L & L FRANCHISE DISCLOSURE DOCUMENT

L & L Franchise, Inc.
a Hawaii Corporation
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L & L Franchise, Inc. presently offers franchises under the trade names L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill, and L & L Hawaiian Mixplate. Franchises offered and operating under the franchisor's trademarks and tradenames of L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill and/or L & L Hawaiian Mixplate are substantially identical quick service restaurant concepts.

This franchise disclosure document is for a franchise to operate a quick service Hawaiian and Asian-American restaurant in the State of California under the service mark and trademark L & L Hawaiian Barbecue or L & L Hawaiian Mixplate. The approximate total investment necessary to begin operation of an L & L franchise is from $133,700 to $535,000. This includes the initial franchise fees, which will vary based on the location of the restaurant and the number of locations a franchisee currently opens. The initial franchise fee for new franchisees for an L & L Drive-Inn or L & L Hawaiian Barbecue or L & L Hawaiian Grill or L & L Hawaiian Mixplate restaurant is $30,000.00. The initial franchise fee for existing franchisees opening between two (2) and up to five (5) restaurants outside the State of Hawaii is $20,000.00. The initial franchise fee for existing franchisees opening six (6) or more restaurants outside the State of Hawaii is $15,000.00 for each restaurant. Franchise fees may vary outside the United States.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

NOTE, HOWEVER, THAT NO GOVERNMENT AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THE DOCUMENT.

The terms of your contract will govern your franchise relationship. Do not rely on this disclosure document alone to understand your contract. Read your entire

contract and the attachments carefully. Consult with a professional such as a lawyer and/or accountant to review your contract and this disclosure document.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

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 the publication entitled "A Consumer's Guide to Buying a Franchise," can help you understand how to use this disclosure document. This publication is available from the Federal Trade Commission (FTC) by contacting 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 website 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 specific to state. Ask your state agencies about them.

Date of Issuance: March 1, 2020

CALIFORNIA STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

Call the state franchise administrator listed in Exhibit E for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO MEDIATE AND ARBITRATE CERTAIN DISPUTES WITH US IN SAN FRANCISCO, CALIFORNIA. THE PROCESS, LAW AND PROCEDURE APPLICABLE TO ARBITRATION ARE DIFFERENT FROM THE PROCESS, LAW AND PROCEDURE APPLICABLE TO LITIGATION AS A MEANS OF RESOLVING LEGAL DISPUTES.

2. THE FRANCHISE AGREEMENT PROVIDES THAT PUNITIVE OR EXEMPLARY DAMAGES OR ATTORNEY'S FEES MAY NOT BE AWARDED AS PART OF AN ARBITRATION AWARD AND FURTHER THAT IN THE EVENT FRANCHISOR COMMENCES AN ACTION OR PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, INJUNCTIVE RELIEF, SUCH INJUNCTIVE RELIEF MAY BE OBTAINED WITHOUT THE NECESSITY OF POSTING A BOND OF ANY KIND.

3. THE FRANCHISE AGREEMENT STATES THAT HAWAII LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS OTHER POTENTIALLY APPLICABLE LOCAL LAWS. YOU MAY WANT TO COMPARE THESE LAWS.

4. IN THE PERSONAL GUARANTY (EXHIBIT "H"), IT IS PROVIDED THAT THE FRANCHISOR HAS THE UNILATERAL RIGHT, IN PART, TO EXTEND, ACCELERATE OR OTHERWISE MODIFY THE DATE ON WHICH ANY AMOUNT OF INDEBTEDNESS IS TO BE PAID AND TO PROCEED WITHOUT NOTICE IN ANY ONE OR MORE FORMS OF ACTIONS AGAINST THE GUARANTOR OR ITEM OF COLLATERAL, IF ANY, SECURING THE INDEBTEDNESS.

5. THE TERRITORY BEING GRANTED TO YOU IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

7. WE USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US AND NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THIS FRANCHISE.

Effective Date:

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Exhibits

A	L&L FRANCHISE, INC. Franchise Agreement
B	Confidential Information Agreement
C	Financial Statements
D	Franchise Manual-Operations Manual Table of Contents
E	Agencies/Agents for Service of Process
F	Current Franchisees
G	Approved Suppliers/Manufacturers
H	Personal Guaranty
I	Statement of Franchisee
J	Receipts

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

Franchisor, Parent, and Affiliates

L & L Franchise, Inc. is the franchisor. L & L Franchise, Inc. presently offers franchises under the trade names: L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill and L & L Hawaiian Mixplate.

A franchise offered or operating with the name of L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill or L & L Hawaiian Mixplate shall be referred in this document as a "L & L Franchise System Restaurant." L & L Franchise, Inc. is a corporation and was incorporated in Hawaii on March 20, 1991. For ease of reference in this disclosure document, L & L Franchise, Inc. may be referred to as "we", "us", "our" or as the "franchisor," while the person who is considering the purchase of the franchise is referred to as "you", "your" or "operator." If you are a corporation, limited liability company or partnership, certain provisions of the franchise agreement and related agreement apply to your shareholders, officers, directors, members or partners. Those provisions are noted.

We maintain our principal place of business at 931 University Avenue, Suite 202, Honolulu, Hawaii 96826. We, as franchisor, do not currently operate any L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill, or L & L Hawaiian Mixplate restaurants. However, the principals of L & L Franchise, Inc., Kwock Yum ("Johnson") and Christina Kam and Eddie Flores, Jr. ("Flores"), their families, and certain employees of L & L Franchise, Inc., have ownership interests in many of the individual L & L Drive-Inn, L & L Hawaiian Grill, L & L Hawaiian Barbecue, and L & L Hawaiian Mixplate franchisee entities or operations. We have no parents, predecessors nor affiliates.

Agent for Service of Process

Our agent for service of process in the State of California is Commissioner Manuel P. Alvarez, Department of Business Oversight, One Sansome Street, #600, San Francisco, California 94104, with a copy to Bryan P. Andaya whose principal business address is 931 University Avenue, Suite 202, Honolulu, Hawaii 96826.

The Business We Offer

L & L Franchise, Inc. presently offers franchises under four (4) trade names: L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill, and L & L Hawaiian Mixplate. For franchise restaurants in states other than Hawaii, L & L Franchise, Inc., offers franchises for restaurants using the name L & L Hawaiian Barbecue and/or L & L Hawaiian Grill and/or L & L Hawaiian Mixplate. L & L Franchise, Inc. has offered franchises in this business since 1991.

L & L Franchise, Inc. grants franchises to operate quick-service Hawaiian and Asian-American restaurants in California and other states in the United States. L & L Franchise, Inc. also has franchises operating in Japan, and has in the past and will continue to grant franchises in other countries and jurisdictions using L & L trade names and L & L marks. L & L marks include a distinctive exterior and interior design, equipment system, décor, color scheme, style and facilities, signs, certain standards, specifications, confidential recipes, procedures of operation, quality and consistency standards for products, and services offered. L & L Franchise, Inc. has not conducted business in any other line of business and has not previously offered franchises in other lines of business.

L & L Franchise, Inc. has plans or is exploring options to open, operate and/or franchise additional L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill or L & L Hawaiian Mixplate restaurants in Alaska, Arizona, California, Colorado, Florida, Hawaii, Maryland, Nevada, New York, North Carolina, Tennessee, Texas, Utah, Virginia, Washington, and possibly other states in the United States and Japan. In states other than Hawaii and in countries other than the United States, L & L Franchise, Inc. has primarily utilized the L & L Hawaiian Barbecue name and trademark.

Restaurants operating under the L & L Hawaiian Mixplate franchise are also quick service restaurants and offer food products and services reflecting multiple cultures and cuisines, including food products and services that may be similar to those offered and sold by L & L Drive-Inn, L & L Hawaiian Barbecue and L & L Hawaiian Grill restaurant franchises.

A L & L Franchise System franchisee will be given rights to use specific service marks and/or trademarks that have been registered by L & L Franchise, Inc. and possible additional service marks and trademarks that may be registered in the future by L & L Franchise, Inc.

Prior Experience

The first L & L Drive-Inn restaurant was opened in 1952 on Liliha Street in Honolulu where the Honolulu Trolley ended its run and looped back into the heart of the downtown area. The restaurant was purchased by Eddie Flores, Jr. (“Flores”) and Johnson Kam (“Kam”) in 1976. Flores and Kam incorporated the Hawaiian-style fast food concept of plate lunches, which originated from independent vendors operating mobile lunch wagons. Over the years, Flores and Kam turned the business into a restaurant chain operation with multiple fixed locations. In 1991, L & L Franchise, Inc. was formed and the company started to expand L & L Drive-Inn operations through franchised operations in Hawaii.

Flores and Kam attribute their success to a decentralized system of ownership in which each restaurant is a separate legal entity and profit center, with separate ownership from L & L Franchise, Inc. Flores and Kam have recognized hard working and loyal

employees by offering them the opportunity to own their own franchises.

Beginning in 1996, L & L experimented with a Chinese-style fast food restaurant concept called Chopsticks Express. Some of the L & L Drive-Inns in Hawaii have included the Chopsticks Express concept in their operations as well as a Japanese-style ramen restaurant concept called Tanuki Ramen, as well as a Filipino-style fast food concept called Flores Filipino Mixed Plate. L & L Franchise, Inc. presently has no plan to incorporate any of these concepts into L & L Hawaiian Barbecue or L & L Hawaiian Mixplate.

In 1999, Flores and Kam formed a California corporation known as Puente Hills L& L, Inc. with Derryck and Elaine Tom to operate an L & L Hawaiian Barbecue restaurant at the Puente Hills Mall in the City of Industry, California. In 2000, a second L & L Hawaii Barbecue location was opened in Huntington Beach, California by Derryck and Elaine Tom under the entity name of Huntington Beach L & L, Inc. Thereafter, additional L & L Hawaiian Barbecue franchise restaurants have opened under the trade names or service marks of L & L Hawaiian Barbecue, L & L Hawaiian Grill and L & L Drive-Inn. The addresses, telephone numbers, and contact person(s) of each L & L franchisee is listed in Exhibit F to the Franchise Agreement.

L & L Hawaiian Barbecue restaurants compete primarily against other Asian-American fast food concepts or take-out restaurants in shopping malls and strip malls selling multi-choice Asian-American meals consisting of meats marinated in various versions of teriyaki sauce. The general market for the food and products to be offered by a franchisee is the low cost, fast food, dine-in and takeout market interested in Hawaiian, Asian and ethnic food.

The market for restaurant services is well-established but highly competitive. There are many single location, family-operated barbecue restaurants and numerous regional and national restaurant systems currently operating and/or offering franchises for barbecue style restaurants, which feature menu items similar to those offered by L & L Franchise System Restaurants. Additionally, L & L restaurants will compete for the same dining dollars as other types of food service operations.

Applicable Regulations

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply generally to business have particular applicability to restaurants. All L & L Franchise System Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a restaurant business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food service operations. Your L & L Franchise System Restaurant must also meet applicable federal, state, county, or municipal regulations, statutes, ordinances, codes, and other laws. You should consider these laws and regulations when evaluating your purchase of a franchise.

Generally, applicable laws and regulations include tax rules, labor laws, menu labeling laws, business license requirement, laws on construction of business premises, zoning rules, requirements for parking and access, the American with Disabilities Act, federal and state civil rights and anti-discrimination law export control laws pertaining to technology, and laws on storage, preparation, packaging, labeling and sales of food to the public.

Federal and state laws affecting businesses generally include smoking restrictions, public posting of notices regarding health hazards (e.g., tobacco smoke or other carcinogens), fire safety and emergency preparedness laws, use of certain food containers, rules on use, storage and disposal of waste, insecticides and other hazardous materials, environmental laws that may impact the operation of restaurants (e.g., laws on recycling and regulating the use of certain types of containers and materials potentially harmful to the environment), and standards regarding sanitation, employee health and safety. Some areas have or are considering proposals to regulate indoor air quality. Many places have laws against smoking inside restaurants.

A new trend is state and local laws requiring posting and disclosure of nutritional information at restaurants. The Health Care Reform Bills that became law in March 2010 contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants.

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

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some state and local governments have also adopted, or are considering, proposals that would regulate indoor air quality, including the limitation of smoking tobacco products in public places such as restaurants.

As of March 2020, various states and municipalities, along with guidance from the federal government have promulgated numerous emergency orders related to the COVID-19 pandemic that have impacted restaurants. Regulations require restaurant establishments to implement specific procedures with respect to the service of food and the interaction with and among customers.

The Franchise Offered

We are presently offering the right to operate one L & L Franchise System Restaurant in the State of California utilizing the principal service mark or trademark name of L & L

Hawaiian Barbecue and/or L & L Hawaiian Mixplate. A copy of the Franchise Agreement is attached to this Disclosure Document as Exhibit A. Where applicable in this Disclosure Document we will refer to specific provisions of the Franchise Agreement.

L & L Franchise System Restaurant customers are the general public, and L & L products are likely to be sold primarily to persons seeking a fresh meal that can be eaten onsite or served at home. Our meals are prepared fresh within our Franchise Restaurants and sold for onsite or take away dining.

We produce and sell advertising and sales promotion materials. We attempt to negotiate group discount rates for the benefit of our franchisees with respect to wholesale supplies, merchandise, and services.

Beyond those mentioned, we know of no other legal regulations that relate specifically to our industry apart from those that relate to all food-related businesses. Many state and local laws require food service permits for handling food. Your employees and you may need to pass a test to obtain such permits. There may be laws governing food storage, preparation, service, and inspections relating to these laws. There may be laws requiring washrooms and other facilities for customers and employees, and access laws relating to disabled patrons and employees.

ITEM 2: BUSINESS EXPERIENCE

Founder and Director: Kwock Yum Kam

Kwock Yum Kam serves as our Founder and Director, holding these positions since 1976. He served as Chairman from 1976 until 2012. Kam now provides guidance to various L & L franchisee operations on a day-to-day basis. Kam has owned, operated, managed, and consulted with many L & L franchisee operations since 1976. In recent years, he opened and continues to manage L & L Franchise Restaurants in Washington state in Burien(April 2019), Tacoma(July 2015), and SeaTac(July 2015).

Director: Christina Kam

Christina Kam serves as a Director. Holding this position since 1976, Kam has owned, operated, managed, and consulted with many L & L franchisee operations. In recent years, she owns and manages L & L Franchise System Restaurants in Burien, Federal Way, Lakewood, Renton, Sea Tac and Tacoma in Washington. Mrs. Kam has also helped open Franchise System Restaurants in Burien, Washington in April 2019, Tacoma, Washington in July 2015, and SeaTac, Washington in July 2015.

Founder, Chairman, and Director: Eddie Flores, Jr.

Eddie Flores, Jr. is our Founder, Chairman, and Director, and has held these positions

along with the position of President during his tenure that started when L & L Franchise was incorporated on March 20, 1991 in Hawaii. Born in Hong Kong and immigrating to Hawaii in 1963, Flores graduated from the University of Hawaii in 1970 with an undergraduate degree and later obtained a Masters of Liberal Studies degree from the University of Oklahoma in 1987. A licensed real estate broker in Hawaii, Flores owned and operated Sun Pacific Realty, a company that specialized in buying and selling business opportunities. Through the real estate brokerage business, Flores gained extensive experience in commercial real estate sales and leasing in Hawaii. He joined L & L Franchise, Inc. on a full-time basis in 1991. Flores is responsible for marketing, acquisition, leasing consultation, and expanding the L & L operations.

Chief Executive Officer and Vice Chair: Elisia Flores

Elisia Flores has been our Chief Executive Officer and Vice Chair since July 2019. Previously, she held the positions of Vice President and Chief Financial Officer from June 2014 to July 2019. Flores is responsible for financial planning and forecasting, reporting and compliance, cash and asset management, and strategic analysis. Prior to 2014, she was the senior finance manager for the west region of General Electric's power generation services business. Elisia holds a bachelor's degree in finance from the University of Southern California and an executive MBA from University of California at Los Angeles. Elisia oversees the marketing, finance and accounting department.

President and Chief Operating Officer: Bryan P. Andaya

Bryan P. Andaya serves as President and Chief Operating Officer, starting in this role in March 2018. Prior to his present position, he served as Vice President and Chief Operating Officer from 2008. Prior to working at L & L, Andaya served as General Counsel to L & L Franchise, Inc. while in private practice as an attorney with the law firm of Imanaka, Kudo, and Fujimoto where he specialized in business, corporate, and labor and employment law. At L & L Franchise, Inc., he handles all legal matters and oversees all aspects of the daily operations of the franchise including development, franchise relations, human resources, purchasing, compliance, and training.

There are no other persons who will have management responsibility relating to the franchises offered.

ITEM 3: LITIGATION (During the past ten-year period)

Prior Actions:

NON-COMPETE ISSUES

Forum: Dispute Prevention & Resolution
Filing Date: On or about June 5, 2013
Case No.: 12-0436-M/A

Name of Action: L & L Franchise, Inc. vs Jenny H.B., Inc
Parties: L & L Franchise, Inc., Jenny HB, Inc. and Jin Hee Yun
Relationship: Franchisor
Summary: In 2013, L & L Franchise, Inc. filed suit against Jenny HB, Inc. and Jin Hee Yun for violation of the applicable non-compete provision and unpaid royalties. Jin Hee Yun applied and was accepted as a L & L franchisee. Ms. Yun eventually opened an L & L in Anchorage, Alaska at the Fifth Ave. Mall. Ms. Yun became delinquent in payment of her royalty and marketing fees. In an effort to escape collection, Ms. Yun changed the name and supposedly sold it to her son-in-law. The parties settled out-of-court in an arbitration proceeding.

CIVIL LAWSUIT

Forum: First Circuit Court of the State of Hawaii
Filing Date: September 30, 2015
Case No.: 15-1-1916-09
Name of Action: Frank H. Gaspardi vs Kwock Yum Kam, Christina Kam, Eddie Flores Jr., and L & L Franchise, Inc.
Parties: Frank H. Gaspardi, Kwock Yum Kam, Christina Kam, Eddie Flores Jr., Kwock Yum Tse Kam, Christina Choi Ha Tse Kam and L & L Franchise, Inc.
Relationship: Franchisee
Summary: In September 2015, Frank H. Gaspardi filed a civil action in the First Circuit Court of the State of Hawaii against Kwock Yum Kam, Christina Kam, Eddie Flores, Jr., and L&L Franchise, Inc. Frank H. Gaspardi obtained a judgment in California against Kwock Yum Kam with regard to a California L & L franchisee operation. Frank H. Gaspardi's action sought to effect collection on the judgment and asserts various claims that defendants have unfairly or improperly prevented his ability to effectuate payment of the judgment. The matter was settled and the action was dismissed in 2016.

AMERICAN WITH DISABILITIES ACT

Forum: Superior Court of California, County of Los Angeles
Filing Date: September 28, 2018
Case No.: EC069463
Name of Action: Perla Mageno v. L & L Franchise, Inc.
Parties: Perla Mageno and L & L Franchise, Inc.
Relationship: None
Summary: Alleging violations of California's Unruh Civil Rights Act, California Civil Code § 51. Defendant paid a nominal settlement amount. This action has been settled on January 3, 2019.

Individual franchisee corporations in Hawaii operating under the L & L Drive-Inn name have been parties in American with Disabilities Act (ADA) lawsuits, employment, automobile or premises liability claims.

Other than these referenced actions, no litigation is required to be disclosed in this disclosure document.

Neither the Franchisor nor any person referenced in this Item 2 of the Uniform 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 these persons from membership in such association or exchange.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this disclosure document.

ITEM 5: INITIAL FEES

Description of Franchise. The right to open and operate a L & L Franchise System Restaurant specializing in selling high quality, limited and specific food items using the name L & L Hawaiian Barbecue or L & L Hawaiian Mixplate at a single location in California to be mutually agreed upon.

You will be required to pay thirty thousand dollars ($30,000) as an initial lump sum franchise fee, which is due and payable when you sign your franchise agreement. The initial franchise fee for existing franchisees opening two (2) and up to five (5) restaurants outside the State of Hawaii is twenty thousand dollars ($20,000.00) for each restaurant. The initial franchise fee for existing franchisees opening six (6) or more restaurants outside the State of Hawaii is fifteen thousand dollars ($15,000.00) for each restaurant. Franchise fees may vary in other states and outside the United States.

No exclusive territory or protection is granted to you by such option or by the Franchise Agreement. The franchise fee is non-refundable and is due and fully earned by us upon the signing of the franchise agreement. If all or any portion of the initial franchise fee is not paid promptly, upon signing of the agreement, you will be required to pay interest at the rate of fifteen percent (15%) per annum or thereon at the highest rate authorized by the laws of the state of California, which such rate shall not exceed the rate of fifteen percent (15%) per annum.

On rare occasions, we may agree to waive the Initial Franchise Fee or reduce it under certain circumstances. Factors that may be considered in agreeing to waive the Initial Franchise Fee can include but not limited to the following: (1) as an inducement for existing franchisees to open additional Restaurants; (2) as an inducement for someone to take over an operating franchised restaurant; (3) as an inducement for a multi-unit franchisee to open several restaurants; (4) to allow a franchisee to have additional money to spend on store development, improvements and/or marketing during the first twelve (12) months of operation; or (5) where we consider the waiver or reduction, as the case may be, to be reasonably justified for business or legal reasons at our sole

discretion. We will make the decision on the amount of any waiver or reduction on an individual basis depending on the condition of the premises, the need for upgrades and remodeling, and the need for special incentives and/or other considerations. In certain rare circumstances, we may permit installment payments of the Initial Franchise Fee on terms negotiated between you and us.

From the date you sign the Franchise Agreement, you have twelve (12) months to locate a proposed site for your franchise and obtain our approval and sign a lease. If you do not have a signed lease for your store within twelve (12) months of the date of your franchise agreement, we can terminate the franchise, and keep all fees paid. In extenuating circumstances, we may grant a limited extension at our sole discretion. Unless you obtain an extension from us, you have twelve (12) months from the date of the Lease of an approved site to open for business. If you fail to open for business within this time frame, we can terminate the Franchise Agreement, and keep all fees paid.

The layout and design of your L & L Franchise System Restaurant is to be prepared by your local licensed and authorized architect or designer and must be consistent with our layout and design requirements contained in the Operations Manual and L & L's Standard Design Guideline. The layout and design of your location is subject to the review and approval of the Franchisor. Franchisor's review shall be limited in scope to consider compliance with overall brand standards and consistency within the franchise system including but not limited to the use and application of Franchisor's trademarks and trade dress. Franchisor's review and approval shall not include a review of applicable laws, regulations, ordinances, and /or building codes, and shall not be considered a warranty of compliance with any applicable law's regulations, ordinances and/or building codes.

ITEM 6: OTHER FEES

Type of Fee (see note 1)	Amount	Due Date	Remarks
A. Continuing Franchise Fee (see note 2)	Three percent (3%) of Net Sales during initial 10 years of franchise term. In the event Operator is in default in the performance of any of the terms, conditions or obligations of	Payable by the 10th of each month plus interest of fifteen percent (15%) per annum of the amount due if not paid by the 10th of such month.	Net Sales means all revenue from operations of the restaurant regardless of the source of revenue, except taxes, allowance and discounts. Net sales shall be calculated

	Operator under the franchise agreement, Operator shall be responsible to pay Franchisor's costs and expenses incurred related to or arising out of Operator's default or a minimum additional administrative costs and expenses surcharge in the amount of twenty percent (20%) of the continuing franchise fee or Franchisor's actual additional administrative costs and expenses, whichever is higher, until Operator's default is cured.		prior to any deduction for expenses relating to the business.
B. Advertising, marketing and promotion, and convention contributions (see note 3)	One percent (1%) of Net Sales	Same as continuing franchise fee plus interest of fifteen percent (15%) per annum of the amount due not paid by the 10th of such month.	Same as continuing franchise fee
C. Transfer (see note 4)	$7,500.00 transfer fee and Franchisor's training expenses	Before the transfer.	No fee is imposed for transfer to entity or corporation you form for convenience of ownership, if transfer is completed within 90 days of signing this franchise agreement.

