisee and other written materials delivered to Franchisee and in oral communications delivered to Franchisee during franchise training and franchise operations support. Franchisee shall also include the Licensed Methods and the Franchisor Trade Secrets.

Franchisor Confidential Information shall not include information which: (i) is or becomes public knowledge without any action by, or involvement of Franchisee; (ii) is received by Franchisee from a third party without a duty of confidentiality; or (iii) is disclosed pursuant to any judicial or other governmental order, provided that Franchisee gives Franchisor sufficient prior notice to contest such order; or (iv) relates to the act of knocking on doors to solicit customers for the business.

Franchisee agrees: (i) not to disclose, directly or indirectly, to any third party any portion of the Franchisor without the prior written consent of Franchisor; (ii) not to use or exploit the Franchisor except to the extent permitted under this Agreement; (iii) to take all reasonably necessary precautions to protect the confidentiality of the Franchisor received hereunder and exercise at least the same degree of care in safeguarding the Franchisor as Franchisee would with his own confidential information; and (iv) promptly advise Franchisor in writing upon learning of any unauthorized use or disclosure of the Franchisor.

Franchisee acknowledges and agrees that Franchisor believes that the Franchisor Trade Secrets derive independent economic value from not being generally known to, and not being readily

ascertainable by proper means by, persons other than franchisees of Franchisor who can obtain economic value from the disclosure and use thereof.

(c) Franchisee acknowledges and agrees that the combination of the distinctive and identifying interior and exterior store layout, signage, design and décor features used by Franchisor as part of the uniform appearance of all Restaurants operating under the Mark, including, without limitation, the items of décor, fixtures and accessories described on Exhibit 11 (the "**Franchisor Trade Dress**") has been created and developed by Franchisor for the exclusive use of franchisees of Franchisor and that Franchisee's rights to use the Franchisor Trade Dress are derived solely through this Agreement. Franchisee agrees that, upon expiration or termination of this Agreement, all rights of Franchisee to use the Franchisor Trade Dress shall cease and terminate.

14.3 **Trademark Infringement.** Franchisee agrees to notify Franchisor in writing or any possible infringement of the Mark or use by others of a trademark confusingly similar to the Mark coming to its attention. Franchisee acknowledges that Franchisor shall have the sole right to determine whether any action will be taken in response to any possible infringement or illegal use and to control any action taken. Franchisee agrees to fully cooperate with Franchisor in any litigation or other action.

14.4 **Franchisee's Business Name.** Franchisee acknowledges that Franchisor has a prior and superior claim to the INCHIN'S BAMBOO GARDEN® trade name. Franchisee shall not use the words "INCHIN'S BAMBOO GARDEN" in the legal name of its corporation, partnership, or any other business entity. Franchisee also agrees not to register or attempt to register a trade name using the words "INCHIN'S BAMBOO GARDEN" or any portion thereof in Franchisee's name or that of any other person or business entity without the prior written consent of Franchisor.

14.5 **Change of Mark.** In the event Franchisor decides to modify or discontinue use of any of the Mark, or to develop additional or substitute mark, Franchisee shall, within a reasonable time after receipt of written notice, take such action, at Franchisee's sole expense, necessary to comply with such modification, discontinuation, addition, or substitution. Franchisor need not reimburse Franchisee for its direct expenses of changing the Restaurant's exterior or interior signs, for any loss of revenue due to any modified or discontinued Mark, or for its expenses of promoting a modified or substitute trademark or service mark.

14.6 **Litigation.**

(a) In the event a suit in equity or action at law is brought against Franchisee and/or Franchisor alleging that Franchisee and/or Franchisor has no right to use the Mark in connection with the Restaurant, Franchisor, with the cooperation of Franchisee, shall assume the defense of such suit or action. Such defense shall be controlled and coordinated by trademark counsel, as chosen by Franchisor. Except to the extent that such litigation is the result of Franchisee's use of the Mark in a manner inconsistent with the terms of this Agreement, Franchisor shall bear all costs of maintaining such defense.

(b) (i) With respect to the use of the Mark by unlicensed third parties, if Franchisee requests Franchisor to take legal action to protect or enforce its trademark rights in the Franchised Area, Franchisor, with the cooperation of Franchisee, shall take such legal action as Franchisor deems appropriate in order to protect or enforce Franchisee's and/or Franchisor's trademark rights. Such legal action shall be controlled and coordinated by trademark counsel, as chosen by Franchisor. Franchisor shall bear the costs of taking such action to protect or enforce the trademark rights. Any proceeds recovered as a result of such legal action shall be the sole property of Franchisor.

(ii) (A) In the event Franchisee believes that an unlicensed third party is using a name confusingly similar to INCHIN'S BAMBOO GARDEN® in the Franchised Area, Franchisor and Franchisee shall attempt to agree on a mutually acceptable course of action to be taken to protect or enforce the trademark rights. In the event any such course of action is taken, such action shall be controlled and coordinated by trademark counsel; as chosen by Franchisor, and Franchisor and Franchisee shall share equally the costs of taking such action to protect or enforce the trademark rights. Any proceeds recovered as a result of such action shall be shared equally by Franchisee and Franchisor.

(B) If Franchisor does not believe the use of the name by a third party is confusingly similar to INCHIN'S BAMBOO GARDEN® based upon the advice of its counsel, Franchisee may proceed alone to take such action as it deems appropriate to protect or enforce its trademark rights under this Agreement, and Franchisee shall bear all costs of such action. Franchisor shall provide Franchisee full cooperation to enable Franchisee to enforce its trademark rights under this Agreement if Franchisee decides to take such action; provided, however, Franchisor shall not involuntarily become a party to such action. Any proceeds recovered by Franchisee as a result of such action shall be the sole property of Franchisee.

(c) Franchisee and Franchisor agree that each party shall keep the other promptly informed of any use of the Mark or any use of a name confusingly similar to INCHIN'S BAMBOO GARDEN® by unlicensed third parties in the Target Area.

(d) Notwithstanding the foregoing provisions, Franchisor shall have no obligation to Franchisee under this Section 14.6 in respect of any third party use of any of the words contained in the Mark that is, or should have been, identified in the due diligence investigation by Franchisee described in Section 6.1 of this Agreement.

15. REPORTS, RECORDS AND FINANCIAL STATEMENTS

15.1 **Franchisee Reports.** Franchisee shall retain a full-time professional accountant (approved in writing by Franchisor) to provide bookkeeping services (at Franchisee's expense), and that accountant shall agree in writing (on a form acceptable to Franchisor) to provide timely financial statements required by this Section 15. During the first twelve calendar months after the opening of the Restaurant, Franchisee agrees to engage HRP Hitesh, Certified Public Accountants, Duluth, Georgia ("**HRP Hitesh**") pursuant to the engagement letter attached as Exhibit 7 to this Agreement. After such twelve calendar month period, Franchisee agrees to give serious consideration to engaging HRP Hitesh on an ongoing basis, but shall have the right to engage another accounting firm subject to the prior written approval of Franchisor. If Franchisee fails to provide such financial statements more than two (2) times in any twelve (12) month period, then, in addition to any other remedies, Franchisor may require Franchisee to use the bookkeeping services described on Exhibit 7 at the then-current fee for such services. Franchisee also shall provide to Franchisor financial and accounting reports in the manner and form Franchisor requires, including:

(a) Weekly summary reports, submitted by no later than the Weekly Due Date each week (defined in Section 5.4) and containing information relative to the previous weekly reporting period operations, including, without limitation, Gross Sales, food and labor expenses for the previous week;

(b) Any other data, information, and supporting records reasonably requested by Franchisor from time to time (including, without limitation, daily and weekly reports of product sales by category);

(c) Within fifteen (15) days after the end of each month: (i) an income statement of the Restaurant for such month and for the fiscal year to date, prepared in accordance with generally accepted

accounting principles ("GAAP") consistently applied, in Franchisor's recommended format, and (ii) a report of the inventory of Private Label Products held by Franchisee at the end of each month; and

(d) Within ninety (90) days after the end of Franchisee's fiscal year, which shall be the calendar year, an income statement and balance sheet of the Restaurant for such fiscal year (reflecting all year-end adjustments) and a statement of changes in cash flow of the Restaurant, prepared in accordance with GAAP, consistently applied and in Franchisor's recommended format. Franchisor reserves the right to require Franchisee to engage a certified public accountant to perform a review of Franchisee's financial statements on an annual basis.

15.2 **Financial Records Use and Access.** Franchisor reserves the right to disclose data derived from all financial and accounting reports received from Franchisee. Franchisor reserves the right to require that Franchisee install and maintain a telephone modem and dedicated line at the Restaurant which Franchisor may access to obtain sales information and data of the System (defined in Section 6.6), and Franchisee agrees to cooperate with Franchisor's procedures regarding the System. With respect to the operation and financial condition of the Restaurant, Franchisee agrees to furnish Franchisor the required financial and accounting reports in the form prescribed by Franchisor, which may include, without limitation, computer diskette, electronic mail, and facsimile transmission.

15.3 **Books and Records.** Franchisee shall maintain all books and records for its Restaurant in accordance with GAAP consistently applied and preserve such records, including cash register tapes, shift reports, weekly operating summaries, and sales tax returns, for at least three (3) years after the fiscal year to which they relate.

15.4 **Audit of Books and Records.** Franchisee shall permit Franchisor or its representatives to inspect and audit the books and records of the Restaurant at any reasonable time at Franchisor's expense. If any audit discloses a deficiency in amounts owed to Franchisor, then such amounts shall become immediately payable to Franchisor by Franchisee, with interest from the date such payments were due at the lesser of one and one-half percent (1.5%) per month or the maximum commercial contract interest rate allowed by law. In addition, if such audit discloses that the Gross Sales of the Restaurant have been understated by two (2%) or more during the audit period, Franchisee shall pay all reasonable costs and expenses Franchisor incurred in connection with such audit up to a maximum amount of \$200 per day.

15.5 **Recordings of Surveillance Cameras.** Franchisee shall maintain the recordings of the Surveillance Cameras for at least one year from the making of the recording. Upon request from Franchisor, Franchisee shall deliver copies of the recordings of the Surveillance Cameras within ten (10) days of the request from Franchisor.

16. TRANSFER

16.1 **Transfer by Franchisee.** Franchisee agrees that the rights and duties created by this Agreement are personal to Franchisee (and its shareholders, partners, members, or owners, as identified on Exhibit 8, if Franchisee is a corporation, partnership, or limited liability company, or other business entity) and that Franchisor has entered into this Agreement in reliance upon Franchisor's perceptions of the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee (and its shareholders, partners, members, or owners). Accordingly, without Franchisor's prior written consent, which will not be unreasonably withheld, neither this Agreement (nor any interest in this Agreement) nor any part or all of the ownership of Franchisee may be transferred to any person or entity who is not a shareholder, partner, member or owner of Franchisee on the date hereof. Any unauthorized transfer is a breach of this Agreement and shall be deemed void and of no effect *ab initio*. As used in this Agreement, the term "transfer" includes Franchisee's (or an owner's) voluntary, involuntary, direct, or

indirect assignment, sale, gift, or other disposition of any interest in: (1) this Agreement; (2) the Franchisee entity; (3) the Restaurant governed by this Agreement; or (4) all or a substantial portion of the assets of the Restaurant.

16.2 Pre-Conditions to Franchisee's Transfer. Franchisee agrees that there may be no transfers of any kind before the Restaurant has opened for business and has operated for a period of at least six (6) months. Franchisor shall not be obligated to approve a proposed transfer unless Franchisee (and its owners) is in full compliance with this Agreement. Franchisor shall not unreasonably withhold its approval of a proposed transfer that meets all the applicable requirements of this Section. The proposed transferee and its owners must be individuals of good moral character and otherwise meet Franchisor's then applicable standards for new franchisees.

If the proposed transfer is of this Agreement and the Restaurant, or a controlling interest in Franchisee, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement and the Restaurant or a controlling interest in Franchisee, all of the following conditions must be met before or concurrently with the effective date of the transfer: (a) all amounts due and owing pursuant to this Agreement or otherwise payable by Franchisee to Franchisor, its affiliates, or any third parties whose claims Franchisor has guaranteed on behalf of Franchisee, if any, are paid in full; (b) Franchisee has submitted to Franchisor all reports and statements required under this Agreement; (c) Franchisee has not violated any provision of this Agreement, the lease of the Restaurant's premises, or any other agreement with Franchisor during both the sixty (60) day period before Franchisee requested Franchisor's consent to the transfer and the period between Franchisee's request and the effective date of the transfer; (d) the proposed transferee agrees to operate the Restaurant as an INCHIN'S BAMBOO GARDEN® Restaurant, signs the then-current form of Franchise Agreement in use by Franchisor, the provisions of which may differ materially from any and all of those contained in this Agreement, and satisfactorily completes the initial training program of Franchisor; (e) Franchisee provides written notice to Franchisor at least thirty (30) days prior to the proposed effective date of the transfer and includes information reasonably detailed to enable Franchisor to evaluate the terms and conditions of the proposed transfer, which at a minimum includes a written offer from the proposed transferee; (f) the proposed transferee provides information to Franchisor sufficient for Franchisor to assess the proposed transferee's business experience, aptitude, and financial qualification, and Franchisor approves the proposed transferee as a franchisee; (g) neither the transferee nor its owners or affiliates operate or have an ownership interest in a Competitive Business (defined in Section 20.1); (h) Franchisee's landlord consents to allow Franchisee to transfer the Restaurant's lease to the transferee; (i) if Franchisee or its owners finance any part of the purchase price, Franchisee and/or its owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Restaurant are subordinate to Franchisor's security interest, as provided for in Section 22, the transferee's obligation to pay fees and other amounts due to Franchisor and otherwise to comply with this Agreement; (j) the acquiring person or entity shall execute a Franchise Agreement with Franchisor containing terms and conditions substantially similar to this Agreement and the rate of the royalty fee set forth in Section 5.1 shall become the then-current rate being charged to new franchisees of Franchisor and the fees payable shall become the then-current fees being charged to new franchisees of Franchisor; (k) Franchisee executes a Termination Agreement and Mutual Release of Claims, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, and their respective shareholders, officers, directors, employees, and agents, the current form of which is attached as Exhibit 9; (l) Franchisee abides by all post-termination covenants, including, without limitation, the covenant not to compete set forth in Section 20.3; (m) if Franchisee is an individual transferring this Agreement and the Restaurant to an entity wholly-owned by Franchisee, Franchisee agrees both to remain personally responsible for the entity's performance of its obligations under this Agreement and to continue to comply personally with all obligations under this Agreement; and (n) the Guaranty and Assumption of Franchisee's obligations (Exhibit 10) as executed by the Bound Parties (as defined in Section 20.3) on the date of the Franchise Agreement shall remain in effect notwithstanding the transfer of

this Agreement and the Restaurant and those persons who executed the Guaranty and Assumption of Franchisee's obligations will continue to be bound hereby notwithstanding the execution of the Termination Agreement and Mutual Release of Claims.

If Franchisor approves the proposed transfer, Franchisee or the proposed transferee will pay Franchisor a transfer fee in an amount equal to fifty percent (50%) of the then-current Initial Franchise Fee being charged by Franchisor, which fee is required to cover Franchisor's reasonable expenses related to the transfer, including training; provided, however, that no transfer fee will be charged (and Franchisor's right of first refusal will not apply) for a transfer by Franchisee to an entity wholly-owned by Franchisee, between owners of a Franchisee entity, or to a spouse or the children of a Franchisee (or owner of the Franchisee) upon the death or disability of Franchisee (or owner) so long as the transfer does not result in a change of control of the Franchisee.

A person will be deemed to have a controlling interest in Franchisee if that person has the right to vote twenty-five percent (25%) or more of the voting securities or other forms of ownership interest of a corporation, partnership, or other form of entity, or is entitled to receive twenty-five percent (25%) or more of the net profits of any such entity, or is otherwise able to direct or cause the direction of that entity's management or policies.

16.3 Franchisor's Approval of Transfer. Franchisor shall have thirty (30) days from the date upon which Franchisee has delivered the written notice to Franchisor requesting a transfer and all of the supplemental information required in connection with such request in which to approve or disapprove, in writing, Franchisee's proposed transfer. Franchisee acknowledges that the proposed transferee shall be evaluated by Franchisor based on the same criteria as are currently being used to assess new franchisees and that the proposed transferee shall be provided with such disclosures required by state or federal law. Franchisor may review all information regarding the Restaurant that Franchisee gives the transferee, and Franchisor may give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Restaurant.

16.4 Right of First Refusal. Franchisee grants to Franchisor a thirty (30) day right of first refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written notice set forth in Section 16.2(e) exercisable during the thirty (30) day period described in Section 16.3; provided, however, the following additional terms and conditions shall apply: (a) the right of first refusal will be effective for each proposed transfer, and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer for which Franchisor shall have a new thirty (30) day right of first refusal; (b) the thirty (30) day right of first refusal period will run concurrently with the period in which the Franchisor has to approve or disapprove the proposed transferee; (c) if the non-cash consideration or manner of payment offered by a proposed transferee is such that Franchisor cannot reasonably be expected to furnish the same, then Franchisor may purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor, whose determination will be binding upon the parties; all expenses of the appraiser shall be paid for equally by Franchisor and Franchisee; and, despite subparagraph (b), Franchisor will have fifteen (15) days after determination of the cash consideration to exercise its right of first refusal; and (d) if Franchisor chooses not to exercise its right of first refusal, Franchisee shall be free to complete the transfer subject to compliance with Sections 16.2 and 16.3.

16.5 Transfer by Franchisor. Franchisee acknowledges that Franchisor maintains a staff to manage and operate the INCHIN'S BAMBOO GARDEN® System and that staff members can change from time to time. Franchisee represents that it has not signed this Agreement in reliance on any shareholder, director, officer or employee remaining with Franchisor in that capacity. Franchisor may change its

ownership or form of organization and/or assign and transfer this Agreement and any other agreement freely without restriction.

16.6 **Franchisee's Death or Disability.** Except as otherwise provided in Section 16.2, upon the death or permanent disability of Franchisee (or an individual controlling a Franchisee entity), the personal representative of such person shall transfer Franchisee's interest in this Agreement or such interest in the Franchisee entity to an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed one hundred twenty (120) days from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all terms and conditions applicable to transfers contained in this Section 16; provided, however, that for purposes of this Section, there shall be no transfer fee charged by Franchisor. Failure to transfer the interest within said period of time shall constitute a breach of this Agreement. The term "permanent disability" shall mean a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee (or an owner controlling a Franchisee entity) from supervising the management and operation of the Restaurant for a period of one hundred twenty (120) days from the onset of such disability, impairment, or condition. In any event, the Restaurant shall at all times be managed by a Designated Manager who has complied with all of Franchisor's training requirements, regardless of any death or permanent disability covered by this Section.

17. TERM AND RENEWAL

17.1 **Term.** The initial term of this Agreement is for a period of ten (10) years from the Effective Date (as stated on page one of this Agreement) unless sooner terminated.

17.2 **Renewal.** At the end of the initial term and at the end of each subsequent renewal term, if any, the term of this Agreement shall automatically renew for periods of five (5) years each (each, a "Renewal Term") unless Franchisor shall have given Franchisee at least thirty (30) days advance notice of its intention not to renew the term of this Agreement. Such notice shall cause the initial term or any renewal term of this Agreement to end at the end of such period and the post-expiration provisions of this Agreement shall become applicable on the same date.

In connection with any renewal of the term, if Franchisee has not given notice of its intention not to renew the term, Franchisor reserves the right to base its renewal decision upon an evaluation of performance during the prior term including satisfying the following qualifying criteria as evidenced by the fact that Franchisee:

(a) Has complied with all provisions in this Agreement during the initial term, including the payment on a timely basis of all Royalty Fees and other fees. "Compliance" shall mean, at a minimum, that Franchisee has not received written notification from Franchisor of a breach more than four (4) times during the initial term;

(b) Is not in default or under notification of breach of this Agreement at the time it gives notice under this Section 17.2;

(c) Agrees to upgrade and remodel the Restaurant at Franchisee's sole expense (the necessity of which shall be at Franchisor's option) to conform with the then-current Operations Manual requirements;

(d) Executes a Termination Agreement and Mutual Release of Claims, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and their respective

shareholders, officers, directors, employees, and agents arising out of or relating to this Agreement or the parties' relationship, the current form of which is attached as Exhibit 9;

(e) Executes the then-current form of Franchise Agreement in use by Franchisor for the Renewal Term, which agreement may contain terms materially different from those in this Agreement, including terms changing the Royalty Fee and other fee amounts; provided that Franchisee shall not be required to pay a new Initial Franchise Fee; and

(f) Franchisee pays a renewal fee equal to 50% of the then-current Initial Franchise Fee to Franchisor concurrently with the execution of the then-current Franchise Agreement to cover Franchisor's expenses related to reviewing Franchisee's operations and approving the renewal.