D. Additional Training (see note 5)	See note 5. $3,000.00 for non-sale management transfer.	See note 5.	Additional training may be available on request, subject to availability.
E. Audit (see note 6)	Cost of audit plus interest (estimated range of costs: $2,000.00 to $5,000.00).	On billing	Payable only if audit shows understatement of at least 2% of Net Sales
F. Liquidated damages	$10,000 per month and 6% of Net Sales	On demand	Payable only if you violate post-termination or post-transfer noncompete covenant
G. Insufficient Funds	At least $50.00		Pay our expenses as to non-payment, including bank fees, hourly staff charges as to this default, and any other related expenses incurred by us.
H. Bookkeeping / Payroll Services	$0 to $500.00	Monthly	Payable directly to third party vendor
I. Software Maintenance (See note 7)	Varies	As incurred	Payable either directly to third party vendor or to us.
J. Hosting Fees, Anti-Virus Services, Online Ordering and Additional Services (See	Varies	As incurred	Payable either directly to third-party vendor or to us.

note 7)			
K. Payment Card Industry Data Security Standards Compliance (PCI-DSS) and Managed Firewall Service	Varies	Monthly	Payable directly to third-party vendor.
L. Business Class High Speed Internet Access	Varies	Monthly	Payable directly to third-party vendor.
M. Upgrade, Refurbish and Replace	$4,000.00 to $30,000.00	Within a reasonable time after request after it is determined.	If we require any changes or modifications to your premises, fixtures, furnishings or equipment, because of disrepair or inadequate maintenance you must do so at your sole expense, within the time that we reasonably require.
N. Additional Funds, Working Capital, and Miscellaneous Expenses – 3 months (See note 8)	$10,000.00 - $20,000.00	As incurred	Employees, Suppliers, Utilities
O. Design Review Fee (see note 9)	$5,000.00	As incurred	Architect

Note 1: Fees Generally. All fees are imposed by and payable to us. All fees are nonrefundable. Franchise operators who became Franchisee operators under earlier versions of franchise agreements were afforded a different initial and/or continuing franchise fee.

Note 2: Continuing Franchise Fee. If any check or draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then you must pay our expenses as to non-payment, including bank fees in the amount of at least fifty dollars ($50), hourly staff charges as to this default, and any other related expenses incurred by us. You must pay any sales, use or other taxes on franchise fees and advertising fees imposed by federal, state, and/or local government authorities.

Note 3: Advertising, Marketing and Promotion Contributions. The Advertising Fee is currently one percent (1%) of your Net Sales. Advertising Fee payments are in addition to and exclusive of any sums that you may decide or be required, to spend on local marketing, and promotional efforts. We have control over the creative ideas, materials, endorsements, media, placement, and allocation of monies related to use of the Advertising Fee.

The Advertising Fee is used to maintain, administer, direct, prepare, research, develop and review international, national, internet, regional, and local marketing and advertising, and e-commerce materials and programs, related expenses (including salaries, accounting, collection, quality assurance, legal and other costs), and any media or agency costs and to cover our related overhead as we deem necessary. At least twenty percent (20%) of the Advertising Fee may be used by Franchisor to cover Franchisor's administrative expenses.

We are under no obligation to administer the Advertising Fee to ensure that expenditures are proportionate to contributions of our franchisees for any given market area or that any franchisee benefits directly or proportionately from the development or placement of advertising. We are not obligated to expend all or any part of the Advertising Fee during any specific time. We have control on how to spend the Advertising Fees and have no fiduciary duty with regard to the Advertising and Development Fund. See item 11 for information on how advertising contributions are used.

Note 4: Transfer of Business. If you want to sell your L & L Franchise System Restaurant by asset sale or if you want to sell, assign, transfer, convey or give away any direct or indirect interest in the Franchise Agreement or in the franchisee corporation, partnership or limited liability company, you must first give us a right of first refusal at the same price offered by any bona fide buyer. There is a nonrefundable transfer fee of $7,500.00. Any new franchisee, stockholder or assignee is subject to our approval.

Before our approval, you must deliver all essential information, including, copies of franchise agreements, leases, subleases, default letters, operational reports and other material information, to the proposed transferee, receipt of which must be confirmed in writing. In connection with any sale, transfer, assignment or conveyance of interests in a franchise restaurant where management or control is changed, you must provide to any transferee or assignee training, consultation and assistance for a minimum period of six (6) weeks to facilitate the transition of ownership and control.

Note 5: Additional Training. You may also request, or we may recommend or require, additional training on an as-needed basis. If you request or we recommend additional training, it will be in Honolulu or another location we designate. We may require you to attend additional training when and where scheduled by us. We do not charge you fees for additional training, but you must pay for your travel and living expenses during training and any associated wages and compensation for your personnel being trained.

The cost will depend, among other things, on the distance you must travel and accommodations and the compensation, if any, you promise to your personnel. In the event there is a non-sale management transfer, there will be a fee payable to L & L to cover our training expenses. In the event that you have or accomplish a transfer of management responsibility to a person who has not undergone the Franchisor's training, we may require such person to undergo training by us for which you must pay us the training fee of three thousand dollars ($3,000.00).

Note 6: Audit. We may audit your books, business records, sales reports, financial statements, and tax returns at any time. You must bear the cost of providing copies of your books, records and documents to us or our representatives. Except for the cost of providing copies, the audits will be conducted at our expense, unless it is determined that you have understated your sales by more than two percent (2%) of the Net Sales for any reported period or periods. If you underreport Net Sales by more than two percent (2%) you must pay us for unpaid Royalty Fee and Advertising Fee payments, including accrued interest at the rate of fifteen percent (15%) per annum or the highest interest rate otherwise permitted by state law. You must also reimburse us for audit costs, including the charges of any independent accountant, as well as the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.

Note 7: Software Maintenance. The fees are currently paid to a third-party vendor. We have entered into an agreement with our point of sales vendor in which we obtained a bulk pricing discount to purchase perpetual point of sale software licenses and special pricing for help desk, software maintenance, hosting and other services. Prior to installation of the point of sale system, you must sign an agreement with third party vendor.

Note 8: Miscellaneous Expenses. You will also have other miscellaneous expenses involved in establishing a business. These expenses vary greatly, and we have

estimated a minimum of ten thousand dollars ($10,000) and up to twenty thousand dollars ($20,000). They may include attorney fees, license fees, deposits, sales tax bonds (where required), recruiting expense, employee wages, and supply expenses. You will pay your own legal and other expense in connection with the review and negotiation of you lease. You must pay all taxes required by local, state or federal laws related to the services furnished or used in connection with the operation of L & L Franchise System Restaurant.

You must obtain all permits, certificates or licenses necessary for the full and proper conduct of the L & L Franchise System Restaurant. We also recommend that you have direct access to a minimum of ten thousand dollars ($10,000) for working capital during the first three (3) months of operation. This item estimates your initial three-month start-up expenses, less any revenue earned by you. This item does not include any salary or reimbursement of personal expenses paid to you.

Note 9: Design Review Fee. The layout and design of your L & L Franchise System Restaurant to be prepared by your local licensed and authorized architect or designer must be consistent with layout and design requirements in the L & L's Standard Design Guidelines and is subject to the review and approval of the Franchisor. You may be required to have your design and layout reviewed and approved by our designated architect Gary Wang & Associates, Inc., 1000 Corporate Center Drive, Suite 550, Monterey Park, California 91754 and pay to Gary Wang & Associates, Inc. the sum of up to five thousand dollars ($5,000.00) for such architectural review. Please contact Mr. Gary Wang directly at (626) 288-6898.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

L & L Restaurant Expenditure	Estimated Amount	When Due	Method of Payment	Whether Refundable	To Whom Paid
Initial Franchise Fee	$30,000	On signing	Lump sum	No	Us (See Note 1)
Construction cost (see note 1)	$26,300 - $300,000	As arranged	Lump sum or financed	No	Contractor
Equipment, Furniture, and Exterior	$41,500 - $100,000	As arranged	Lump sum	No	Suppliers
Inventory (see note 2)	$4,500 - $8,000	As incurred	Lump sum	No	Suppliers

L & L Restaurant Expenditure	Estimated Amount	When Due	Method of Payment	Whether Refundable	To Whom Paid
Rent under leasing arrangement (per 1 month) (see note 3)	$3,000 to $20,000	As arranged	Generally monthly	No	Generally landlord
Security deposit under leasing	$3,000 - $10,000	As arranged	Lump sum	As arranged	Generally Landlord
Uniforms (see note 4)	$200	As arranged	Lump sum	No	Supplier
Insurance costs and deposits (including Workmen's Compensation) (see note 5)	$6,500 - $22,800	As incurred	As arranged	No	Insurance company
Utility deposits (see note 6)	$0 - $1,500	As incurred	As arranged	Yes	As arranged

L & L Restaurant Expenditure	Estimated Amount	When Due	Method of Payment	Whether Refundable	To Whom Paid
Professional fees (see note 7)	$0 - $5,000	As incurred	As arranged	No	Professionals
Travel and living expenses during training (see note 8)	$3,700 - $7,500 per person	As incurred	As arranged	No	Suppliers of food, lodging and transportation
Additional funds (for 3 months) (see note 9)	$15,000 - $30,000	As incurred	As incurred	No	Suppliers, landlord, employees, cost of operation
TOTAL ESTIMATED INITIAL INVESTMENT FOR L & L RESTAURANT (see note 10)	$133,700 to $535,000				

Note 1: Construction Cost. To convert a leased premise into an L & L Franchise System Restaurant, you must renovate the approved premises according to our Operations Manual. The estimated renovation costs for a L & L Franchise System Restaurant inclusive of the design and layout review fees payable to Franchisor or Franchisor's reviewing architect may be as high as three hundred thousand dollars ($300,000), exclusive of equipment and land costs. You must pay for these construction and renovation costs directly to a construction company that you hire. These costs may be greater if unusual renovation conditions exist.

Note 2: Inventory. The initial inventory for each L & L Franchise System Restaurant includes meats, raw materials, dry goods, condiments, brand and non-branded products, grocery items, paper goods, and other miscellaneous items.

Note 3: Rent Under Lease Arrangement. A typical L & L Franchise System Restaurant arrange from 750 to 1,500 square feet store, but the store may vary from 500 to 2,500 square feet. Your rent for the store lease will vary depending on square footage, geographic location, type of store location (mall, food court or free-standing building) and various other factors. The terms of the lease shall be as arranged or negotiated by you and the landlord and may include an obligation to pay rents based on a percentage of gross sales. In addition, the landlord may require you, or if you are a corporate or limited liability company franchise, your controlling stockholders or members, to personally guarantee the lease.

Note 4: Uniforms. The initial uniform expense is for the uniforms for you and your employees. If the type of uniform you use is removed from the list of approved uniforms, you have 60 days from receipt of written notice of such removal to discontinue use of the existing uniforms and implement the approved type uniform.

Note 5: Insurance deposits. The lease you enter into may require that you provide certain insurance for liability, fire for contents, and worker's compensation. These are matters of negotiation between you and the landlord. Insurance premiums are paid to either your insurance broker or insurance company issuing the insurance policy. These premiums are generally refundable to the extent that coverage has not yet expired.

Note 6: Utility Deposits. We estimate that you will need to provide deposits for utilities. The amounts of these deposits will vary depending on the policy of the utility companies, and whether any utility impact or hook-up fees are required.

Note 7: Professional Fees. You will need to hire an attorney, an accountant and other consultants to assist you in establishing your business. If you do not employ an attorney, you may be bound by the terms and conditions that you do not understand. You should employ an attorney to protect yourself as well as an accountant and other consultants to advise you.

Note 8: Travel and living expenses during training. For your initial training, we provide a training location, instructors and instructional material, and you pay for transportation, lodging and food for yourself, trainee, and/or your manager and any associated wages and compensation of the persons being trained. The cost will depend on the distance you must travel and the type of accommodations you choose.

Note 9: Additional Funds. You will need capital to support on-going expenses such as payroll and utilities to the extent that these costs are not covered by sales revenue. New businesses often generate negative cash flow. The amount estimated should be sufficient to cover on-going expenses during the start-up phase of the business, which we assume to be 3 months. This is only an estimate however, and there is no assurance that additional working capital will not be necessary during or after this start-up phase.

You will also have other miscellaneous expenses involved in establishing a business. These expenses vary greatly, and may include attorney fees, license fees, deposits, sales tax bonds (where required), recruiting expenses, employee wages, and supply expenses. You will pay your own legal and other expenses in connection with the review and negotiation of your lease. You must pay all taxes required by local, state or federal laws related to the services furnished or used in connection with the operation of a L & L Franchise System Restaurant. You must obtain all permits, certificates or licenses necessary for the full and proper conduct of the L & L Franchise System Restaurant.

These figures represent our estimates based upon our experience and the experience of our franchisees. We do not guarantee that you will not have additional and different expenses than those we have identified in this table. Your actual costs will depend upon many factors, including, how well you follow our directions and suggestions, your business skill and experience, local economic conditions, the local market for your products, the location and condition of your L & L Franchise System Restaurant, the prevailing wage rates, competition and your sales levels during the initial period. You should review the figures carefully with a business advisor before making any decision to purchase the L & L Franchise System Restaurant or make any expenditures.

You should understand that entry into any business venture necessarily involves some unavoidable risk of loss or failure and that the purchase of a Franchise System Restaurant is a speculative investment. Unforeseen circumstances or expenses may require significant investment beyond that outlined in this Disclosure Document and may be required to succeed. There is no guaranty against possible loss or failure and the most important factors in the success of a Franchise System Restaurant are your business, marketing, administrative, judgment, operational and other skills.

Any fees paid to us are not refundable except as otherwise specifically noted herein. Amounts paid to any third parties may be refundable, depending upon the contracts between them and you.

We do not finance any of these initial expenses. The availability and terms of financing will depend on various factors including the availability of financing generally, your credit worthiness, security available to you, lending institution policies concerning the type of business to be operated by you, and other comparable elements.

Note 10: There could be other factors not listed that may affect your initial investment. If your expenses exceed the high amounts in one (1) or more categories your total investment could exceed the high estimate. These estimates do not provide for costs of financing. We have relied on our executives' years of franchising experience, primarily in Hawaii, in preparing these figures. You should contact our franchisees listed in Exhibit "F" and review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 11: All fees and expenses paid to and/or imposed by Franchisor are non-refundable except as otherwise specifically noted herein.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

It is essential that the L & L products and to the preservation and promotion of our reputation and acceptance by the public that uniform standards of quality, taste, and food appearance are maintained; that uniform quantities, volumes, and types of food are offered; and that cartons and other paper goods displaying our commercial symbols are of uniform size, quality, texture, absorbency, strength, finish and appearance. Therefore, you will at all times dispense, serve, sell or offer for sale to the public only articles, foods and other products that meet the specifications and standards that we periodically designate in writing. You are required to obtain all food products from us or our affiliates or sources we approve and according to our specifications.

We will lend to you a copy of the L & L Operations Manual ("Operations Manual"). Periodically, we may reasonably amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual, including amendments we make to it periodically. You will carry out immediately all changes at your cost, unless we otherwise specify, and we do not limit or cap these expenses in any way. We may designate your business format and sales and distribution guidelines, as specified periodically in the Operations Manual. The Operations Manual is confidential and our exclusive property.

The Operations Manual may contain lists of approved sources, suppliers, recipes, menu requirements specification, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, artwork, distribution techniques, advertising layouts, product specifications, operation requirements, public relations guidelines and

other rules that we may prescribe. As of the issuance date of this Disclosure Document, neither we nor an affiliate is an approved supplier of any required items.

With advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established periodically. These specifications and standards will relate to quality, taste, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the supplier's capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation, as well as volume commitments we may have entered into with specific suppliers. We may require that samples from any supplier be delivered to a designated independent laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We may license any supplier that can meet our requirements and standards, for a reasonable license fee. Our confidential specifications, recipes, requirements, designs, system and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy, competent, and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will notify you in writing of the approval or disapproval of any supplier you propose. We will complete our product review and approval process within sixty (60) to ninety (90) days after we receive all required information about the product or supplier being considered.

We or our agents may inspect any proposed or approved manufacturer's, contractor's supplier's or distributor's facilities and products. If we find from any inspection that a manufacturer, contractor, supplier or distributor fails to meet our standards, we may disapprove the manufacturer, contractor supplier or distributor.

There are no suppliers in which one of our officers owns a material interest. Except as provided below, neither we nor our affiliates currently sell or lease any inventory, materials or supplier to our franchisees

We may require you to participate in a restaurant value card, gift card or gift certificate program, apply with the applicable government entity to accept electronic benefit transfer cards or food stamps and to accept credit and debit cards.

We may negotiate purchase arrangements with approved suppliers for the benefit of our franchisees. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of approved suppliers or purchases of particular products or services.

You may be required to purchase other goods (such as lettuce, tomatoes), supplies (such as cleaning products), inventory and services (such as Internet services), and all point of sale (POS) computer hardware and software, only if they meet our specifications. At times, vendors, suppliers, manufacturers and distributors pay or offer rebates, incentives and payments (sometimes called by other terms such as flex fund, marketing fund, etc.) relating to sales of goods, supplies, inventory services, computer hardware and software to the several or many L & L Franchise System Restaurant in a geographical or territorial market. The rebates, incentives and payments are based upon formulas and policies which can change but often they are based on a percentage paid based upon volume or quantity of purchases. All rebates, incentives and payments, however denominated, shall accrue and be payable for the benefit of us and shall not be shared or distributed to you.

L & L Franchise, Inc. is an approved supplier and franchisees may purchase from L & L Franchise, Inc. advertising, promotional and logo items such as hats, t-shirts, uniforms, pictures, surfboards, tip jars, posters and similar items.

Equipment, Fixtures and Signs

You must purchase and install, at your expense, all equipment (including Clover point-of-sale ("POS") recording systems supported by Bank of America and computer software) fixtures, furnishings, decor, and signs from approved suppliers. You must not install or permit to be installed at your L & L Franchise System Restaurant, without our written consent, any equipment, fixtures, furnishings, decor, signs or other items not previously approved by Franchisor in writing as meeting our specifications. You may purchase these items from approved suppliers or from any other supplier that can provide items previously approved as meeting our specifications. In some situations, certain comparable brands of equipment may be acceptable, subject to our written approval. Article 22, Section 22.2 of the Franchise Agreement provides for a forty-five (45) day time period for approvals.

From time to time, Operator's System Restaurant may need a cosmetic improvement or equipment change or addition in order to comply with the Manuals and/or to maintain proper operations and an aesthetic or refreshed appearance and professional image. Accordingly, Franchisor may require remodeling and renovation, and modifications to existing equipment and improvements as is reasonably necessary. Franchisor shall not require any such work at a particular System Restaurant less than three (3) years after the opening of the System Restaurant except: (1) for additional equipment if new food preparation methods or products are developed and authorized by Franchisor; (2) if repairs or repainting are necessary to maintain the appearance of the interior and exterior of the Location in a clean and orderly condition satisfactory to Franchisor; or (3) upon the sale of the Operator's System Restaurant. Within ninety (90) days after receipt of written notice, Operator shall fully implement and complete such changes to its System Restaurant operating under this Agreement.

Goods, Supplies, Inventory and Services, and Computer Hardware and Software

We negotiate purchase arrangements with distributors and manufacturers, including price terms, for the benefit of franchisees and the entire L & L Franchise System. You must purchase food products, goods, and certain supplies (such as printed paper goods), inventory and services (including the Clover POS system software supported by Bank of America) and non-cash payment suppliers for your L & L Franchise System Restaurant only from our approved suppliers (See Exhibit "G"). Procedures for approval of other suppliers and manufacturers are described in the franchise agreement. (See section 8.2.2 and 8.3.2 of the Franchise Agreement). Under those provisions, the proposed distributor or manufacturer must pay to Franchisor all of the reasonable costs related to Franchisor's review and inspection costs. You must purchase other goods (such as lettuce, tomatoes), supplies (such as cleaning products), inventory and services (such as Internet services), and all computer hardware and software, only if they meet our specifications. Some vendors, suppliers, manufacturers and distributors pay or offer rebates, incentives and payments (sometimes called by other terms such as flex fund, marketing fund, etc.) relating to sales of goods, supplies, inventory services, computer hardware and software to the several or many L & L Franchise System Restaurants in a geographical or territorial market. All rebates, incentives and payments, however denominated, shall accrue and be payable for the benefit of us and shall not be shared or distributed to you.

These rebates, incentives and payments are based upon formulas and policies which can change but often they are based on a percentage paid based upon volume or quantity of purchases. For example, L & L Franchise, Inc. receives from Pepsi Cola rebates, incentives and payments such as Flex Fund Allowance, Marketing Fund Program, and Growth Incentive Program. In 2019, L & L Franchise, Inc. received approximately $22,400.00 from Love's Bakery; $11,300.00 from Yamasa; $21,600.00 from J.R. Simplot; $16,200.00 from Cherry Co.; $1,400.00 from Tekni-Plex; $14,000.00 from Pacific Cup; $10,600.00 from Bank of America; and $712,500.00 in Pepsi Cola rebates, incentives and payments. All such payments go directly to L & L Franchise, Inc. and are retained by us for our use at our sole discretion. For the fiscal year ending 12/31/2019, such rebates, incentives and payments constituted approximately 13.5% of L & L Franchise, Inc.'s total revenue.

In addition to such rebates, incentives, and payments, L & L Franchise, Inc. received the following amounts that were used to plan and host the annual L & L Franchise Convention to which all franchisees are invited at no cost (ground transportation not included): $24,500.00 from Pepsi; $24,900.00 from Certi-Fresh; $3,000.00 from Upper Crust Enterprises, Inc.; $2,000.00 from Graphic Packaging International; $5,000.00 from Unilever; $2,500.00 from Farmer's Rice Cooperative; $22,124.00 from Cargill; $1,000.00 from Elkay Plastics Co., Inc.; $4,000.00 from Hosoda Bros., Inc.; $6,000.00 from Pasta Montana; $1,500.00 from J.R. Simplot; $3,000.00 from Hormel Foods; $3,000.00 from Postmates; and $1,000.00 from RadioWave Marketing and Promotions.

L & L Franchise, Inc. is an approved supplier of and franchisees may purchase from L & L Franchise, Inc. advertising, promotional and logo items such as hats, t-shirts, uniforms, pictures, surfboards, tip jars, posters and similar items.

Required and Approved Suppliers

The maintenance of uniformity of taste, quality and consistency is important to the Franchisor and Franchisees. For that reason, certain items of supplies, raw materials and food products must be purchased from approved distributors. The following items must be purchased from approved distributors we designate and are not subject to alternate distributors.

(1) All branded products that bear the L & L service mark or trademark. You must purchase, display and sell all branded products we authorize for sale.

(2) We have entered into an agreement with Pepsi Cola Company to be the only approved fountain service beverage supplier to the L & L Franchise System Restaurant. You must use Pepsi Cola fountain service products we authorize and no other beverages unless we approve them in writing. You must also purchase branded cups bearing the L & L logo only through L & L's approved cup distributor and no other unless we approve such other distributor in writing. L & L reserves the right to change approved distributors from time to time.

(3) If we establish regional or national purchasing programs for any raw material which may benefit you by food consistency and uniformity, reduced price, lower labor costs, production of improved authorized products, increased reliability in supply, improved distribution, raw material cost control, improved operations or other tangible means, you must participate in the programs. Presently, in addition to Pepsi Cola fountain service products, you must use Keoki's (lau lau), J.R. Simplot (French fries), Best Foods/Hellmann's (mayonnaise), Hormel (canned or processed meat products), Unilever's Caldo de Pollo (chicken broth), Cargill Foods (readymade hamburger patties), Hunt's (ketchup, tomato puree, condiments), McCormick (spices, extracts, food colors), Sun Noodle (ramen style noodles and soup base), Pasta Montana (elbow macaroni), Yamasa (soy sauce), Hawaiian Sun (Hawaiian juice drinks), Farmer's Rice Cooperative (rice), Elkay Plastic (L & L t-shirt logo bags), Graphic Packaging International (L & L logo cups), Senba (marinades), Certi-Fresh (breaded shrimps and fish), Upper Crust Enterprises (breading), and Bank of America (L & L gift cards, merchant services, and Clover Point of Sales System). L & L reserves the right to change such approved distributors from time to time.

L & L Franchise, Inc. estimates that supplies, raw materials and products required to be purchased from approved suppliers comprise approximately 60% of all supplies, raw materials and products purchased by a Franchisee.

A Franchisee's use of designated or approved suppliers is a condition of the franchise agreement which benefits all franchisees and the Franchisor through the maintenance of standardized product quality and customer satisfaction.

L & L Franchise, Inc. does not own any material interest in any supplier. The Franchisor nor its affiliates do not derive any revenue or other material consideration from the required purchase or leases. Except for the rebates, incentives and payments discussed above.

Approval of Alternative Suppliers

We only approve authorized distributors who demonstrate to our continuing reasonable satisfaction of the followings: (1) ability to meet our then-current specifications; (2) who possesses adequate quality controls and capacity to supply your and all other L & L franchisees' needs promptly and reliably; (3) who demonstrate the ability and willingness to work with us to provide the assistance needed by the franchisees in the region of distribution; (4) who agree to distribute all authorized L & L products; and (5) who comply with our reasonable requirements. (A 45-day approval period is provided in section 22.2 of the Franchise Agreement).

If you want to purchase any items from an unapproved distributor, you must first submit a written request for approval to us. Please send your request to L & L Franchise, Inc. 931 University Avenue, Suite 202, Honolulu, Hawaii 96826 accompanied by a similar written request for approval from the proposed distributor. We have no written approval criteria. We reserve the right at our option and at the sole expense of the distributor paid in advance to inspect, evaluate and test the facilities, equipment, and raw materials of any distributor, at any time, and to revoke our approval if the distributor fails to continue to meet any of our criteria. We are not required to approve any distributor.

Appearance

From time to time, Operator's System Restaurant may need a cosmetic improvement or equipment change or addition in order to comply with the Manuals and/or to maintain proper operations and an aesthetic or refreshed appearance and professional image. Accordingly, Franchisor may require remodeling and renovation, and modifications to existing equipment and improvements as is reasonably necessary. Franchisor shall not require any such work at a particular System Restaurant less than three (3) years after the opening of the System Restaurant except: (1) for additional equipment if new food preparation methods or products are developed and authorized by Franchisor; (2) if repairs or repainting are necessary to maintain the appearance of the interior and exterior of the Location in a clean and orderly condition satisfactory to Franchisor; or (3) upon the sale of the Operator's System Restaurant. Within ninety (90) days after receipt of written notice, Operator shall fully implement and complete such changes to its System Restaurant operating under the Franchise Agreement.

ITEM 9: FRANCHISEE'S OBLIGATION

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 of Franchise Agreement	Item in Disclosure Document
Site selection and acquisition/lease	Articles 1, 2	Item 11
Pre-opening purchases/leases	Articles 1, 2, 4, 5, 8, 17	Items 7, 8, 11
Site development and other pre-opening requirements	Articles 1, 2, 3, 4	Items 6, 7, 8, 16
Initial and ongoing training	Articles 3, 14	Items 6, 7, 11
Opening	Articles 2, 5	Items 7, 11
Fees	Articles 1, 3, 6, 9, 14, 15, 23	Items 5, 6, 11
Compliance with standards and policies/Operation Manual	Articles 3, 4, 5, 8, 9, 13, 19	Items 8, 14
Trademarks and proprietary information	Articles 2, 7	Item 14
Restrictions on products/services offered	Articles 5, 8	Items 8, 16
Warranty and customer service requirements	Articles 3, 4, 5	Item 16
Territorial development and sales quotas	None	Item 12
Ongoing product/service purchases	Article 8	Items 8, 16

Maintenance, appearance and remodeling requirements	Articles 4, 5	Item 7
Insurance	Article 17	Item 7
Advertising	Articles 6, 11	Items 7, 11
Indemnification	Articles 14, 17	None
Owner's participation, management, and staffing	Articles 10, 11	Items 14, 15
Records and reports	Articles 9, 12, 19	None
Inspections and audits	Articles 5, 9	Item 6
Transfers	Article 14	Item 6, Note 4
Renewal	Article 15	Items 6, 17
Post-termination obligations	Articles 4, 10, 11, 15, 16	Items 14, 17
Non-competition covenants	Article 10	Item 17
Dispute resolution	Articles 15, 21	Item 17
Other: Guaranty of franchisee obligations	Exhibit H	

Note: The lease(s) entered into by and between you as lessee and the lessor(s) will create additional obligations for you.

If you are a business entity, each person who owns or later acquires twenty percent (20%) or more of your equity or voting interests must sign our Personal Guaranty (Exhibit H) agreeing to jointly and severally personally guaranty the entity's obligations to us under all contracts with us. Owners with twenty percent (20%) interest or more who have a spouse must execute the Personal Guaranty.

ITEM 10: FINANCING

L & L Franchise, Inc. offers financing on rare occasions at our sole exclusive discretion. L & L, Inc. will not guarantee your note, lease or other obligations. On occasion, L & L Franchise, Inc., has permitted franchisees to pay the initial franchise fee in installments.

If you are a corporation, partnership or limited liability company, the respective shareholders, officers, partners and members must personally guarantee your obligations under the Franchise Agreement. Each person who owns or later acquires twenty percent (20%) or more of the equity or voting interest in the franchise entity or business and such person's spouse must sign our Personal Guaranty (Exhibit H) agreeing to justly and severely personally guaranty the entity or business obligations to us under all covenants with us.

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

Except as disclosed below, L & L Franchise, Inc. is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open for business:

1. You must locate the proposed location for your L & L Franchise System Restaurant. We will approve the proposed location if the proposed location meets our standards. (See Article 1, Page 7-8 of the franchise agreement). (Section 22.2, sets forth a forty-five (45) day time period for approvals from us).

2. We will lend you one copy of our operation manual that contains mandatory and suggested specifications, standards and procedures. (See Exhibit D of this FDD.) This manual is confidential and remains our property. The table of contents as of March 1, 2020 was as follows:

TOPIC	PAGE NOS.
1. Introduction	3-16
2. Corporate Directory	17-19
3. Pre-Opening	20-33
4. Design Guideline/Menu Board	34-37
5. Recipe/Menu Compliance	38-44
6. Food Safety/Preparation	45-64
7. Staffing Guidelines	65-76
8. Restaurant Security	77-102
9. Financial/Accounting Controls	103-107
10. Reporting Requirements/POS System/Gift Card	108-111
11. Marketing/Customer Service	112-136
12. Merchandise	137-138

3. We will provide standard decor and design standards in the Operations Manual or by separate document to you to modify and conform to our approved location

by your architect or contractor. You must pay the cost of the construction and remodeling. (See Article 2 of the Franchise Agreement.)

4. We may in our sole discretion periodically revise the Operations Manual or the Standard Décor and design standards, as needed, to incorporate new developments and changes applicable to your L & L Franchise System Restaurant and will provide you a copy of or electronic access to such revisions.

5. We will train you and your manager. We do not charge for the training, but you must pay for transportation, accommodation, and food costs for you and/or your manager and any associated wages and compensation for the persons being trained. Training occurs in Honolulu or location designated by us. (See Article 3 of the Franchise Agreement.)

6. We are not obligated to provide any other supervision, assistance or service before the opening of your L & L Franchise System Restaurant. (See Article 18 of the Franchise Agreement.)

7. You have twelve (12) months to locate a proposed site for your franchise, obtain our approval and sign a lease, if you do not have a signed lease for your store within twelve (12) months of the date of your franchise agreement, we can terminate the franchise, and keep all fees paid. In extenuating circumstances, we may grant a limited extension at our sole discretion. Unless you obtain an extension from us, you have twelve (12) months from the date of the Franchise Agreement of an approved site to open for business. If you fail to open for business within this time frame, we can terminate the Franchise Agreement and keep all fees paid.

Post-Opening Assistance

During the operation of the L & L Franchise System Restaurant, we will provide the following assistance and service to you.

1. We will reasonably advise you at no additional cost on operational or financial problems you encounter after you send us a notice in certified mail. At our sole discretion, this assistance will occur in Honolulu, Hawaii or in another location we designate and at times we determine. This does not mean that we will act as anything but a business consultant and advisor to you after the opening of your L & L Franchise System Restaurant.

2. We will administer the advertising, marketing, promotion and convention programs. We will aggregate advertising contributions at times until sufficient revenues are accumulated to begin or complete advertising or marketing, promotion and convention programs. We will consider the advice and suggestions from advertising and marketing staff or outside marketing and/or

advertising agencies but, ultimately, the use and expenditure of advertising funds are subject to our sole discretion. (See Article 6 of the Franchise Agreement.)

3. We are not obligated by the franchise agreement or any other agreement to provide any other supervision, assistance or service for the ongoing operation or your L & L Franchise System Restaurant. However, we may provide other voluntary services that may be modified, supplemented or discontinued at our sole discretion. The provision of voluntary services or support will not amend your franchise agreement or our obligations. Any modifications of, amendments of or change in your franchise agreement must be reflected in a written document executed by you and our authorized officers. No verbal agreement or course of conduct will be considered to be an amendment or modification of the franchise agreement whether by common case, statutory or any other theory of law or practice. Any obligation imposed on us by the franchise agreement may, as we specify in writing, be performed by any of our designees, employees or other authorized entities.

Advertising

No design, advertisement, sign or form of publicity, including form, color, number, location and size, may be used by you unless the proposed advertisement has first been submitted to us and approved in writing by us (except prices). You must send your written request for approval to Marketing Department, and we will respond within thirty (30) days of receipt of your request. You may use advertising we have supplied or promotional items we have approved, without obtaining further approval for use. On written notice from us, you must discontinue and/or remove any objectionable advertising materials.

The Franchise Agreement requires each franchisee to pay a portion of their net sales for an advertising, marketing and promotion contribution. Franchisees in different states, regions or countries pay different amounts or rates toward an advertising, marketing and promotion contribution. Net Sales means all revenue from operations of the restaurant regardless of the source of revenue, except taxes, allowance and discounts. Net sales shall be calculated prior to any deduction for expenses relating to the business.

Presently, L & L franchisees in Hawaii pay a flat monthly amount of $300.00 (subject to periodic increase). In California, Alaska, Arizona, Colorado, Florida, Nevada, New York, North Carolina, Oregon, Tennessee, Texas, Utah, Virginia, and Washington, and other states, L & L franchisees pay 1% or 2% of their net sales for advertising, marketing, and promotions. You may not pay the same percentage contribution rate as other L & L Franchise System Franchisees depending on when you first became a franchisee and your location.

Contributions from franchisees are segregated into advertising, marketing and promotion funds for different states, regions or countries as follows:

1. Alaska
2. Arizona
3. California: Fresno, Los Ángeles, Sacramento, San Diego, San Francisco, San José, San Joaquín, Santa Barbara
4. Colorado
5. Florida
6. Hawaii
7. Nevada: Las Vegas, Reno
8. North Carolina
9. New York
10. Oregon
11. Tennessee
12. Texas: San Antonio, Plano
13. Utah
14. Virginia
15. Washington
16. Japan

As provided in item 6, you must pay one or two percent (1% or 2%) of your net sales to us as advertising, marketing and promotion contributions, which funds will be expended by us in our discretion and deposited into a separate advertising account we control (with other advertising collections). We may authorize expenditure for the cost or purchase of media time or space, producing media materials (whether they be for radio, television, newspapers, or store-level materials like flyers, posters, etc.) and paying for administrative, advertising, planning, marketing, promotion of or by our own advertising personnel, and/or for third party agencies or consultants and for our use to organize and conduct periodic meetings or conventions on a regional or system-wide basis (including the payment, in whole or in part of transportation and/or lodging costs of the Franchisor's staff and representatives and Franchisee representatives).

At least twenty percent (20%) of the advertising, marketing and promotional contributions may be used by us to cover our administrative expenses. Advertising, promotion or marketing may be on television, radio, Internet, newspaper, magazines, direct mail, flyers, posters, brochures, coupons or similar media. The coverage of the media may be local, regional or national. We may prepare advertisements, marketing and promotional material and publicity in-house or may use regional or national advertising agencies to prepare the materials.

We are not obligated to contribute any amount to any national or local advertising funds or programs. There shall be no requirements that we must spend any amount of advertising, in any particular area or territory where your purchase is located. We may use the Advertising Fee to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs, including point-of-purchase programs, as we deem proper. We are under no obligation to administer the

Advertising Fee to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We will not be obligated to expend all or any part of the Advertise Fees we receive during any specific period. We control how to spend the Advertising Fee, and have no fiduciary duty with regard to the Advertising Fund. The use and expenditure of the advertising contribution shall be at our sole discretion. If any part of the advertising contribution is not spent in the fiscal year in which advertising contribution accrues, we may utilize the advertising contribution in any other fiscal year in our sole discretion. You will not receive any periodic accounting of how advertising contributions are spent.

No part of the advertising contributions is to be used for advertising that is principally a solicitation for the sale of franchises.

We will prepare unaudited annual statements showing how advertising contributions have been expended. These statements will be given to you on written request.

At our sole discretion, the advertising, marketing and promotion contributions may be used toward expenses of planning and conducting periodic L & L conferences and/or meetings of the Franchisor and groups or all of the Franchisee. We will not use advertising contributions, or any associated interest earnings, for advertising or marketing that principally solicits the sale of franchises. We reserve the right to add tag lines to advertising or marketing indicating that franchises are available and giving contact information. We are not required to spend any amount of the advertising contributions on advertising or promotions in your area. Other than reimbursement for reasonable costs and overhead incurred in administering and expending the advertising contributions, neither we nor any affiliate will receive any payment for providing services or products related to these activities. If any contributions, including any associated interest earnings, are not spent in the fiscal year in which they accrue, they will be kept for use in later years.

You will use the advertising materials that we provide or approve. You may not embark upon advertising in any media without our written approval of the media. We may choose to direct or control use of social media sites and other forms of electronic communication.

We may provide other supervisions, assistance, or services, although the Franchise Agreement or other related agreements do not bind us to do so. These may include advertising materials, literature, additional assistance in training, secret shopper programs, promotional materials, bulletins on new food products, merchandise, and new sales and marketing developments, techniques, frequency of purchase programs, point-of-purchase materials, gift cards or certificates and loyal customer programs.

Marketing

During our last fiscal year (2019), the advertising fund was spent on production (8%), marketing (69%), administrative expenses (20%), other (3%).

Selection of Location

If, at the time the franchise agreement is signed, you have not located, and we have not approved, a site for your L & L Franchise System Restaurant, you must locate a suitable site, subject to our approval. You must submit to us, in the form we specify, a completed site review form, and any other information or materials we reasonably require. We have thirty (30) days, or any longer time that is required after we receive the information and materials from you to approve or disapprove the site for your L & L Franchise System Restaurant. We will approve or disapprove the site after an analysis of the site, taking into consideration the proposed rental, population mixture, geographic area, including vehicular traffic, business and industry, climate and applicable business hours, and any other facet of particular location that would affect the possibilities of success or failure. You must make the final decision on acceptance or rejection of any site, and this acceptance or rejection is your business risk. The franchise agreement will remain in effect until you locate an acceptable site for your L & L Franchise System Restaurant. The franchise agreement will, however, remain valid and may be transferred with our prior written consent to another location owned by you. In the event that you have not commenced operations of a L & L Franchise System Restaurant at a site acceptable to you and approved by us within twenty-four (24) months from the time the Franchise Agreement is signed, any and all of your rights to open and operate a L & L Franchise System Restaurant shall expire. In such event, the Franchisor may retain part or all of the initial thirty thousand dollars ($30,000.00) franchise free in its sole discretion. All of the Franchisor's rights under the Franchise Agreement, and Confidential Information Agreement, and Guarantys including but not limited to Article 4 (Confidential Manuals), Article 10 (Covenant regarding other business interests) and Article 11 (Interference with Employment Relations) shall remain binding upon you and all guarantors.

Opening the Franchise Business

We estimate that a typical length of time between the signing the franchise agreement and the opening of a L & L Franchise System Restaurant will be four (4) to twelve (12) months after you find and obtain an approved site. The procurement of an approved site cannot be estimated, as the time period can vary due to your financial condition, your real estate needs, and the availability of suitable sites in the desired market. Once a site is approved, you will need to negotiate and obtain a lease, obtain architectural and other building plans and procure necessary licenses from local governmental authorities. This projected time may change due to various reasons, including but not limited to zoning and local ordinances, contractor performance, architect or engineering issues, weather conditions, shortages, or delayed installation of equipment, fixtures or

signs. You must commence operations of your L & L Franchise System Restaurant within twelve (12) months after signing a lease approved by L & L Corporate Office and no later than thirty (30) days following substantial completion of the renovation and equipment installation at your approved location. You may not open your L & L Franchise System Restaurant until: (1) we approve the site; (2) we approve the restaurant as developed according to our specifications and design; (3) pre-opening training has been completed to our satisfaction; (4) the initial franchise fee and all other amounts then due to us have been paid; and (5) you have provided to us copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. You must give us ten (10) days written notice prior to commencing operations. Your continuing franchise fee and advertising payments will begin when your L & L Franchise System Restaurant opens.

Our Training Programs

Before opening of your L & L Franchise System Restaurant, you or your manager must attend and complete to our satisfaction, our initial training program for franchisees. Training must be completed at least one (1) month before opening. You must pay for your employees' wages, compensation, travel and living expenses during the training program but will not be charged any tuition for the training program. We will attempt to schedule the training so as not to inconvenience you. However, the availability of the training instructors and the schedule of the L & L training program will control. The initial training program is currently scheduled as needed.

Our Franchisor manager in charge of training is Bryan P. Andaya. He handles all legal matters and oversees all aspects of the daily operations of the franchise including development, franchise retention, human resources, purchasing, compliance, and training.

The initial training program may involve up to four (4) week~~s~~ of classroom instruction and on-the-job training at our corporate office in Honolulu, Hawaii and a L & L Franchise System Restaurant in Honolulu, Hawaii or in another area we designate. At our sole discretion, we may waive or shorten the initial training requirement if you successfully complete a skills and competency test. The initial training program is also mandatory if there is an ownership change of twenty percent (20%) or more of the ownership interest in your L & L Franchise System Restaurant. You may request or we may recommend or require, additional training. If you request or we recommend additional training, it will be in Honolulu or in another location we designate, when scheduled by us. We may require you to attend additional training if, when and where scheduled by us. We do not charge you fees for additional training, but you must pay for your and your employees' travel and living expenses during training. The cost will depend on the distance you must travel and the accommodations you choose.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction and Orientation to the L & L System	Approx. 2 hrs.	None	Home office: 931 University Ave., #202, Honolulu, HI 96826
Pre-Opening and Opening	Approx. 2 hrs.	None	Home office
Food Preparation / Kitchen Operations	Approx. 3 hrs.	Approx. 120 hrs.	Home office and various L & L franchise operations
Staff Guidelines	Approx. 1 hr.	None	Home office
Operation - Security	Approx. 2 hrs.	None	Home office
Marketing	Approx. 5 hrs.		Home office
Restaurant Visits	None	Approx. 5 hrs.	Visit to various L & L restaurants around Hawaii

Financial Sales Reports, Operational and Statistical Information Need to be Provided by Franchisees to the Franchisor.

Franchisees need to maintain cash collection and data processing systems. Franchisor requires Franchisee to buy or use only pre-approved brands and/or types of cash collection and data processing system or equipment or software. Franchisees will purchase and use point of sale cash collection and data processing systems (POS system) and specified software authorized by Franchisor. Franchisor has the right to access information and data collected by the POS system. Franchisee authorizes and will allow Franchisor to access and collect such information. (See Article 19 of the franchise agreement).

Point of Sale System

Franchisees are required to buy and use an electronic or computer-based point of sale (POS) system (the Clover point-of-sale recording system supported by Bank of America) that is approved by L & L Franchise, Inc. L & L Franchise, Inc. shall be entitled to have independent and/or concurrent access to all data electronically collected by the POS system.

You are required to install and use a computer system and a single-purposed POS and back office system supplied by one or more vendors approved by us. You must lease, purchase or otherwise acquire, at your expense, from our approved vendors, hardware, software and services with the appropriate configurations as determined by us based on projected volume and other factors. You must have and utilize an internet firewall provided by a managed security partner approved by us. Each server and terminal must have the most current version of anti-virus software that is approved by us and the subscription must be kept current. You must have a business-class high speed Internet connection (digital subscriber line (DSL) or cable) from an approved vendor installed to operate the POS system and allow for updates and third-party remote support. You must have credit card, gift card and electronic benefit transfer card accounts from an approved vendor, set up at our direction on your behalf to operate via the POS system. We or our agents may enter your business or enter through a remote connection, manually or via automated polling, and have access to computer system to collect, store, utilize, and disseminate the data and all information captured by the computer system or POS system, along with any reports and records, to examine or audit your business, at any reasonable time without notice. We are the sole owner of all information collected through the POS system and your use of such information is solely pursuant to a license as granted pursuant to the Franchise Agreement.

In addition to the POS system, you must purchase and maintain a personal computer with high-speed internet and an active e-mail address, but you may purchase any brand of hardware capable of running the software applications you will need to prepare operating and financial reports, communicate through e-mail, receive, send and store documents and perform other back-office business functions. On request, you must maintain on-line communications between your computer system and our computer systems, and permit us independent access to, and retrieval of, data from your computer systems at all times. Nothing limits our right to access or use the data we retrieve.

We may modify our specifications for computer systems at any time and will notify you of these developments by written bulletin or supplements to the Operations Manual. Depending on changes in software specifications, you may have to upgrade your computer hardware. There are no contract limitations on the frequency or cost of upgrades or changes in the computer systems we may impose. See Item 6 regarding estimated annual software licensing fees for any proprietary software that we may introduce.

Computer systems are vulnerable in varying degrees to hardware and software failures, configuration-related problems, computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders (“E-Problems”). We have taken reasonable steps to ensure that E-Problems will not materially affect our business. We do not guarantee that information or communication

systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include taking reasonable steps to insure and secure your systems (including firewalls, password protection, and anti-virus systems) and to provide backup systems.