If Franchisee fails to comply with any of the conditions listed above within thirty (30) days after the end of the initial term or any renewal term, Franchisor shall give notice to that effect to Franchisee and shall have the right to refuse to renew the term.

18. DEFAULT AND TERMINATION

18.1 **Termination by Franchisee.** Franchisee shall have the right to terminate this Agreement if Franchisor materially fails to comply with this Agreement and fails to cure its default within thirty (30) days after delivery of written notice of the default from Franchisee. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such thirty (30) day period and Franchisor has commenced and is continuing to make good faith efforts to cure the breach, Franchisor shall be given an additional reasonable period of time to cure the same, and this Agreement shall not terminate. Any termination by Franchisee other than in accordance with this Section will be deemed a termination by Franchisee without cause.

18.2 **Termination by Franchisor - Effective Upon Notice.** Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted Franchisee, without affording Franchisee any opportunity to cure any default (subject to any state laws to the contrary, in which case state law shall prevail), effective upon delivery to Franchisee of a termination notice, upon the occurrence of any of the following events:

(a) **Unauthorized Opening.** If Franchisee begins operating the Restaurant without having obtained Franchisor's prior written consent, as required in Section 6.8;

(b) **Unauthorized Disclosure.** If Franchisee or any person under Franchisee's control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents or any part of the Operations Manual or any other trade secrets or confidential information of Franchisor;

(c) **Fraud or Conduct Affecting the Mark.** If Franchisee commits fraud in connection with the purchase or operation of the Restaurant or otherwise engages in conduct that, in the sole judgment of Franchisor, materially impairs the goodwill associated with the Mark;

(d) **Fraudulent Practices.** Franchisee engages in fraudulent practices, including, but not limited to, submitting false information on the Exhibits to this Agreement, false reports, reports containing material misstatements or omissions or financial statements, whether prior to or after the date hereof (including, without limitation, a material understatement of Gross Sales as provided in Section 5);

(e) **Abandonment.** If Franchisee fails to operate the Restaurant or otherwise abandons the Restaurant for a period of five (5) consecutive days, or any shorter period that indicates an

intent by Franchisee to discontinue operation of the Restaurant, unless and only to the extent that full operation of the Restaurant is suspended or terminated due to fire, flood, earthquake, or other similar causes beyond Franchisee's control and not related to the availability of funds of Franchisee;

(f) **Insolvency; Assignments.** If Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee, under any insolvency, bankruptcy, or reorganization act (this provision might not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq.); or if Franchisee makes an assignment for the benefit of creditors; or a receiver is appointed for Franchisee;

(g) **Unsatisfied Judgments: Levy; Foreclosure.** If any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's business or any of the property used in operating the Restaurant and is not discharged within five (5) days; or if the real or personal property of Franchisee's business shall be sold after levy by any sheriff, marshal, or constable;

(h) **Criminal Conviction.** If Franchisee (or any of its Bound Parties, as defined in Section 20.1) is convicted of a felony, a crime involving moral turpitude, or any crime or offense reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the Licensed Methods, Mark, and associated goodwill and reputation;

(i) **Failure to Make Payments.** If Franchisee fails to maintain the minimum balance in the bank account identified on Exhibit 4 as required by Section 5.4 or fails to pay any amounts due Franchisor or its affiliates within ten (10) days after delivery of notice that such fees or amounts are overdue;

(j) **Financial Reporting.** If Franchisee intentionally underreports Gross Sales in any amount or negligently underreports Gross Sales by five percent (5%) or more during any reporting period;

(k) **Failure to Complete Training or Open.** If Franchisee (or its Managing Owner and Designated Manager) fails to complete the initial training program to Franchisor's satisfaction or to commence operations of the Restaurant within the required time period;

(l) **Misuse of Mark.** If Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Mark and fails to correct the misuse or failure within ten (10) days after delivery of notice from Franchisor;

(m) **Repeated Noncompliance.** If Franchisee has received three (3) notices of default from Franchisor within a twelve (12) month period, regardless of whether the defaults were cured by Franchisee;

(n) **Right to Possession of Property.** If Franchisee loses the right to occupy the Restaurant's premises because of its default under the lease or sublease or defaults under any agreement related to use or operation of the Restaurant;

(o) **Unauthorized Transfer.** If Franchisee sells, transfers, or otherwise assigns the franchise, an interest in the franchise or Franchisee entity, this Agreement, the Restaurant, or a substantial portion of the assets of the Restaurant without complying with the provisions of Section 16; or

(p) **Termination of Other Franchise Agreement.** If Franchisor issues a notice of termination with respect to any other franchise agreement between Franchisor and Franchisee (or any other

legal entity in which Franchisee, or one of its owners with at least a twenty-five percent (25%) ownership interest in Franchisee, is the sole owner or managing owner) governing the operation of another Restaurant.

18.3 Termination by Franchisor - Thirty Days' Notice. Franchisor shall have the right to terminate this Agreement (subject to any state laws to the contrary, in which case state law shall prevail), effective upon delivery of thirty (30) days' prior written notice to Franchisee, if Franchisee breaches any other provision of this Agreement, including, but not limited to, if Franchisee fails to comply with the Operations Manual, and fails to cure the default during such thirty (30) day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the thirty (30) day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot reasonably be cured within such thirty (30) day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach, Franchisee shall be given an additional reasonable period of time to cure the same, and this Agreement shall not terminate. In the event the Franchisee fails to comply within the time period, the Franchisor will call in the Senior Executive (Food Production) to its corporate headquarters, and at that time the Franchisee will be in full default of the agreement.

18.4 Failure to Comply with Reporting Requirements. If Franchisee fails to prepare and submit any statement or report required under Section 15, then Franchisor shall have the right to treat Franchisee's failure as good cause for termination of this Agreement. In addition to all other remedies available to Franchisor, in the event that Franchisee fails to prepare and submit any statement or report required under Section 15 for two (2) consecutive reporting periods, Franchisor shall be entitled to make an audit, at the expense of Franchisee, of Franchisee's books, records, and accounts, including Franchisee's bank accounts. The statements or reports not previously submitted shall be prepared by or under the direction and supervision of an independent certified public accountant selected by Franchisor. In addition to its other rights and remedies, if Franchisee fails to comply with the reporting requirements under Section 15, Franchisor shall have the right to collect, in addition to the interest on any overdue payments, Eight Hundred Fifty Dollars (\$850) per week for Royalty Fees and One Hundred Dollars (\$100) per week for advertising payments (or a greater amount if Franchisor reasonably estimates that the Restaurant is generating higher Gross Sales), provided that any amounts will be reconciled and adjusted as needed when Franchisor receives actual Gross Sales amounts.

18.5 Right to Purchase. Except in the case of a renewal under Section 17, upon termination or expiration of this Agreement for any reason, Franchisor shall have the option to purchase the Restaurant, or a portion of the assets of the Restaurant (including any furniture, fixtures, equipment and improvements), and which may include, at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Restaurant is located, but not including any other interest in real property. The purchase price for the assets to be transferred will be an amount equal to twenty percent (20%) of the annual Gross Sales of the Restaurant during the twelve (12) calendar months immediately preceding the date of termination or expiration and will be adjusted by setting off any amount then owing by Franchisee to Franchisor or its affiliates, including any amounts paid by Franchisor to cure Franchisee's defaults with third parties such as landlords (the decision to pay such cure amounts to be the sole decision of Franchisor). The following additional terms shall apply to Franchisor's exercise of this option:

(a) Franchisor's option shall be exercisable by providing Franchisee with written notice of its intention to exercise the option no later than the effective date of termination, in the case of termination (unless Franchisee terminates without notice or Franchisor terminates for cause, in which case Franchisor shall have thirty (30) days after receipt of actual notice of the termination or such additional time as is reasonably necessary given the circumstances), or at least thirty (30) days prior to the expiration of the term of the franchise, in circumstances where no renewal is granted;

(b) Franchisor and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by Franchisor, in the real property records, and Franchisor and Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording;

(c) The closing for the purchase will take place no later than sixty (60) days after delivery of written notice of Franchisor's exercise of its option is given to Franchisee. Franchisor has the unrestricted right to assign this option to purchase at any time. Franchisor will pay the purchase price in full at the closing or, at its option, in twenty-four (24) equal consecutive monthly installments, with simple interest at a rate of eight percent (8%) per annum; provided, however, in no event shall Franchisor be required to pay interest at a rate greater than the maximum commercial contract interest rate permitted by applicable law. Franchisee must sign all documents of transfer reasonably necessary for purchase of the Restaurant by Franchisor, which documents shall include all customary representations and warranties from Franchisee as to ownership and condition of, and title to, the assets of the Restaurant being transferred. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. Franchisee and its owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, officers, directors, employees, agents, successors, and assigns; and

(d) Franchisee agrees that it shall be obligated to operate the Restaurant, according to the terms of this Agreement, during the period in which Franchisor is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the Restaurant has remained open during that time period. Franchisor may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

In the event that Franchisor does not exercise its right to repurchase Franchisee's Restaurant as set forth above, Franchisee will be free, after such termination or expiration, to keep or to sell to any third party all of the physical assets of its Restaurant; provided, however, that all Mark are first removed in a manner approved in writing by Franchisor.

18.6 Obligations of Franchisee Upon Termination or Expiration. Franchisee is obligated upon termination or expiration of this Agreement to immediately:

(a) Pay all Royalty Fees and other amounts then owed Franchisor or its affiliates pursuant to this Agreement or otherwise;

(b) Cease identifying itself as an INCHIN'S BAMBOO GARDEN® franchisee and cease using any of the Mark, trade secrets, signs, symbols, devices, trade names, or other materials of Franchisor including, without limitation, all of the items of Franchisor Trade Dress described on Exhibit 11 attached hereto;

(c) Immediately cease to identify the Franchised Location as being, or having been, associated with Franchisor and immediately cease using the Mark and Licensed Methods;

(d) At Franchisee's expense, return to Franchisor at the address for notices set forth in Section 23.11 below all of the items of interior décor of the Restaurant that are under lease from Franchisor to Franchisee.

(e) Dispose of all Franchisor Trade Dress and all signs, sign-faces, advertising materials, forms, and other materials bearing any of the Mark as provided in Exhibit 11 attached hereto;

(f) Immediately deliver to Franchisor the Operations Manual and all other information, documents, and copies which are proprietary to Franchisor;

(g) Promptly take such action required to cancel all fictitious or assumed name or equivalent registrations relating to its use of any of the Mark or, at the option of Franchisor, assign the same to Franchisor;

(h) Notify the telephone company and all telephone directory publishers of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified, or other telephone directory listings associated with any of the Mark and to authorize their transfer to Franchisor or its designee. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor has the sole rights to and interest in all telephone, telecopy, or facsimile machine numbers and directory listings associated with any Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone, telecopy, or facsimile machine numbers and directory listings relating to the Restaurant to Franchisor or its designee, should Franchisee fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of Franchisor's exclusive rights in such telephone numbers and directory listings and Franchisor's authority to direct their transfer; and

(i) Abide by all restrictive covenants set forth in Section 20 of this Agreement.

18.7 **State and Federal Law.** THE PARTIES ACKNOWLEDGE THAT, IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR NON-RENEWAL ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR NON-RENEWAL OF THIS AGREEMENT.

18.8 **Assumption of Management.** Franchisor has the right (but not the obligation), under the circumstances described below, to enter the Restaurant and assume the Restaurant's management for any time period it deems appropriate. Franchisor reserves the right to discontinue such assumption of management at any time and to exercise its rights of termination at such time. If Franchisor assumes the Restaurant's management, Franchisee must pay Franchisor (in addition to the Royalty Fee and Marketing and Promotion Fee) a management fee in the amount of twelve percent (12%) of the Restaurant's Gross Sales up to a maximum amount of \$5,000 per calendar month, plus Franchisor's direct out-of-pocket costs and expenses, during the management period. If Franchisor assumes the management of the Restaurant, Franchisee acknowledges that Franchisor will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Restaurant incurs, or to any of Franchisee's creditors for any supplies or services the Restaurant purchases, while Franchisor manages the Restaurant.

Franchisor may assume the Restaurant's management under the following circumstances:

(a) If Franchisee fails to operate or otherwise abandons the Restaurant for a period of five (5) consecutive days or any shorter period that indicates an intent by Franchisee to discontinue operation of the Restaurant, unless and only to the extent that full operation of the Restaurant is suspended or terminated due to fire, flood, earthquake, or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee; or

(b) If Franchisee fails to comply with any provision of this Agreement and does not cure the failure within the time period Franchisor specifies in its notice to Franchisee.

The exercise of Franchisor's rights under this Section 18.8 will not affect Franchisor's right to terminate this Agreement which shall continue in effect notwithstanding such assumption of management.

19. BUSINESS RELATIONSHIP

19.1 **Independent Businesspersons.** The parties agree that each of them is an independent businessperson, their only relationship is solely by virtue of this Agreement, and no agency or fiduciary relationship is created under this Agreement. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business. Franchisor and Franchisee agree that neither of them will hold themselves out to be the agent, employer, or partner of the other and that neither of them has the authority to bind or incur liability behalf of the other.

19.2 **Payment of Third Party Obligations.** Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including, without limitation, any product vendors, or for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes levied upon Franchisee, Franchisee's property, the Restaurant, or Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

19.3 **Indemnification.** Franchisee agrees to indemnify, defend, and hold harmless Franchisor, and all of its affiliates, and the members, directors, officers, employees, agents, successors, and assignees of Franchisor, and all of its affiliates (the "**Indemnified Parties**"), against, and to reimburse them for, all claims, obligations, and damages described in this Section 19.3, any and all third party obligations described in Section 19.2, and any and all claims and liabilities directly or indirectly arising out of the operation of the Restaurant or the use of the Mark and Licensed Methods in any manner, except for, and then only to the extent caused solely by, Franchisor's negligence. For purposes of this indemnification: (a) "claims" shall mean and include all obligations, actual and consequential damages, and costs reasonably incurred in the defense of any claim against Franchisor, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses. Franchisor shall have the right to defend any such claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement; and (b) notwithstanding the fact that the Senior Executive (Food Production) is an employee of Franchisor, Franchisee shall be responsible for all actions taken by the Senior Executive (Food Production) in the operation of the Restaurant and shall indemnify and hold Franchisor harmless from any and all such actions.

20. RESTRICTIVE COVENANTS

20.1 **Non-Competition During Term.** Franchisee acknowledges that, in addition to the license of the Mark, Franchisor also has licensed commercially valuable information which comprises the Licensed Methods, including, without limitation, operations, marketing, advertising, trade secrets and related information and materials, and that the value of this information arises not only from the time, effort, and money which went into its compilation but also from the usage by all franchisees. Franchisee therefore agrees that, other than the Restaurant, neither Franchisee nor any of Franchisee's officers, directors, shareholders, members, partners or other owners, nor any spouse of Franchisee or any of these individuals, all of whom shall execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit 10 (individually, a "**Bound Party**" and collectively, the "**Bound Parties**"), shall during the term of this Agreement:

(a) Have any direct or indirect interest as a disclosed or beneficial owner in a "Competitive Business," as defined below, wherever located or operating.

(b) Perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, wherever located or operating; or

(c) divert or attempt to divert any business related to the Restaurant, Franchisor's business, or any other INCHIN'S BAMBOO GARDEN® franchisee by direct inducement or otherwise, to any Competitive Business.

The term "**Competitive Business**," as used in this Agreement, shall mean any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business that has more than 50 seats at which customers may be served food and utilizes a wok in any manner in food preparation (other than another Restaurant operated by Franchisee); provided, however, neither Franchisee nor the other Bound Parties shall be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent five percent (5%) or less of that class of securities issued and outstanding. Franchisee agrees that nothing in this Section 20 shall be construed to grant Franchisee any protected territory.

20.2 **Branded Business.** During the term of this Agreement, neither Franchisee nor any other Bound Party will operate, directly or indirectly, any Branded Business within a one-quarter (1/4) mile radius of the Restaurant without the written consent of Franchisor, which consent shall not be unreasonably withheld. The term "**Branded Business**" means any business marketed by a franchisor or chain under a locally, regionally, or nationally known or registered trademark or service mark.

20.3 **Post-Termination Covenant Not to Compete.** In the event of expiration or termination of this Agreement due to a default hereunder by Franchisee and if Franchisor does not receive payment of all amounts then due to Franchisor for any reason, including, without limitation, liquidated damages pursuant to Section 20.4 below because the law of the state in which Restaurant is located renders such provision unenforceable or for any other reason, then in such event, for a period of two (2) years from the effective date of expiration or termination of this Agreement for any reason, or the date on which Franchisee and all other Bound Parties begin to comply with this Section, whichever is later, neither Franchisee nor any other Bound Party shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, agent, or in any other capacity in any Competitive Business located or operating within a fifty (50) mile radius of the former Franchised Location or within a fifty (50) miles radius of any other Restaurant existing on the later of the effective date of termination or expiration of this Agreement or the date on which Franchisee and all other Bound Parties begin to comply with this Section. The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Franchisee and the other Bound Parties expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. This provision shall survive termination of this Agreement and Franchisor shall have the right to injunctive relief to enforce this provision in addition to such other relief to which it may be entitled in law and equity.

20.4 **Termination by Franchisor and Liquidated Damages.** Franchisee has agreed to operate the Restaurant under the Mark in compliance with this Agreement for the full term of this Agreement. If Franchisee should fail to do so, Franchisee acknowledges that Franchisor would be damaged in several ways, including but not limited to: (a) loss of future Royalty Fee Payments, (b) loss of future Marketing and Promotion Fees used to market the Restaurants under the Mark, (c) loss of Senior Executive

Compensation and Travel and Living Expense Reimbursement, (d) loss of representation in the area served by the Restaurant, and (e) injury to the goodwill of the Mark. Franchisee acknowledges that it is difficult to estimate the revenues of the Restaurant over a period of years and that elements of Franchisor's damages not directly calculated from the Restaurant's revenues are inherently difficult to calculate, although such damages are real and meaningful to Franchisor and the other Restaurants operating under the Mark. Franchisor's damages in the event of termination would not be easily ascertained, would be difficult to estimate accurately, and the proof thereof would be burdensome and costly, and Franchisor and Franchisee agree that liquidated damages (as calculated below) are not a penalty and represent a reasonable estimate of just and fair compensation of Franchisor for the damages that it would suffer. In the event this Agreement is terminated, such termination shall not affect the obligations of Franchisee hereunder to take action or abstain from taking action after the termination hereof as required by this Section 20. In the event of such termination, (a) Franchisor shall be entitled to recover from Franchisee, and Franchisee shall be obligated to promptly pay to Franchisor, all fees and payments provided for herein that have then accrued to Franchisor or its Affiliates pursuant to other provisions of this Agreement up to the date of such termination (without limiting Franchisee's obligations to pay to Franchisor any payments that relate to the period prior to the date of such termination, but that are not billed to Franchisee prior to the date of such termination), and (b) if such termination is due to a default by Franchisee of any of its obligations under this Agreement, Franchisee shall also promptly pay to Franchisor liquidated damages in an amount equal to the product of: (i) the number of years (full and partial) remaining in the term of this Agreement, (ii) the aggregate amount of Royalty Fee Payments, Marketing and Promotion Fees and Senior Executive Compensation and Travel and Living Expense Reimbursement due and payable to Franchisor for the period of the twelve full calendar months immediately preceding the date of such termination, and (iii) a factor of sixty percent (60%). In addition to such liquidated damages, Franchisor shall have the right to recover reasonable attorneys' fees and court costs incurred in collecting such sums plus Interest on all amounts due pursuant to this Section 20.4 from the date of such termination until paid. The legal remedies hereunder shall not preclude Franchisor from any equitable remedies to which it may be entitled under applicable law. Franchisee's obligation to pay Franchisor liquidated damages, if applicable, and other sums pursuant to this Section 20.4 shall survive termination of this Agreement.

20.5 Confidentiality of Proprietary Information. Franchisee shall treat all information it receives which comprises the Licensed Methods (including, without limitation, the Operations Manual) as proprietary and confidential and not use such information in an unauthorized manner or disclose the same to any unauthorized person. Franchisee agrees that all such material is the sole property of Franchisor. Franchisee acknowledges that the Mark and the Licensed Methods have valuable goodwill attached to them, that their protection and maintenance are essential to Franchisor, and that any unauthorized use or disclosure of the Mark and Licensed Methods will result in irreparable harm to Franchisor. All ideas, concepts, techniques, or materials concerning a Restaurant, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed Franchisor's sole and exclusive property, part of the INCHIN'S BAMBOO GARDEN® System, and works made-for-hire for Franchisor. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to evidence ownership or to assist Franchisor in obtaining intellectual property rights in the item.

20.6 Confidentiality Agreement. Franchisor reserves the right to require that Franchisee cause each of its Bound Parties and Designated Managers (and, if applicable, the spouse of a Designated Manager) to execute a Nondisclosure and Noncompetition Agreement containing the above restrictions in a form approved by Franchisor.