ITEM 12: TERRITORY

You do not obtain any exclusive or protected territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we own or control. There are no minimum sales volume or market penetration contingencies. We may open and operate company units and franchise to other franchisees the L & L business or engage in any other method of distribution, in our complete discretion including in close proximity to your L & L Franchise System Restaurant. The Franchisor and/or franchisees may or can use alternate channels of marketing and distribution such as internet, catalogues, newspaper, mail order, telemarketing or telecommunications and may solicit or accept orders from consumers located at or near your approved restaurant location without any compensation to you. You may also use such other channels of marketing and distribution to solicit or accept orders from consumers located near other franchisees.

The franchise agreement grants you the right to operate your L & L Franchise System Restaurant only at the approved location. You must locate a site for your L & L Franchise System Restaurant, subject to our approval as provided in item 11. You may relocate the L & L Franchise System Restaurant only with our written approval. (Section 22.2 of the Franchise Agreement provides for a forty-five (45) day approval period). Our approval for relocation will be based on a variety of factors, including the viability of the then-current location and demographics, including number of households, household income, vehicular and the number and locations of L & L Franchise System Restaurants in or near the proposed new location. Unless otherwise mutually agreed in writing by L & L Franchise you do not have any options, rights of first refusal or similar rights to acquire additional franchises from Franchisor.

We reserve the following rights, without any compensation to you except as specifically agreed between us in writing: (1) we may establish company owned or franchised operations, including retail operated stores using our methods of operation, trade names or trademarks that will compete with you, at any location we select; (2) we may sell any products or services anywhere, whether or not using the Marks, through various channels of distribution, including internet, wholesale, mail order, multi-area marketing programs, and retail or government/military channels. The internet is a channel of distribution reserved exclusively to us, and you may not independently market on the internet or conduct e-commerce; (3) we may purchase or be purchased by or merge or combine with, competing businesses wherever located; (4) we may offer franchises in the future, and have done so in the past, on terms we deem appropriate,

including terms that differ from the Franchise Agreement.

ITEM 13: TRADEMARKS & SERVICE MARKS

L & L Franchise, Inc. is the owner and has filed the required affidavits for the following federally registered trademarks, service marks, trade names, symbols (collectively, the "Franchisor's Marks"). Except as otherwise noted, all trademarks are listed on the Principal Register of the U.S. Patent and Trademark Office.

Service Mark	Registration No.	Registration Date
HAWAIIAN BARBECUE No claim is made to the exclusive right to use "Barbecue" apart from the mark as shown.	3,359,528	12/25/2007
HAWAI'I REMIXED No claim is made to the exclusive right to use "Hawaii" apart from the mark as shown.	5,509,923	7/3/2018
L & L	2,485,225	9/4/2001
L & L DRIVE-INN	2,485,226	9/4/2001
L & L HAWAIIAN BARBECUE No claim is made to the exclusive right to use "Hawaiian Barbecue" apart from the mark as shown.	2,490,665	9/18/2001
 No claim is made to the exclusive right to use "Barbecue and Since 1976 in Hawaii" apart from the mark as shown	3,041,811	1/10/2006
 No claim is made to the exclusive right to use "barbecue" apart from the mark as shown.	3,467,839	7/15/2008
	5,235,028	7/4/2017

 No claim is made to the exclusive right to use "Barbecue and Since 1976" apart from the mark as shown		
L & L HAWAIIAN GRILL No claim is made to the exclusive right to use "Hawaiian Grill" apart from the mark as shown.	3,163,719	10/24/2006
MIXPLATE	5,520,733	7/17/2018
	5,509,922	7/3/2018
	5,608,240	11/13/18
	3,223,152	3/27/2007
THE 1ST HAWAIIAN BARBECUE No claim is made to the exclusive right to use "barbecue" apart from the mark as shown.	3,715,629	11/24/2009
THE NO. 1 HAWAIIAN BARBECUE No claim is made to the exclusive right to use "barbecue" apart from the mark as shown.	3,715,630	11/24/2009
THE ORIGINAL HAWAIIAN BARBECUE	3,784,326	5/4/2010
	Serial No. 88652166	Filing Date 10/11/2019

HAWAI'I IS A BITE AWAY	Serial No. 88652168	Filing Date 10/11/19
HAWAII's COMFORT FOOD	Serial No. 88810337	Filing Date 2/25/20

The Franchise Agreement grants you the right to use certain of the Franchisor's Marks only in the manner authorized by the Franchisor and only for the operation of the restaurant authorized by the Franchise Agreement.

You may only use those trademarks/service marks and other trademarks/service mark filings and application made by us as may be authorized and approved by our written approval. We intend to file renewal applications, when appropriate, for our registered trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks/service marks that are material to the franchise.

You must promptly notify us of any suspected use of the trademarks or service marks, any challenge to the validity of the trademarks or service marks, any challenge to the ownership of our right to use and to license others to use, or your right to use the trademarks or service marks. We have the sole right to control any administrative proceeding or litigation involving the trademarks or service marks, including any settlement. We have the right, but not the obligation to take action against third parties' uses that may be an infringement of the trademarks or service marks. We are not obligated by franchise agreement or otherwise, to protect your rights to use the trademarks, service marks, etc. or to protect you against claims of infringement or unfair competition of the trademarks.

Except for the following case, there have not been any determinations made by the US Patent & Trademark Office, the trademark administrator of this state, or any court, nor is there any pending interference, opposition, or cancellation proceeding, or pending material litigation involving the trademarks/service marks that are relevant to their use in this state or in any other state.

In August 2006, Newco Hawaiian Barbecue Franchise, Inc., a California corporation, filed an opposition proceeding with the Trademark Trial and Appeal Board, a tribunal within the U.S. Patent and Trademark Office, seeking to prevent L & L Franchise, Inc. from obtaining a federal registration for the word mark HAWAIIAN BARBECUE for restaurant services. That proceeding was designated Opposition No. 91174103. The Newco oppositions were settled with Newco giving up all their "Hawaiian Barbecue" applications.

In May 2008, L & L Franchise, Inc. filed an opposition proceeding with the Trademark Trial and Appeal Board, a tribunal within the U.S. Patent and Trademark Office, seeking to prevent Golden Pyramid, Inc., a California corporation, from obtaining a federal service mark registration for the mark AHU'S HAWAIIAN BBQ and Design. Golden Pyramid, Inc. answered and counterclaimed against L & L Franchise, Inc. seeking to cancel three of L & L's Hawaiian Barbecue trademark registrations. The parties reached an agreement for the resolution of the dispute and in May 2010 the action was dismissed with prejudice. None of L & L Franchise, Inc.'s trademark registrations were cancelled as a result of the action. The action was not based upon, and does not involve, a franchise or franchise relationship.

You must follow our rules when you use any of our trademarks or service marks. You cannot use any of our trademarks or service marks as part of a corporate or entity name or with modifying words, designs, or symbols except as may be expressly authorized in writing.

The service mark and trademarks may only be used in the operation of a L & L Franchise System Restaurant selling L & L Franchise System Restaurant authorized products. Each L & L Franchise System Restaurant franchisee may sell only those products authorized in the franchise agreement and operations manual, or as we otherwise approve in writing. Upon termination or expiration of the Franchise Agreement, your right to use our trademark ends. Thereafter, you must not identify yourself, or any business entity that you are associated with, as a former L & L franchisee or use any of our confidential information or trade secrets.

No agreements limit our right to use or license the use of any of our trademarks or service marks.

You must notify or discontinue the use of a trademark if we modify or discontinue it, and you must pay for the cost of compliance with any modification or discontinuation.

We do not know of any superior prior rights to use or infringing uses of the L & L Franchise System Restaurant trademarks that would materially affect your use of the trademarks in this state.

We claim common law rights to the Marks and any other marks used by us in the United States and our domain names and trade dress.

The Marks are our sole and exclusive property. You must follow our rules, which are in the Franchise Agreement and the Operations Manuals, when you use these Marks. You must notify us immediately of any claim, demand or suit involving your use of the Marks, and of any unauthorized or improper use or infringement of our rights related to the Marks. We will decide to take action or not take action, as we deem appropriate. You may not use the Marks in any manner that we have not authorized in writing. You

may not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You may not sublicense the Marks. You may not use our Marks as part of your business name or on the internet. You may not market or have a site on the internet, except at our Web site.

All goodwill associated with the Mark, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit.

We retain the right to change or modify any part of the Marks periodically. You will accept, use, and protect, for the purposes of your franchise, all changes and modification as if they were a part of the Marks at the time the Franchise Agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to these changes or modifications.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

L & L Franchise, Inc. does not own any patents. The Operations Manual is described in Item 11. Although we have not filed an application for copyright registration for the Operations Manual, we claim copyright and the information is proprietary. Item 11 describes limitations on the use of this Operations Manual by you and your employees. You and your employees must use all reasonable efforts to maintain this Operations Manual as confidential. The Operations Manual is our sole property and must be kept in a secure location in your place of business. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

You must operate your L & L Franchise System Restaurant under the standards, methods, policies, and procedures stated in the Operations Manual. We will lend you one (1) copy of the manual for the term of the franchise agreement, when you or your manager complete our initial training program to our satisfaction.

You must treat the Operations manual and all other manuals created for or approved for use in the operation of your L & L Franchise System Restaurant, as confidential, and must use all reasonable efforts to maintain this information as confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The manual remains our sole property and must be kept in a secure location in your place of business.

We may revise the contents of the Operation Manuals and you must comply with each new or changed standard. You must ensure that the manual is kept current at all times. If there is any dispute as to the contents of the manual, the terms of the master copies we maintain at our home office(s) will be controlling. The manual may be provided to

you on USB drive and you must print hard copies if you do not intend to use a computer to read the manual.

You must not, during or after the term of the franchise agreement, communicate, divulge, or use for the benefit of any other person, partnership, association or corporation any confidential information, knowledge, or know-how on the methods of operation of L & L Franchise System Restaurants. You may divulge this confidential information only to those of your employees who must have access to it to operate your L & L Franchise System Restaurant. All information, knowledge, know-how, techniques, and other data that we designate as confidential will be confidential for purposes of the franchise agreement.

At our request, you must require your officers, manager and any other personnel having access to any of our confidential information to sign covenants that they will maintain the confidentiality of information they receive for their employment with you. The covenants must be in a form we approve, including our identification as a third-party beneficiary of the covenants with the independent right to enforce them.

There are no currently effective determinations of the United States Copyright Office, the copyright administrator of this state or any court, nor is there any pending interference, opposition or cancellation proceeding, nor any pending material litigation involving our copyrighted material that is relevant to their use in this state or in any other state. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of someone else's copyright in order to protect our copyrighted materials.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

We do not know of any superior prior rights to use or infringing uses of our copyrighted materials that would materially affect your use of our copyrights in your state.

ITEM 15: OBLIGATIONS TO PARTICIPATE IN ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are a sole proprietor, we do not require that you personally supervise the L & L Franchise System Restaurant; however, if you are a sole proprietor, controlling stockholder of a corporation, managing principal of a limited liability company, or managing partner of a partnership, we recommend that you be the fully-trained operator. We do not have the right to approve your manager; however, the L & L Franchise System Restaurant must be directly supervised by a manager who has successfully completed our training program. If you employ an on-premises manager/supervisor for your operations, such person(s) need not have any equity interest in the franchisee entity but must have undergone the training approved and required by L & L Franchise, Inc. You, the manager(s) and other principal owners of the

franchise entity may, at our option, have to sign a written agreement (Exhibit B) to maintain confidentiality of the trade secrets obtained in the course of employment and enter into an agreement not to compete while working with or at an L & L Franchise System Restaurant and for five (5) years thereafter.

See Item 17 for a description of these obligations. You must sign the franchise agreement for the approved location of your L & L Franchise System Restaurant, personally or through a partnership, limited liability company, or corporation that you principally own. Additionally, the landlord of your approved location may, in certain circumstances require you, and if you are a corporate franchisee, you and your controlling stockholders, to personally guarantee the lease for your approved location.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the approved location only for the operation of a L & L Franchise System Restaurant. You must keep the L & L Franchise System Restaurant open and in normal operation and refrain from using the location for any other purpose or activity at any time without first obtaining our written consent, and must operate your L & L Franchise System Restaurant in strict conformity with the methods, standards, and specifications that we require in the operations manual or otherwise in writing. You must not deviate from these standards, specifications, and procedures without our prior consent.

You must participate in marketing, gift card, gift certificate, discounted pricing and/or menu item promotions on an area, regional, statewide or systemwide basis if and as required by Franchisor.

You must sell or offer to sell only those services and products that we have approved for sale in writing. You must sell or offer for sale all types of services and products we specify and must refrain from any deviations from standards from our operations manual. We have the rights to discontinue selling and offering for sale any authorized services or products. There are no limits on our right to make changes.

You are required to meet and maintain the highest health standards and ratings applicable to the operation of your L & L Franchise System Restaurant. You must operate your L & L Franchise System Restaurant in strict conformity with all applicable federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction. You are responsible for knowing of the existence and requirements of all laws, ordinances and regulations applicable to your L & L Franchise System Restaurant, and for adhering to them.

You are not restricted in the customers whom you may solicit.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The following table lists certain important provisions of the franchise and related

agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise or Related Agreements	Summary
A. Term of the franchise	Franchise Agreement, Article 15.1.1	Ten (10) years
B. Renewal or extension of the term	Franchise Agreement, Article 15.1.2 to 15.1.4	If you are in good standing, you can renew for one successive period of 10 years on our then-current version of Franchisor's Franchise Agreement, which may materially differ from the version contained in this disclosure document. We claim common law rights to the Marks and any other marks used by us in the United States and our domain names and trade dress. The Marks are our sole and exclusive property. You must follow our rules, which are in the Franchise Agreement and the Operations Manuals, when you use these Marks. You must notify us immediately of any claim, demand or suit involving your use of the Marks, and of any unauthorized or improper use or infringement of our rights related to the Marks. We will decide to take action or not take action, as we deem appropriate. You may not use the Marks in any manner that we have not authorized in writing. You may

		not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You may not sublicense the Marks. You may not use our Marks as part of your business name or on the internet. You may not market or have a site on the internet, except at our Website. All goodwill associated with the Mark, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit. We retain the right to change or modify any part of the Marks periodically. You will accept, use, and protect, for the purposes of your franchise, all changes and modification as if they were a part of the Marks at the time the Franchise Agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to these changes or modifications.
C. Requirements for you to renew or extend	Franchise Agreement, Article 15.1.2 to 15.1.4	You must give franchisor written notice of your intent to renew the franchise not less than six (6) months nor more than thirteen (13) months prior to the end of the Franchise Agreement

		initial term. You must have complied with your obligations under Franchise Agreement and all other agreements between you and us during term; be current with all financial obligations to us and third parties, including your landlord and vendors of products or services; and sign our then-current form of Franchise Agreement, and other documents we require including but not limited to personal guarantees and confidentiality agreements. You must pay a $1,000.00 processing fee and a renewal fee of up to ten thousand ($10,000.00) dollars no later than six (6) months prior to the end of the Franchise Agreement initial term. All documents may contain terms and conditions materially different from original documents you signed. You must sign a general release (if state franchise law allows), pay renewal fee, complete restaurant upgrade and remodel to our then-current image and equipment standards and specifications by deadline set forth by Franchisor. You must successfully complete franchisee training that may be required by Franchisor at Franchisee's expense.
D. Termination by you	None	None
E. Termination by us without cause	None	None

F. Termination by us with cause	Franchise Agreement, Article 15.2.1 to 15.2.8	We can terminate if you are in breach or default of your obligations to perform under the Franchise Agreement.
G. “Cause” defined-curable defaults	Franchise Agreement, Article 15.3.2.2 to 15.3.3.11	Breach of franchise agreement that may include failure to pay monies owned to Franchisor, failure to maintain required standards, failure to obtain Franchisor’s prior written consent where required, misuse or unauthorized use of Franchisors service mark or trademarks, conducting a business operation under a name that is confusingly similar to Franchise’s marks, default under lease, mortgage, or deed of trust, failure to maintain required insurance, default or indebtedness to creditor, landlord, suppliers, failure to use mayonnaise, sauces, spices, ingredients, raw materials, products and portion control formulas, failure to complete required training.
H. “Cause” defined-defaults that cannot be cured	Franchise Agreement, Article 15.2.1 to 15.2.8	Non-curable defaults: maintaining false or materially misleading books, operating that is an imminent danger to public health, selling unauthorized products, conviction of crime relevant to the franchise or involving moral turpitude, intentional disclosure of manual, trade secrets, confidential or proprietary information, repeated defaults, even if cured, abandoning operations, failure

		to rebuild after destruction, repeated under reporting of sales or franchise fees, bankruptcy or insolvency, failure to operate the business, material misrepresentations, noncompliance with governmental laws and regulations seizure of the business by the government or accreditor, failure to pay franchise fees due after notice or where franchisee's operation constitute imminent danger to public health or safety. The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)
I. Your obligations on termination/nonrenewal	Franchise Agreement, Article 16.1 to 16.10	Obligations include complete de-identification and payment of amounts due, and assignment of all telephone numbers and associated listings for your restaurant.
J. Assignment of agreement by us	Franchise Agreement, Article 14.1.1	We have the right to merge with or be acquired by any person or entity and to transfer or assign the franchise agreement to any person or entity.
K. "Transfer" by you-defined	Franchise Agreement, Article 14.1.2	Transfers must be approved by us in writing and a transfer fee of $7,500.00 must be paid to Franchisor. Includes transfer of any interest in franchise agreement, franchise or all or substantially all of the assets of

		your business. Subject to Right of first refusal. The transferee must qualify as a franchisee and assume your obligations, you must prove you have paid all your debts, you cannot be in default, the transferee must successfully complete the mandatory training and must pay Transfer Fee, the transferee must sign a new Franchise Agreement on our then current terms, you must release us, and you must submit to us satisfactory evidence of the consent of lenders, lessors, and governmental authorities of permits and licenses. Subject to franchisor's consent and conditions.
L. Our approval of transfer by you	Franchise Agreement, Article 14.2.6	We have the right to approve transfers. Subject to Franchisor's purchase option and right of first refusal. Must not be in default. Subject to franchisor's consent and conditions.
M. Conditions for our approval of transfer	Franchise Agreement, Article 14.1.3 and 14.2.2	Sign estoppel agreement, offer us right of first refusal, full compliance with franchise agreement, general release, transferee qualifications, assumption of franchise agreement by a replacement franchise agreement on the then franchise agreement used by Franchisor, pay administrative transfer fee.

N. Our right to first refusal to acquire business	Franchise Agreement, Article 14.1.3	If you seek to sell, transfer, or give away an interest in the business or franchise agreement, Franchisor has a right of first refusal, at Franchisor's sole election and discretion, to purchase such interest at the same terms and conditions of the proposed sale, transfer or gift or at a price based upon a formula of 40% of the average of your annual net sales for 3 full calendar years.
O. Our option to purchase your business	Franchise Agreement, Article 14.1.3	Franchisor has an option to purchase based upon a stated formula and the right of first refusal upon sale, transfer, conveyance or gift of interest in business and franchise agreement.
P. Your death or disability	Franchise Agreement, Article 14.2.9	Your rights may pass to your heirs or legatees if they assume your obligations and attend training. On your disability, you may sell the business or keep it if operated by trained personnel.
Q. Non-competition covenants during the term of the franchise	Franchise Agreement, Article 10.2.2 and Confidential Information Agreement (Exhibit B)	Includes prohibition on owning or operating business that sells similar products. You may not disclose or use any secret or confidential information.

R. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement, Article 10.2.2 and Confidential Information Agreement (Exhibit B)	You may not engage in any competing business or have any employment or interest in any firm producing or selling similar "Hawaiian" food products for 24 months within five (5) miles of any L&L Franchise System Restaurant. You may not disclose or use any secret or confidential information. Liquidated damages of $10,000 per month plus 6% net sales for violation.
S. Modification of the agreement	Franchise Agreement, Article 4.2.4, 23.1 and 23.5	Your franchise agreement may not be modified without your and our consent, except: 1. We may change the contents of Manuals; 2. We may modify the System; and 3. A court may modify any provision of the franchise agreement under applicable law.
T. Integration/merger clause	Franchise Agreement, Article 23.3	Only terms of franchise agreement and associated exhibits and documents attached hereto are binding (subject to state law. Any promises outside the Disclosure Document and Franchise Agreement may not be enforceable.
U. Dispute resolution by arbitration or mediation	Franchise Agreement, Article 21	Except for certain claims, all disputes must be arbitrated in San Francisco, California.
V. Choice of forum	Franchise Agreement, Article 21.5	Arbitration and/or Litigation in San Francisco, California.

W. Choice of law	Franchise Agreement, Article 21.3	California law applies.

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

These states have laws that may supersede the franchise agreement and related agreements in your relationship with us, including in the areas of termination and renewal of your franchise: NEW YORK CODE [Franchises, General Business Law, Article 33, Sections 680 et. seq.], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], HAWAII [Rev. Stat. Section 482E-1 et. Seq.], WASHINGTON [Code Chapter 19.100. 010 et. seq.]. These and other states also may have court decisions that may supersede the franchise agreement and related agreements in your relationship with us, including in the areas of termination and renewal of your franchise.

ITEM 18: PUBLIC FIGURES

We do not presently hire any public figures to promote your franchise. However, we reserve the right to do so in the future at our sole discretion.

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 the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (I) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Chart of Sales Performance:

Sales for L&L Drive-Inn, L&L Hawaiian Barbecue, L&L Hawaiian Grill in the United States January through December 2019.

ALL LOCATIONS - SUMMARY OF SALES FOR 2019

Sales	No. of Stores	% of Stores	% Cumulative
Over $750K	77	43%	43%
$650K - $750K	22	12%	56%

$550K - $650K	18	10%	66%
$450K - $550K	19	11%	76%
$350K - $450K	19	11%	87%
Less than $350K	23	13%	100%

CALIFORNIA LOCATIONS - SUMMARY OF SALES FOR 2019

Sales	No. of Stores	% of Stores	% Cumulative
Over $750K	44	54%	54%
$650K - $750K	13	16%	70%
$550K - $650K	7	9%	78%
$450K - $550K	4	5%	83%
$350K - $450K	5	6%	89%
Less than $350K	9	11%	100%

As of December 31, 2019, L&L Franchise, Inc. had approximately 64 L & L Drive-Inn or L & L Hawaiian Barbecue franchised restaurants located in the State of Hawaii, 90 L & L Hawaiian Barbecue franchised restaurants located in the State of California and 46 L&L Hawaiian Barbecue or L&L Hawaiian Grill franchised restaurants located in other states of the United States as well as a few franchised restaurants in international countries. The financial performance representations set forth above are based only upon a total of 178 domestic L&L Hawaiian Barbecue, L&L Hawaiian Grill and/or L&L Drive-Inn Restaurants that were open for at least one year as of December 31, 2019, of which 82 were located in California and 96 were located in other state of the Continental United States.

Note: No sales performance information relating to L & L franchise system restaurant operating under the service mark or trademark of L & L Hawaiian Mixplate is included herein because franchisee operating under the L & L Hawaiian Mixplate are few and of relativity recent existence.

Thirteen (13) franchised restaurants were opened during 2019.