21. DISPUTES

21.1 **Governing Law/Consent to Venue and Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement and the relationship created hereby shall be governed, construed, interpreted and enforced under the laws of the State of Georgia without regard to its conflicts of laws principles, and any dispute between the parties, whether arising under this Agreement or from any other aspect of the parties' relationship, shall be governed by and determined in accordance with the substantive laws of the State of Georgia, without regard to its conflicts of laws principles; provided, however, that the provisions of Section 20 of this Agreement shall be governed, construed, interpreted and enforced under the laws of the state in which the Restaurant is located, without regard to its conflicts of laws principles. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes arising between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee or any Bound Party (as defined in Section 20.1) and Franchisor, the parties agree that the exclusive venue for disputes between them shall be in the courts of the state of Georgia with jurisdiction over the City and County of Atlanta, Georgia, or the United States District Court for the Northern District of Georgia, and each party waives any objection it might have to the personal jurisdiction of or venue in such courts.

21.2 **Waiver of Jury Trial.** Franchisor, Franchisee, and the Bound Parties each waive their right to a trial by jury. Franchisee, the Bound Parties, and Franchisor acknowledge that the parties' waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement or any aspect of the parties' relationship. Franchisee, the Bound Parties, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

21.3 **Remedies.** Except as set forth in Section 21.4, the court will have the right to award any relief which it deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), lost profits, specific performance, injunctive relief, and attorneys' fees and costs. The parties agree that any claim for lost earnings or profits by Franchisee shall be limited to a maximum amount equal to the net profits of the Restaurant for the prior year as shown on Franchisee's federal income tax return. The parties further agree that, in addition to such other damages awarded by the court, if this Agreement is terminated because of a Franchisee default, Franchisee shall be liable to Franchisor for a lump sum amount equal to the net present value of the Royalty Fees and Marketing and Promotion Fees that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Franchisee's default. Royalty Fees and Marketing and Promotion Fees for purposes of this Section shall be calculated based on the Restaurant's average monthly Gross Sales for the twelve (12) months preceding the termination date.

21.4 **Limitation of Claims.** Franchisee and the Bound Parties agree not to bring any claim asserting that the Mark is generic or otherwise invalid and not eligible for registration on the Principal Register. Except with regard to Franchisee's obligation to pay Franchisor and its affiliates Royalty Fee payments, the Marketing and Promotion Fee and other advertising fees, and other payments due from Franchisee pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or such claim shall be barred. The parties understand that such time limit might be shorter than otherwise allowed by law. Franchisee and the Bound Parties agree that their sole recourse for claims arising between the parties shall be against Franchisor or its successors and assigns. Franchisee and the Bound Parties agree that the shareholders, directors, officers, employees, and agents of Franchisor and its affiliates shall not be personally liable nor named as a party in any action between Franchisor and Franchisee or any Bound Party. Franchisor, Franchisee, and the Bound Parties further agree

that, in connection with any such proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis, and that a proceeding between Franchisor and Franchisee or the Bound Parties may not be consolidated with another proceeding between Franchisor and any other person or entity. No party will be entitled to an award of punitive or exemplary damages (provided that this limitation shall not apply to statutory penalties such as those set forth in 15 U.S.C. § 1117(a)). No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

21.5 Dispute Resolution Process.

(a) In the event of any controversy, dispute or claim (individually, a "**Claim**" and collectively, "**Claims**") arising out of or relating to this Agreement, or any modification, amendment or extension to this Agreement, or the breach thereof, including any claim to rescind or set aside any of the same other than: (i) disputes involving the use of the Mark or the Licensed Methods; (ii) suits to enforce the in-term and post-term noncompetition agreements of Franchisee and the Bound Parties; or (iii) actions by Franchisor for the collection of amounts due from Franchisee (collectively, the "**Non-Mediation Matters**"), representatives of the Franchisor and Franchisee shall meet in good faith as set forth in this Section 21.5 in an effort to resolve the dispute.

(b) (i) The disputing party shall give the other party written notice (the "**Notice**") of the dispute within thirty (30) days of becoming aware of the existence of the dispute. The Notice shall describe in reasonable detail the dispute and shall name a designee to participate in the meeting described in this section. Within fifteen (15) days of receipt of the Notice, the other party shall appoint a designee to meet and confer in an attempt to resolve the dispute. The failure of either party to appoint a designee or to present that designee for a meeting shall be considered a material breach of this Agreement. The designees of Franchisor and Franchisee shall meet at Franchisor's corporate offices at a time mutually acceptable to them to attempt to settle the dispute in good faith. This meeting shall be held within thirty (30) days after receipt of the disputing party's Notice.

(ii) In the event that no resolution of the dispute is reached within thirty (30) days following the meeting, the dispute shall be submitted for a non-binding mediation with a mediator selected from a list of mediators to be obtained from the CPR Institute for Dispute Resolution ("**CPR**"). The non-binding mediation shall be held at Franchisor's corporate offices at a time mutually acceptable. The mediation shall be held within thirty (30) days of the selection of the mediator. Upon expiration of the thirty (30) day period following the meeting, either Franchisor or Franchisee may petition the CPR for a regional list of mediators to be sent to both Franchisor and Franchisee. Within ten (10) days after receipt of such list, each of Franchisor and Franchisee shall choose three names from the regional list provided by CPR and submit such names to the other party. If any of these names match, such person shall act as the mediator for the dispute. In the event that none of the names match, and if Franchisor and Franchisee cannot otherwise agree on a mediator, the mediator shall be chosen by CPR. The costs and expenses of the mediation process shall be shared equally by Franchisor and Franchisee.

(c) The mediator shall promptly hear presentations from Franchisor and Franchisee in such manner and at such times and locations as shall be determined by the mediator. The mediator may request, and Franchisor and Franchisee shall provide, any documents that in the mediator's sole opinion will assist in resolving the dispute. The mediator shall review the dispute and offer to Franchisor and Franchisee his or her comments on their respective positions. Franchisor and Franchisee may have ex parte communication with the mediator as deemed necessary by either party or the mediator. Neither Franchisor

nor Franchisee shall be bound by any comments, conclusions or decisions of the mediator. All verbal and written communications between Franchisor and Franchisee or among Franchisor, Franchisee and the mediator, issued and prepared in connection with this Section, shall be deemed prepared and communicated in furtherance and in the context of the dispute settlement and shall be exempt from discovery and production and shall not be admissible into evidence in any proceeding for the resolution of this dispute. No legal proceedings for the resolution of the dispute shall be commenced by Franchisor or Franchisee until the conclusion of this mediation, which shall in no event extend past one hundred and twenty (120) days from the receipt of the Notice. Upon conclusion of the mediation, each of Franchisor and Franchisee shall have all rights and remedies available to it at law or in equity; provided, however, that to the fullest extent permitted by law, Franchisor and Franchisee hereby waive their respective rights to trial by jury in any suit, action or proceeding against Franchisee or Franchisor, as the case may be, which may be filed in the courts identified in Section 21.5(g) below.

(d) The periods set forth in this Section 21.5 may be extended or shortened by mutual agreement of the parties. In no event shall a party who has refused or failed to participate in the dispute resolution process described in this Section 21.5 be permitted to commence legal proceedings without first complying with the provisions of this Section 21.5.

(e) The parties hereto agree that notwithstanding, and in addition to, the rights and remedies available hereunder, each of Franchisor, on the one hand, and Franchisee, on the other hand, reserves the right to seek and obtain temporary restraining orders or other emergency temporary or preliminary equitable injunctive relief from the courts of the state of Georgia or the federal courts situated in the Northern District of Georgia, to preserve the status quo by enjoining or restraining a party hereto pending mediation hereunder or to compel mediation as provided herein, and the parties hereto acknowledge and agree to the right to seek such relief. The parties hereto expressly agree and acknowledge that seeking relief from the courts as provided in this Section 21.5 shall not be deemed a waiver of any party's right to mediate nor shall the existence or exercise of such right be deemed to be an adequate remedy at law in connection therewith.

(f) Each party shall bear its own attorneys' fees and expenses and the fees and expenses of other experts or professionals utilized by such party in connection with the mediation provided for herein.

(g) Each of the parties hereto (including the Bound Parties) hereby irrevocably consents and submits to the exclusive personal jurisdiction of United States District Court for the Northern District of Georgia and the courts of the state of Georgia over any suit or action to compel mediation in accordance with the provisions of this Section 21 between Franchisor and Franchisee, and irrevocably agrees that venue is proper in such courts for any such suit or action and that all claims with respect thereto may be heard and determined in either such court. Service of process in any such suit or action may be made in the manner in this Agreement set forth for the giving of notices and the same shall constitute valid personal service for all purposes, each party, hereby waiving personal service by other means.

(h) Each of the parties hereto (including the Bound Parties) hereby irrevocably consents and submits to the personal jurisdiction of the United States District Court for the Northern District of Georgia and the courts of the state of Georgia over all Non-Mediation Matters and hereby agrees that venue is proper in such courts for any Non-Mediation Matter. To the fullest extent permitted by law, Franchisor and Franchisee hereby waive their respective rights to a trial by jury in any Non-Mediation Matter. The parties acknowledge and agree that the rights of Franchisor under this Agreement with respect to the use of the Mark and the Licensed Methods and the enforcement of the in-term and post-term noncompetition agreements of Franchisee are of a specialized and unique character and that immediate and irreparable damage will result to Franchisor if Franchisee fails or refuses to perform its obligations under

this Agreement and, notwithstanding any election by Franchisor to claim damages from Franchisee as a result of any such failure or refusal, Franchisor may, in addition to any other remedies and damages available, seek an injunction in a court of competent jurisdiction to restrain any such failure or refusal.

22. GRANT OF SECURITY INTEREST

22.1 **Collateral.** Franchisee hereby creates and grants in favor of Franchisor a general and continuing security interest ("**Security Interest**") in all of Franchisee's rights in its leasehold interest for the Restaurant and in all of Franchisee's assets, whether now owned or hereafter acquired, used in connection with the Restaurant, including, without limitation, all Goods, Equipment (other than leasehold improvements which constitute fixtures), Inventory, Instruments, Accounts, Chattel Paper, General Intangibles, Deposit Accounts, Electronic Chattel Paper, Letter of Credit Rights, Software (as such terms are defined in the UCC) and any other property, and any and all additions and accessions thereto, all substitutions and replacements therefor and all products and proceeds thereof or proceeds of insurance thereon, as security for the payment and performance of all obligations owed by Franchisee to Franchisor or any of its Affiliates under this Agreement including, without limitation, the payment of royalty fees and any and all other fees and amounts owed by Franchisee to Franchisor or any of its Affiliates hereunder and the performance of the in-term non-competition obligations and the post-term non-competition and disassociation obligations. Franchisee acknowledges that this Agreement shall constitute a security agreement under the UCC for purposes of establishing the respective rights of Franchisor and Franchisee in the above-described personal property and the enforcement of such security interest against Franchisee. All items in which a security interest is granted are referred to as the "**Collateral.**"

22.2 **Obligations Secured.** The Security Interest secures performance of all of the payment and performance obligations of Franchisee under this Agreement (including, without limitation, all of the obligations of Franchisee under Section 20 of this Agreement) and the payment of the following (collectively, the "**Indebtedness**"):

- (a) All amounts due and payable by Franchisee to Franchisor under this Agreement or otherwise;
- (b) All sums which Franchisor may, at its option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest;
- (c) All expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all of the amounts secured hereby or in enforcing or protecting its rights under the Security Interest and this Agreement; and
- (d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments.

22.3 **Additional Documents.** Franchisee will from time to time as required by Franchisor join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor.

22.4 **Possession of Collateral.** Upon the occurrence of: (a) a default by Franchisee and termination of Franchisee's rights under this Agreement, or (b) the expiration of this Agreement without renewal, Franchisor shall have the immediate right to possession and use of the Collateral.

22.5 **Remedies of Franchisor in Event of Default.** Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at the option of Franchisor and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the Uniform Commercial Code of the state of Georgia, including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth below.

22.6 **Limitations on Sale of Collateral.** Franchisee acknowledges and agrees with Franchisor that, upon a foreclosure on the Collateral described above, a sale of such Collateral may be limited to a buyer who will continue to operate the Restaurant under the Mark and using the Licensed Methods and that such a limitation is commercially reasonable as it will save the buyer the costs to be incurred in disassociating the Collateral from the Mark so that such cost savings may be included as part of the purchase price for the Collateral.

22.7 **Special Filing as Financing Statement.** Franchisor is hereby authorized by Franchisee to file one or more Financing Statements as Franchisor may determine are necessary to perfect the security interest granted hereunder. This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

23. MISCELLANEOUS PROVISIONS

23.1 **Modification.** No amendment, waiver, or modification of this Agreement shall be effective unless it is in writing and signed by Franchisor and Franchisee. Franchisee acknowledges that, notwithstanding the foregoing, Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent to which Franchisor deems necessary to protect, promote, or improve the Mark and the quality of the Licensed Methods.

23.2 **Entire Agreement.**

(a) This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements concerning its subject matter. Franchisee agrees and understands that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement or for claims of negligent or fraudulent misrepresentation, and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Franchisee further acknowledges and agrees that no representations have been made to it by Franchisor regarding projected sales volumes, market potential, revenues, profits of Franchisee's Restaurant, or operational assistance other than as stated in this Agreement or in any disclosure document provided by Franchisor or its representatives. Any policies that the Franchisor adopts and

implements from time to time are subject to change, are not a part of this Agreement, and are not binding on Franchisor. Nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document that Franchisor furnished to you.

(b) No document or agreement which is not an Exhibit to this Agreement or specifically incorporated herein by reference shall be deemed to be part of this Agreement. Documents or agreements referred to herein but not an Exhibit to this Agreement or specifically incorporated herein by reference are not part of this Agreement. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided, however, that Franchisee may assign this Agreement and its rights hereunder (including, without limitation, an assignment by operation of law) only upon compliance with the provisions of Section 16 hereof. The rights, duties and obligations of Franchisor hereunder shall be fully assignable by Franchisor without the consent of Franchisee. Expiration or early termination of this Agreement shall not affect: (i) the enforceability of any covenants, duties and obligations of any of Franchisor or Franchisee which are in effect prior to such expiration or termination or which, by their express terms, survive such expiration or termination; or (ii) the obligation of Franchisee to make payment to Franchisor of any monetary obligations which have accrued but have not been paid at the date of such expiration or termination.

23.3 **Delegation by Franchisor.** From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether the same are agents of Franchisor or independent contractors with which Franchisor has contracted to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations under this Agreement.

23.4 **Agreement Effective.** This Agreement shall not be effective until accepted by Franchisor as evidenced by dating and signing by an officer of Franchisor.

23.5 **Review of Agreement.** Franchisee acknowledges that it has had a copy of Franchisor's Franchise Disclosure Document in its possession for not less than ten (10) full business days or 14 calendar days, as applicable, and this Agreement in its possession for not less than five (5) full business days, during which time Franchisee has had the opportunity to submit same for professional review and advice of Franchisee's choosing prior to freely executing this Agreement.

23.6 **Attorneys' Fees.** In the event of any default on the part of either party to this Agreement, in addition to all other remedies, the party in default will pay the prevailing party (as determined by the decision-maker in the proceeding) all amounts due and all damages, costs, and expenses, including reasonable attorneys' fees, incurred by the prevailing party in any legal action or other proceeding as a result of such default, plus simple interest at the rate of eighteen percent (18%) per annum; provided, however, in no event shall Franchisee be required to pay interest at a rate greater than the maximum commercial contract interest rate permitted by applicable law or the highest commercial contract interest rate allowable by law accruing from the date of such expenditure. Additionally, if Franchisee withholds any amounts due Franchisor, Franchisee shall reimburse Franchisor's costs of collecting such amounts, including reasonable attorneys' fees and expenses.

23.7 **Injunctive Relief.** Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief in appropriate cases to prevent irreparable harm.

23.8 **No Waiver.** Franchisor and Franchisee may, by written instrument, unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no refusal, neglect or failure of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with

any specification, standard, operating procedure or rule shall constitute a waiver of any provision of this Agreement.

23.9 **No Right to Set Off.** Franchisee shall not be allowed to set off amounts owed to Franchisor or its affiliates for Royalties, fees, or other amounts due against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

23.10 **Invalidity.** If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element, and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

23.11 **Notices.** All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the address set forth in the first paragraph of this Agreement, or at the address of the Franchised Location (after the Restaurant has first opened for business), or at such other addresses as Franchisor or Franchisee may designate from time to time, and shall be deemed delivered (a) on the date shown on the return receipt or in the courier's records as the date of delivery or (b) on the date of first attempted delivery, if actual delivery cannot for any reason be made.

23.12 **No Agency Relationship.** Except as expressly provided herein: (a) neither party in any way constitutes or appoints the other party to be its agent or legal representative for any purpose whatsoever; (b) neither party is granted any right, power, privilege or authority to assume or create any obligation, express or implied, on behalf of, or in the name of the other part), or to make any purchase for the account of, or to bind the other party in any manner or thing whatsoever; and (c) neither party has the right, power, privilege or authority to accept summons or legal process for the other party.

23.13 **Usage.** All words used herein in the singular shall extend to and include the plural, and vice versa, and all words in any gender shall extend to and include all genders.

23.14 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute duplicate originals.

23.15 **Agreements.** BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. FRANCHISEE AGREES THAT:

- (A) THE SUBMISSION OF THIS AGREEMENT TO FRANCHISEE FOR EXECUTION DOES NOT CONSTITUTE AN OFFER, AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY FRANCHISOR AND FRANCHISEE AND THE PAYMENT BY FRANCHISEE OF THE CONSIDERATION PROVIDED FOR HEREIN. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR AT ITS CORPORATE HEADQUARTERS AND SHALL THEN BE DEEMED TO BE A CONTRACT ENTERED INTO IN THE STATE OF GEORGIA. THE DATE OF EXECUTION BY FRANCHISOR SHALL BE CONSIDERED THE DATE OF EXECUTION OF THIS AGREEMENT.
- (B) FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the Effective Date shown on the first page hereof.

INCHINS BAMBOO GARDEN FRANCHISING LLC

By: _____
Title: _____
Date: _____

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you marked on
Exhibit 8 that you are an individual or a
partnership but the partnership is not a
separate legal entity)

Signature

Print Name: _____
Date: _____

Signature

Print Name: _____
Date: _____

Signature

Print Name: _____
Date: _____

Signature

Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

EXHIBIT 1
TO FRANCHISE AGREEMENT
MARK

INCHIN'S BAMBOO GARDEN®



**EXHIBIT 2
TO FRANCHISE AGREEMENT**

FRANCHISED LOCATION AND FEES ADDENDUM

1. **Target Area.** The Target Area, referred to in Section 3.1 of the Franchise Agreement, shall be:

The Franchised Location shall be deemed accepted by Franchisor upon acceptance by Franchisor of the site and lease pursuant to Section 6 of the Agreement.

Franchisee acknowledges that: (a) Franchisor's acceptance does not constitute a guarantee, recommendation, or endorsement of the Franchised Location or the Target Area and that the success of the Restaurant to be operated at the Franchised Location is dependent upon Franchisee's abilities as an independent businessperson; and (b) when the Franchised Location is accepted by Franchisor, Franchisor has complied with its obligations under the Agreement to assist Franchisee by providing criteria for the Franchised Location and determining fulfillment of the requisite criteria for the Franchised Location, such determination based on information provided by Franchisee.

2. **Initial Franchise Fee.** Franchisee shall pay to Franchisor an Initial Franchise Fee of \$25,000 as referenced in Section 4.1 of the Franchise Agreement.

3. **Initial Senior Executive (Food Production) Processing Fee.** Franchisee shall pay to Franchisor the Senior Executive (Food Production) Processing Fee of \$10,000 as referenced in Section 4.2 of the Franchise Agreement.

4. **Senior Executive Compensation and Travel and Living Expense Reimbursement and Chef Guaranty Fee.** As referenced in Section 5.3 of the Franchise Agreement, Franchisee shall pay to Franchisor an annual amount equal to the sum of: (a) of \$66,000 (inclusive of all applicable employee withholding and employment taxes) and (b) a cost of living differential based upon the cost of living in the Metropolitan Statistical Area (as defined by the U.S. Office of Management and Budget) in which the Franchised Location is located compared to the median cost of living in all U.S. Metropolitan Statistical Areas (the "**SE Annual Compensation**"), payable in twelve equal monthly installments on the first day of each calendar month, as the Senior Executive Compensation and Travel and Living Expense Reimbursement, referenced in Section 5.3 of the Franchise Agreement. The amount described in Section 4(a) above is subject to an annual increase of up to 5% per year. An additional one week of compensation is payable to Franchisor for the services of a substitute Senior Executive (Food Production) who shall serve during the one week annual vacation to which the regular Senior Executive (Food Production) is entitled.

In the event that, after the Franchised Location has been open and operating for at least sixty (60) days, the Senior Executive (Food Production) is required to work seven days in any week, Franchisee shall pay to Franchisor an amount equal to the quotient of the SE Annual Compensation divided by 313 for each of such seventh days on which the Senior Executive (Food Production) is required to work.

In addition, Franchisee shall pay a Chef Guaranty Fee equal to .5% of Gross Sales as an ongoing Senior Executive (Food Production) Chef Guaranty Fee that shall be payable monthly at the same time as the Royal Fee.

5. **Operating Assets Fee.** Franchisee shall pay to Franchisor a fee of \$40,000-\$50,000 depending upon the size of the Restaurant (for a 100 seat Restaurant) as referenced in Section 4.3 of the Franchise Agreement.

6. **Interior Décor Package Rental Fee.** As referenced in Section 4.4 of the Franchise Agreement, Franchisee agrees to pay to Franchisor, upon the signing of the lease for the premises of the Restaurant, a proprietary interior décor package rental fee (the "**Interior Décor Package Rental Fee**") based upon the approximate size of the Restaurant as follows:

3,000 square feet — \$40,000
4,000 square feet — \$55,000
Each additional 1,000 square feet — \$12,000

Franchisee acknowledges and agrees that (i) the interior décor package and the design of the Restaurant are owned by Franchisor; (ii) the Interior Décor Package Rental Fee represents payment in full for a prepaid lease for the period during which the Franchise Agreement is in effect for the interior décor package that Franchisor purchases in China and imports to Atlanta, Georgia that is part of the trade dress of all of Franchisor's Restaurants; (iii) Franchisor has fully earned the Interior Décor Package Rental Fee upon receipt; and (iv) the Interior Décor Package Rental Fee is not refundable to Franchisee under any circumstances after it is paid.

7. **Private Label Products.** As referenced in Section 4.5 of the Franchise Agreement, Franchisee agrees to purchase from Franchisor all of the requirements of the Restaurant for our private label noodles, sauces and rice that are served in all of our Restaurants (the "**Private Label Products**"). The purchase price for the Private Label Products is payable in full upon delivery to the Restaurant. We fully earn the purchase price when paid. It is not refundable under any circumstances.

8. **Training.** The following individuals shall attend Franchisor's initial training program, as described in Section 7.1 of the Franchise Agreement: _____ and _____, and, of these individuals, the **Designated Manager** shall be: _____.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Addendum to Franchise Agreement as of the Effective Date.

INCHINS BAMBOO GARDEN FRANCHISING LLC

By: _____
Title: _____

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you marked on
Exhibit 8 that you are an individual or a
partnership but the partnership is not a
separate legal entity)

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____

Signature

Print Name: _____

Title: _____

Date: _____

**EXHIBIT 3
TO FRANCHISE AGREEMENT**

CONSUMABLES

(100-SEAT RESTAURANT)

Exhibit A

#	ITEM	QTY
1	Menus	2000
2	Lunch Menu	50
3	Gift Cards	100
4	Gift Card Sleeves	100
5	Check Trays	60
6	Business Cards	2000
7	Banquet/Catering Order Forms	200
8	IBG Name Badges	20

Exhibit B

#	ITEM (Quantity)	No of Cases
1	Table Placemats (2000)	10
2	Paper carry bags with handles (300)	6
3	Paper carry bags without handles (800)	4
4	# 26 Food Pails for Rice/Noodles (450)	4
5	# 16 Food Pails for Steamed Rice (450)	4
6	# 1 for Appetizers (450)	4
7	20 Oz Food Bowl for Entrees (600)	4
8	20 Oz Lids for Food Bowls (600)	4
9	16 Oz Indian Food Bowl (600)	4
10	Lids for 16 Oz Indian Food Bowl (600)	4
11	8 oz Food Bowl for Soups (600)	4
12	8 oz Lids for Soup Bowls (600)	4
13	12 Oz Kids cups (1000)	4
14	Lids for 12 oz cups (1000)	4
15	22 Oz Cold Cups (1000)	2
16	Lids for 22 oz cups (1000)	2
17	Compostable Forks (1000)	4
18	Compostable Spoons (1000)	4
19	Paper Straws (3200)	2
20	Wet wipes (800)	4
21	Sauce Caddy	32

Exhibit C

List of Crockery (100 Seater Restaurant)

#	Item (Quantity)	No of Cases
1	Dinner Plates (80pcs/case)	3
2	Side Plates (50pcs/case)	3
3	Square Appetizer Plates (50pcs/case)	2
4	Entrée Oval Platters (50pcs/case)	2
5	Soup Bowls (100pcs/case)	2
6	Soup Spoons (200pcs/case)	1
7	Steam Rice Bowls (80pcs/case)	2
8	Rice/Noodles Bowls (36pcs/case)	4
9	Entrée Bowls (48pcs/case)	4
10	Momo Platter (24pcs/case)	1
11	Sauce Platters (50pcs/case)	1
12	Sauce Pots with Lids (40pcs/case)	1
13	Sauce Spoons (100pcs/case)	1
14	Salt & Pepper Shakers (10 sets)	2
15	Tea Pots (8pcs/case)	1
16	Tea Cups (50pcs/case)	1
17	Soya Sauce Pots (30pcs/case)	1
18	Hot Plate (4pcs/case)	2
19	Momo Flat Platters (20pcs/case)	1
20	Momo Dish (50pcs/case)	1
21	Dressing Pot (10pcs/case)	1
22	Flat Round Plate(8pcs/case)	1
23	Small Hollow Bowl (8pcs/case)	1
24	Hot Pot (4pcs/case)	3
25	Indian Curry Bowl(12pcs/case)	1
26	Black Bowl(8pcs/case)	1
27	Small Black Bowl (20pcs/case)	1
28	Samosa Plate (10pcs/case)	1
29	Black and Brown Bowl (5pcs/case)	2
30	Naan Plate(10pcs/case)	2
31	SS Jugs (14pcs/case)	1
32	Serving Spoons (200pcs/case)	1
33	Dinner Spoons(200pcs/case)	1
34	Dinner Forks(200pcs/case)	1
35	Dinner Knives (50pcs/case)	1
36	Soup Ladels(50pcs/case)	1
37	Dessert Spoons(50pcs/case)	1
38	Long Handle Dessert Spoons(50pcs/case)	1
39	IBG Glasses (48pcs/case)	4

**EXHIBIT 4
TO FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)**

The undersigned depositor (the "Depositor") hereby (1) authorizes INCHINS BAMBOO GARDEN FRANCHISING LLC or its affiliates (the "Franchisor") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below (the "Depository") to debit such account pursuant to the Franchisor's instructions.

Depository	Branch
City	State
	Zip Code
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from the Franchisor and the Depositor of the Depositor's termination of such authority in such time and in such manner as to afford the Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, the Depository shall provide the Franchisor and the Depositor with thirty (30) days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to the Depositor's account, the Depositor shall have the right to have the amount of such entry credited to such account by the Depository, if (a) within fifteen (15) calendar days following the date on which the Depository sent to the Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, the Depositor shall have sent to the Depository a written notice identifying such entry, stating that such entry was in error, and requesting the Depository to credit the amount thereof to such account. These rights are in addition to any rights the Depositor may have under federal and state banking laws.

DEPOSITORY (Print Name)	DEPOSITOR (Print Name)
By:	By:

EXHIBIT 5
TO FRANCHISE AGREEMENT

**ALL-IN-1 RESTAURANT POINT OF SALE AND MANAGEMENT SYSTEM
PROVIDED BY TOAST, INC.**



Ally Mawhirter
ally.mawhirter@toasttab.com

Inchin's Bamboo Garden - Charlotte
, GA
US

Toast, Inc.
401 Park Drive
Boston, MA 02215
US

HARDWARE						
Product Name	List Price	QTY			Additional Discount	Total Price
Toast Flex, Toast Tap (Direct Attach), Toast Printer, Cash Drawer	\$999.00	2			80%	\$399.60
Toast Go 2 Pay at Table (Black)	\$474.00	3			80%	\$284.40
Meraki MX64 Router	\$545.00	1			80%	\$109.00
Epson TM-L90 Thermal Label Printer	\$475.00	1			80%	\$95.00
Ubiquiti Indoor Wireless Access Point	\$150.00	2			80%	\$60.00
Toast Flex, Toast Tap (Direct Attach), Toast Printer	\$950.00	1			80%	\$190.00
22" Elo V4 for Kitchen (Wall Mount)	\$999.00	2			80%	\$399.60
Toast Kitchen Printer	\$299.00	2			80%	\$119.60
TP-Link 16 Port POE Switch	\$155.00	1			80%	\$31.00

SUBTOTAL	\$1,688.20
-----------------	-------------------

SOFTWARE

SOFTWARE						
Product Name	List Price	QTY			Additional Discount	Total Price
Enterprise Data Management Monthly Subscription	\$100.00	1		\$80.00	20%	\$80.00
Software Monthly Subscription	\$90.00	1		\$90.00	0%	\$90.00
DoorDash Integration	\$30.00	1		\$24.00	20%	\$24.00
GrubHub Integration	\$30.00	1		\$24.00	20%	\$24.00
UberEats Integration	\$30.00	1		\$24.00	20%	\$24.00
API Monthly Subscription	\$25.00	1		\$25.00	0%	\$25.00
SUBTOTAL						\$267.00

TABLET SOFTWARE						
Product Name	List Price	QTY			Additional Discount	Total Price
Kitchen Display Screen Monthly Subscription	\$25.00	2			20%	\$40.00
Handheld Monthly Software Subscription	\$50.00	3			20%	\$120.00
Additional Tablet Monthly Software Subscription	\$50.00	2			20%	\$80.00
SUBTOTAL						\$240.00

SUBTOTAL	\$507.00
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ONBOARDING AND IMPLEMENTATION SERVICES

Product Name	List Price	QTY	Additional Discount	Total Price
Additional On Site Toast Contractor	\$1,000.00	2	80%	\$400.00
Core Implementation - 3+ Tablets	\$1,049.00	1	80%	\$209.80
SUBTOTAL				\$609.80

One Time Charge:	\$740.20
POS One Time Charge:	\$740.20
Payroll One Time Charge:	\$0.00
Recurring Total Charge:	\$0.00
POS Software Amount:	\$0.00
Payroll Software Amount:	\$0.00

0% FINANCING AVAILABLE UPON APPROVAL

Do you have any questions / concerns about upfront costs? Our popular 0% financing option allows you to make manageable monthly payments and keep cash in your pocket upfront. You could finance the whole system (hardware and software) for as low as \$77.92/month.

[APPLY NOW FOR 0% FINANCING](#)

PAYMENT PROCESSING RATES

Pricing Structure Flat Rate

American Express OptBlue

Processing Type

VISA/MASTERCARD/DISCOVER

Card Present Rate 2.4900%

(swiped, tapped, or dipped transactions)

Card Present Fee \$0.15

(swiped, tapped, or dipped transactions)

Card-Not-Present Rate 3.5000%

(keyed and online transactions)

Card-Not-Present Fee \$0.15

(keyed and online transactions)

AMERICAN EXPRESS

Amex Card Present Rate 3.2900%

(swiped, tapped, or dipped transactions)

Amex Card Present Fee \$0.15

(swiped, tapped, or dipped transactions)

Amex Card-Not-Present Rate 3.8900%

(keyed and online transactions)

Amex Card-Not-Present Fee \$0.15

(keyed and online transactions)

*OptBlue®: The OptBlue® Program from American Express provides you with an easy solution to accepting American Express the same way you accept Visa, Mastercard, and Discover.

*AMEX Direct: A merchant account is set up directly with American Express, and you provide your American Express Merchant ID to Toast for enablement. Toast conveys all American Express transactions to American Express, and they are responsible for billing and settlement. Toast charges a small processing fee for this service.

TERMS & CONDITIONS

PAYMENT TERMS – HARDWARE & IMPLEMENTATION ACH on Shipping

SOFTWARE Monthly

CONTRACT TERM 36 months

POS CONTRACT START DATE Sign Date + 730 *

DEPOSIT AMOUNT \$0

*If you have purchased Toast Payroll, your Payroll Contract Start Date can be found on your Toast Payroll & Team Management Service Agreement Order Form

This Initial Order Form is governed by the Toast Master Agreement between Inchin's Bamboo Garden Franchising LLC and Toast dated 11/8/2022.

Travel & Expenses applicable in non-covered areas. Expenses may include, but will not be limited to, hotel, airfare, automobile rental, tool rental, and meal allowances. If multiple trips are required for a single implementation at an Initial Location, Merchant shall be charged an additional T&E Fee for each additional trip. If, however, Merchant has not completed and provided all necessary documentation to Toast, including without limitation a signed agreement for that Location, at least thirty (30) days prior to the scheduled Go-Live Date for such Location, then Toast reserves the right to charge Merchant for all applicable T&E incurred by Toast on a pass-through basis in addition to the Fees for Implementation Services ordered under an Order Form.

The prices quoted above are valid until the expiration date listed in footer.

The quote is an estimate, subject to change and does not include sales tax or shipping.

*3 Year Meraki License Fee included with purchase of any Meraki Networking equipment.
Customer pays additional license fees after year 3.*

**Additional terms are detailed here: <http://pos.toasttab.com/services-details>*



IMPLEMENTATION TERMS & CONDITIONS

This quote reflects our best estimate of the number of days required to install the hardware, work with you to setup the Toast software, conduct basic POS training with your staff, and support you during your first day live. These estimates are based upon our understanding of your business and installation needs as well as our experience with the amount of time we have spent on similar customers in the past. However, this is just our best estimate. The days billed may change if scope is expanded at your request or if the work becomes more complex than our understanding at the time of this and fees will be adjusted accordingly .

Standard Toast hours are 7am to 9pm local time, Monday - Friday. Toast service days are assumed to be 8 hours long. Onsite & Remote Site Surveys, Hardware Installation and Staff Training is available Monday - Friday 7am-9pm local time. Additional hours accrued will incur additional fees for each technician required.

3rd Party Implementations include onsite installation but REMOTE configuration, training and go-live support

Toast does not provide cabling services and the estimates provided above do not cover cabling costs. If cabling is required Toast can recommend a local partner.

Site readiness is very important and a key driver to a successful go-live. Toast's site readiness requirements can be found here http://cdn2.hubspot.net/hubfs/412971/New_Customer_Welcome/Toast_Site-Readiness-Requirements.pdf. If our technicians arrive onsite and are not able to install the system because requirements were not met, then a service fee will be assessed.

After scheduling an installation / go-live date, you have until 7 days before the scheduled date to cancel the service appointment. Canceling within 7 days of the service appointment will incur a service fee for each and every day canceled.

EXHIBIT 6
TO FRANCHISE AGREEMENT
INSURANCE REQUIREMENTS

Franchisee shall maintain at least the following insurance coverages in addition to any other coverage or any greater limits required by law.

<u>TYPE OF INSURANCE</u>	<u>MINIMUM LIMITS OF LIABILITY/COVERAGE</u>	
Workers' Compensation & Employees' Liability	In accordance with the statutory requirements of the state or states in which the work is performed, and including Employers' Liability Coverage with limits of at least: \$100,000-Each Accident; \$500,000-Disease Policy Limit; \$100,000-Disease Each Employee	
Comprehensive General Liability (including Liquor Liability)	<u>\$1,000,000</u>	Each Occurrence
	<u>\$2,000,000</u>	Annual Aggregate
Business Automobile Liability	<u>\$1,000,000</u>	Combined Single Limit
Umbrella Liability	<u>\$1,000,000</u>	Each Occurrence

The above insurance policies shall provide coverage against the following risks:

Comprehensive General Liability	(a)	Bodily Injury/Property Damage Products and Completed Operations
	(b)	Broad Form Property Damage
	I	XCU Hazards (Explosion, Collapse and Underground)
	(d)	Contractual Liability (arising from indemnity agreement in subcontract)
	(e)	Medical Payments-\$5,000 minimum
	(f)	No Deductible
Business Automobile Liability	(a)	All Owned Vehicles
	(b)	Hired & Non-Owned Vehicles

Umbrella Liability	(a) Following form of underlying coverages
	(b) Covering Workers' Compensation, Comprehensive General Liability, and Liability, and Business Automobile Liability

Franchisor shall be added as an "Additional Insured" on all of the foregoing policies:

Business Personal Property and Casualty Coverage	(a) 100% of replacement cost of contents of Restaurant, without co-insurance, subject only to commercially reasonable deductibles
Business Interruption Coverage	Six months of net income excluding non-recurring expenses
Food Spoilage Coverage	(a) \$10,000 with maximum deductible of \$500

**EXHIBIT 7
TO FRANCHISE AGREEMENT**

BOOKKEEPING SERVICES AGREEMENT AND DIRECT DEBIT AUTHORIZATION



3505 Duluth Park Lane, Bldg. 100, Suite 110 • Duluth, GA 30096 • Tel: (770) 418-1866 • Fax: (770) 418-1842 • www.hrp.cc

Date _____

Dear Mr. _____,

This letter is to confirm my understanding of the terms and objectives of my engagement and the nature and limitations of the services we will provide.

This form will perform the following services:

- We will compile, from information you provide the monthly statement of assets, liabilities and equity-income, and related statement of revenue and expenses -income tax basis of _____ for the year 20XX. We will not audit or review such financial statements. Our report on the annual financial statements of _____, is presently expected to read as follows:

We have compiled the accompanying statement of assets, liabilities and equity-income tax basis of _____ as of January 31, 20XX, and the related statement of revenue and expenses—income tax basis for the month and the months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Franchisee for income tax purposes, which is a comprehensive basic accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statement information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Franchisee's assets, liabilities, equity, revenue, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

- We will also prepare the federal and various state income tax returns for _____, for the fiscal year ended 20XX.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to me.

Sincerely yours,

HRP HITESH, CPA, P.C.

By: _____
H. Patel, CEO

Accepted and agreed to this ____ day of _____, 20__.

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you marked on
Exhibit 8 that you are an individual or a
partnership but the partnership is not a
separate legal entity)

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____

Signature

Print Name: _____

Title: _____

Date: _____

**AUTHORIZATION TO DEBIT YOUR BANK ACCOUNT
FOR PROFESSIONAL FEES**

Franchisee Name: _____

FEIN: _____

Please complete the following information as it appears on your company's check.

Bank Name: _____

Bank Routing Number: _____

Account Name: _____

Account Number: _____

I have read the following procedures and I authorize HRP Hitesh CPA PC, to debit my account listed above for accounting and tax services and other fees/charges as set forth below.

Authorized Signature: _____ **Date:** _____

ACCOUNTING/SALES TAX/OTHER FEES/CHARGES

1. All billing for monthly accounting services occurs on a regular basis – the 16th of every month. The fees as per your engagement letter will be taken out from the above listed account on the 16th of each month. We require that your above listed account has sufficient funds to meet this obligation.
2. Sales tax payable will be taken out from your account on the 16th of every month. The amount will vary month to month depending on your sales. We require that your above listed account has sufficient funds to meet this obligation. Should you have insufficient funds your sales tax obligation will not be met and we will take no responsibility for any penalties/interest charges.
3. For your convenience and to insure timely payment and uninterrupted service, your above listed account will be debited for other fees/charges for professional services, such as year-end payroll forms, corporate/personal tax returns, ad hoc services, personal financial statements, personal property tax returns, consulting and any other service which is requested by you. You will be informed of these fees/charges. We require that your above listed account has sufficient funds to meet this obligation.

Monthly Checklist
DUE BY THE 10TH OF EVERY MONTH

1. All check stubs for the previous month
2. All sales information for the previous month
3. All bank statements for the previous month
4. Breakdown of reimbursed expenses
5. Any forms or letters received from the IRS or GA Department of Revenue
6. Mortgage information showing the principal and interest amount.

PLEASE ALLOW 24 HOURS TURNAROUND TIME FOR PAYROLL CALCULATIONS.

EXHIBIT 8
TO FRANCHISE AGREEMENT
STATEMENT OF OWNERSHIP

Form of Ownership
(Check One)

- Individual(s) _____ Legal Entity (check one):
_____ Partnership
_____ Corporation
_____ Limited Liability Company

If a legal entity, attach a copy of the articles of incorporation, certificate of organization or partnership agreement and provide the following information):

(A) the name, address and percentage of ownership of each owner, member or partner and indicate whether each such person will be active in the business: _____

(B) the date and state in which the legal entity was formed: _____

(C) if a corporation, the name and address of each officer and director: _____

Provide the address where Franchisee's financial records and partnership, corporate, or company records, as applicable, are maintained (Restaurant location will be deemed to be the address unless otherwise stated below):

Franchisee acknowledges that this Statement of Ownership applies to the Restaurant authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to (and in some cases first approved by) Franchisor in writing.