The information reflected in the chart above is based upon the reported unaudited net sales of franchisee restaurants that have been in operation for the full calendar year ending December 31, 2019 and for which the Franchisor has received sales reports for that full calendar year. The term “net sales” includes a L & L Drive-Inn, L&L Hawaiian Barbecue, and/or L&L Hawaiian Grill reported gross revenues excluding and after deduction of sales or excise taxes (excluding price discounts and allowances) received by Operator as payment, whether in cash or for credit (and, if for credit, whether or not payment is received therefor), for all beverages, food, and other goods, services, and

supplies sold in or from each of Operator's System Restaurants, and gross revenues received by Operator from any other business (including, but not limited to, all revenues from any mechanical or other device, such as vending or game machines installed at the Location) operated at the Location, excluding and after deduction of sales or excise taxes.

Additionally, the financial performance representations set forth above have been derived from the financial reporting statements of independent, franchised Operator L&L Hawaiian Barbecue, L&L Hawaiian Grill and/or L&L Drive-Inn Restaurants in order to provide information relevant to a prospective Operator.

Some restaurants have achieved sales in such amounts. Your individual results may differ. There is no assurance that you'll sell as much.

YOU ARE URGED TO CONSULT WITH APPROPRIATE FINANCIAL, BUSINESS AND LEGAL ADVISORS IN CONNECTION WITH THE INFORMATION SET FORTH IN THIS ANALYSIS. A NEW OPERATOR'S INDIVIDUAL FINANCIAL RESULTS MAY DIFFER FROM THE RESULTS STATED IN THE FINANCIAL PERFORMANCE REPRESENTATIONS FOR THE REASONS STATED BELOW.

The computations of all actual and average sales, the range of years in operation, and list of addresses of the L & L Hawaiian Barbecue, L & L Hawaiian Grill and/or L & L Drive-Inn Restaurants that supplied data used in preparing these financial performance representations will be made available to prospective franchisees upon reasonable request.

THE FINANCIAL PERFORMANCE REPRESENTATIONS DO NOT REFLECT THE COSTS OF SALES OR OPERATING EXPENSES THAT MUST BE DEDUCTED FROM THE GROSS REVENUE OR GROSS SALES FIGURES TO OBTAIN YOUR NET INCOME OR PROFIT. THE EARNINGS CLAIM FIGURE(S) DOES (DO) NOT REFLECT THE COST OF SALES, OPERATING EXPENSES, OR OTHER COSTS OR EXPENSES THAT MUST BE DEDUCTED FROM THE GROSS REVENUE OR GROSS SALES FIGURES TO OBTAIN OUR NET INCOME OR PROFIT. YOU SHOULD CONDUCT AN INDEPENDENT INVESTIGATION OF THE COSTS AND EXPENSES YOU WILL INCUR IN OPERATING YOUR (FRANCHISED BUSINESS). FRANCHISEES, LISTED IN THE DISCLOSURE DOCUMENT, MAY BE ONE SOURCE OF THIS INFORMATION. THE BEST SOURCE OF COST AND EXPENSE DATA MAY BE FROM OPERATORS AND FORMER OPERATORS, SOME OF WHOM MAY BE LISTED IN ITEM 20. THE SALES FIGURES SET FORTH ABOVE ARE AVERAGES OF SPECIFIC FRANCHISED L&L HAWAIIAN BARBECUE, L&L HAWAIIAN GRILL AND/OR L&L DRIVE-INN RESTAURANTS AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES THAT WILL BE REALIZED BY ANY L&L HAWAIIAN BARBECUE, L&L HAWAIIAN GRILL AND/OR L&L DRIVE-INN RESTAURANT OPERATOR. NEITHER L&L FRANCHISE, INC. NOR ANY OTHER PERSON CAN GUARANTEE THE SUCCESS OF AN OPERATOR'S RESTAURANT, AND ADMONISHES THAT AN OPERATOR'S RESTAURANT MAY

LOSE MONEY OR FAIL. L&L FRANCHISE, INC. DOES NOT REPRESENT, WARRANT, OR PROMISE THAT YOU CAN EXPECT TO ATTAIN THESE SALES.

Individual Operators are likely to experience annual sales volume variations. Variations in sales volume of a restaurant include but are not limited to some or all of the following factors: physical location within any particular geographic area, region of the country, the operational skill and the management methods employed by an Operator, demographics associated with any specific location, and menu price variations. This is not an exhaustive list of factors that may significantly affect the sales realized in any given operation.

Individual L & L Drive-Inn, L&L Hawaiian Barbecue, and/or L & L Hawaiian Grill franchise operators may provide you with supplemental information relating to the projected sales of a L & L Drive-Inn, L&L Hawaiian Barbecue, and/or L & L Hawaiian Grill Restaurant at a specific location (the "Supplemental Information"). Such Supplemental Information should be obtained in writing with any explanation as to how it differs from the information contained in this Item 19.

Other than the preceding financial performance representation and any Supplemental Information provided to you, as described above, L&L Franchise, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. With regard to 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 Bryan Andaya, President of L&L Franchise, Inc., telephone number (808) 951-9888, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary for years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	188	185	-3
	2018	185	190	5
	2019	190	200	10
Company Owned	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Total Outlets	2017	188	185	-3
	2018	185	190	5
	2019	190	200	10

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2017 to 2019		
State	**Year**	**Number of Transfers**
AK	2017	0
	2018	0
	2019	0
AZ	2017	0
	2018	0
	2019	0
CA	2017	2
	2018	6
	2019	1
CO	2017	0
	2018	0
	2019	0
HI	2017	3
	2018	1
	2019	5
NV	2017	0
	2018	0
	2019	1
NY	2017	0
	2018	0
	2019	0
OR	2017	0
	2018	0
	2019	0
TN	2017	0
	2018	0
	2019	0
TX	2017	0
	2018	0
	2019	0
UT	2017	0
	2018	0
	2019	0
WA	2017	0
	2018	0

	2019	0
U.S. TERRITORY OF GUAM	2017	0
	2018	0
	2019	0
CHINA	2017	0
	2018	0
	2019	0
INDONESIA	2017	0
	2018	0
	2019	0
JAPAN	2017	0
	2018	0
	2019	0
PHILIPPINES	2017	0
	2018	0
	2019	0
Total	2017	5
	2018	7
	2019	7

Status of Franchise Outlets for years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AK	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
AZ	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
CA	2017	85	0	0	0	0	2	83
	2018	83	2	0	0	0	1	84
	2019	84	6	0	0	0	0	90
CO	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
FL	2017	0	1	0	0	0	0	1

	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2017	62	2	0	0	0	3	61
	2018	61	4	0	0	0	0	65
HI	2019	65	0	0	0	0	1	64
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
NC	2019	0	1	0	0	0	0	1
	2017	16	2	0	0	0	0	18
	2018	18	0	0	0	0	0	18
NV	2019	18	1	0	0	0	0	19
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
NY	2019	1	0	0	0	0	0	1
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	1	1
OR	2019	1	0	0	0	0	0	1
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	1	1
TN	2019	1	0	0	0	0	0	1
	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
TX	2019	3	1	0	0	0	0	4
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
UT	2019	2	0	0	0	0	1	1
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
VA	2019	0	1	0	0	0	0	1
	2017	7	0	0	0	0	0	7
	2018	7	1	0	0	0	0	8
WA	2019	8	2	0	0	0	1	9
U.S. Territory of Guam	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2017	2	0	0	0	0	2	0
	2018	0	0	0	0	0	0	0
Indonesia	2019	0	0	0	0	0	0	0
	2017	1	1	0	0	0	0	2
Japan	2018	2	0	0	0	0	0	2

	2019	2	0	0	0	0	0	2
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
Philippines	2019	0	0	0	0	0	0	0
	2017	188	6	0	0	0	9	185
	2018	185	8	0	0	0	3	190
Total	2019	190	13	0	0	0	3	200

Status of Company-Owned Outlets for years 2017 to 2019								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termi-nations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
AK	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
AZ	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
CA	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
CO	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
FL	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
HI	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
NC	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
NV	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
NY	2018	0	0	0	0	0	0	0

	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
OR	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
TN	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
TX	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
UT	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
VA	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
WA	2019	0	0	0	0	0	0	0
U.S. Territory of Guam	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Indonesia	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Japan	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Philippines	2019	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0

Projected New Franchised Outlets As of December 31, 2019			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlet in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Current Fiscal Year**
AK	0	0	0
AZ	0	0	0
CA	0	0	0
CO	0	0	0
HI	0	0	0
FL	0	0	0
NV	0	0	0
NY	0	0	0
NC	0	0	0
OR	0	0	0
TX	0	0	0
TN	0	0	0
UT	0	0	0
VA	0	0	0
WA	0	0	0
U.S. Territory of Guam	0	0	0
Indonesia	0	0	0
Japan	0	0	0
Philippines	0	0	0
Total	0	0	0

Contact Information for Current Franchisees

Contact information for our current franchisees is set forth in Exhibit F.

Franchise Authority

Franchises will be sold in California only after periodic franchise registrations have been submitted to and authorized by Department of Business Oversight or its predecessor offices.

Former Franchisee Contact Information

During the last fiscal year, two (2) L & L Hawaiian Barbecue franchisees have left the system.

Itula Mili
West Valley, Utah
Last known telephone number: (801) 413-8892

Xiong Biao Lin
Pahoa, Hawaii
Last known telephone number: (808) 990-0961

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

Confidentiality Agreements

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with L & L Hawaiian Barbecue. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Franchisee Association

L & L Franchise, Inc. endorses and encourages individual franchisees in a regional area to voluntarily associate for purposes of pursuing common operational and/or marketing opportunities. Presently, the following informal associations exist:

Mr. Rudy Arucan
L & L Hawaiian Barbecue
354 Broadway Avenue
El Cajon, California 92021
Phone: (619) 444-4323

Mr. Sonny Carpio
L & L Hawaiian Barbecue
110 SW 148th Street
Burien, WA 98166
Phone: (206) 829-8518

Ms. Soledad Leano
L & L Hawaiian Barbecue
2260 Otay Lakes Road, Suite 607
Chula Vista, CA 91915
Phone: (619) 216-7788

Mr. Richard Solomon
L & L Hawaiian Barbecue
2850 National Avenue, Suite 102
San Diego, California 92113
Phone: (619) 232-1888

Mr. Stanley “Sai” Yamagata II
L & L Hawaiian Barbecue
14221 East Cedar Avenue, Unit C
Aurora, Colorado 80012
Phone: (303) 340-8824

L & L Hawaiian Barbecue Advisory Council for Hawaii Only:

Mr. Tony Shi
L & L Hawaiian Barbecue
2560 McCarthy Mall
Honolulu, Hawaii 96822
Phone: (808) 956-3170

Mr. Greg Arcibal
L & L Hawaiian Barbecue
1100 Ward Avenue, 5th Floor
Honolulu, Hawaii 96814
Phone: (808) 840-0505

ITEM 21: FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited, fiscal year end financials of L & L Franchise, Inc. for fiscal years 2017, 2018, and 2019.

ITEMS 22: CONTRACTS

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

A. L & L Franchise, Inc. Franchise Agreement
B. Confidential Information Agreement
C. Financial Statements
D. Franchise Manual – Operation Manual Table of Contents
E. Agency/Agent for Service of Process
F. Current Franchisees
G. Approved Suppliers/Manufacturers
H. Personal Guaranty
I. Statement of Franchisee

J. Receipts

ITEM 23: RECEIPTS

The Receipts are the last two pages of the Franchise Disclosure Document. This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The name of the franchise offeror/seller is:

L & L Franchise, Inc.
931 University Avenue, Suite 202
Honolulu, Hawaii 96826
Phone: (808) 951-9888
Attn: Bryan Andaya

If L & L Franchise, Inc. offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If L & L Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and Commissioner Manuel P. Alvarez, Department of Business Oversight, One Sansome Street, #600, San Francisco, California 94104.

Issuance Date: March 1, 2020

I received a disclosure document dated March 1, 2020, that included the following Exhibits:

A. L & L Franchise, Inc. Franchise Agreement
B. Confidential Information Agreement
C. Financial Statements
D. Franchise Manual – Operation Manual Table of Contents
E. Agency/Agent for Service of Process
F. Current Franchisees
G. Approved Suppliers/Manufacturers
H. Personal Guaranty
I. Statement of Franchisee
J. Receipts (The Receipts can be found on the last two pages of the Franchise Disclosure Document.)

Date: _____ Your name (Please print): _____

Your signature: _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to L & L Franchise, Inc. at 931 University Avenue, Suite 202, Honolulu, Hawaii 96826, or by faxing a copy of the signed receipt to L & L Franchise, Inc. at (808) 951-9888. You may keep the second copy for your records.

CALIFORNIA APPENDIX TO DISCLOSURE DOCUMENT

(A) Item 17, Summary

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

(B) The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. The provision may not be enforceable under California law.

(C) The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

(D) The franchise agreement requires binding arbitration. The arbitration will occur in the city of San Francisco, California. The franchise agreement provides that punitive or exemplary damages or attorney's fees may not be awarded by the arbitrator and that each party shall bear its own attorney's fees, expert witness fees and other court or arbitration costs incurred in connection with any legal action or arbitration between franchisor and operator. If the waiver of punitive or exemplary damages or legal fees and related costs are in violation of the laws of California, such claims may be awarded by the arbitrator(s) and any such award shall be enforceable or enforced in any court of appropriate jurisdiction. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(E) The franchise agreement requires any litigation to be filed in San Francisco, California. This provision may not be enforceable under California law.

(F) The franchise agreement requires application of the laws of the State of California.

(G) Neither L & L nor any person named 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 and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling that person from membership in the association or exchange.

(H) Section 31125 of the California Corporations Code requires L & L to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise. 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.

(I) You must sign a general release of claims if you transfer your franchise. California Corporations Code Section 31512 voids a waiver by the person acquiring a franchise of certain rights under the franchise investment law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of certain rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

(J) THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

(L) The franchise agreement requires binding arbitration. The arbitration will occur in San Francisco, California with the costs being borne by Franchisor and Franchisee in accordance with the Arbitration Rules of the American Arbitration Association.

(M) Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(N) 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.).

(O) The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. The provision may not be enforceable under California law.

(P) The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

EXHIBIT “A”

L & L Franchise Agreement

L & L FRANCHISE AGREEMENT

between

L & L FRANCHISE, INC.

and

_____

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FRANCHISE AGREEMENT

THIS AGREEMENT made this ____ day of _____, 20___, by and between L & L Franchise, Inc., a Hawaii corporation, located at 931 University Avenue, Suite 202, Honolulu, Hawaii, 96826 ("Franchisor" or "L & L"), and _____, a _____, located at _____ ("Operator" or "Franchisee" as also defined in Article 10):

DEFINITIONS

In this Agreement the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires:

(i) A L & L Franchise System Restaurant is a restaurant or other outlet that specializes in the sale of Authorized Products, as defined below, that is operated under Franchisor's Marks, as defined below, and is authorized by a Franchise or License Agreement made or approved by Franchisor. Such franchise restaurants shall be referenced herein as "L & L Franchise System Restaurant(s)."

(ii) A System Restaurant is a L & L Franchise System Restaurant from which Authorized Products are sold for on-premises or off-premises consumption, and from which Authorized Products may be delivered for off-premises consumption.

(iii) "Authorized Products" are products approved or authorized by Franchisor in accordance with Article 5 or 8 of this Agreement.

WHEREAS, Franchisor is the owner of the service marks or trademarks "L & L", "L & L Drive-Inn", "L & L Hawaiian Barbecue" (no claim is made to the exclusive right to use "Hawaiian Barbecue" apart from the mark as shown), "Hawaiian Barbecue," The Original Hawaiian Barbecue," "L & L Hawaiian Barbecue Since 1976 Hawaii," "L & L Hawaiian Grill," "Mixplate," "Mixplate & Design," "Mixplate (Design Only)," "Hawai'i Remixed," "L & L Hawaiian Mixplate," "Hawai'i is a Bite Away," "Hawaii's Comfort Food," and for which applications for registration have been filed with, or registrations have been issued by the United States Patent and Trademark Office of the United States of America, and Franchisor may in the future become the owner, licensee and/or authorized distributor for related trademarks and service marks, including logos and designs (collectively, "Franchisor's Marks"). L & L Franchise, Inc. will file for any associated additional marks as additional trademarks, service marks, trademarks and/or symbols used in the franchise business of L & L Franchise, Inc.; and

WHEREAS, the Franchisor offers franchises that operate restaurants under the name of L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill, and L & L Hawaiian Mixplate. The Franchise Agreement is for L & L Drive-Inn, L & L

Hawaiian Barbecue, L & L Hawaiian Grill, and L & L Hawaiian Mixplate which shall be referred to herein as “L & L Franchise System restaurants,” or “System Restaurant;” and

WHEREAS, Franchisor has developed and continues to develop a system for merchandising L & L Franchise System Authorized Products, which system includes distinctive signs, food recipes, products, goods and various trade secrets and other confidential information, and in some cases also includes architectural designs, equipment specifications, layout plans, inventory, record-keeping and marketing techniques (the “System”). The System is materially reflected in Franchisor’s Operations Manual (the “Manual”). Franchisor identifies the System by Franchisor’s Marks, and such other trademarks, service marks, trade names, logos and designs as may be designated by Franchisor in writing as being authorized for use under the System. Franchisor’s Marks identify for the public the source of the services rendered in accordance with the standards and specifications established by Franchisor; and

WHEREAS, the System as used in L & L Franchise System Restaurants have established or will establish a reputation for quality, cleanliness, appearance and service, and through such operations and continued marketing and advertising efforts, have created demand and goodwill for the authorized L & L Franchise System Restaurant food products sold as a result of which the System has acquired valuable goodwill and a favorable reputation; and

WHEREAS, Franchisor has issued and will continue to issue franchise agreements for franchisees to operate quick service restaurant operations using primarily the L & L Drive-Inn name in Hawaii, and the L & L Hawaiian Barbecue or L & L Hawaiian Grill or L & L Mixplate names in states in American and other countries;

WHEREAS, Operator desires to enjoy the benefits of (i) operating under the System and using Franchisor’s Marks including and limited to “L & L Hawaiian Barbecue,” “L & L,” “L & L Hawaiian Grill,” “L & L Hawaiian Mixplate,” and “color surfboard logo design mark”, and (ii) being authorized and licensed to operate one System Restaurant as set forth below within the System in strict accordance with the standards and specifications established by Franchisor; and

WHEREAS, Franchisor is willing to grant Operator a license under Franchisor’s Marks and the System, subject to Operator’s strict compliance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1. FRANCHISE RIGHT GRANTED, LOCATION.

1.1 GRANT.

In consideration of the issuance of the franchise granted herein, Operator shall pay to Franchisor the non-refundable sum of thirty thousand dollars ($30,000.00) (the

"Initial Fee"). In exchange, Franchisor hereby awards Operator the right to open and operate, under the terms of this Agreement, one System Restaurant specializing in selling high quality limited and specific food items as specified by Franchisor in Franchisor's Operations Manual, or subsequently added in accordance with Operations Manual amendments, under the name L & L Hawaiian Barbecue, L & L Hawaiian Grill or L & L Hawaiian Mixplate Restaurant at a location to be mutually agreed upon by both parties.

No exclusive or protected territory or market is intended to be granted by this Article or this Agreement. The Franchisor and/or other franchisees may or can use alternate channels of marketing or distribution such as internet, catalogue, mail order, food delivery, telemarketing or telecommunications and may solicit or accept orders from consumers located at or near your approved restaurant location. The Initial Fee shall be deemed fully earned by Franchisor upon the execution of this Agreement by Franchisor and Operator and shall not be refunded, in whole or in part, upon any termination of this Agreement, or at any other time or under any other circumstances.

In the event Operator enters into Franchise Agreement to operate more than one System Restaurant. Operator shall pay Franchisor a franchise fee of twenty thousand dollars ($20,000.00) for each of the second through fifth System Restaurants and fifteen thousand dollars ($15,000.00) for each of the sixth or more System Restaurants.

1.2 LICENSE.

Franchisor hereby grants and awards to Operator, for the term set forth in this Agreement, and any renewal term, beginning on the date of this Agreement, the right and license, and Operator hereby undertakes the obligation, to operate the business described in this Agreement under Franchisor's Marks and such other of Franchisor's Marks as may be designated by Franchisor, to operate such business solely in accordance with the System, and only at the specific location to be agreed upon by Franchisor and Operator (the "Location"). No exclusive territory or radius protection is given to Operator. Franchisor shall have the sole and complete discretion to approve the existence of other System Restaurants at other locations without territory or radius restrictions or protections.

1.3 LOCATION.

No Location has been agreed upon at the time of the execution of this Agreement unless set forth and identified in this Agreement or an attached rider. Operator shall engage only in the business of operating a System Restaurant at the Location and no other, except with Franchisor's prior written consent. Franchisor does not lease any location to Operator. Operators shall identify proposed location and site for Operator's System Restaurant, obtain Franchisor's approval of such site and sign a lease for the location within twelve (12) months of the date of signing this Franchise Agreement. If Operator does not enter into a signed lease for the location within such twelve (12) months, Franchisor shall have the right to terminate this Franchise Agreement and keep all fees paid. In extenuating circumstances, Franchisor may grant

Operator a limited extension of time to obtain a lease for an approved location. Operator acknowledges its sole risk and responsibility for finding or leasing from independent third parties a suitable and viable Location and that Franchisor is not obligated to directly or indirectly obtain an approved location for Operator. Franchisor's approval of a location does not assure or guarantee that the location will be suitable, viable or profitable.

ARTICLE 2. INSTALLATION AND COMMENCEMENT OF BUSINESS.

Operator, at its own expense, shall (i) renovate the Location into a System Restaurant; (ii) obtain all necessary governmental permits and licenses prior to beginning the renovation of its Location into a System Restaurant and Operator shall fully complete the renovation, construction and equipping within a reasonable time thereafter. Operator shall commence operation of each System Restaurant no later than thirty (30) days following substantial completion of the renovation and equipment installation at the Location, and shall give Franchisor ten (10) days written notice prior to commencing operations. Operator shall not commence operation of its System Restaurant until Operator has:

1. Obtained Franchisor's approval of the construction and development of the restaurant in accordance with Franchisor's specifications and designs,
2. Satisfactory completed the training program required by Franchisor;
3. Paid the initial franchise fee and all other amounts due to Franchisor; and
4. Provide Franchisor with copies of all required insurance policies or such other evidence of insurance coverage and payment of premiums as Franchisor requires.

In no event shall Operator construct or remodel the interior or exterior of any System Restaurant or make any improvements which vary from the then-current standards, plans, and specifications approved by Franchisor, without first obtaining Franchisor's prior written approval. Operator, at its own expense, shall obtain all municipal and state licenses necessary to operate Operator's System Restaurant prior to commencing business at its System Restaurant and shall maintain all licenses in full force and effect during the term of this Agreement.

In the event that Operator has not commenced operation of a System Restaurant at a site acceptable to Operator and approved by Franchisor within twelve (12) months from the time the Franchise Agreement is signed, any and all of Operator rights to open and operate a System Restaurant shall expire. In extenuating circumstances, we may grant a limited extension at our sole discretion. Failure to open for business within this twelve (12) month time frame, terminates the Franchise Agreement and Franchisor may retain part or all of the initial franchise fee paid in its sole discretion.

During the term of this agreement and after the expiration, voluntary and involuntary cancellation or termination of this agreement for any reason, or an assignment, sale or transfer of Operator's rights and/or interest under this Franchise Agreement, all of the Franchisor's rights under the Franchise Agreement, and

Confidential Information Agreement, and Guarantys including but not limited to Article 4 (Confidential Manuals), and Article 10 (Covenant regarding other business interests) shall remain binding upon Operator and all guarantors as well as any and all assignees, transferees or successors of Operator's rights and/or interest under the Franchise Agreement, Confidential Information Agreement and Guarantys.