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)

(Note: use these blocks if you marked on
Exhibit 8 that you are an individual or a
partnership but the partnership is not a
separate legal entity)

Signature

Print Name: _____
Date: _____

Signature

Print Name: _____
Date: _____

Signature

Print Name: _____
Date: _____

Signature

Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____

Signature

Print Name: _____

Title: _____

Date: _____

EXHIBIT 9
TO FRANCHISE AGREEMENT

TERMINATION AGREEMENT AND MUTUAL RELEASE OF CLAIMS

MADE as of this ____ day of _____, 20 ____, by and between INCHINS BAMBOO GARDEN FRANCHISING LLC, a Georgia limited liability company ("IBGF"), and _____, [an individual residing at _____] [a corporation/limited partnership/limited liability company] ("Franchisee").

WHEREAS, IBGF and Franchisee entered into a Franchise Agreement dated _____, 20__ (the "Franchise Agreement"); and

[WHEREAS, Franchisee desires to transfer the Franchise Agreement, the ownership of the Franchisee, or the Restaurant and has requested the consent of IBGF to such transaction; and]

[WHEREAS, IBGF desires to consent to Franchisee's request subject to Franchisee's compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the execution and delivery by Franchisee of this Release; and]

or

[WHEREAS, IBGF and Franchisee desire to renew the Franchise Agreement through the execution of a new Franchise Agreement; and]

WHEREAS, the terms and conditions set forth in the Franchise Agreement for renewal of the Franchise Agreement provide for the execution and delivery by Franchisee of this Release.

WHEREAS, upon the payment to IBGF by Franchisee of the sum of \$_____, IBGF and Franchisee desire to terminate the Franchise Agreement and release one another from any and all claims and obligations thereunder; and

WHEREAS, all capitalized terms not defined herein shall have the meanings assigned them in the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, and intending to be legally bound, the parties hereto agree as follows:

[1. Franchisee hereby agrees to pay to IBGF the sum of \$_____, \$_____ to be paid prior to or upon the execution hereof and \$_____ pursuant to a Promissory Note of even date herewith. IBGF and Franchisee acknowledge and agree that this Termination Agreement and Mutual Release of Claims is conditioned upon the payment in full of such sums and, upon a default in payment, this Termination Agreement and Mutual Release of Claims shall become automatically null and void and of no further force and effect.]

2. IBGF and Franchisee hereby agree that the Franchise Agreement is terminated effective as of the date hereof and shall be of no further force and effect, provided, however, all of the provisions of the Franchise Agreement which, by their terms, are to survive the expiration or termination of the Franchise Agreement shall survive this termination and shall remain in full force and effect as stated in the Franchise Agreement.

3. As a material inducement to IBGF to enter this Agreement, Franchisee, on behalf of itself, its successors, assigns, and affiliates, does hereby irrevocably and unconditionally release, acquit, covenant not to sue and forever discharge IBGF and its members, owners, stockholders, predecessors, successors, assigns, agents, principals, directors and officers (in their individual and representative capacities), employees, representatives, partners, attorneys, divisions, subsidiaries, parents, and affiliates (and the agents, directors, officers, partners, employees, representatives, and attorneys of each division, subsidiary, parent or affiliate), and all persons acting by, through, under, or in concert with IBGF or any of them (herein "IBGF Releasees"), from any and all charges, complaints, claims, liabilities, obligations, agreements, controversies, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including those for attorney fees, costs incurred or liquidated damages, punitive damages or penalties) of any nature whatsoever, known or unknown (individually a "Claim" or collectively "Claims"): (A) which Franchisee now has, owns or holds, or claims to have, own or hold; or (B) which Franchisee, at any time heretofore, had, owned or held, or claimed to have, own or hold; or (C) which Franchisee, at any time hereafter, may have, own or hold, or claim to have, own or hold, arising out of any transaction or occurrence occurring, accruing or arising on or before the date of this Agreement, including, but not limited to, any Claim related to or arising under the Franchise Agreement. Franchisee further agrees to indemnify, defend and hold harmless each and all of the IBGF Releasees from any Claim made against any of them relating to the subject matter of this Agreement, including any Claim for legal fees or related costs or expenses. This Agreement does not limit or impair any Claim by Franchisee for breach of this Agreement by IBGF.

[4. As a material inducement to Franchisee to provide the consideration set forth in paragraph 1 above, IBGF, on behalf of itself, its successors, assigns and affiliates does hereby irrevocably and unconditionally release, acquit, covenant not to sue, and forever discharge Franchisee, and its owners, stockholders, predecessors, successors, assigns, agents, principals, directors and officers (in their individual and representative capacities including, without limitation, _____ and _____), employees, representatives, partners, attorneys, divisions, subsidiaries, parents and affiliates (and the agents, directors, officers, partners, employees, representatives and attorneys of each division, subsidiary, parent or affiliate), and all persons acting by, through, under, or in concert with Franchisee, or any of them (herein "Franchisee Releasees"), from any and all Claims: (A) which IBGF now has, owns or holds, or claims to have, own or hold; or (B) which IBGF at any time heretofore had, owned or held, or claimed to have, own or hold; or (C) which IBGF, at any time hereafter, may have, own or hold or claim to have, own or hold, arising out of any transaction or occurrence occurring, accruing or arising on or before the date of this Agreement; provided, however, the Guaranty and Assumption of Franchisee's obligations executed by the Bound Parties shall be excepted and excluded from this Agreement and shall remain in full force and effect and be enforceable against the Bound Parties. IBGF further agree to indemnify, defend and hold harmless each and all of the Franchisee Releasees from any Claim made against any of them relating to the subject matter of this Agreement, including any claim for legal fees or related costs or expenses. This Agreement does not limit or impair any Claim by IBGF against Franchisee for breach of this Agreement by Franchisee.] **[TO BE USED ONLY IF FRANCHISEE HAS PERFORMED ALL OBLIGATIONS AND MADE ALL PAYMENTS DUE.]**

5. This Release shall be construed and enforced in accordance with, and governed by, the laws of the state of Georgia without regard to its conflicts of laws principles.

6. This Release embodies the entire agreement and understanding between IBGF and Franchisee and supersedes all prior agreements and understandings relating to the subject matter hereof, and this Release may not be modified or amended or any term hereto waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.

7. This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

8. If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included. The remaining provisions of this Release shall not be affected by such modification.

9. All provisions of this Release are binding and shall inure to the benefit of IBGF and Franchisee and their respective delegates, successors and assigns.

[10. Nothing in this Release is intended to disclaim any representations made by Franchisor in the most recent franchise disclosure document provided by IBGF or its representatives to Franchisee in connection with the new Franchisee Agreement.]

IN WITNESS WHEREOF, the parties hereto have executed this Termination Agreement and Mutual Release of Claims as of the date first above written.

WITNESS/ATTEST:

INCHINS BAMBOO GARDEN FRANCHISING LLC

By: _____
[Name, Title]

WITNESS/ATTEST:

FRANCHISEE

[Name, Title]

By: _____
[Name, Title]

EXHIBIT 10
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") by and between INCHINS BAMBOO GARDEN FRANCHISING LLC ("Franchisor") and _____ ("Franchisee") each of the undersigned hereby personally and unconditionally:

- (a) Guarantees to Franchisor and its successors and assigns, for the term of this Agreement, including renewals, that Franchisee shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and
- (b) Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including, but not limited to, those specifically identified below.

Each of the undersigned waives the following:

- 1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;
- 2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- 3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- 4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that:

- 1. His or her direct and immediate liability under this guaranty shall be joint and several;
- 2. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- 3. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;
- 4. Such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement, including renewals thereof;
- 5. He or she shall be bound by the restrictive covenants, confidentiality provisions, jurisdiction and venue provisions and indemnification provisions contained in the Agreement and such provisions shall remain in full force and be enforceable against each

of the undersigned notwithstanding any transfer, expiration or termination of the Agreement. The obligations under such provisions are specifically excluded from coverage under the Termination Agreement and General Release of Claims provided for in the Agreement; and

6. The provisions contained in Section 21, and the costs and attorneys' fees provision contained in Section 23.6, of the Agreement shall govern this Guaranty, and such provisions are incorporated into this Guaranty by this reference.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

GUARANTOR(S):

_____ SIGNATURE	_____ SIGNATURE
_____ NAME - TYPED OR PRINTED	_____ NAME - TYPED OR PRINTED
_____ SIGNATURE	_____ SIGNATURE
_____ NAME - TYPED OR PRINTED	_____ NAME - TYPED OR PRINTED

Spousal Consent:

By their execution hereof, [spouse] and [spouse] irrevocably consent and agree that all assets and property which are held jointly by each of them and [shareholder/partner/member] and [shareholder/partner/member], respectively, whether as joint tenants or tenants by the entireties, shall be subject to the claims of Franchisor hereunder.

[Name of spouse]
Social Security Number:
Residence Address:

[Name of spouse]
Social Security Number:
Residence Address:



EXHIBIT 11 TO FRANCHISE AGREEMENT

FRANCHISOR TRADE DRESS

The following items are considered a part of the trade dress of a Restaurant operating under the Mark. All usage of such items must cease immediately upon termination or expiration of the Franchise Agreement. All of such items must be disposed of from the premises as set forth below when disassociation takes place.

1. All items of tangible property bearing the Mark;
2. Exterior Sign;
3. All interior signage;
4. All paper goods bearing the Mark;
5. Telephone directory, Internet website addresses and email addresses must be changed to delete any and all of the words "Inchin's," "Bamboo" and "Garden";
6. The content and design of the wall mural and all wall paintings that are standard in all of the Restaurants are owned by, and proprietary to, Franchisor; and
7. The Interior Décor Lease Package (i.e., all décor used in a Restaurant operating under the Mark, including but not limited to all jalis, bamboo screens, paintings and Xian warriors) which is owned by, and proprietary to, Franchisor and under lease to Franchisee.

All binders, manuals and other written materials must be sent back to Franchisor at its corporate headquarters.

Upon the termination or expiration of the Franchise Agreement: (a) all of the items described in paragraphs 6 and 7 above must be packaged and returned to Franchisor at no cost to Franchisor within 30 days of such termination or expiration; (b) the wall mural and all wall paintings must be removed; and (c) all other items of furniture, fixtures, equipment and supplies must be returned to Franchisor at no cost to Franchisor.

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT

**ALL-IN-1 RESTAURANT POINT OF SALE AND MANAGEMENT SYSTEM
PROVIDED BY TOAST, INC.**

toast

Quote

Ally Mawhirter
ally.mawhirter@toasttab.com

Inchin's Bamboo Garden - Charlotte
, GA
US

Toast, Inc.
401 Park Drive
Boston, MA 02215
US

HARDWARE						
Product Name	List Price	QTY			Additional Discount	Total Price
Toast Flex, Toast Tap (Direct Attach), Toast Printer, Cash Drawer	\$999.00	2			80%	\$399.60
Toast Go 2 Pay at Table (Black)	\$474.00	3			80%	\$284.40
Meraki MX64 Router	\$545.00	1			80%	\$109.00
Epson TM-L90 Thermal Label Printer	\$475.00	1			80%	\$95.00
Ubiquiti Indoor Wireless Access Point	\$150.00	2			80%	\$60.00
Toast Flex, Toast Tap (Direct Attach), Toast Printer	\$950.00	1			80%	\$190.00
22" Elo V4 for Kitchen (Wall Mount)	\$999.00	2			80%	\$399.60
Toast Kitchen Printer	\$299.00	2			80%	\$119.60
TP-Link 16 Port POE Switch	\$155.00	1			80%	\$31.00

SUBTOTAL	\$1,688.20
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SOFTWARE

SOFTWARE						
Product Name	List Price	QTY			Additional Discount	Total Price
Enterprise Data Management Monthly Subscription	\$100.00	1		\$80.00	20%	\$80.00
Software Monthly Subscription	\$90.00	1		\$90.00	0%	\$90.00
DoorDash Integration	\$30.00	1		\$24.00	20%	\$24.00
GrubHub Integration	\$30.00	1		\$24.00	20%	\$24.00
UberEats Integration	\$30.00	1		\$24.00	20%	\$24.00
API Monthly Subscription	\$25.00	1		\$25.00	0%	\$25.00
SUBTOTAL						\$267.00

TABLET SOFTWARE						
Product Name	List Price	QTY			Additional Discount	Total Price
Kitchen Display Screen Monthly Subscription	\$25.00	2			20%	\$40.00
Handheld Monthly Software Subscription	\$50.00	3			20%	\$120.00
Additional Tablet Monthly Software Subscription	\$50.00	2			20%	\$80.00
SUBTOTAL						\$240.00

SUBTOTAL	\$507.00
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ONBOARDING AND IMPLEMENTATION SERVICES

Product Name	List Price	QTY	Additional Discount	Total Price
Additional On Site Toast Contractor	\$1,000.00	2	80%	\$400.00
Core Implementation - 3+ Tablets	\$1,049.00	1	80%	\$209.80
SUBTOTAL				\$609.80

One Time Charge:	\$740.20
POS One Time Charge:	\$740.20
Payroll One Time Charge:	\$0.00
Recurring Total Charge:	\$0.00
POS Software Amount:	\$0.00
Payroll Software Amount:	\$0.00

0% FINANCING AVAILABLE UPON APPROVAL

Do you have any questions / concerns about upfront costs? Our popular 0% financing option allows you to make manageable monthly payments and keep cash in your pocket upfront. You could finance the whole system (hardware and software) for as low as \$77.92/month.

[APPLY NOW FOR 0% FINANCING](#)

PAYMENT PROCESSING RATES

Pricing Structure Flat Rate

American Express OptBlue

Processing Type

VISA/MASTERCARD/DISCOVER

Card Present Rate 2.4900%

(swiped, tapped, or dipped transactions)

Card Present Fee \$0.15

(swiped, tapped, or dipped transactions)

Card-Not-Present Rate 3.5000%

(keyed and online transactions)

Card-Not-Present Fee \$0.15

(keyed and online transactions)

AMERICAN EXPRESS

Amex Card Present Rate 3.2900%

(swiped, tapped, or dipped transactions)

Amex Card Present Fee \$0.15

(swiped, tapped, or dipped transactions)

Amex Card-Not-Present Rate 3.8900%

(keyed and online transactions)

Amex Card-Not-Present Fee \$0.15

(keyed and online transactions)

*OptBlue®: The OptBlue® Program from American Express provides you with an easy solution to accepting American Express the same way you accept Visa, Mastercard, and Discover.

*AMEX Direct: A merchant account is set up directly with American Express, and you provide your American Express Merchant ID to Toast for enablement. Toast conveys all American Express transactions to American Express, and they are responsible for billing and settlement. Toast charges a small processing fee for this service.

TERMS & CONDITIONS

PAYMENT TERMS – HARDWARE & IMPLEMENTATION ACH on Shipping

SOFTWARE Monthly

CONTRACT TERM 36 months

POS CONTRACT START DATE Sign Date + 730 *

DEPOSIT AMOUNT \$0

*If you have purchased Toast Payroll, your Payroll Contract Start Date can be found on your Toast Payroll & Team Management Service Agreement Order Form

This Initial Order Form is governed by the Toast Master Agreement between Inchin's Bamboo Garden Franchising LLC and Toast dated 11/8/2022.

Travel & Expenses applicable in non-covered areas. Expenses may include, but will not be limited to, hotel, airfare, automobile rental, tool rental, and meal allowances. If multiple trips are required for a single implementation at an Initial Location, Merchant shall be charged an additional T&E Fee for each additional trip. If, however, Merchant has not completed and provided all necessary documentation to Toast, including without limitation a signed agreement for that Location, at least thirty (30) days prior to the scheduled Go-Live Date for such Location, then Toast reserves the right to charge Merchant for all applicable T&E incurred by Toast on a pass-through basis in addition to the Fees for Implementation Services ordered under an Order Form.

The prices quoted above are valid until the expiration date listed in footer.

The quote is an estimate, subject to change and does not include sales tax or shipping.

*3 Year Meraki License Fee included with purchase of any Meraki Networking equipment.
Customer pays additional license fees after year 3.*

**Additional terms are detailed here: <http://pos.toasttab.com/services-details>*



IMPLEMENTATION TERMS & CONDITIONS

This quote reflects our best estimate of the number of days required to install the hardware, work with you to setup the Toast software, conduct basic POS training with your staff, and support you during your first day live. These estimates are based upon our understanding of your business and installation needs as well as our experience with the amount of time we have spent on similar customers in the past. However, this is just our best estimate. The days billed may change if scope is expanded at your request or if the work becomes more complex than our understanding at the time of this and fees will be adjusted accordingly .

Standard Toast hours are 7am to 9pm local time, Monday - Friday. Toast service days are assumed to be 8 hours long. Onsite & Remote Site Surveys, Hardware Installation and Staff Training is available Monday - Friday 7am-9pm local time. Additional hours accrued will incur additional fees for each technician required.

3rd Party Implementations include onsite installation but REMOTE configuration, training and go-live support

Toast does not provide cabling services and the estimates provided above do not cover cabling costs. If cabling is required Toast can recommend a local partner.

Site readiness is very important and a key driver to a successful go-live. Toast's site readiness requirements can be found here http://cdn2.hubspot.net/hubfs/412971/New_Customer_Welcome/Toast_Site-Readiness-Requirements.pdf. If our technicians arrive onsite and are not able to install the system because requirements were not met, then a service fee will be assessed.

After scheduling an installation / go-live date, you have until 7 days before the scheduled date to cancel the service appointment. Canceling within 7 days of the service appointment will incur a service fee for each and every day canceled.

EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

There are between 2 pages and 42 pages devoted to each subject in the Operations Manual, and there are approximately 95 total pages in the Operations Manual.

OPERATIONS MANUAL

INCH/N'S
BAMBOO GARDEN
2455 EAST 10TH AVE

Table of Contents

Section

Chapter 1 – Brand Identity and Standards

Legal and Regulatory	1.1
Systems Compliance	1.2
Identification	1.3
Store design and Furnishings	1.4
Point of Purchase (POP) Sign and Menus	1.5
Uniform Standards	1.6
Uniform Responsibilities	1.7
Management Uniform	1.8

Chapter 2 – Guest Experience

Hours of Operation	2.1
Business Licenses and Permits	2.2
No Smoking Policy	2.3
Credit Cards	2.4
Illuminated Signage and Awnings	2.5
Music	2.6
Temperature Control	2.7
Employee Positions	2.8
Guest Area	2.9
Telephone	2.10
Catering Order	2.11
Guest Complaints – Levels I and II	2.12
Level I Complaints	2.12.1
Level II Complaints	2.12.2
Americans with Disabilities Act Accommodations	2.13
Guest Service Standards	2.14

Chapter 3 – Food Safety and Sanitation

Types of Contamination	3.1
Biological Hazards	3.1.1
Chemical Contamination	3.1.2
Physical Contamination	3.1.3
Cross Contamination	3.1.4
Preventing Food Contamination	3.2
Calibrating a Thermometer	3.3
Temperature Zones	3.4
Food Safety/Preventing Contamination	3.5
Identifying Products of Inferior Quality	3.6
Restaurant Cleanliness	3.7
Cleaning and Sanitizing Procedures	3.8
Kitchen	3.8.1
Dining Room	3.8.2
Restrooms	3.8.3
Exterior Areas	3.8.4

Chapter 4 – Product Handling	
General Requirements	4.1
Approved Manufacturer	4.2
Receiving Product	4.3
Product Storage	4.4
Mandatory Basic Guideline	4.4.1
Dry Storage	4.4.2
Paper Supplies	4.4.3
Cleaning Supplies	4.4.4
Fountain Drink Box Syrups and CO ₂	4.4.5
Frozen Storage	4.4.6
Refrigerated Storage	4.4.7
Thawing Procedure	4.5
Emergency Thawing Procedure	4.5.1
Product Description and Handling	4.6
Chapter 5 – Equipment Operations and Maintenance	
Equipment	5.1
Counter Tables	5.1.1
Walk in Cooler	5.1.2
Freezer	5.1.3
Microwave	5.1.4
Hood/Vent	5.1.5
Fountain Soda Dispenser	5.1.6
Ice Machine	5.1.7
Table Mount Can Opener	5.1.8
Vegetable Sink	5.1.9
HVAC Coil and Filter	5.1.10
Water Heater	5.1.11
Smallware Equipment	5.2
Cutting Boards	5.2.1
Cleaning Equipment	5.3
Dust Pans	5.3.1
Brooms	5.3.2
Mops	5.3.3
24 Oz. Spray Bottle with Trigger	5.3.4
Chapter 6 – Safety and Security	
Minimum Insurance Requirements	6.1
Comprehensive General Liability	6.1.1
Automobile Liability	6.1.2
Worker's Compensation and Employers Liability	6.1.3
Additional Insured	6.1.4
Preventing Accidents and Injuries	6.2
Employee Safety Training	6.3
Emergency Procedures	6.3.1

Operating and Maintaining Equipment Safely	6.3.2
Avoiding Burns	6.3.3
Using Knives Safely	6.3.4
Proper Lifting Techniques	6.3.5
Safety Incentive Programs	6.4
Involve Employees from the Start	6.4.1
Measuring Employee Performance	6.4.2
Crises Situations	6.5
Guest Complaints – Level III	6.5.1
Handling a Crises	6.5.2
Working with Authorities/Outside Agencies	6.5.3
What to Tell Employees	6.5.4
What to Tell Guests	6.5.5
Gathering Crises Information	6.6
The Event	6.6.1
Notifying the Authorities	6.6.2
Dealing with Victims	6.6.3
Dealing with the Media	6.6.4
Food Borne Illness/Infectious Diseases	6.7
Dealing with the Media	6.7.1
Infectious Diseases	6.7.2
Chapter 7 – Business Management: General Requirements	
Bookkeeping Service Provider (BSP)	7.1
Payroll	7.2
Tax Guidelines	7.3
Federal Income Tax	7.3.1
Payroll Taxes	7.3.2
Social Security Retirement Benefit (FICA)	7.3.3
and Medicare	
State Income Tax	7.3.4
State and Local Sales Tax	7.3.5
State Unemployment Tax Act	7.3.6
Use Tax	7.3.7
Scheduled Tax Requirements	7.3.8
Maintaining Records	7.4
Record Retention	7.4.1
Training Requirements	7.5
Training Programs and Guidelines	7.5.1
Payroll	7.6
Monthly Management and Accounting Procedures	7.7
State and Local Sales and Use Tax	7.8
Chapter 8 – Exhibits	
Pre Opening Checklist	- Exhibit A
Equipment List	- Exhibit B
Smallwares	- Exhibit C
Counter	- Exhibit D

Below Counter	- Exhibit E
Counter Trays	- Exhibit F
Range	- Exhibit G
Below Range	- Exhibit H
Trade Dress	- Exhibit I
Daily Worksheet	- Exhibit J
Product Order Form	- Exhibit K
IBG Order Form	- Exhibit L
Monthly Inventory Reporting	- Exhibit M
Catering/Banquet Worksheet	- Exhibit N
Catering/Banquet Order Form	- Exhibit O
Guest Log	- Exhibit P
Guest Incident Form	- Exhibit Q
Self Assessment Report	- Exhibit R
Location Inspection Report	- Exhibit S



EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF OUTLETS*

Arizona

1. Sudhir Karla
Inchin's Bamboo Garden – Phoenix – Scottsdale
10050 North Scottsdale Road, Suite 200
Scottsdale, Arizona 85253
Tel: 847-790-2273

California

2. Yogesh Gupta
Inchin's Bamboo Garden – Sunnyvale
151 West Washington Avenue
Sunnyvale, California 94087
Tel: 408-481-9350
3. Pinakin Seth, Manoj Patil, Priyal Seth, Chinmay Seth
Inchin's Bamboo Garden – San Jose
55 River Oaks Place, #70
San Jose, California 95134
Tel: 408-471-3322
4. Yogesh Gupta, Rahul Chabukswar
Inchin's Bamboo Garden – Fremont
39024 Paseo Padre Parkway
Fremont, California 94538
Tel: 510-573-3754
5. Tejinder Singh, Jyoshita Singh, Harwinder Singh
Inchin's Bamboo Garden – San Ramon
17900 San Ramon Valley Blvd.
San Ramon, California 94583
Tel: 925-415-3236
6. Muralidhar Kolapalli
Inchin's Bamboo Garden – Irvine
850 Barranca Parkway, Suite O-A
Irvine, California 92606
Tel: 949-679-6913
7. Yogesh Gupta, Vivek Gupta, Ishwar Gupta
Inchin's Bamboo Garden – Chino Hills
4517 Chino Hills Parkway, Suite E
Chino Hills, California 91709
Tel: 909-606-1595

Colorado

8. Asif Vahora
Inchins Bamboo Garden – Denver
12073 E. Arapahoe Road, #140
Centennial, Colorado 80112
Tel: 720-892-6136

Georgia

9. Rakesh Panday
Alpharetta Hospitality LLC
Inchin's Bamboo Garden – Alpharetta
11105 State Bridge Road, Suite 200
Alpharetta, Georgia 30022
Tel: 770-622-1445

Illinois

10. Sanjiv Bhatt
IBG Chicago LLC
Inchin's Bamboo Garden – Schaumburg
1817 W. Golf Road
Schaumburg, Illinois 60194
Tel: 224-520-8571

New York

11. Harpreet Ahluwalia
Gourmet Foods of New York, Inc.
6058 Corinne Lane
Clarence Center, New York 14032
Tel: 716-913-2241
12. Harpreet Ahluwalia
Inchins Indian Kitchen
Walden Galleria Mall
1 Walden Galleria
Buffalo, New York 14225
Tel: 716-681-7600

North Carolina

13. Ketan Patel, Jayshri Patel
Inchin's Bamboo Garden – Raleigh
3532 Davis Drive
Morrisville, North Carolina 27560
Tel: 919-467-6705

14. Pramod Mankhali, Venkat Narahar, Hari Appani
Inchin's Bamboo Garden – Charlotte
9601 N. Tryon Street
Charlotte, North Carolina 28262
Tel: 980-585-3850

Tennessee

15. Pratik Patel, Paresht Patel, Ashok Patel
Inchin's Bamboo Garden – Nashville
1800 West End Avenue
Nashville, Tennessee 37203
Tel: 615-540-0634

Texas

16. Muralidhar Kolapalli
Minnovagroup LLC
Inchin's Bamboo Garden – Irving
925 W. Royal Lane, Suite 140
Irving, Texas 75039
Tel: 214-377-7765

17. Muralidhar Kolapalli
Minnovagroup LLC
Inchin's Bamboo Garden – Plano
8600 Preston Road, Suite 108
Plano, Texas 75024
Tel: 214-872-2222

Virginia

18. Muralidhar Kolaphilli
IBG Virginia LLC
Inchin's Bamboo Garden – Herndon
13059 World Gate Drive
Herndon, Virginia 20170
Tel: 703-467-9118

Washington

19. Yogesh & Ruchi Gupta
Red Chili Wok LLC
Inchin's Bamboo Garden – Bellevue
601 108th Ave. N.E., Keycenter Building
Bellevue, Washington 98021
Tel: 425-444-0571
20. Yogesh Gupta, Samir Bhatt, Vijay Beniwal, Srinivasa Sangapalli
Bothell Inchin LLC
Inchin's Bamboo Garden – Bothell
22010 17th Ave. S.E.
Bothell, Washington 98021
Tel: 425-444-0571

*As of December 31, 2023

**EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES WHOSE FRANCHISE AGREEMENTS WERE TERMINATED,
CANCELED, NOT RENEWED, OR WHO OTHERWISE CEASED DOING BUSINESS DURING
THE PERIOD THROUGH DECEMBER 31, 2023, OR WHO HAVE NOT COMMUNICATED
WITH THE FRANCHISOR WITHIN THE 10 WEEKS PRIOR TO THE DATE OF THIS
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF OUTLETS

Arizona

Susheel Wupendram
Inchin's Bamboo Garden – Chandler
17 E. Boston Street
Chandler, Arizona 85225
Tel: 480-786-4008

Georgia

Anya Bhojan llc
Inchins Bamboo Garden – Alpharetta
Inchins Bamboo Garden WOK
3230 Caliber Street, Suite 104
Suwanee, Georgia 30024
Tel: 470-253-8385

Texas

Arfan Ahmed
Inchin's Bamboo Garden – Austin-Round Rock
3107, I-35 N. Frontage Road, Suite 760
Round Rock, Texas 78664
Tel: 512-949-9058

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT G-1
TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

**AUDITED FINANCIAL STATEMENTS
OF INCHINS BAMBOO GARDEN FRANCHISING LLC
AS OF DECEMBER 31, 2023, DECEMBER 31, 2022, AND DECEMBER 31, 2021**

Inchins Bamboo Garden Franchising LLC
Financial Statements
December 31, 2023, 2022 and 2021
with
Independent Auditors' Report

Michael Hall LLC
12600 DEERFIELD PARKWAY SUITE 100 • ALPHARETTA GEORGIA 30004

Table of Contents

Independent Auditors' Report.....	1
Balance Sheet.....	3
Statement of Income and Members' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6

Independent Auditors' Report

To the Board of Directors
Inchins Bamboo Garden Franchising LLC

Opinion

We have audited the accompanying financial statements of Inchins Bamboo Garden Franchising LLC as of and for the years ended December 31, 2023, 2022, and 2021. These financial statements are comprised of the balance sheet and the related statements of income and members' equity, and cash flows, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inchins Bamboo Garden Franchising LLC as of December 31, 2023, 2022, and 2021; and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit 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 Inchins Bamboo Garden Franchising 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 these 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 Inchins Bamboo Garden Franchising LLC's ability to continue as a going concern.

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 one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Michael Hall LLC

ASSURANCE • TAX • ADVISORY

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Inchins Bamboo Garden Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inchins Bamboo Garden Franchising 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.

Michael Hall LLC

Atlanta, Georgia
April 22, 2024

Inchins Bamboo Garden Franchising LLC

Balance Sheet

	As of December 31:		
	2023	2022	2021
Assets			
CURRENT ASSETS			
Cash	\$ 62,533	\$ 151,969	\$ 763,000
Inventories	806,465	727,941	651,238
Advances to related parties	7,708	12,179	83,691
Other current assets	129,188	57,246	14,710
Total current assets	1,005,894	949,335	1,512,639
FIXED ASSETS, net	515,684	224,261	221,763
RIGHT OF USE ASSET, operating leases	981,428	1,172,315	1,342,110
INVESTMENT IN PARTNERSHIPS	101,855	357,835	363,825
	<u>\$ 2,604,861</u>	<u>\$ 2,703,746</u>	<u>\$ 3,440,337</u>

Liabilities and Members' Equity

CURRENT LIABILITIES			
Accounts payables and accruals	\$ 512,742	\$ 125,242	\$ 79,177
Current portion of notes payable	2,916	1,478	1,478
Current portion of lease obligation	283,152	156,343	125,287
Deferred revenue, current	31,455	40,414	41,039
Total current liabilities	830,265	323,477	246,981
DEFERRED REVENUE, noncurrent	83,033	136,988	148,912
NOTES PAYABLE, noncurrent	147,084	148,522	148,522
LEASE OBLIGATION for operating leases, noncurrent	698,276	1,060,480	1,216,823
NOTE PAYABLE to related party	211,000	211,000	211,000
Total liabilities	1,969,658	1,880,467	1,972,238
MEMBERS' EQUITY	635,203	823,279	1,468,099
	<u>\$ 2,604,861</u>	<u>\$ 2,703,746</u>	<u>\$ 3,440,337</u>

See accompany notes.

Inchins Bamboo Garden Franchising LLC

Statement of Income and Members' Equity

	For the Years Ended December 31:		
	2023	2022	2021
Revenues			
Franchise sales	\$ 1,625,682	\$ 2,017,694	\$ 1,132,635
Royalties and franchise fees	1,627,073	1,772,552	1,421,044
Marketing fees	331,793	268,213	219,771
Sales from Company-operated stores	576,618	481,794	148,640
Chef fees	<u>877,206</u>	<u>1,197,162</u>	<u>1,402,499</u>
	5,038,372	5,737,415	4,324,589
Operating Expenses	<u>5,185,250</u>	<u>6,088,783</u>	<u>4,565,251</u>
Income from Operations	(146,878)	(351,368)	(240,662)
Other income (expense)			
Interest expense	(15,351)	(1,462)	(5,770)
COVID relief income	-	-	1,071,103
Bad debt	(63,905)	-	-
Gain on forgiveness of loans	-	-	372,699
Equity in income (loss) in investment in partnership	<u>(136,087)</u>	<u>(5,990)</u>	<u>(92,368)</u>
	<u>(215,343)</u>	<u>(7,452)</u>	<u>1,345,664</u>
Net Income (Loss)	(362,221)	(358,820)	1,105,002
Issuance of member units	188,145	-	100,000
Distributions to members	(14,000)	(286,000)	(250,000)
Members' Equity – beginning of period	<u>823,279</u>	<u>1,468,099</u>	<u>513,097</u>
Members' Equity – end of period	<u>\$ 635,203</u>	<u>\$ 823,279</u>	<u>\$ 1,468,099</u>

See accompany notes.

Inchins Bamboo Garden Franchising LLC

Statement of Cash Flows

	For the Years Ended December 31:		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,911,553	\$ 5,724,866	\$ 4,272,873
COVID relief payments	-	-	1,071,103
Cash paid to vendors and employees	(4,772,498)	(6,061,151)	(4,621,313)
<i>Net Cash From Operating Activities</i>	<u>139,055</u>	<u>(336,285)</u>	<u>722,663</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(407,107)	(60,258)	(269,596)
Acquisition of partnership interest	-	-	(50,000)
<i>Net Cash From Investing Activities</i>	<u>(407,107)</u>	<u>(60,258)</u>	<u>(319,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances, net	4,471	71,512	(991)
Proceeds from SBA PPP / EIDL loans	-	-	261,159
Equity issuance	188,145	-	100,000
Distributions	(14,000)	(286,000)	(250,000)
<i>Net Cash From Financing Activities</i>	<u>178,616</u>	<u>(214,488)</u>	<u>110,168</u>
Net Change in Cash	<u>(89,436)</u>	<u>(611,031)</u>	<u>515,235</u>
CASH at Beginning of Year	<u>151,969</u>	<u>763,000</u>	<u>249,765</u>
CASH at End of Year	<u>\$ 62,533</u>	<u>\$ 151,969</u>	<u>\$ 763,000</u>
A reconciliation of net income to net cash from operating activities is as follows for the years ended December 31:			
	2023	2022	2021
Net income (loss)	\$ (362,221)	\$ (358,820)	\$ 1,105,002
Gain on forgiveness of loans	-	-	(372,699)
Depreciation expense	55,127	57,760	51,122
Change in lease accounts, net	236	44,508	-
Adjustments to reconcile net income to net cash from operating activities:			
Equity in (income) loss of investment	255,980	5,990	41,316
Changes in operating accounts:			
Inventories	(78,524)	(76,703)	(65,661)
Accounts payable and accruals	315,558	46,065	25,009
Deferred revenue	(62,914)	(12,549)	(51,716)
Other changes, net	15,813	(42,536)	(9,710)
Net Cash From Operating Activities	<u>\$ 139,055</u>	<u>\$ (336,285)</u>	<u>\$ 722,663</u>

See accompany notes.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Inchins Bamboo Garden Franchising LLC (the “Company”) is a franchising enterprise that was organized in the State of Georgia on May 30, 2006. The Company grants rights to establish and operate restaurants under the concept developed by a partnership under common ownership (“IRI”). IRI holds the franchise license for which franchise fees are earned. The Company’s revenues are derived from initial franchise sales, franchise fees, royalty payments and marketing fees, as well as company-owned stores.

The Company’s term shall continue until dissolved in accordance with the provisions of the operating agreement and the Georgia Limited Liability Act. The operating agreement provides for allocation of net income and losses to the members, based on their capital account balances.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee for each opened franchised restaurant. Franchisees pay continuing fees of a stated percentage of restaurant sales.

Prior Year Presentation: Certain prior year balance sheet amounts have been reclassified to conform to current year presentation. The changes had no effect on Total Assets, Net Income, or Members’ Equity on the accompanying financial statements.

Basis of Accounting: The Company prepares its financial statements on the accrual method of accounting.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition: Franchise revenue is recognized under a five-step revenue recognition model: identifying the contract with the lessee, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue as the performance obligations are fulfilled.

The Company sells individual franchises that grant the right to operate restaurants in designated areas. The agreements require the franchisee to pay an initial nonrefundable franchise fee prior to opening the restaurant, and continuing fees on a weekly basis based on gross sales.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

The initial term of a franchise agreement is typically ten years. The initial franchise fee is allocated to each individual restaurant and is recognized over the term of the franchise agreement. Royalty and other fees are recognized each period as the underlying sales occur.

The Company recognized revenue for franchise agreements of \$62,914, \$56,299, and \$70,467 for the years ended December 31, 2023, 2022 and 2021, respectively. All other revenue has been recognized at the time the goods or services were provided to the franchisee.

Taxes assessed by governmental authorities on revenue-producing transactions are presented on a net basis on the accompanying Statement of Income and Members' Equity.

Advertising and Promotion: The Company expenses advertising and promotion costs as incurred. The total of such costs was \$472,017, \$536,205, and \$417,182 for the years ended December 31, 2023, 2022, and 2021, respectively.

Fair Value of Financial Instruments: The carrying value of cash, receivables, accounts payable and accrued liabilities approximate their fair value due to the short maturity of these instruments.

Investment in Partnerships: The Company reports the value of its investment in partnerships using the equity method. Management evaluates the carrying value of its investment for impairment whenever an event occurs that may have a significant adverse impact on the fair value of the investment. If a loss in value has occurred, and it is deemed to be other than temporary, an impairment loss is recorded. Several factors are reviewed to determine whether a loss has occurred, including absence of an ability to recover the carrying amount of the investment, the length and extent of the fair value decline, and the financial condition and future prospects of the investee.

Accounts Receivable: The Company's franchisees are located throughout the United States. Earned revenue is debited from each franchisee's cash account weekly, and prepayments are generally required for inventory sales. Management establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific franchisees, historical trends, and other information. Receivables are charged to the allowance when management believes future collection is not reasonably expected. Bad debt recoveries are charged against the allowance account as realized.

There were no significant individual nonperforming receivables held by the Company as of December 31, 2023, 2022 or 2021. No allowance for doubtful accounts was considered necessary at December 31, 2023, 2022 or 2021.

Inventories: Inventories are stated at the lower of cost or market using the specific identification method. Individual inventory items are periodically reviewed and their carrying values are adjusted for impairment if necessary.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

Cash: The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

On occasion the Company maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure to loss to be minimal.

Fixed Assets: Fixed assets are stated at cost. Depreciation is computed using both accelerated and straight-line methods of depreciation over the assets' estimated useful lives. When such assets are retired or otherwise disposed, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in the Company's statement of income during the applicable period.

Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to current operations.

Income Taxes: As a limited liability corporation, the Company is taxed as a partnership under the provisions of the Internal Revenue Code. As such, the Company is not liable for income taxes on its taxable income. Instead, the members are liable for individual income taxes on their respective shares of the Company's taxable income. Accordingly, there is no liability or provision for income taxes in the accompanying financial statements.

Subsequent Events: Management has evaluated subsequent events for inclusion in these financial statements through April 22, 2024, the release date of the financial statements.

Shipping and Handling Costs: The Company generally requires its franchisees to arrange and pay for freight for inventory shipments to their stores.

Leases: The Company accounts for its leases using a right-of-use model, which requires entities to capitalize a right-of-use asset for assets under most long-term lease arrangements, and to accrue a corresponding liability for the payments committed under those arrangements. The right-of-use asset is amortized to expense over the term of the lease, while payments on the lease, reduced by interest expense, are charged against the corresponding lease liability.

NOTE 2 – INVESTMENT IN PARTNERSHIPS

During 2007, the Company purchased a non-controlling interest in Alpharetta Hospitality, a partnership under common ownership, accounted for using the equity method. The purchase was funded with \$80,000 cash, \$29,000 from the owner members and a \$211,000 unsecured note payable from the Company which remains outstanding at December 31, 2023. This note

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

has no specific payment terms or stated interest rate and is classified as long-term based on the Company's intention not to repay in the following year.

During 2020, the Company purchased a non-controlling interest in Anya Bhojan LLC, a partnership, accounted for using the equity method. The purchase was funded with \$150,000 cash. During 2021 additional interest was purchased for \$50,000. This interest was sold in 2023.

NOTE 3 – CAPITAL STRUCTURE

The Company's capital structure consists of 10,000 authorized membership units, with 5,000 units outstanding at December 31, 2023, 2022 and 2021.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company paid license and chef fees to IRI, related to the Company by common ownership, totaling \$638,619, \$842,429, and \$750,352 for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company has advanced funds to IRI. These advances totaled \$7,703, \$12,179, and \$83,691 for the years ended December 31, 2023, 2022 and 2021, respectively.

On occasion the Company has also advanced funds to Alpharetta Hospitality. The advances have no specific payment terms or stated interest rate and are classified as long-term based on the Company's expectation that such advances will not be collected in the near term. As discussed in Note 2, the Company owes Alpharetta Hospitality \$211,000. This note has no specific payment terms or stated interest rate and is classified as long-term based on the Company's intention not to repay in the following year.

NOTE 5 – FIXED ASSETS

Fixed assets consist of the following:

	2023	2022	2021
Office and restaurant equipment	\$ 76,189	\$ 75,529	\$ 53,133
Fixtures	459,386	155,012	155,012
Leasehold improvements	287,248	185,175	147,310
	822,823	415,716	355,455
Less accumulated depreciation	(307,139)	(191,455)	(133,692)
	<u>\$ 515,684</u>	<u>\$ 224,261</u>	<u>\$ 221,763</u>

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

NOTE 6 – LEASES

In May 2021 the Company entered into a lease arrangement for its store in Napierville, Illinois. The lease provides for monthly payments, including annual escalations, through 2028, with two five-year option periods thereafter.