ARTICLE 3. TRAINING.

3.1 Operator will designate individuals (up to 2 persons) as trainee(s) to attend Franchisor's training programs at training locations selected by Franchisor. Franchisor will offer initial training programs for Operator and/or its management employee at times and locations selected by Franchisor in its sole judgment and discretion. Operator shall, if and as required by Franchisor, also attend a one to two (1-2) day system orientation program at times and locations determined by Franchisor at the sole discretion of Franchisor. Franchisor will bear the costs of providing training programs, including the overhead costs of training, staff salaries, materials, and all technical training tools. Operator shall pay all traveling, living, wages and compensation, and other expenses incurred by Operator and/or Operator's employees in connection with attendance at training programs. The training program and manner of conducting such programs shall be at Franchisor's sole discretion and control. The training course will be structured to provide practical training in the implementation and operation of a System Restaurant. The initial training program may involve up to three (3) days of instruction at Franchisor's offices in Honolulu, Hawaii and up to four (4) weeks of intensive on-the-job training in a L & L Franchise System Restaurant in Honolulu, Hawaii or at another location designated by Franchisor. At Franchisor's sole discretion, the training requirements may be waived or shortened. In addition to the initial training program, Operator shall designate and send two principal representatives of the Operator owners to attend periodic franchisee training, marketing and operations programs at location(s) selected by Franchisor. Attendance and satisfactory completion of such additional periodic franchise training may, at Franchisor's sole discretion, be scheduled for one or more sessions totaling up to five working days per year. Such additional periodic franchise training is a mandatory obligation and requirements for franchise Operator.

3.2 Operator will not allow any System Restaurant to be opened or managed by any person who has not attended and successfully completed the training program designated by Franchisor. If Operator is an individual, and does not manage its System Restaurant on a day-to- day basis, and in the event its designated System Restaurant manager resigns or is terminated, Operator must arrange to have the successor restaurant manager (i) begin the required training programs within forty-five (45*)* days of first assuming the duties of a restaurant manager and (ii) successfully complete the programs.

3.3 If at any time the trainee voluntarily withdraws from, or is unable to complete its training, or fails to demonstrate an aptitude, spirit or ability to comprehend and carry out the course of study to the reasonable satisfaction of Franchisor, then Franchisor shall have the right to require Operator's trainee to attend other training

class(es) or to perform additional operational training until Franchisor is reasonably satisfied that Operator's trainee has satisfactorily completed the training programs. Operator may not open its System Restaurant until training is completed to Franchisor's reasonable satisfaction.

3.4 In the event of an assignment, sale or transfer to a third party of twenty percent (20%) or more of the ownership interest in and to Operator's System Restaurant after opening, the assignee, buyer or transferee must be trained in the L & L Franchise System training program as a condition of Franchisor's consent to such transfer. In the event of an approved non-sale management transfer to a third party of Operator's System Restaurant, the transferee shall attend the L & L Franchise System training program. For any such trainings, Operator shall pay to Franchisor a training fee, which fee shall not exceed three thousand dollars ($3,000.00). No System Restaurant shall open or re-open until the L & L training program certifies that the assignee, buyer or transferee is approved to operate the respective System Restaurant.

3.5 Additional training sessions are available at Operator's request and expense, and at Franchisor's request, at Operator's expense, except for the initial training program itself. Operator's attendance at additional training sessions is mandatory if they are scheduled in Operator's state. For these additional training sessions, Franchisor will provide the instructors and instructional materials, but Operator must arrange for transportation, lodging and food for itself and/or its manager. The cost will depend on the distance Operator must travel and the type of accommodations Operator chooses.

ARTICLE 4. MANUALS AND STANDARDS OF OPERATOR QUALITY, CLEANLINESS AND SERVICE.

4.1 STANDARDS.

In order to promote the value and goodwill of Franchisor's Marks and the Franchise System Restaurant and to protect Franchisor's Marks and the other L & L Franchise System Restaurant operators who comprise the L & L Franchise System Restaurant, Operator agrees to conduct its business in accordance with the standards promulgated by Franchisor as follows:

4.2 MANUALS.

4.2.1 In the Manuals and other publications, Franchisor will list authorized products to be sold by Operator, and promulgate standards of operation for System Restaurants, including standards of quality, cleanliness, and service for all food, beverages, furnishings, interior and exterior decor, trade dress, supplies, fixtures, and equipment used in connection with each System Restaurant. Operator agrees to operate its System Restaurant in accordance with the standards, specifications and procedures set forth in the Manual and this Agreement. Operator acknowledges and agrees that Franchisor has the right to make changes to its standards, specifications and procedures in its Manual in its sole and complete discretion. Operator further

agrees that changes in the menu, furnishings, interior and exterior décor, trade dress, supplies, fixtures, equipment or the standards, specifications and procedures may become necessary from time to time and agrees to comply with and accept as reasonable all changes to the menu, modifications, revisions and additions to the Manuals as authorized by Franchisor. The sale of any product or service at the Operator's Location, without Franchisor's prior written approval shall constitute a material violation of this Agreement.

4.2.2 The Manuals and all amendments to the Manuals (and copies thereof) are copyrighted and remain Franchisor's property. They are loaned to Operator for the term of the Agreement, and must be returned to Franchisor upon the Agreement's termination, expiration or nonrenewal. The Manuals are highly confidential documents which contain certain trade secrets of Franchisor, and Operator shall never reveal, and shall take all reasonable precautions, both during and after the term of this Agreement, to assure that its employees or any other party under Operator's control, shall never reveal any of the contents of the Manuals or any other publication, recipe or secret provided by Franchisor, except as is necessary for the operation of Operator's System Restaurant.

4.3 HOURS.

Franchisor and Operator agree that the hours of operation of Operator's System Restaurant are at a minimum 11:00 a.m. to 8:00 p.m., six (6) days per week, and Operator agrees to operate its System Restaurant during such hours. If the Location is in a mall or shopping center, the hours of the mall or shopping center shall control. Operator shall diligently and efficiently exercise its best efforts to achieve the maximum gross sales possible from its location, and will be open for business not less than ten hours per day, six days per week, unless additional opening hours are reasonably required to maximize operations and sales. If such hours are incorrect in relation to the sales potential of Operator's System Restaurant, then Franchisor and Operator shall reasonably adjust such hours by jointly establishing new hours of operation. It is acknowledged that the hours of other operators will vary in relation to each respective location, and local legal restrictions, if any.

4.4 APPEARANCE.

From time to time, Operator's System Restaurant may need a cosmetic improvement or equipment change or addition in order to comply with the Manuals and/or to maintain proper operations and an aesthetic appearance and professional image. Accordingly, Franchisor may require remodeling and renovation, and modifications to existing equipment and improvements as is reasonably necessary. Franchisor shall not require any such work at a particular System Restaurant less than three (3) years after the opening of the System Restaurant except: (i) for additional equipment if new food preparation methods or products are developed and authorized by Franchisor; (ii) if repairs or repainting are necessary to maintain the appearance of the interior and exterior of the Location in a clean and orderly condition satisfactory to Franchisor; or (iii) upon the sale of the Operator's System Restaurant. Within ninety (90)

days after receipt of written notice, Operator shall fully implement and complete such changes to its System Restaurant operating under this Agreement.

4.5 PRODUCT LINE AND SERVICE.

Operator agrees to only serve the approved product line items specified by Franchisor in this Agreement, the Manuals or as approved in writing by Franchisor and to follow all specifications and formulas of Franchisor as to specifications, contents, weight and quality of products served to its customers from Operator's System Restaurant.

4.6 CONTAINERS, FIXTURES AND OTHER GOODS.

4.6.1 Operator agrees that all food and drink items will be served in containers bearing accurate reproductions of Franchisor's Marks. All containers, napkins, bags, cups, matches, menus and other packaging and like articles used in connection with Operator's System Restaurant shall conform to Franchisor's specifications, shall be imprinted with Franchisor's Marks and shall be purchased by Operator from a distributor or manufacturer approved in writing by Franchisor, as provided in Article 8, which approval will not be unreasonably withheld.

4.6.2 No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils bearing any of Franchisor's Marks shall be used in or upon any System Restaurant unless the same shall have been first submitted to and approved in writing by Franchisor.

4.6.3 You further understand that it may become necessary for you to replace or upgrade the entire cash register or point of sale (POS) system with a larger system capable of assuming and discharging all the tasks and functions specified by us. You further understand and agree that as designed and functions change periodically, we may require you to make substantial modifications to meet our specifications or to require installation of entirely different systems during the term of this Agreement or during the term of any renewal Franchise Agreement.

4.6.4 You agree, at your expense, to keep your cash register or point of sale system in good maintenance and repair. Following our testing and determination that it will prove beneficial to you, you agree to install at your own expense such additions, changes, modifications, substitutions and/or replacements to your hardware, software, telephone lines, power lines and other related facilities as we direct on those dates and within those times specified by us in our sole and exclusive discretion in our Operating Manual or otherwise.

ARTICLE 5. MENUS, UNIFORMS, INSPECTIONS, SIGNS.

5.1 MENUS.

5.1.1 Operator shall not manufacture, advertise for sale, sell or give away any product unless such product has been approved in the Manuals as an authorized product for sale in Operator's System Restaurant and not thereafter disapproved in writing by Franchisor. All approved products shall be distributed under the specific name designated by Franchisor. Operator shall establish all menu prices in its sole discretion. Operator shall offer for sale in its System Restaurant only those food products which Franchisor designates as "approved and authorized" or which Franchisor has made available as a "regionalized" menu or has otherwise specifically approved in writing (each, "Authorized Product"). No standard product will be removed from the menu unless Operator is so instructed by Franchisor.

5.1.2 Such "Authorized Products" shall be marketed by approved menu formats to be utilized in Operator's System Restaurant. The approved and authorized menu and menu format(s) may include, in Franchisor's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters (except prices) related to the menu, whether or not similar to those listed. In Franchisor's discretion, the menu and/or menu format(s) may vary depending upon region, market size, and other factors. Franchisor may change the menu and/or menu format(s) from time to time or region to region or authorize tests from region to region or authorize non-uniform regions or non-uniform System Restaurant(s) within regions, in which case Operator will be given a reasonable time (not longer than thirty (30) days) to discontinue use of any old menu format(s) and implement use of the new menu format(s).

5.1.3 Operator shall, upon receipt of notice from Franchisor, add any Authorized Product to its menu according to the instructions contained in the notice. Operator shall have a minimum of thirty (30) days after receipt of written notice in which to fully implement any such change. Operator shall cease selling any previously approved product within thirty (30) days after receipt of notice that the product is no longer approved.

5.1.4 The Authorized Products sold by Operator shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the instructions and recipes provided by Franchisor or contained in Franchisor's Operations Manual, and with the further requirements of Franchisor as they are communicated to Operator from time to time.

5.2 COMPLIANCE.

Operator shall operate each of its System Restaurants as a clean, orderly, legal and respectable place of business in accordance with Franchisor's business standards and merchandising policies, and shall comply with all applicable ordinances, laws, statutes and regulations governing the operation of such premises, including all disability (including but not limited to the Americans with Disabilities Act (ADA) as

amended and any applicable state civil rights or disability rights laws), food and drug laws and regulations. Operator shall not allow any Location or part of a Location to be used for any immoral or illegal purpose.

5.3 SIGNS, MENU BOARDS, DESIGNS AND FORMS OF PUBLICITY.

5.3.1 Operator shall install and maintain a suitable sign or awning at, on, or near the front of the Location, identifying the Location as a "L & L Franchise System Restaurant" and a menu board within the location. Such sign and menu board shall conform in all respects to Franchisor's requirements and be in accordance with the layout and design plan approved for the Location, except to the extent prohibited by local legal restrictions. Operator shall meet and maintain the highest health standards and ratings applicable to the operation of an L & L Hawaiian Barbecue restaurant. Franchisor in its sole discretion may change, modernize and adapt new designs, logos and color schemes for System Restaurants. In such event, Operator, at its cost, agrees to install, use and maintain such new signs, menu boards and designs.

5.3.2 No menu board, exterior or interior sign or any design, advertisement, sign, or form of publicity, including form, color, number, location, and size, shall be used by Operator unless first submitted to Franchisor and approved in writing (except with respect to prices). Any request by Operator for such approval shall be properly submitted to: L & L Franchise, Inc., 931 University Avenue, Suite 202, Honolulu, Hawaii, 96826, Attn: Bryan P. Andaya. Franchisor shall respond to such request within thirty (30) days of its receipt. Whenever Operator elects to utilize, in the form supplied, advertising supplied by Franchisor or any promotional item specifically approved by Franchisor, no further approval for use of such material is required. Upon written notice from Franchisor, Operator shall discontinue and/or remove any objectionable advertising materials or any other materials not suitable for display, in Franchisor's sole discretion.

5.4 UNIFORMS AND EMPLOYEE APPEARANCE.

Operator shall cause all employees, while working in System Restaurants, to: (i) wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and (ii) present a neat and clean appearance. If the type of uniform utilized by Operator is removed from the list of approved uniforms, Operator shall have sixty (60) days from receipt of written notice of such removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform.

5.5 VENDING OR OTHER MACHINES.

Operator shall not permit vending or game machines or any other mechanical device to be installed or maintained in its Location without Franchisor's prior written approval.

5.6 INSPECTION.

5.6.1 Franchisor' s authorized representatives shall have the right to enter upon the entire premises of Operator's System Restaurant at any time during business hours without prior notice or notification and without disrupting Operator's business operations, for the purposes of examining same, conferring with Operator's employees, inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment, and determining whether the business is being conducted in accordance with this Agreement, the System and the Manuals.

5.6.2 In the event any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Manuals, including but not limited to quality, cleanliness, service, health and authorized product line, Franchisor will notify Operator in writing of Operator's non-compliance with the Manuals, the System, or this Agreement. Operator shall have twenty-four (24) hour after receipt of such notice, or such other greater time period as Franchisor in its sole discretion may provide, to correct or repair such deficiency or unsatisfactory condition, if it can be corrected or repaired within such period of time. If not, Operator shall within such time period commence such correction or repair and thereafter diligently pursue it to completion.

ARTICLE 6. ADVERTISING, MARKETING, PROMOTION AND CONVENTION CONTRIBUTION.

6.1 Operator and Franchisor acknowledge the value of advertising and accordingly Operator agrees to pay, one percent (1 %) of its gross sales for each and every month of its operations to Franchisor (the "Advertising Fee"). These funds will be deposited, at Franchisor's sole discretion, into a segregated advertising account (with other advertising collections) controlled by Franchisor or to a regional advertising cooperative covering Operator's System Restaurant. Advertising payments will then be spent at Franchisor's sole discretion for advertising to benefit Operator and/or all or regional operators of System Restaurants. The Advertising Fee shall be paid in accordance with the procedure described in Article 9.

6.2 Franchisor, at its sole discretion, may spend the collected fees directly, or may authorize payment of the advertising collections for media time or space, production of media materials, whether for radio, television, newspapers or store level materials such as flyers, or posters, or for any other type of advertising or marketing use. Franchisor is not, under any circumstances, obligated to contribute to any national or local advertising fund, program, Association, or other organization any advertising fees or contributions.

6.3 Franchisor may authorize expenditure of the time, producing media materials (whether they be for radio, television, newspapers, or store-level materials like flyers, posters, etc.) and paying for administrative, planning, marketing, promotion or Franchisor's own advertising personnel, and/or for third party agencies or consultants and for use to organize and conduct periodic meetings or conversations on a regional or

system-wide basis (including the payment in whole or in part of transportation and/or lodging costs of the Franchisor's staff and representatives and Franchisee representatives. At least twenty percent (20%) of the advertising, marketing, and promotional contributions may be used by Franchisor to cover Franchisor's administrative expenses. Advertising, promotion or marketing may be on television, radio, internet, newspaper, magazines, direct mail, flyers, posters, brochures, calendars, t-shirts, logo bearing merchandise and marketing materials, coupons or similar media. The coverage of the media may be local, regional or national. We may prepare advertisements, marketing and promotional material and publicity in-house or may use regional or national advertising agencies to prepare the materials.

Franchisor is not obligated to contribute any amount to any national or local advertising funds or programs. There shall be no requirements that Franchisor must spend any amount of advertising, in any particular areas or territory where Operator's System Restaurant is located. The use and expenditure of the advertising contribution shall be at Franchisor's sole discretion. If any part of the advertising contribution is not spent in the fiscal year in which such advertising contribution accrues, Franchisor may utilize the advertising contribution in any other fiscal year in its sole discretion. Operator will not receive any periodic accounting of how advertising contributions are spent. No part of the advertising contributions is to be used for advertising that is principally a solicitation for the sale of franchises.

Franchisor will prepare unaudited annual statements showing how advertising contributions have been expended. These statements will be given to Operator on written request.

At Franchisor's sole discretion, the advertising, marketing and promotion contributions may be used toward expenses of planning and conducting periodic conferences and/or meetings of the Franchisor and groups or all of the Franchisees. Franchisor will not use advertising contributions, or any associated interest earnings, for advertising or marketing that principally solicits the sale of franchises. Franchisor reserves the right to add tag lines to advertising or marketing indicating that franchises are available and giving contact information. Franchisor is not required to spend any amount of the advertising contributions on advertising or promotions in Operator's area. Other than reimbursement for reasonable costs and overhead incurred in administering and expending the advertising contributions, neither Franchisor nor any affiliate will receive any payment for providing services or products related to these activities. If any contributions, including any associated interest earnings, are not spent in the fiscal year in which they accrue, they will be kept for use in later years.

6.4 Franchisor shall have the right to require Operator to participate in marketing, gift card, gift certificate, discount pricing and/or menu items promotions on an area, regional, statewide or systemwide basis. If so, required by Franchisor, Operator agrees to and shall participate in such marketing, gift card, gift certificate, discounted pricing and/or menu item promotions.

ARTICLE 7. COMPANY MARKS, ADDITIONAL MARKS AND COPYRIGHTED WORKS.

7.1 Franchisee acknowledges that the Franchisor is the owner of all right, title and interest, together with all the goodwill of Franchisor's Marks. Franchisee further acknowledges that Franchisor's Marks designate the origin or sponsorship of the System Restaurant and that Franchisor desires to protect the goodwill of Franchisor's Marks and to preserve and enhance the value of Franchisor's Marks.

7.2 Franchisee further acknowledges that it is of utmost importance that the goodwill, stature, and image of quality associated with the Marks be maintained and enhanced by Franchisee. Franchisee will make no use of Franchisor's Marks without the prior approval of Franchisor, this Agreement itself not constituting such approval. To maintain and enhance the goodwill and image of quality associated by the public with Franchisor's Marks, Franchisee will conduct its business in accordance with this Agreement and specifically with the provisions of this Section 7.

7.3 Franchisee further acknowledges that the Franchisee's right to use Franchisor's Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Manual and elsewhere from time to time during the Initial Term of this Agreement.

7.4 Franchisee acknowledges and agrees that the Franchisor is the sole and exclusive owner of Franchisor's Marks and that it will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of Franchisor's Marks or Franchisor's ownership of Franchisor's Marks, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of Franchisor's Marks, nor will it represent that it has any right, title, or interest in Franchisor's Marks other than those expressly granted by this Agreement.

7.5 Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in Franchisor's Marks, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and marketing of the Services and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

7.6 Franchisee will use Franchisor's Marks only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising, marketing and promotional materials, invoices, signage, business checks, business cards, invoices, stationery, and promotional items such as clothing, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions

regarding Franchisor's Marks as provided in the Manual and otherwise given by Franchisor from time to time.

7.7 Franchisee agrees to safeguard and maintain the reputation and prestige of Franchisor's Marks and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with Franchisor's Marks. Franchisee will never attempt to dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor to counsel, procure, or assist anyone else to do the same.

7.8 Franchisor may decide, in its sole and absolute discretion, to apply to register or to register any trademarks with respect to the System Restaurant and any other products and services. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of Franchisor's Marks, or any trademark or logo confusingly similar thereto, anywhere in the world.

7.9 Franchisee should mark Franchisor's Marks with a superscript "®" or "™" unless and until advised by Franchisor to use a different notice.

7.10 If, in Franchisor's reasonable determination, the use of a Franchisor's Mark in connection with the System Restaurant and other products and services will infringe or potentially infringe upon the rights of any third party or weakens or impairs Franchisor's rights in Franchisor's Marks, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in accordance with Franchisor's instructions, and Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof.

7.11 Franchisee will not use any materials that are false or misleading.

7.12 Franchisee will ensure that all advertising, marketing, labeling, packaging and other materials associated with the System Restaurant and other products and services fully conform to all applicable laws and regulations.

7.13 Franchisee will conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, consumer protection laws and regulations.

7.14 Franchisee will control the quality of the System Restaurant and other products and services to avoid product quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

7.15 Franchisee shall not use any Franchisor's Mark or portion of any Franchisor's Mark as part of a corporate, entity or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form.

Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

7.16 In order to preserve the validity and integrity of Franchisor's Marks and Copyrighted Works licensed herein and to assure that Franchisee is properly employing the same in the operation of its Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's System Restaurant and operating procedures at all reasonable times. Franchisor shall have the right to observe the manner in which Franchisee is rendering its services and conducting its operations, to confer with Franchisee's employees and customers, and to select business reports for testing of content and evaluation purposes to make certain that all such tested items are satisfactory and meet the quality control provisions and standards established by Franchisor.

7.17 If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Franchisor's Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Franchisor's Marks.

7.18 Any unauthorized use of Franchisor's Marks by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to Franchisor's Marks.

7.19 Franchisee acknowledges that all usage of Franchisor's Marks by Franchisee and any goodwill established by Franchisee's use of Franchisor's Marks shall inure to the exclusive benefit of Franchisor, and that this Agreement does not confer any goodwill or other interests in Franchisor's Marks upon expiration or termination.

7.20 In the event Franchisee acquires, as a result of the exercise of any rights provided under this Agreement, any rights in Franchisor's Marks, it agrees to assign and hereby assigns all such rights to Franchisor.

7.21 Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use Franchisor's Marks or any colorable imitation thereof. Franchisee shall also notify Franchisor of any action, claim or demand against Franchisee relating to Franchisor's Marks within ten (10) days after Franchisee receives notice of said action, claim, or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to Franchisor's Marks, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of Franchisor's Marks and shall exercise such right in the sole discretion of Franchisor.

Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to Franchisor's Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee. Both parties shall make every effort consistent with the foregoing to protect, maintain, and promote Franchisor's Marks as identifying the System Restaurant. Franchisor makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of Franchisor's Marks.

7.22 All provisions of this Agreement applicable to Franchisor's Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

7.23 Franchisee will make no use of the Copyrighted Materials without the prior approval of Franchisor, this Agreement itself not constituting such approval. To maintain and enhance the rights in the Copyrighted Materials, Franchisee will conduct its business in accordance with this Agreement and specifically with the provisions of this Section 7.

7.24 Franchisee agrees that all material, including but not limited to, all artwork and designs, created by Franchisee or any other person or entity retained or employed by Franchisee, and used with Franchisor's Marks ("Copyrighted Materials") are works made for hire within the meaning of the United States Copyright Act and are the property of the Franchisor, who shall be entitled to use and license others to use the Copyrighted Materials subject to the provisions of this Agreement unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to the Franchisor, Franchisee irrevocably assigns and agrees to assign to the Franchisor, its successors and all rights, including all copyrights and related rights, in such Copyrighted Materials, which the Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from the author or third parties to copyright owner, its successors, and assigns that may be acquired.