In September 2023 the Company entered into a lease arrangement for its store in Cumming, Georgia. The lease provides for monthly payments, including annual escalations, through 2025, with two option periods thereafter.

The Company also leases storage / warehouse space under leases providing for monthly payments, including period escalations, through 2027.

The leases are typical real estate leases; they include rate escalations, no residual value guarantees, and no financial restrictions or covenants. Cash flows related to leases have been discounted at a rate which tracks with the Company's incremental borrowing rate.

The Company also enters into short-term leases for temporary housing of employees.

Amounts related to leases are as follows for the years ended December 31.

	2023	2022	2021
Total lease cost:			
Amortization of right of use asset	\$ 218,436	169,794	\$ 120,038
Interest on lease obligation	81,036	103,678	85,066
	299,472	273,472	205,104
Short-term leases	268,329	250,492	65,896
	<u>\$ 567,801</u>	<u>\$ 523,964</u>	<u>\$ 271,000</u>

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

Cash paid for leases (ex short-term)	\$	291,932	\$	183,155	\$	51,498
Weighted average remaining lease term		5 years		6 years		7 years
Weighted average discount rate		8%		8%		8%

Undiscounted cash payments (excluding short-term leases) are as follows for the years ended December 31:

2024	\$	349,495
2025		328,156
2026		281,950
2027		166,991
2028		20,499
Thereafter		-
	\$	<u>1,147,091</u>

NOTE 7 – RESTAURANT OPERATIONS

	2023	2022	2021
Franchised stores:			
Stores at beginning of year	23	23	25
Stores opened	-	2	2
Stores closed	(3)	(2)	(4)
Stores at end of year	<u>20</u>	<u>23</u>	<u>23</u>
Company-owned stores:			
Stores at beginning of year	1	1	-
Stores opened	1	-	1
Stores closed	-	-	-
Stores at end of year	<u>2</u>	<u>1</u>	<u>1</u>
Total stores:			
Stores at beginning of year	24	24	25
Stores opened	1	2	3
Stores closed	(3)	(2)	(4)
Stores at end of year	<u>22</u>	<u>24</u>	<u>24</u>

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

NOTE 8 – NOTES PAYABLE

On May 1, 2020, the Company borrowed \$111,540 under the Paycheck Protection Program (PPP), which was established by the USA CARES Act and administered by the US Small Business Administration. Generally, proceeds from such loans were restricted to use for payroll costs, rent, utilities, and other such expenses, and were forgivable if the recipient used the proceeds for such costs. The Company used the proceeds from their loan for qualifying purposes and the loan was forgiven in full on February 8, 2021.

On February 17, 2021, the Company borrowed \$261,159 under the Paycheck Protection Program, under similar terms and restrictions as the 2020 note. This loan was forgiven in full on December 9, 2021.

On June 12, 2020, the Company borrowed \$150,000 under the US Small Business Administration's Economic Injury Disaster Loan program (EIDL). The loan bears interest at 3.75% per annum and requires monthly installment payments of \$731, through July 2052. The loan is secured by corporate assets and contains restrictive covenants related to collateral and use of loan proceeds.

Current maturities of the EIDL note are as follows for the years ended December 31:

2024	\$	2,916
2025		3,040
2026		3,156
2027		3,276
2028		3,401
Thereafter		<u>134,211</u>
	\$	<u>150,000</u>

NOTE 9 – CHANGE IN ACCOUNTING PRINCIPAL - ACCOUNTING FOR LEASES

During 2022 the Company retroactively adopted the requirements of ASU 2016-02, *Leases* (Topic 842). This new accounting standard significantly changes the reporting of leases. The adoption of this accounting standard requires entities to capitalize a right-of-use asset for assets under most long-term lease arrangements, and to accrue a corresponding liability for the payments committed under those arrangements.

The right-of-use asset is amortized over the term of the lease. As lease payments are made, interest expense calculated using the effective interest model is applied against the payment, with the residual amount applied as a reduction in the lease obligation.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

Net lease expense is the sum of the amortization of the right-of-use asset and the interest expense, and is presented as a part of operating expenses.

All of the Company's significant leases are classified as operating leases under ASU 2016-02. Applying this standard resulted in the recording of an asset: *Right of Use Asset – operating leases* in the amounts of \$981,428, \$1,172,315, and \$1,342,110, and for the years ended December 31, 2023, 2022 and 2021, respectively; and a liability: *Lease Obligations for operating leases* of \$981,428, \$1,216,823, and \$1,342,110 for the years ended December 31, 2023, 2022 and 2021, respectively.

The adoption of this standard resulted in immaterial changes to the Statements of Income, Stockholders' Equity, and cash flows for each prior period presented. These immaterial changes were recognized cumulatively in 2022.

Inchins Bamboo Garden Franchising LLC
Financial Statements
December 31, 2023, 2022 and 2021
with
Independent Auditors' Report

Michael Hall LLC
12600 DEERFIELD PARKWAY SUITE 100 • ALPHARETTA GEORGIA 30004

Table of Contents

Independent Auditors' Report.....	1
Balance Sheet.....	3
Statement of Income and Members' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6

Independent Auditors' Report

To the Board of Directors
Inchins Bamboo Garden Franchising LLC

Opinion

We have audited the accompanying financial statements of Inchins Bamboo Garden Franchising LLC as of and for the years ended December 31, 2023, 2022, and 2021. These financial statements are comprised of the balance sheet and the related statements of income and members' equity, and cash flows, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inchins Bamboo Garden Franchising LLC as of December 31, 2023, 2022, and 2021; and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit 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 Inchins Bamboo Garden Franchising 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 these 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 Inchins Bamboo Garden Franchising LLC's ability to continue as a going concern.

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 one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Michael Hall LLC

ASSURANCE • TAX • ADVISORY

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Inchins Bamboo Garden Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inchins Bamboo Garden Franchising 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.

Michael Hall LLC

Atlanta, Georgia
April 22, 2024

Inchins Bamboo Garden Franchising LLC

Balance Sheet

	As of December 31:		
	2023	2022	2021
Assets			
CURRENT ASSETS			
Cash	\$ 62,533	\$ 151,969	\$ 763,000
Inventories	806,465	727,941	651,238
Advances to related parties	7,708	12,179	83,691
Other current assets	<u>129,188</u>	<u>57,246</u>	<u>14,710</u>
Total current assets	1,005,894	949,335	1,512,639
 FIXED ASSETS, net	 515,684	 224,261	 221,763
RIGHT OF USE ASSET, operating leases	981,428	1,172,315	1,342,110
INVESTMENT IN PARTNERSHIPS	<u>101,855</u>	<u>357,835</u>	<u>363,825</u>
	<u>\$ 2,604,861</u>	<u>\$ 2,703,746</u>	<u>\$ 3,440,337</u>
 Liabilities and Members' Equity			
CURRENT LIABILITIES			
Accounts payables and accruals	\$ 512,742	\$ 125,242	\$ 79,177
Current portion of notes payable	2,916	1,478	1,478
Current portion of lease obligation	283,152	156,343	125,287
Deferred revenue, current	<u>31,455</u>	<u>40,414</u>	<u>41,039</u>
Total current liabilities	830,265	323,477	246,981
 DEFERRED REVENUE, noncurrent	 83,033	 136,988	 148,912
NOTES PAYABLE, noncurrent	147,084	148,522	148,522
LEASE OBLIGATION for operating leases, noncurrent	698,276	1,060,480	1,216,823
NOTE PAYABLE to related party	<u>211,000</u>	<u>211,000</u>	<u>211,000</u>
Total liabilities	<u>1,969,658</u>	<u>1,880,467</u>	<u>1,972,238</u>
 MEMBERS' EQUITY	 <u>635,203</u>	 <u>823,279</u>	 <u>1,468,099</u>
	<u>\$ 2,604,861</u>	<u>\$ 2,703,746</u>	<u>\$ 3,440,337</u>

See accompany notes.

Inchins Bamboo Garden Franchising LLC

Statement of Income and Members' Equity

	For the Years Ended December 31:		
	2023	2022	2021
Revenues			
Franchise sales	\$ 1,625,682	\$ 2,017,694	\$ 1,132,635
Royalties and franchise fees	1,627,073	1,772,552	1,421,044
Marketing fees	331,793	268,213	219,771
Sales from Company-operated stores	576,618	481,794	148,640
Chef fees	877,206	1,197,162	1,402,499
	<u>5,038,372</u>	<u>5,737,415</u>	<u>4,324,589</u>
Operating Expenses	<u>5,185,250</u>	<u>6,088,783</u>	<u>4,565,251</u>
Income from Operations	(146,878)	(351,368)	(240,662)
Other income (expense)			
Interest expense	(15,351)	(1,462)	(5,770)
COVID relief income	-	-	1,071,103
Bad debt	(63,905)	-	-
Gain on forgiveness of loans	-	-	372,699
Equity in income (loss) in investment in partnership	<u>(136,087)</u>	<u>(5,990)</u>	<u>(92,368)</u>
	<u>(215,343)</u>	<u>(7,452)</u>	<u>1,345,664</u>
Net Income (Loss)	(362,221)	(358,820)	1,105,002
Issuance of member units	188,145	-	100,000
Distributions to members	(14,000)	(286,000)	(250,000)
Members' Equity – beginning of period	<u>823,279</u>	<u>1,468,099</u>	<u>513,097</u>
Members' Equity – end of period	<u>\$ 635,203</u>	<u>\$ 823,279</u>	<u>\$ 1,468,099</u>

See accompany notes.

Inchins Bamboo Garden Franchising LLC

Statement of Cash Flows

	For the Years Ended December 31:		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,911,553	\$ 5,724,866	\$ 4,272,873
COVID relief payments	-	-	1,071,103
Cash paid to vendors and employees	(4,772,498)	(6,061,151)	(4,621,313)
<i>Net Cash From Operating Activities</i>	<u>139,055</u>	<u>(336,285)</u>	<u>722,663</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(407,107)	(60,258)	(269,596)
Acquisition of partnership interest	-	-	(50,000)
<i>Net Cash From Investing Activities</i>	<u>(407,107)</u>	<u>(60,258)</u>	<u>(319,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances, net	4,471	71,512	(991)
Proceeds from SBA PPP / EIDL loans	-	-	261,159
Equity issuance	188,145	-	100,000
Distributions	(14,000)	(286,000)	(250,000)
<i>Net Cash From Financing Activities</i>	<u>178,616</u>	<u>(214,488)</u>	<u>110,168</u>
Net Change in Cash	(89,436)	(611,031)	513,235
CASH at Beginning of Year	<u>151,969</u>	<u>763,000</u>	<u>249,765</u>
CASH at End of Year	<u>\$ 62,533</u>	<u>\$ 151,969</u>	<u>\$ 763,000</u>
A reconciliation of net income to net cash from operating activities is as follows for the years ended December 31:			
	2023	2022	2021
Net income (loss)	\$ (362,221)	\$ (358,820)	\$ 1,105,002
Gain on forgiveness of loans	-	-	(372,699)
Depreciation expense	55,127	57,760	51,122
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See accompany notes.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Inchins Bamboo Garden Franchising LLC (the “Company”) is a franchising enterprise that was organized in the State of Georgia on May 30, 2006. The Company grants rights to establish and operate restaurants under the concept developed by a partnership under common ownership (“IRI”). IRI holds the franchise license for which franchise fees are earned. The Company’s revenues are derived from initial franchise sales, franchise fees, royalty payments and marketing fees, as well as company-owned stores.

The Company’s term shall continue until dissolved in accordance with the provisions of the operating agreement and the Georgia Limited Liability Act. The operating agreement provides for allocation of net income and losses to the members, based on their capital account balances.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee for each opened franchised restaurant. Franchisees pay continuing fees of a stated percentage of restaurant sales.

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Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

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Accounts Receivable: The Company's franchisees are located throughout the United States. Earned revenue is debited from each franchisee's cash account weekly, and prepayments are generally required for inventory sales. Management establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific franchisees, historical trends, and other information. Receivables are charged to the allowance when management believes future collection is not reasonably expected. Bad debt recoveries are charged against the allowance account as realized.

There were no significant individual nonperforming receivables held by the Company as of December 31, 2023, 2022 or 2021. No allowance for doubtful accounts was considered necessary at December 31, 2023, 2022 or 2021.

Inventories: Inventories are stated at the lower of cost or market using the specific identification method. Individual inventory items are periodically reviewed and their carrying values are adjusted for impairment if necessary.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

Cash: The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

On occasion the Company maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure to loss to be minimal.

Fixed Assets: Fixed assets are stated at cost. Depreciation is computed using both accelerated and straight-line methods of depreciation over the assets' estimated useful lives. When such assets are retired or otherwise disposed, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in the Company's statement of income during the applicable period.

Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to current operations.

Income Taxes: As a limited liability corporation, the Company is taxed as a partnership under the provisions of the Internal Revenue Code. As such, the Company is not liable for income taxes on its taxable income. Instead, the members are liable for individual income taxes on their respective shares of the Company's taxable income. Accordingly, there is no liability or provision for income taxes in the accompanying financial statements.

Subsequent Events: Management has evaluated subsequent events for inclusion in these financial statements through April 22, 2024, the release date of the financial statements.

Shipping and Handling Costs: The Company generally requires its franchisees to arrange and pay for freight for inventory shipments to their stores.

Leases: The Company accounts for its leases using a right-of-use model, which requires entities to capitalize a right-of-use asset for assets under most long-term lease arrangements, and to accrue a corresponding liability for the payments committed under those arrangements. The right-of-use asset is amortized to expense over the term of the lease, while payments on the lease, reduced by interest expense, are charged against the corresponding lease liability.

NOTE 2 – INVESTMENT IN PARTNERSHIPS

During 2007, the Company purchased a non-controlling interest in Alpharetta Hospitality, a partnership under common ownership, accounted for using the equity method. The purchase was funded with \$80,000 cash, \$29,000 from the owner members and a \$211,000 unsecured note payable from the Company which remains outstanding at December 31, 2023. This note

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

has no specific payment terms or stated interest rate and is classified as long-term based on the Company's intention not to repay in the following year.

During 2020, the Company purchased a non-controlling interest in Anya Bhojan LLC, a partnership, accounted for using the equity method. The purchase was funded with \$150,000 cash. During 2021 additional interest was purchased for \$50,000. This interest was sold in 2023.

NOTE 3 – CAPITAL STRUCTURE

The Company's capital structure consists of 10,000 authorized membership units, with 5,000 units outstanding at December 31, 2023, 2022 and 2021.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company paid license and chef fees to IRI, related to the Company by common ownership, totaling \$638,619, \$842,429, and \$750,352 for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company has advanced funds to IRI. These advances totaled \$7,708, \$12,179, and \$83,691 for the years ended December 31, 2023, 2022 and 2021, respectively.

On occasion the Company has also advanced funds to Alpharetta Hospitality. The advances have no specific payment terms or stated interest rate and are classified as long-term based on the Company's expectation that such advances will not be collected in the near term. As discussed in Note 2, the Company owes Alpharetta Hospitality \$211,000. This note has no specific payment terms or stated interest rate and is classified as long-term based on the Company's intention not to repay in the following year.

NOTE 5 – FIXED ASSETS

Fixed assets consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Office and restaurant equipment	\$ 76,189	\$ 75,529	\$ 53,133
Fixtures	459,386	155,012	155,012
Leasehold improvements	<u>287,248</u>	<u>185,175</u>	<u>147,310</u>
	822,823	415,716	355,455
Less accumulated depreciation	<u>(307,139)</u>	<u>(191,455)</u>	<u>(133,692)</u>
	<u>\$ 515,684</u>	<u>\$ 224,261</u>	<u>\$ 221,763</u>

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

NOTE 6 – LEASES

In May 2021 the Company entered into a lease arrangement for its store in Naperville, Illinois. The lease provides for monthly payments, including annual escalations, through 2028, with two five-year option periods thereafter.

In September 2023 the Company entered into a lease arrangement for its store in Cumming, Georgia. The lease provides for monthly payments, including annual escalations, through 2025, with two option periods thereafter.

The Company also leases storage / warehouse space under leases providing for monthly payments, including period escalations, through 2027.

The leases are typical real estate leases; they include rate escalations, no residual value guarantees, and no financial restrictions or covenants. Cash flows related to leases have been discounted at a rate which tracks with the Company's incremental borrowing rate.

The Company also enters into short-term leases for temporary housing of employees.

Amounts related to leases are as follows for the years ended December 31:

	2023	2022	2021
Total lease cost:			
Amortization of right of use asset	\$ 218,436	169,794	\$ 120,038
Interest on lease obligation	<u>81,036</u>	<u>103,678</u>	<u>85,066</u>
	299,472	273,472	205,104
Short-term leases	<u>268,329</u>	<u>250,492</u>	<u>65,896</u>
	<u>\$ 567,801</u>	<u>\$ 523,964</u>	<u>\$ 271,000</u>

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

Cash paid for leases (ex short-term)	\$	291,932	\$	183,155	\$	51,498
Weighted average remaining lease term		5 years		6 years		7 years
Weighted average discount rate		8%		8%		8%

Undiscounted cash payments (excluding short-term leases) are as follows for the years ended December 31:

2024	\$	349,495
2025		328,156
2026		281,950
2027		166,991
2028		20,499
Thereafter		-
	\$	<u>1,147,091</u>

NOTE 7 – RESTAURANT OPERATIONS

	2023	2022	2021
Franchised stores:			
Stores at beginning of year	23	23	25
Stores opened	-	2	2
Stores closed	(3)	(2)	(4)
Stores at end of year	<u>20</u>	<u>23</u>	<u>23</u>
Company-owned stores:			
Stores at beginning of year	1	1	-
Stores opened	1	-	1
Stores closed	-	-	-
Stores at end of year	<u>2</u>	<u>1</u>	<u>1</u>
Total stores:			
Stores at beginning of year	24	24	25
Stores opened	1	2	3
Stores closed	(3)	(2)	(4)
Stores at end of year	<u>22</u>	<u>24</u>	<u>24</u>

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

NOTE 8 – NOTES PAYABLE

On May 1, 2020, the Company borrowed \$111,540 under the Paycheck Protection Program (PPP), which was established by the USA CARES Act and administered by the US Small Business Administration. Generally, proceeds from such loans were restricted to use for payroll costs, rent, utilities, and other such expenses, and were forgivable if the recipient used the proceeds for such costs. The Company used the proceeds from their loan for qualifying purposes and the loan was forgiven in full on February 8, 2021.

On February 17, 2021, the Company borrowed \$261,159 under the Paycheck Protection Program, under similar terms and restrictions as the 2020 note. This loan was forgiven in full on December 9, 2021.

On June 12, 2020, the Company borrowed \$150,000 under the US Small Business Administration's Economic Injury Disaster Loan program (EIDL). The loan bears interest at 3.75% per annum and requires monthly installment payments of \$731, through July 2052. The loan is secured by corporate assets and contains restrictive covenants related to collateral and use of loan proceeds.

Current maturities of the EIDL note are as follows for the years ended December 31:

2024	\$	2,916
2025		3,040
2026		3,156
2027		3,276
2028		3,401
Thereafter		<u>134,211</u>
	\$	<u>150,000</u>

NOTE 9 – CHANGE IN ACCOUNTING PRINCIPAL - ACCOUNTING FOR LEASES

During 2022 the Company retroactively adopted the requirements of ASU 2016-02, *Leases* (Topic 842). This new accounting standard significantly changes the reporting of leases. The adoption of this accounting standard requires entities to capitalize a right-of-use asset for assets under most long-term lease arrangements, and to accrue a corresponding liability for the payments committed under those arrangements.

The right-of-use asset is amortized over the term of the lease. As lease payments are made, interest expense calculated using the effective interest model is applied against the payment, with the residual amount applied as a reduction in the lease obligation.

Inchins Bamboo Garden Franchising LLC

Notes to Financial Statements

Net lease expense is the sum of the amortization of the right-of-use asset and the interest expense, and is presented as a part of operating expenses.

All of the Company's significant leases are classified as operating leases under ASU 2016-02. Applying this standard resulted in the recording of an asset: *Right of Use Asset – operating leases* in the amounts of \$981,428, \$1,172,315, and \$1,342,110, and for the years ended December 31, 2023, 2022 and 2021, respectively; and a liability: *Lease Obligations for operating leases* of \$981,428, \$1,216,823, and \$1,342,110 for the years ended December 31, 2023, 2022 and 2021, respectively.

The adoption of this standard resulted in immaterial changes to the Statements of Income, Stockholders' Equity, and cash flows for each prior period presented. These immaterial changes were recognized cumulatively in 2022.