7.25 Franchisee agrees to safeguard and maintain the value of the Copyrighted Materials and will not do anything that would adversely affect the value of the Copyrighted Materials. Franchisee will never attempt to dilute, directly or indirectly, the value attached to the Copyrighted Materials, nor to counsel, procure, or assist anyone else to do the same.

7.26 The Franchisor may decide, in its sole and absolute discretion, to apply to register or to register any Copyrighted Materials with respect to the Products or any other products or services. Failure of the Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Copyrighted Materials, or any Copyrighted Materials or logo substantially similar thereto, anywhere in the world.

7.27 If, in Franchisor's reasonable determination, the use of Copyrighted Materials in connection with the Services and products will infringe or potentially infringe upon the rights of any third party or weakens or impairs Franchisor's rights in the Copyrighted Materials, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in accordance with Franchisor's instructions, and Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof.

7.28 The license and related rights to use the System, the Manuals, designated and approved Franchisor's Marks and any other proprietary products granted by this Agreement are applicable only with respect to Operator's System Restaurant at the Location, and not elsewhere, except in the event of a relocation approved in writing by Franchisor. This Agreement does not authorize the use of mobile vending vehicles, carts, kiosks or any other non-traditional delivery systems.

7.29 Operator shall not interfere in any manner with, or attempt to prohibit, the use of Franchisor's Marks by any other Operator of Franchisor or in connection with any L & L Franchise System Restaurant authorized or branded products or operations.

7.30 Franchisor may, from time to time, in Franchisor's sole discretion, obtain additional trademark and/or service mark rights in words and/or designs. In the event of any of these occurrences, Franchisor may license Operator to use those trademarks or service marks by giving written notification to Operator that such marks now form part of Franchisor's Marks.

The term of such license will be coextensive with the term of this Agreement or as otherwise established by Franchisor, and will be subject to all restrictions with respect to the use of those rights as set forth in this Agreement and in the notice granting Operator the license.

7.31 Operator shall not utilize the letters, term or mark "L & L" or "Hawaiian Barbecue" or "Hawaiian Grill" or "Hawaiian Mixplate" in its corporate, partnership and/or limited liability entity name or in its internet, website or e-mail addresses.

ARTICLE 8. DISTRIBUTION AND PURCHASE OF EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS.

Operator understands and acknowledges that the serving of inferior, inconsistent and/or non-conforming products under the L & L Franchise System

Restaurant name or any of the Franchisor's trademarks can have a detrimental impact on the L & L Franchise System Restaurant name and goodwill, devalue the Franchisor's trademark(s) and subject Franchisor to a loss of business which is not readily determinable and constitutes irreparable harm. Operator agrees to use only Franchisor's approved mayonnaise, sauces, spices, recipes, ingredients, raw materials and products and portion control formulas in the preparation of Authorized Products. Operator further agrees to only buy Raw Materials, as defined below, manufactured in accordance with Franchisor's specifications from approved manufacturers, distributed by approved distributors, and sold to Operator (See Exhibit G).

8.1 DEFINITIONS.

8.1.1 For the purpose of this Agreement, "distributor" is defined as any entity, except a manufacturer, that directly or indirectly delivers raw materials to the Operator. A "manufacturer" is defined as the entity that manufactures and/or sells the raw materials to a distributor. Raw Materials mean all of the products purchased from distributors, and/or manufactured or sold by manufacturers or production entities which are used in the creation of Authorized Products. Raw Materials include, but are not limited to printed paper goods, precut and/or premarinated meats (cooked and uncooked), produce, seafood, bakery products, beverages, grocery items, clothing, processed foods, dressings, desserts, seasonings, spices, condiments, sauces, frozen entrees, prepared entrees, packaged entrees, frozen meals, prepared meals, packaged meals and such other items as designated by Franchisor as Raw Materials (collectively, the "Raw Materials") (See Exhibit G). "Authorized" means approved by Franchisor in accordance with the procedures established in this Agreement.

8.2 DISTRIBUTORS.

8.2.1 Operator acknowledges that it is generally unrealistic from a cost and service basis to have more than one distributor in the market area of Operator's System Restaurant, and that to obtain the lowest-distribution costs, all regional operators should only purchase from one authorized L & L Franchise System Restaurant distributor. Operator agrees to only purchase all equipment, supplies, Raw Materials and other products and materials necessary for the operation of its System Restaurant solely from Authorized distributors (See Exhibit G), and other authorized sources who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Operator and all other System operators needs promptly and reliably; who demonstrate the ability and willingness to work with Franchisor to provide the assistance needed by the those operators in the region and all other System Operators; who agree to distribute all authorized L & L Franchise System Restaurant products; who comply with Franchisor's reasonable requirements; and who have been approved in writing by Franchisor and not thereafter disapproved.

8.2.2 If Operator desires to purchase any items from an unapproved distributor, whom Operator desires to become an Authorized distributor, Operator shall first submit

a written request, in duplicate, for such approval to Franchisor, addressed to President, L & L Franchise, Inc., 931 University Avenue, Suite 202, Honolulu, Hawaii, 96826, accompanied by a similar written request for approval from the proposed distributor. Franchisor shall have the right to require that the proposed distributor provide reasonable financial, operational and economic information regarding its business and that Franchisor's representatives be permitted to inspect the proposed distributor's facilities and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for other system restaurants. The proposed distributor shall pay to Franchisor in advance all of Franchisor's reasonable costs incurred in review of the application of the distributor to service the Operator as well as all current and future reasonable costs related to inspecting and reinspecting the distributor's facilities, equipment and Raw Materials in the distributor's possession at any time. Franchisor may revoke its approval upon the distributor's failure to continue to meet any of Franchisor's criteria. Nothing in this article shall require Franchisor to approve any distributor. Upon the receipt by Franchisor of Operator's and the proposed distributor's request for approval in full compliance of this article and the completion of all of the inspections needed by Franchisor to evaluate the distributor, Franchisor will notify Operator of its decision within ninety (90) days after the receipt of a completed request for approval or the completion of inspections (if required). In the event an alternate approved distributor to the recommended distributor is used by Operator, as a condition thereof Operator and all other operators shall authorize the alternate distributor to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and to otherwise comply with Franchisor's reasonable requests.

8.3 MANUFACTURERS.

8.3.1 The parties agree that Franchisor's product specifications and portion control system are highly confidential information and are trade secrets of Franchisor. In order to (i) achieve appropriate pricing, (ii) obtain the L & L Franchise System Restaurant authorized Raw Materials for Operator and all of Franchisor's System Restaurants, and (iii) establish consistent uniformity of L & L Franchise System Restaurant products, Operator acknowledges that purchasing by all System or regional operators from approved manufacturers is a necessity. Because of the importance of quality and uniformity of product and the significance of product specifications and portion control in the preparation of Authorized Products to achieve and maintain such quality and uniformity, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of the Raw Materials used to produce authorized products sold by Operator. Similar considerations may also apply to other products, which Franchisor may develop in the future. Operator therefore agrees to purchase only Raw Materials manufactured in accordance with Franchisor's specifications and quality standards by approved manufacturers who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to meet the needs of Operator and all other System Operators in a given region or territory promptly and reliably; who demonstrate the ability and willingness to work with Franchisor and to provide the assistance needed by the L & L Franchise System

Restaurant and who have been approved in writing by Franchisor and not thereafter disapproved.

8.3.2 If Operator desires to purchase any items from an unapproved manufacturer, who Operator desires to become an Authorized manufacturer, Operator shall first submit a written request, in duplicate, for such approval to Franchisor, addressed to President, L & L Franchise, Inc., 931 University Avenue, Suite 202, Honolulu, Hawaii, 96826, accompanied by a similar written request for approval from the proposed manufacturer. Franchisor shall have the right to require that the proposed manufacturer provide reasonable financial, operational and economic information regarding its business and that Franchisor's representatives be permitted to inspect the proposed distributor's facilities and establish economic terms, delivery, service and other requirements consistent with other with other manufacturing relationships for other system restaurants. The proposed manufacturer shall pay to Franchisor in advance all of Franchisor's reasonable costs incurred in review of the application of the manufacturer to service the Operator as well as all current and future reasonable costs related to inspecting and reinspecting the manufacturer's facilities, equipment and Raw Materials at any time. Franchisor may revoke its approval upon the manufacturer's failure to continue to meet any of Franchisor's criteria. Nothing in this article shall require Franchisor to approve any manufacturer. Upon the receipt by Franchisor of Operator and the proposed manufacturer's request for approval in full compliance of this article and the completion of all of the inspections needed by Franchisor to evaluate the manufacturer, Franchisor will notify Operator of its decision within 90 days after completion of such application and inspections. If an alternate approved manufacturer to the recommended manufacturer is used by Operator, as a condition thereof Operator and all other operators shall authorize the alternate manufacturer to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and to otherwise comply with Franchisor's reasonable requests.

8.3.3 Franchisor reserves the right in its sole discretion to add, delete and/or change authorized products and/or raw materials for use by Operator.

8.4 PURCHASE OBLIGATIONS.

Operator agrees to purchase the following items from the approved distributor and manufacturer designated by Franchisor:

8.4.1 all L & L Franchise System Restaurant Products that bear Franchisor's Mark. Operator agrees to cooperate with Franchisor with respect to the purchase, display and sale of any Authorized Products authorized for sale by Franchisor. Operator consents to the receipt by Franchisor of licensing fees from manufacturers who manufacture Authorized Products, which fees compensate Franchisor for such use of Franchisor's Marks.

8.4.2 L & L Franchise System Restaurant standard exterior and interior signs; These signs require the prior fabrication of sign molds or advance production in quantity to be either affordable or promptly available. If Franchisor has entered into an

agreement with approved sign manufacturer(s), granting rights to use Franchisor's Marks in connection with the signs and to sell such signs to L & L Franchise System Restaurant operators, Operator agrees to purchase its signs from the authorized sign manufacturer(s). Operator shall obtain and use only building storefront signs, lighted or digital animated menu boards from sign manufacturing vendor approved in writing by Franchisor. All such signage and menu boards must be of style, design, look and appearance approved in writing by Franchisor.

8.4.3 Pepsi-Cola fountain service products: Franchisor has entered into an exclusive agreement with the Pepsi-Cola Company to be the only approved fountain service beverage supplier to the L & L Franchise System Restaurant. Operator agrees to only use the fountain service Pepsi-Cola products authorized by Franchisor and no other beverages, unless replacement or additional beverages are approved in writing by Franchisor.

Franchisor reserves the right in its sole discretion to add or change fountain service beverage supplier(s) for Operators and Locations in the L & L Franchise System Restaurant.

8.4.4 Operator agrees that at such times that Franchisor establishes a regional or national purchasing program for any of the Raw Materials, which may benefit Operator by reduced price, lower labor costs, production of improved Authorized Product(s), increased reliability in supply, improved distribution, Raw Material cost control (establishment of consistent pricing for reasonable periods to avoid market fluctuations), improved operations by Operator or other tangible benefits to Operator, Operator will participate in such purchasing program in accordance with the terms of such program.

8.4.5 If and when, and as Franchisor establishes or identifies distributor(s) or manufacturer(s) of pre-seasoned, pre-cut, pre-marinated and/or pre-prepared food products or raw materials for preparation and/or sale in L & L Franchise System Restaurant, Operator shall purchase and shall exclusively use such food products and raw materials in the L & L Franchise System Restaurant.

ARTICLE 9. CONTINUING FRANCHISE FEES, REPORTS, BOOKS AND RECORDS.

9.1 CONTINUING FRANCHISE FEES.

9.1.1 Operator shall pay to Franchisor monthly by the tenth (10^{th}) of the following month, three percent (3%) of the monthly gross sales of Operator's System Restaurant. In the event there is an express mutual written agreement between Franchisor and Operator for the renewal or extension of the term of this Agreement, the continuing franchise fee of three percent (3%) of monthly gross sales shall be subject to increase. For the purposes of this Agreement, "gross sales," means gross revenues excluding state sales or excise taxes (excluding price discounts and allowances) received by Operator as payment, whether in cash, by debit card or account, gift certificates, or for credit (and, if for credit, whether or not payment is received therefor),

for all beverages, food, and other goods, services, and supplies sold in or from each of Operator's System Restaurants for on premise dining, take-out, carry-out, delivery, catering and otherwise, and gross revenues received by Operator from any other business (including, but not limited to, all revenues from any mechanical or other device, such as vending or game machines installed at the Location) operated at the Location, excluding state sales or excise taxes. Franchise operators who became Franchisee operators under earlier versions of franchise agreements were afforded a different initial and/or continuing franchise fee.

In the event Operator enters into Franchise Agreement to operate more than one System Restaurant, Operator shall pay Franchisor such continuing franchise fees for each System Restaurant.

9.1.2 At Franchisor's request, Operator shall promptly execute or re-execute within five (5) days after Franchisor's request, and deliver to Franchisor appropriate pre-authorized check forms or such other instruments or drafts required by Franchisor's bank, payable against Operator's bank account, to enable Franchisor to electronically (draft on Operator's account by electronic withdrawal), collect the continuing franchise fees and advertising fee of three percent (3%) and one percent (1%) (see Article 6) of gross sales payable under the terms of this Agreement. At Franchisor's request, Operator shall, within five (5) days after such request, promptly perform such acts as to enable Franchisor or its designee to access, receive and copy any and all information regarding Operator's "gross sales" as defined in this Agreement and/or to connect its computers to Operator's computer(s) or Operator's POS System so that Franchisor or its designee may electronically obtain statistical information regarding Operator's business activities that Franchisor may in its sole discretion seek to obtain. Operator agrees to not disconnect Franchisor or its designee from such connection or phone line at any time, for any reason, without Franchisor's prior written approval. Operator specifically authorizes Franchisor to either "upload" or "download" information in and from or to its computers, cash registers or other such devices as allowed by law, as it relates to the System Operation by internet, intranet and other networks or other means as they become available.

9.1.3 Operator shall report its gross sales the tenth (10^{th}) of the following month or at such other times as are established by Franchisor in its sole discretion. If Operator fails to report its sales on a timely basis, Franchisor may estimate the amount of Operator's sales. Franchisor will then deposit or transfer the reported, or in the absence of a report, the estimated, amounts due into its own account, using the System Operator's pre-authorized checks or other instruments. If any draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Operator shall pay Franchisor's expenses arising from such non-payment, including bank fees in the amount of at least fifty dollars ($50.00), hourly staff charges arising from such default, and any other related expenses incurred by Franchisor. By the tenth (10^{th}) day of each month Operator shall pay to Franchisor any sums unpaid for the prior month to adjust for sales owed for any partial month or sales that were unpaid, improperly recorded or not credited on Operator's books and records. Operator hereby agrees to pay any sales, use or other tax now or hereinafter imposed on franchise fees, advertising fees or

any additional rental collected under the sublease for the Location, imposed by any Federal, state or local governmental authorities. Franchisor, at its sole discretion, may collect the taxes in the same manner as franchise fees are collected herein and if Franchisor collects such taxes, Franchisor shall promptly pay the tax collections to the appropriate governmental authority.

9.2 REPORTS AND INSPECTION OF RECORDS.

9.2.1 The Franchisee shall keep such complete records of its Business as a prudent and careful businessperson would normally keep. The Franchisee shall keep its financial books and records as the Franchisor may from time to time direct in the Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements journals and general ledgers. The Franchisee shall advise the Franchisor of the location of all original documents and shall not destroy any records without the written consent of the Franchisor. The Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Business conducted under this Agreement. The Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the System Restaurant Business including uniform reports as may be required by the Franchisor. The Franchisee's records shall include tax returns, daily reports, statements of Gross Revenues (to be prepared each month for the preceding month), profit and loss statements and balance sheets (to be prepared at least annually by an independent Certified Public Accountant, in accordance with generally accepted accounting principles, and shall provide Operator's sales, expenses and financial status with respect to Operator's System Restaurant. Operator shall submit to Franchisor a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. Operator shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority. Franchisor reserves the right to require such further information concerning Operator's System Restaurant as Franchisor may from time to time reasonably request.

The Franchisee shall also submit to the Franchisor current financial statements and other reports as the Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the System Restaurant Business. On or before April 30th each year, the Franchisee shall provide the Franchisor with a copy of its federal tax return for the previous tax year and the federal tax returns, bank and investment account records of the owners of the corporation, LLC or partnership that owns this franchise. The records required under this Section 9.2.1 pertain only to the Franchisee's operation of the Business. The Franchisor has no right to inspect, audit or copy the records of any unrelated business activity the Franchisee may have. The Franchisee shall keep the books and records of the Business separate from the records of any unrelated business activity or personal activity.

9.2.2 From the date the Franchisee and the Franchisor sign this Agreement until three (3) years after the end of the Initial Term of this Agreement or as required by law

whichever is longer, the Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. The Franchisor agrees to do inspections and audits at reasonable times. Upon ten (10) days prior written notice, Franchisor, its agents or representatives may audit Operator's books and records in accordance with generally accepted standards established by certified public accountants. In connection with such audit(s) or other operational visits, Operator agrees to keep its cash receipts records, weekly and monthly control forms, accounts payable records including all payments to Operator's suppliers in its System Restaurant or at its business office for five (5) years after their due date or any longer period of time as required by law, which records shall be available for examination by Franchisor or its representative(s), at Franchisor's request. Without any prior written notice, Franchisor, its agents or representatives may inspect Operator's entire System Restaurant and Operator's daily, weekly and monthly statistical information which is required under the Operational Manual. Operator shall make such Information available for such inspections in recognition that an operational inspection cannot succeed without review of essential statistical information.

9.2.3 If any audit or other investigation reveals an under-reporting or under-recording error of two percent (2%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by Operator upon billing by Franchisor, plus interest at the highest rate authorized by the state in which the System Restaurant is located, but not to exceed the rate of fifteen percent (15%) per annum. If the Franchisee's records and procedures are insufficient to permit a proper determination of gross sales, the Franchisor shall have the right to deliver to the Franchisee an estimate, made by the Franchisor, of gross sales for the period under consideration and the Franchisee shall immediately pay to the Franchisor any amount shown thereby to be owing on account of the continuing franchise fee and other sums due on account of any understatement. Any such estimate shall be final and binding upon the Franchisee.

9.2.4 Operator acknowledges that Franchisor's Operations Department regularly reviews ongoing operations at System Restaurants to ensure consistency of products and service and compliance with the Manuals and this Agreement. Operator therefore agrees to promptly complete and submit all forms requested by Franchisor's Operations Department, whether on a daily, weekly or monthly basis. Non-compliance with this obligation constitutes a material violation of this Agreement.

The Franchisee hereby authorizes the Franchisor to make reasonable inquiries of the Franchisee's bank, suppliers and trade creditors concerning the System Restaurant business and hereby directs such persons and companies to provide to the Franchisor such information and copies of documents pertaining to the System Restaurant business as the Franchisor may request.

ARTICLE 10. COVENANT REGARDING OTHER BUSINESS INTERESTS.

10.1 For purposes of this Article only, "Operator" shall mean and include the individual Operator; Operator's spouse and children, Operator's shareholders, officers,

and directors, if Operator is a corporation; and any one or more partners or participants in Operator, if Operator is a partnership or joint venture, or members, if Operator is an LLC.

10.2 Operator acknowledges that the L & L Franchise System Restaurant is unique and distinctive and has been developed by Franchisor at great effort, time, and expense, and that Operator has regular and continuing access to valuable and confidential information, training, training manuals, training videos and trade secrets regarding the L & L Franchise System Restaurant. Operator recognizes its obligations and agrees to not disclose, share or communicate such information and to keep confidential such information. “Confidential Information” means all knowledge, know-how, standards, recipes, methods and procedures related to the establishment and operation of an L & L Franchise System Restaurant. The Franchisee acknowledges that its entire knowledge of the operation of an L & L Franchise System Restaurant business is derived from Franchisor’s Confidential Information. Such Confidential Information is proprietary and constitutes valuable trade secrets of the Franchisor. The Franchisee acknowledges and agrees that all of the Confidential Information is the property of the Franchisor and that the Franchisor has the right to use the Confidential Information in any manner it wishes at any time. The Franchisor has the right to contact any and/or all of Franchisee’s customers, suppliers and other service providers for quality control, market research and such other purposes as the Franchisor deems appropriate, in its sole and absolute discretion. The Franchisee shall maintain the confidentiality of the Confidential Information and will not use the Confidential Information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining the Franchisor’s written consent. The Franchisee acknowledges the Franchisor’s Marks and System have valuable goodwill attached to them, that the protection and maintenance thereof is essential to the Franchisor and that any unauthorized use or disclosure of the Franchisor’s Marks, the System, or the Confidential Information will result in irreparable harm to the Franchisor.

The Franchisee acknowledges that the Confidential Information is a valuable asset of the Franchisor’s, includes trade secrets of the Franchisor and is disclosed to the Franchisee on the condition that the Franchisee, and the Franchisee’s owners and employees who have access to the Confidential Information agree that during and after the Initial Term of the applicable agreement they: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures the Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information including requiring employees, cooks, training class attendees, and owners who have access to the Confidential Information to execute nondisclosure and noncompetition agreements as the Franchisor may require periodically, and provide the Franchisor, at the Franchisor’s request, with signed copies of each of those agreements.

The restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information, and knowledge which are or become generally

known in the Operation of a restaurant business, other than through disclosure the Franchisee makes (whether deliberate or inadvertent); and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Franchisee is legally compelled to disclose the information, if the Franchisee has notified the Franchisor before disclosure and used the Franchisee's best efforts, and afforded the Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be disclosed.

10.2.1 During the term of this Agreement, except with Franchisor's prior written consent, Operator shall not, in any capacity whatsoever, either directly or indirectly, individually or as a member of any business organization, engage in the production or sale at retail or wholesale of any food product or any other main course item authorized by Franchisor, now or in the future approved by Franchisor for use in Operator's System Restaurant, or have any employment or interest in any firm engaged in the production or sale of such products.

10.2.2 Upon the termination, expiration or nonrenewal of this Agreement, or if Operator assigns or transfers its interest herein to any person or business entity, or if any person identified in the first paragraph of this Article terminates his, her or its relationship with Operator, then for a period of twenty-four (24) months thereafter such Operator shall not within five (5) miles of any L & L Franchise System Restaurant, in any capacity whatsoever, either directly or indirectly, individually or as a member of any business organization, engage in the production or sale at retail of any food product called or designated as "Hawaiian" food and/or barbecued meat and/or chicken katsu and/or breaded cutlet of chicken or meat and/or spam musubi and/or chicken musubi, kalua style or smoke flavored meat, lau lau and/or plate lunches with scoop(s) of rice and/or macaroni salad, and/or have any employment or interest in any firm engaged in the production or sale at retail or wholesale of any such products unless Franchisor gives its prior written consent. If Operator violates the terms of this paragraph, Operator shall pay to Franchisor, as liquidated damages, an amount equal to ten thousand dollars ($10,000.00) per month for each month this covenant is violated, plus eight percent (8%) of the gross sales achieved at the site during the continuation of such violation. THE FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE THE FRANCHISEE OF THE ABILITY TO EARN A LIVING. This franchise agreement contains a covenant not to compete with extends beyond the termination of the franchise. The provision may not be enforceable under California law. This franchise agreement contains a liquidated damages clause, Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

10.2.3 In the event any portion of the above covenants violates laws affecting Operator, or is held invalid or unenforceable in a final judgment to which Franchisor and Operator are parties, then the maximum legally allowable restriction permitted by law shall control and bind Operator. The parties have attempted in Section 10.2.2 above to

limit the Franchisee's right to compete only to the extent necessary to protect the Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 10.2.2 is disputed at any time by the Franchisee, a court or arbitrator, as the case may be, may modify Section 10.2.2 to the extent that it deems necessary to make such provision enforceable under applicable law. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and Operator shall comply with any such reduced covenant upon receipt of written notice.