EXHIBIT G-2

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS
OF INCHINS BAMBOO GARDEN FRANCHISING LLC
AS OF AND FOR THE FIVE MONTH PERIOD ENDED MAY 31, 2024

These Financial Statements Have Been Prepared without an Audit.
Prospective Franchisees or Sellers of Franchises Should be Advised that
No Independent Certified Public Accountant Has Audited These Figures or Expressed
an Opinion with Regard to their Content or Form.

INCHINS BAMBOO GARDEN FRANCHISING LLC

Statement of Assets, Liabilities and Members Equity - Income Tax Basis

May 31, 2024

Assets	
Current Assets	
Wells Fargo 3151	\$ 52,673.74
Wells Fargo 8171	829.83
Wells Fargo 0349	9,562.16
Petty Cash	650.00
A/R - Inter-company- Anya Bhojan	63,905.03
Accounts Receivable-NJ Capital Loan	200,000.00
Accounts Receivable-Kaushik Patel	1,587.41
Accounts Receivable- Abid Mohamed	2,500.00
Accounts Receivable - IIK	207.70
Accounts Receivables - Gift Cards	29,286.26
Accounts Receivables -IBG Canada	18,021.09
Inventory	488,850.43
Inventory - Cumming	3,820.00
Other Current Assets-Investments-Alpharetta H	111,946.51
Other Current Assets - Investments Anya Bhoja	(122,910.00)
Other Current Assets-K1 Investment-Alpharetta	11,569.00
Other Current Assets- K1 Investment Anya Bhoj	(84,539.00)
Total Current Assets	\$ <u>787,960.16</u>
Property And Equipment	
Furniture & Fixtures	35,010.09
Furniture & Fixtures - Cumming	306,958.54
Machinery & Equipment	50,939.12
Signs	9,830.00
Computers	3,537.71
Computers - Cumming	160.38
Leasehold Improvements	172,525.34
Leasehold Improvements - Cumming	29,369.50
Accum. Depreciation	(220,366.00)
Accum. Depr -Cumming	(263,677.00)
Total Property And Equipment	<u>124,287.68</u>
Total Assets	\$ <u>912,247.84</u>

These financial statements have not been subjected to an audit or review, and no assurance is provided on them.

INCHINS BAMBOO GARDEN FRANCHISING LLC

Statement of Assets, Liabilities and Members Equity - Income Tax Basis

May 31, 2024

Liabilities			
Current Liabilities			
Accounts Payable-Buchanan Ing	\$	90,878.79	
Accounts Payable-IRI Lic Fees		2,420.00	
Accounts Payable - IIK		6,187.91	
Wages Payable		26,164.91	
Payroll Taxes Payable		15,477.33	
Total Current Liabilities			<u>141,128.94</u>
Long-Term Liabilities			
Mortgage Payable - Loan from Gift Card AC		400,000.00	
Other Long-Term Liabilities - EIDL Loan		146,345.00	
Total Long-Term Liabilities			<u>546,345.00</u>
Total Liabilities	\$		<u>687,473.94</u>
Members Equity			
Members Equity			
Members Equity, Beginning		405,796.13	
Net income (loss)		(181,022.23)	
Total Members Equity			<u>224,773.90</u>
Total Liabilities And Members Equity	\$		<u>912,247.84</u>

These financial statements have not been subjected to an audit or review, and no assurance is provided on them.

INCHINS BAMBOO GARDEN FRANCHISING LLC

Statements of Revenue and Expenses - Income Tax Basis

For the month and five months ended May 31, 2024

	Current	Percent	Year to date	Percent
Revenues				
Sales	\$ 103,274.24	22.71	\$ 532,772.31	21.13
Franchise Sales	124,944.76	27.48	773,507.70	30.68
Franchise Fee	137,847.00	30.32	708,944.13	28.12
National Marketing Fund	21,543.33	4.74	107,398.45	4.26
Executive Food Production	67,094.49	14.76	398,955.48	15.82
Interest Income	0.95	0.00	4.82	0.00
Credit Card Chargebacks	0.00	0.00	(100.95)	0.00
Total Revenues	454,704.77	100.00	2,521,481.94	100.00
Cost Of Goods Sold				
Cost of Goods Sold	478,681.84	105.27	1,059,280.33	42.01
Freight Expense	14,834.08	3.26	109,208.03	4.33
Cost of Sales -National Market	12,565.30	2.76	64,623.70	2.56
Cost of Sales -Exec Food Prod	10,600.00	2.33	51,500.00	2.04
Total Cost Of Goods Sold	516,681.22	113.63	1,284,612.06	50.95
Gross Profit	(61,976.45)	(13.63)	1,236,869.88	49.05
Expenses				
Accounting Services Expense	1,908.50	0.42	9,570.00	0.38
Advertising & Marketing Exp	3,327.84	0.73	21,741.65	0.86
Auto Expenses	5,889.49	1.30	27,113.88	1.08
Bank Charges	802.17	0.18	4,430.23	0.18
Cable TV/Satellite Services	0.00	0.00	654.05	0.03
Credit Card Fees Expense	2,427.48	0.53	14,288.99	0.57
Dues and Subscriptions Exp	0.00	0.00	780.00	0.03
Gifts Expense	0.00	0.00	160.15	0.01
Guaranteed Payments	42,108.00	9.26	210,540.00	8.35
Insurance Expense	5,105.49	1.12	16,448.69	0.65
Insurance - Life	2,295.00	0.50	2,295.00	0.09
Internet Expense	583.51	0.13	2,986.42	0.12
Lease Equipment Expense	0.00	0.00	3,073.18	0.12
Licenses & Permits Expense(IRI)	44,558.29	9.80	225,199.73	8.93
Linen Rental	313.68	0.07	2,647.13	0.10
Maintenance & Repairs Expense	1,870.17	0.41	10,178.99	0.40
Meals Expense	218.90	0.05	2,835.11	0.11
Music Expense	32.03	0.01	180.15	0.01
Office Supplies	460.94	0.10	1,902.63	0.08
Other Taxes	8,045.17	1.77	8,884.41	0.35
Outside Services	1,437.00	0.32	4,424.26	0.18

These financial statements have not been subjected to an audit or review, and no assurance is provided on them.

INCHINS BAMBOO GARDEN FRANCHISING LLC

Statements of Revenue and Expenses - Income Tax Basis

For the month and five months ended May 31, 2024

	Current	Percent	Year to date	Percent
Payroll Tax Expense	6,271.97	1.38	32,952.33	1.31
Pest Control Expense	264.96	0.06	1,688.90	0.07
Postage & Freight Expense	300.09	0.07	1,667.75	0.07
Printing Expense	0.00	0.00	1,476.75	0.06
Professional Fees Expense	0.00	0.00	10,773.76	0.43
Rent or Lease Exp - Building	52,997.17	11.66	243,762.18	9.67
Rent or Lease - Non Real Estat	388.00	0.09	1,940.00	0.08
Royalty/Franchise Fees Exp	7,123.89	1.57	45,420.00	1.80
Salaries & Wages Expense	76,118.39	16.74	377,910.07	14.99
Salaries & Wages -Cumming	618.38	0.14	7,018.33	0.28
Sales Tax Expense	4,787.00	1.05	29,537.65	1.17
Security Expense	99.80	0.02	296.40	0.01
Subcontract Fees Expense	27,882.70	6.13	63,474.11	2.52
Supplies Expense	9,722.03	2.14	42,743.89	1.70
Telephone Expense	221.47	0.05	1,289.21	0.05
Travel Expense	32,728.83	7.20	84,955.10	3.37
Uniforms	230.64	0.05	1,854.80	0.07
Utilities Expense	6,257.54	1.38	23,908.36	0.95
Gain/Loss on Sales of Assets	(125,112.13)	(27.52)	(125,112.13)	(4.96)
Total Expenses	<u>222,284.39</u>	<u>48.89</u>	<u>1,417,892.11</u>	<u>56.23</u>
Net Income (Loss)	<u>\$ (284,260.84)</u>	<u>(62.52)</u>	<u>\$ (181,022.23)</u>	<u>(7.18)</u>

These financial statements have not been subjected to an audit or review, and no assurance is provided on them.

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA
TO
FRANCHISE DISCLOSURE DOCUMENT
AND
FRANCHISE AGREEMENT

**Addendum to Franchise Disclosure Document
and Franchise Agreement
Required for California Franchisees**

A.——The Commissioner of Financial Protection and Innovation of the state of California requires the following specific disclosures to be made to prospective California franchisees:

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES FRANCHISOR TO GIVE FRANCHISEE A DISCLOSURE DOCUMENT, IN A FORM AND CONTAINING SUCH INFORMATION AS THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION MAY BY RULE OR ORDER REQUIRE, BEFORE SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
2. 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 FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO THE EXECUTION OF ANY AGREEMENT.
3. CALIFORNIA'S FRANCHISE INVESTMENT LAW (CORPORATIONS CODE SECTION 31512 AND 31512.1) STATES THAT ANY PROVISION OF A FRANCHISE AGREEMENT OR RELATED DOCUMENT REQUIRING THE FRANCHISEE TO WAIVE SPECIFIC PROVISIONS OF THE LAW IS CONTRARY TO PUBLIC POLICY AND IS VOID AND UNENFORCEABLE. THE LAW ALSO PROHIBITS A FRANCHISOR FROM DISCLAIMING OR DENYING (i) REPRESENTATIONS IT, ITS EMPLOYEES, OR ITS AGENTS MAKE TO YOU, YOUR ABILITY TO RELY ON ANY REPRESENTATIONS IT MAKES TO YOU, OR (iii) ANY VIOLATIONS OF THE LAW.
34. See the cover page of the Franchise Disclosure Document for our URL address. OUR WEBSITE (www.bamboo-gardens.com) 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 ITS WEBSITE ADDRESS www.dbo.ca.gov.
4. ~~The maximum rate of interest that may be charged under California law on late payments is 10% annually.~~
5. The following statement is added to **Item 3**:

Neither we, nor any person or franchise broker identified in Item 2 of the Franchise 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 such persons from membership in such association or exchange.
6. The following statement is added to **Item 6**:

The maximum rate of interest that may be charged under California law on late payments is 10% annually.

67. The following statements are added to **Item 17**:

The Franchise Agreement requires you to sign a general release if you renew or transfer your Franchise Agreement. California Corporations Code §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 thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). California Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

California Business and Professions Code Sections 20000 through 20043 provides 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.

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.).

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law, but we intend to enforce it to the extent enforceable.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable, but we intend to enforce it to the extent enforceable.

The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

California Corporations Code, Section 31125, requires us to give you a Disclosure Document, approved by the Department of Financial Protection and Innovation prior to a solicitation of a proposed material modification of an existing franchise.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Georgia with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with 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 provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Addendum to Franchise Disclosure Document
Required for Illinois Franchisees**

**AMENDMENT TO INCHINS BAMBOO GARDEN FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The Inchins Bamboo Garden Franchising LLC Franchise Agreement between _____ ("Franchisee" or "You") and Inchins Bamboo Garden Franchising LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The provisions of this Amendment form an integral part of, and are incorporated into the Franchise Agreement. This Amendment is being executed because: (A) the offer or sale of the franchise to you was made in the State of Illinois; (B) you are a resident of the State of Illinois; and/or (C) the Franchised Business will be located in the State of Illinois.
2. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, III. Rev. Stat. ch. 815 para. 705/1-705/44 (1994). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to You concerning nonrenewal and termination of this Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.
 - b. Any release of claims or acknowledgments of fact contained in the Agreement (including the second sentence of Section 18.1 and the first sentence of Section 18.3) that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
 - c. The Agreement requires litigation to be conducted in a forum other than the State of Illinois. The requirement is void with respect to claims under the Illinois Franchise Disclosure Act and with respect to any cause of action which is otherwise enforceable in the courts of the State of Illinois.
 - d. This Agreement requires that it be governed by a state's law, other than the State of Illinois. However, Illinois law shall control and govern this Agreement.
 - e. Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims according to the provisions of Title 9 of the United States Code.
 - f. Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.
4. Any capitalized terms that are not defined in this Amendment shall have the meanings given them in the Franchise Agreement.
5. Except as expressly modified by this Amendment, the Franchise Agreement remains unmodified and in full force and effect.

INCHINS BAMBOO GARDEN
FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**MARYLAND ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT**

THE FRANCHISE DISCLOSURE DOCUMENT IS SUPPLEMENTED AS FOLLOWS:

The state of Maryland requires the following specific disclosures to be made to Maryland Franchisees. These provisions supplement and amend the Franchise Disclosure Document and Franchise Agreement ("Amendment"). This Amendment is incorporated into and made a part of the Franchise Disclosure Document and Franchise Agreement to the extent the following paragraphs supplement and amend the respective sections of the Franchise Disclosure Document and Franchise Agreement:

The following paragraphs are added to **Item 17**:

1. Despite anything stated in the Franchise Disclosure Document (specifically Item 17(h)), termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of your franchise.
3. Despite anything stated in the Franchise Disclosure Document (specifically Item 17(v), a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Despite anything stated in the Franchise Disclosure Document (specifically Item 17(c)) and (m)), a general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

THE FRANCHISE AGREEMENT IS AMENDED AS FOLLOWS:

1. The following sentence is added to the end of Section 17.2(d) of the Franchise Agreement:

"The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
2. The following sentence is added to the end of Section 16.2(k) of the Franchise Agreement:

"The general release required as a condition of transfer of interest shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
3. The following sentence is added as the last paragraph to each of Sections 21.1 and 21.5(h) of the Franchise Agreement:

"A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. A new section, Section 21.5(i), is hereby added as the last paragraph to Section 21.5 of the Franchise Agreement as follows:

"Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

5. A new section, Section 23.2(c), is hereby added to the Franchise Agreement as follows:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Disclosure Document and Franchise Agreement in duplicate on the date indicated below.

INCHINS BAMBOO GARDEN
FRANCHISING LLC

FRANCHISEE

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Date:_____

Date:_____

**Addendum to Franchise Disclosure Document
Required for New York Franchisees**

**AMENDMENT TO INCHINS BAMBOO GARDEN FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The following Addendum modifies and supersedes the Inchins Bamboo Garden Franchising LLC Franchise Agreement (the “Agreement”) with respect to INCHINS BAMBOO GARDEN® restaurants offered or sold to either a resident of the State of New York or a non-resident who will be operating an INCHINS BAMBOO GARDEN® restaurant in the State of New York pursuant to the General Business Law of the State of New York, Article 33, Sections 680 through 695, as follows:

1. Notwithstanding any provision of the Agreement to the contrary, Franchisor will not make any assignment of the Agreement except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume Franchisor’s obligations under the Agreement.

2. Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. **Section 19.3 of the Agreement is amended by adding the following to the end of such section:**

**The indemnification contained in this Section 19.3 shall not apply to
any claim by any third party arising out of a breach of this Agreement
by Franchisor or any other civil wrong of Franchisor.**

4. No new or different requirements imposed on Franchisee as a result of any changes made by Franchisor to Franchisor’s Operations Manual or otherwise shall place an unreasonable economic burden on Franchisee.

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

6. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

INCHINS BAMBOO GARDEN
FRANCHISING LLC

FRANCHISEE

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Date:_____

Date:_____

**Addendum to Franchise Disclosure Document
Required for New York Franchisees**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

The Receipt shall read as follows:

New York law requires a franchisor to provide the Franchise Disclosure Document to you at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

**Addendum to Franchise Disclosure Document
Required for Virginia Franchisees**

THE FRANCHISE DISCLOSURE DOCUMENT IS SUPPLEMENTED AS FOLLOWS:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Inchins Bamboo Garden Franchising LLC for use in the Commonwealth of Virginia shall be amended as set forth below. These provisions supplement and amend the Franchise Disclosure Document ("Amendment"). This Amendment is incorporated into and made a part of the Franchise Disclosure Document to the extent the following paragraphs supplement and amend the respective sections of the Franchise Disclosure Document.

ADDITIONAL DISCLOSURE:

The following statements are added to Item 17.h. of the Franchise Disclosure Document:

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Disclosure Document in duplicate on the date indicated below.

INCHINS BAMBOO GARDEN
FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Addendum to Franchise Disclosure Document Required for Washington Franchisees

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Disclosure Document in duplicate on the date indicated below.

INCHINS BAMBOO GARDEN
FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT**

**SBA ADDENDUM
FRANCHISE AGREEMENT (FORM 2462)**

**ADDENDUM TO FRANCHISE AGREEMENT
(SBA Form 2462)**

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between INCHIN'S BAMBOO GARDEN FRANCHISING LLC ("Franchisor"), located at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__ (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

1. If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

2. If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

3. If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

4. Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following:

- (i) the Loan is paid in full; or
- (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:

By: _____
Print Name: _____

FRANCHISEE:

By: _____
Print Name: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT J
TO FRANCHISE DISCLOSURE DOCUMENT

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, is on file or exempt from registration, in the following states where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

Inchins Bamboo Garden Franchising LLC has filed the required notice of intent to sell franchises in the state of Michigan, with the Effective Date stated below:

<u>State</u>	<u>Effective Date</u>
California	Pending
Michigan	July 5 <u>6</u> , 2024
Maryland	Pending
Virginia	August 21, 2024 <u>June 13, 2024</u>

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.

EXHIBIT K
TO FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

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 Inchins Bamboo Garden Franchising 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, Inchins Bamboo Garden Franchising LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Inchins Bamboo Garden Franchising 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, DC 20580 and the state agency listed on **Exhibit A-1**.

The Franchisor is Inchins Bamboo Garden Franchising LLC located at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022. Its telephone number is (404) 271-4493.

Issuance date: April 30, 2024, as amended July 16, 2024

The franchise sellers for this offering are:

Amitabh Agrawal, Chief Executive Officer, President and Director at Inchins Bamboo Garden Franchising LLC, 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022.

Kaushik Patel, Chief Financial Officer, Vice President and Director at Inchins Bamboo Garden Franchising LLC, 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022.

Inchins Bamboo Garden Franchising LLC authorizes the respective state agencies identified on **Exhibit A-2** to receive service of process for it in a particular state.

I received a disclosure document, dated April 30, 2024, as amended July 16, 2024, that included the following Exhibits: A-1 — State Franchise Administrators; A-2 — Agents for Service of Process; B — Franchise Agreement; C — All-In-1 Restaurant Point of Sale and Management System Provided By Toast, Inc.; D — Table of Contents of Operations Manual; E — List of Outlets; F — Terminated Franchisees; G-1 — Financial Statements – Audited Financial Statements (December 31, 2023, 2022 and 2021; G-2 — Unaudited Financial Statements as of and for the five month period ended May 31, 2024; H — State-Specific Addenda; I — SBA Addendum to Franchise Agreement (SBA Form 2462); J — State Effective Dates; K — Receipts

Date: _____
(Do not leave blank)

Your Name (Please print):

Your Signature:

You should return one copy of the signed receipt either by signing, dating, and mailing it to Inchins Bamboo Garden Franchising LLC at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022, or by faxing a copy of the signed receipt to Inchins Bamboo Garden Franchising LLC (302) 264-4493. You may keep the second copy 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 Inchins Bamboo Garden Franchising 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, Inchins Bamboo Garden Franchising LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Inchins Bamboo Garden Franchising 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, DC 20580 and the state agency listed on **Exhibit A-1**.

The Franchisor is Inchins Bamboo Garden Franchising LLC located at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022. Its telephone number is (404) 271-4493.

Issuance date: April 30, 2024, as amended July 16, 2024

The franchise sellers for this offering are:

Amitabh Agrawal, Chief Executive Officer, President and Director at Inchins Bamboo Garden Franchising LLC, 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022.

Kaushik Patel, Chief Financial Officer, Vice President and Director at Inchins Bamboo Garden Franchising LLC, 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022.

Inchins Bamboo Garden Franchising LLC authorizes the respective state agencies identified on **Exhibit A-2** to receive service of process for it in a particular state.

I received a disclosure document, dated April 30, 2024, as amended July 16, 2024, that included the following Exhibits: A-1 — State Franchise Administrators; A-2 — Agents for Service of Process; B — Franchise Agreement; C — All-In-1 Restaurant Point of Sale and Management System Provided By Toast, Inc.; D — Table of Contents of Operations Manual; E — List of Outlets; F — Terminated Franchisees; G-1 — Financial Statements – Audited Financial Statements (December 31, 2023, 2022 and 2021; G-2 — Unaudited Financial Statements as of and for the five month period ended May 31, 2024; H — State-Specific Addenda; I — SBA Addendum to Franchise Agreement (SBA Form 2462); J — State Effective Dates; K — Receipts

Date: _____
(Do not leave blank)

Your Name (Please print):

Your Signature:

You should return one copy of the signed receipt either by signing, dating, and mailing it to Inchins Bamboo Garden Franchising LLC at 11105 State Bridge Road, Suite 200, Alpharetta, Georgia 30022, or by faxing a copy of the signed receipt to Inchins Bamboo Garden Franchising LLC (302) 264-4493. You may keep the second copy for your records.