10.3 The provisions of this Article shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or Franchisor's Marks, System, trade secrets, or any other proprietary aspects of Franchisor's business.

ARTICLE 11. INTERFERENCE WITH EMPLOYMENT RELATIONS.

Franchisee agrees that in the conduct of its business and operations as a L & L Franchise System Restaurant it will strive to avoid interference with employment relations in accordance with applicable laws and legal principles.

ARTICLE 12. RIDER, SALESPERSONS.

Inasmuch as this Agreement has not been executed by the Operator at the office of Franchisor, Franchisor requires certain assurances that this Agreement has been sold in accordance with applicable laws, rules and regulations. Accordingly, in order to induce Franchisor to execute this Agreement, Operator confirms to Franchisor and, if so requested by Franchisor, Operator agrees to execute a Rider/Questionnaire to this agreement that acknowledges that Franchisor is relying upon the acknowledgments, representations and commitments of Operator that, other than the person signing this Franchise Agreement on behalf of Franchisor, no other salesman, staff member, entity, or associate of Franchisor has met Operator regarding this franchise sale or the offer and acceptance thereof other than those set forth therein. If a rider is provided, the rider shall identify all sales persons involved in the sales, negotiation and execution of this Agreement and shall identify the franchisor. Franchisor shall be entitled to rely on Operator's confirmation herein and/or the Rider/Questionnaire, and Operator shall be bound by its contents.

ARTICLE 13. LOCAL RESTAURANT MARKETING MANUAL.

Operator acknowledges that Franchisor' s manual and other marketing and advertising material may emphasize the implementation of marketing efforts within a certain radius of Operator's System Restaurant. Such references, suggestions and emphasis do not directly or indirectly grant to Operator a protected market or other exclusive right within such marketing area, but rather reflects the reality that Operator's local marketing activities should initially be commenced in the area immediately adjacent to its System Restaurant and that such marketing activities may be in

competition with the marketing activities of other L & L Franchise System Restaurant operators.

ARTICLE 14. NATURE OF INTEREST AND TRANSFER.

14.1 GENERAL PROVISIONS.

14.1.1 This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to merge with or be acquired by and/or to transfer or assign this Agreement to any person or legal entity who assumes its terms and agrees to comply with Franchisor's obligations contained herein. Franchisor shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment.

14.1.2 The rights and duties created by this Agreement are personal to Operator. Accordingly, except as otherwise permitted herein, neither Operator nor any person with an interest in Operator shall, without Franchisor's prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or, if Operator is a partnership, joint venture, LLC (limited liability company) or corporation, any shares of stock, partnership interest, equity interest, direct or indirect interest in Operator. Any such purported assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this Agreement by Operator, and shall be null and void. This provision may not be enforceable under the federal bankruptcy law, 11 U.S.C.A. Section 101 et seq. Except in the instance of Operator advertising to sell its System Restaurant pursuant to the terms hereof, Operator shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Operator's lease or the real or personal property used in connection with Operator's System Restaurant.

14.1.3 In the event Operator, if Operator is an individual, or any person with an interest in Operator wishes to, directly or indirectly, sell, assign, transfer, convey and/or give away any direct or indirect interest in this Agreement or if operator is a partnership, joint venture, LLC or corporation, any shares of stock, partnership interest, equity, interest, direct or indirect interest in Operator and/or if such operator or person with an interest in Operator receives a bona fide offer to purchase from another person, party or entity to purchase or acquire any interest in this Agreement or any interest in Operator, such Operator or person with an interest in Operator shall first give written notice to Franchisor by certified or registered mail stating the terms and conditions of any proposed sale, assignment, transfer, conveyance or gift. Upon receipt of such notice by Franchisor, it shall have the first right, privilege and option to purchase such interest from the seller, assignor or transferor upon any of the following terms and conditions at Franchisor's sole election and discretion: (1) the same terms and conditions of the proposed sale, assignment, transfer, conveyance or gift or (2) at a price determined by taking forty percent (40%) of the average of Operator's annual gross sales (as defined

in Section 9.1.1) for the three (3) full calendar years preceding the date of the proposed sale, assignment, transfer, conveyance or gift multiplied by the percentage interest being sold, assigned, transferred, conveyed or gifted, whichever is lower. Franchisor's option to purchase or exercise its right of first refusal may be exercised by Franchisor providing notice in writing to the seller, assignor or transferor within ninety (90) days after Franchisor's receipt of written notice from the seller, assignor or transferor.

If Franchisor does not purchase all of stock, partnership interest, equity interest or direct or indirect interest in this Agreement or in Operator, under the option given and granted Franchisor by this section, the seller, assignor or transferor may sell or dispose of the same, or so much thereof as shall not to have been so purchased, to the person or persons named in the aforementioned notice; provided, however, that he shall not sell or dispose of such interest (a) at a lower price or on more favorable terms to the purchaser or transferee than the price and the terms set forth in such bona fide offer to purchase, or (b) in a greater quantity than that offered to Franchisor. If the seller, assignor or transferor does not, within ninety (90) days after termination of the last of the options hereinabove granted to the Franchisor, sell or dispose of the interest so designated for sale or disposition, then such proceedings for sale, transfer or attempted sale shall thereupon terminate, and the foregoing right of the seller, assignor or transferor to sell or dispose of such interest to others shall likewise terminate; thereafter, such seller, assignor or transferor shall again give the same notice and Franchisor shall again have the same rights, privileges and options, all as hereinabove provided.

Any persons acquiring an interest in this Agreement or in Operator shall acquire such interest subject to all the terms, conditions and restrictions contained in this Agreement.

14.2 <u>CONSENT TO TRANSFER</u>.

For all proposed transfers or assignments of this Agreement by Operator or transfers of more than twenty percent (20%) of the outstanding and issued stock partnership or equity interest of Operator by one or more transfers or any transfer which, directly or indirectly, effectively changes management control of Operator, Franchisee shall provide written notice to Franchisor not less than thirty (30) days prior to transfer. Franchisor will not unreasonably withhold its consent to any transfer or assignment which is subject to the restrictions of this Article, provided however, Franchisor shall not be required to give its consent unless all of the following conditions are met prior to the effective date of assignment:

14.2.1 All transfer or assignments shall be processed through an independent escrow company unless waived by Franchisor.

14.2.2 Upon the execution of this Agreement and upon each direct or indirect transfer of an interest in this Agreement or in Operator and at any other time upon Franchisor's request, Operator shall, within five (5*)* days prior to such transfer or at any other time at Franchisor's request, furnish Franchisor with an estoppel agreement

indicating any and all causes of action, if any, that Operator may have against Franchisor or if none exist and a list of all shareholders or partners having an interest in this Agreement or in Operator, the percentage interest of each shareholder or partner, and a list of all officers and directors, in such form as Franchisor may require.

14.2.3 The Operator is not in default under the terms of this Agreement, the Manuals or any other obligations owed Franchisor, and all of its then-due monetary obligations to Franchisor have been paid in full.

14.2.4 The Operator if an individual or partners and its shareholders or members, if the Operator is a corporation or limited liability company, have executed a general release under seal, in a form prescribed by Franchisor, of any and all claims against Franchisor, its affiliates, subsidiaries, shareholders, directors, officers, subfranchisors and employees.

14.2.5 The transferee/assignee has demonstrated to Franchisor's satisfaction that it meets all of Franchisor's then-current requirements for new operators or for holders of an interest in a franchise, including, without limitation, possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, and the ability to fully comply with the terms of this Agreement.

14.2.6 The transferee/assignee has assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor.

14.2.7 The transferee/assignee, its manager or other employees responsible for the operation of the System Restaurant have satisfactorily completed Franchisor's training program.

14.2.8 The transferee/assignee executes such other documents as Franchisor may require, including a replacement franchise agreement on the then franchise agreement form used by Franchisor, in order to assume all of the obligations of this Agreement, to the same extent, and with the same effect and for the same remaining term of this Agreement as previously assumed by the assignor.

14.2.9 Prior to the completion of Operator's sale transaction, Operator shall pay to Franchisor an administrative/transfer fee of seven thousand five hundred dollars ($7,500.00) or in the event of a non-sale management transfer, a for two thousand dollars ($2,000 to cover Franchisor's training expenses. The seven thousand five hundred dollars ($7,500.00) administrative transfer fee will not be due with respect to any transfer that (together with all other related previous, simultaneous, or proposed transfer) does not result in the transfer of control of Operator.

14.2.10 Operator's rights may pass to Operator's next of kin or legatee if they assume Operator's obligations and attend and complete Franchisor's training program.

Upon Operator's disability, Operator may sell the franchise or keep it, if operated by trained personnel.

14.2.11 Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise and the transferring party and/or individuals shall remain obligated and liable to Franchisor for all of Operator's and Guarantor's obligations under this Agreement and any Guarantys given to Franchisor.

14.2.12 If Operator is an individual, Franchisor hereby consents to the assignment of this Agreement and any and all obligations referable thereto without any fee charged by Franchisor to a corporation or limited liability company principally owned by Operator within ninety (90) days from the date hereof. Upon such assignment and assumption by the corporation along with delivery of executed originals of same to Franchisor, an individual Operator shall not be released from any and all personal liability.

14.3 TRANSFEROR OBLIGATION TO PROVIDE TRANSITION ASSISTANCE.

In the event Operator or any person with an interest in Operator wishes to directly or indirectly, sell, assign, transfer, convey and/or give away any direct or indirect interest in this Agreement or in any stock, partnership interest, equity, direct or indirect interest in Operator which, directly or indirectly, effectively changes management control of Operator, the transferor of such interest shall be required, as a condition of any such proposed transfer, to provide to the proposed transferee or assignee training, consultation and assistance for a minimum period of six (6) weeks to facilitate the transition of ownership, management and control of the franchise agreement.

ARTICLE 15. TERM, DEFAULT AND TERMINATION.

15.1 TERM.

15.1.1 Provided Operator is not in default of the terms and conditions contained in its Location lease and this Agreement shall continue for a period of ten (10) years.

15.1.2 Provided that Franchisee shall have complied with all the terms of this Agreement, and subject to fulfillment of the conditions in Section 15.1.3 below, Franchisor and Franchisee shall negotiate whether the parties wish to extend or renew the franchise granted pursuant to this Agreement for a term mutually agreed upon and subject to availability of an extension of any lease for a Franchise Restaurant premises. The term of the Franchise Agreement or any renewal thereof and franchisee continues to operate after the end of the ten (10) year term of the Franchise Agreement or any renewal thereof, the Franchise Agreement shall be deemed to continue on a month to month basis terminated by either Franchisor or Franchisee upon ninety (90) day written notification. During the period of such month to month operation, Franchisee shall pay continuing franchise fees and advertising and marketing contributions at the rates set forth in Franchisor's then most current form of Franchise Agreement.

15.1.3 As conditions to renewal, Franchisee must:

a. provide Franchisor written notice ("Renewal Notice") of Franchisee's intent to renew this franchise not less than six (6) months nor more than thirteen (13) months prior to the end of this Agreement's Term;

b. pay a processing fee of up to one thousand dollars ($1,000.00) and a renewal fee up to ten thousand dollars ($10,000.00) (the "Renewal Fee") not latter than six (6) months prior to the end of the Term.

c. execute the then-current franchise agreement and all other documents or instruments required by Franchisor in connection therewith including but not limited to personal guarantees and confidentiality agreements;

d. be in compliance with this Agreement, including payment of all fees due, the requirements described in the Manuals, and all other agreements then in effect between Franchisor and Franchisee;

e. be current with all financial obligations to third parties, including Franchisee's landlord and other vendors of products or services;

f. remodel and refurbish the interior and exterior image of Franchisee restaurant as mandated by Franchisor to comply with Franchisor's then-current Manuals;

g. execute a general release (in a form prescribed by Franchisor) in favor of Franchisor from any claims arising during the term of this Agreement;

h. provide Franchisor written confirmation, satisfactory to Franchisor, that Franchisee maintains the right to operate a restaurant at the Location for the ten-(10) year term of the renewal Franchise Agreement;

i. deliver to Franchisor (if it has not already done so) an "Addendum to Lease" that is fully executed between the lessor and the renewing franchisee, covering the ten (10) year term, plus any extensions thereof;

j. no later than sixty (60) days prior to the end of this Agreement's term, Franchisee must have purchased, installed, and be using all the equipment (including computers) required, in order to upgrade Franchisee's restaurant to then-current POS hardware, software and any other computer-related systems required for an L & L Hawaiian Barbecue franchise system restaurant; and

k. successfully complete any franchisee training that may be required by Franchisor at Franchisee's sole expense.

15.1.4 Franchisee's right to enter into a renewal Franchise Agreement shall be subject to Franchisee's continuing compliance with all of the provisions of this Agreement up to the date of its expiration/termination.

15.2 DEFAULTS WITHOUT OPPORTUNITY TO CURE.

Operator shall be in default and Franchisor may, at its option, upon sixty (60) days written notice to Operator, terminate this Agreement and all rights granted by it, without affording Operator any opportunity to cure the default, upon the occurrence of any of the following events:

15.2.1 Operator's knowingly, intentionally or negligently maintaining false books or records, or submitting any false report or payment to Franchisor;

15.2.2 Operator's conduct of the System Restaurant licensed pursuant to this Agreement, as reasonably determined by the Franchisor, is so contrary to this Agreement, the System and the Manuals as to constitute an imminent danger to the public health or safety (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a lack of security for customers to continue despite Operator's knowledge of such condition), or selling unauthorized products to the public after notice of default and continuing to sell such products whether or not Operator has cured the default after one or more notices;

15.2.3 The conviction of a crime relevant to the franchise, or a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole reasonable opinion of Franchisor, to adversely affect the System, Franchisor's Marks; the goodwill associated with the System or Franchisor's interest in each of them by Operator's, or its controlling or operating shareholders or members if Operator is a limited liability company, or Operator's partners if Operator is a partnership, excluding non-managing partners;

15.2.4 Operator's intentional disclosure or use of the contents of the Manual, trade secrets or confidential or proprietary information provided to Operator by Franchisor in violation of this Agreement; or

15.2.5 If Operator repeatedly commits defaults under any provisions of this Agreement three (3) or more occasions in any twelve (12) month period, or six (6) or more occasions in any consecutive thirty-six (36) month period, even if Operator cured each such prior default, and even if Operator would otherwise be given an opportunity to cure the current default.

15.2.6 Operator's, without Franchisor's consent, ceasing to operate or otherwise abandoning its System Restaurant or, upon destruction of its System Restaurant, failure to rebuild and resume operation within a reasonable time. Cessation of the business shall not constitute a default under this Agreement if caused by condemnation, expiration of a Location lease pursuant to its terms at execution, natural, governmental or supplier related causes out of Operator's control, or when failure to

rebuild following destruction of the System Restaurant is prohibited by law or the Location lease. For purposes of this article, ceasing to operate or otherwise abandoning its System Restaurant shall be defined as Operator's failure to open its L & L Franchise System Restaurant for business for five consecutive days.

15.2.7 Underreporting monthly gross sales or underpaying continuing franchise fees to Franchisor by more than five (5) percent for three (3) different months in any consecutive twelve (12) month period, even if Operator cures such underreporting or underpayment.

15.2.8 If during the period in which the franchise is in effect, there occurs any of the following events which is relevant to the franchise, immediate notice of termination without an opportunity to cure, shall be deemed reasonable:

a. The franchisee or the business to which the franchise relates has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due. 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.);

b. The franchisee abandons the franchise by failing to operate the business for five (5) consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

c. The franchisor and franchisee agree in writing to terminate the franchise;

d. The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

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

f. The franchisee, after curing any failure engages in the same noncompliance whether or not such noncompliance is corrected after notice;

g. The franchisee repeatedly fails to comply with one or more requirements of the franchise, whether or not corrected after notice;

h. The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five (5) days of such levy;

i. The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

j. The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

k. The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

15.3 DEFAULTS WITH OPPORTUNITY TO CURE.

15.3.1 Except as otherwise provided in this Agreement, Operator shall have sixty (60) days after Franchisor's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as applicable law may require, Franchisor may, at its option, terminate this Agreement and all rights granted by it, by sending a five (5) day written notice of cancellation of this Agreement to Operator. Upon the expiration of such five (5) day period, this Agreement shall end and expire as if it were the day fixed for termination of this Agreement.

15.3.2 Operator shall be in material default under this Article for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include, without limitation, the occurrence of any of the following events:

15.3.2.1 Operator's failure, refusal, or neglect to promptly pay any monies owed to Franchisor, its subsidiaries or affiliates, when due, or to submit the financial or other information required by Franchisor under this Agreement.

15.3.2.2 Operator's failure to maintain the standards specified by Franchisor in the Manual or otherwise.

15.3.2.3 Operator's failure, refusal or neglect to obtain Franchisor's prior written approval or consent as required by this Agreement.

15.3.2.4 Operator's misuse or unauthorized use of Franchisor's Marks or other impairment of the goodwill associated therewith or Franchisor's rights therein.

15.3.2.5 Operator's commencement or conducting of any business operation, or marketing of any product, under a name or mark which, in Franchisor's reasonable opinion, is confusingly similar to Franchisor's Marks.

15.3.2.6 Operator's default, without cure after the applicable grace period, under any lease, sublease, sub-sublease, mortgage, or deed of trust covering the Location.

15.3.2.7 Operator's failure to procure or maintain the insurance required by this Agreement or in the lease for the Location.

15.3.2.8 Operator's default in the performance of any term, condition or obligation in payment of any indebtedness to its landlord, distributors or suppliers or others arising out of the purchase of inventory, supplies or purchase or lease of equipment for operation of its System Restaurant, and if any such default is not cured within thirty (30) days after written notice by Franchisor to Operator, unless Operator is determined by an arbitrator or a court of competent jurisdiction to be not in default.

15.3.2.9 Operator's failure to use only Franchisor's approved mayonnaise, sauces, spices, recipes, ingredients, raw materials, product and portion control formulas in the preparation of authorized products.

15.3.2.10 Operator's failure to attend and satisfactorily complete any and all required initial training, system orientation programs and periodic franchisee training programs.

15.3.2.11 Operator's failure to make all menu items in strict compliance with our specifications, recipes and requirements, failure to sell, serve, dispense food items and products which franchisor requires its L & L franchisees to sell.

15.4 In the event of a default by Operator, any and all of Franchisor's costs and expenses related to or arising from such default, including reasonable legal, accounting, audit, and/or consultant fees and costs, any and all of Franchisor' s administrative staff and support costs and expenses incurred and/or related to such default shall be paid to Franchisor by Operator within five (5) days after written notice by Franchisor to Operator for and during any and all periods of time when Operator is in default in the performance of any term, condition or obligation of Operator under this Agreement, Operator shall pay to Franchisor an additional administrative costs and expenses surcharge of twenty percent (20%) of the continuing franchise fees referred in Article 9 above as and for a minimum surcharge for Franchisor's costs and expenses as referenced in this paragraph. Operator and Franchisor agree that calculation of all such costs and expenses referenced in this paragraph may be difficult and/or uncertain and that the agreed minimum surcharge of twenty percent (20%) of the continuing franchise fee

represents a reasonable and agreed minimum calculations of such costs and expenses. If Franchisor is able to establish that its actual costs and expenses incurred relating to Operator's default is greater than the agreed minimum surcharge, Operator shall promptly pay Franchisor the actual costs and expenses incurred but in no event less than the agreed minimum. Once Operator cures any and all defaults in the performance of any term, condition or obligation of Operator under this Agreement, Operator's obligation to pay the agreed minimum surcharge or Franchisor's actual costs and expenses incurred, whichever is higher, shall end until and unless Operator again becomes in default under this Agreement.

15.5 Notwithstanding the obligations of Operator and Franchisor to arbitrate all disputes and other conflicts, Operator and Franchisor acknowledge that certain defaults require immediate action to protect the appropriate party. Accordingly, Franchisor and Operator each hereby consent to and authorize the other party to apply to any court of competent jurisdiction for judicial assistance in restraining and enjoining violations of this Agreement. Both Franchisor or Operator are entitled to an injunction restraining Franchisor or Operator from committing or continuing to commit any default, breach or threatened breach of this Agreement, without showing or proving any actual damage sustained by the party seeking such relief.

15.6 Non-enforcement by Franchisor of any violation of the terms of this Agreement by Operator shall not constitute a waiver of such violation by Franchisor nor shall Franchisor be deemed to have waived any of its rights to enforce compliance by Operator of such breach or any other breach of this Agreement.

ARTICLE 16. RIGHTS AND OBLIGATIONS UPON TERMINATION.

Upon the termination of Operator's rights granted under this Agreement, (whether during the term of the Agreement or at its conclusion) the following apply:

16.1 Upon termination of this Agreement by lapse of time or by default, Operator's right to use Franchisor's Marks, or any other mark distributed by Franchisor or insignia or slogan used in connection therewith, or any confusingly similar trademark, service mark, trade name or insignia shall cease. Operator shall immediately discontinue use of Franchisor's Marks, System, and color scheme. Operator shall at its own cost, make cosmetic changes to Operator's System Restaurant from Franchisor's proprietary designs including but not limited to, the removal of all L & L Franchise System Restaurant identifying materials and distinctive L & L Franchise System Restaurant cosmetic finishes, tile walls, interior wall coverings and colors, exterior finishes and colors, signage and L & L Franchise System Restaurant counter equipment (which shall be deemed proprietary to Franchisor) from the Location as Franchisor may reasonably direct.

16.2 Franchisor may retain all fees paid pursuant to this Agreement.

16.3 Any and all obligations of Franchisor to Operator under this Agreement shall immediately cease and terminate.

16.4 Any and all rights of Operator under this Agreement shall immediately cease and terminate.

16.5 In no event shall a termination or expiration of this Agreement affect Operator's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which constitute post-termination covenants and agreements including but not limited to the obligations of Operator to not compete, to preserve confidential information and the obligation of Franchisor and Operator to arbitrate any and all disputes shall survive the termination or expiration of this Agreement.

16.6 Operator acknowledges and agrees that rights in and to Franchisor's Marks and the use thereof shall be and remain the property of Franchisor.

16.7 If Operator has registered any of Franchisor's Marks or the name L & L Hawaiian Barbecue and/or L & L Hawaiian Grill and/or L & L Hawaiian Mixplate and/or the name L & L as part of Operator's assumed, fictitious or corporate name, Operator shall promptly amend such registration to delete Franchisor's Marks therefrom.

16.8 Operator shall immediately pay any and all amounts owing to Franchisor, its subsidiaries and affiliates.

16.9 Franchisor shall have the option, exercisable by written notice within thirty (30) days after the termination of this Agreement, to take an assignment of all Internet addresses, websites and/or telephone numbers (and associated listings) for Operator's System Restaurant. Operator is not entitled to any compensation from Franchisor if Franchisor exercises this option.

16.10 (a) Except as provided in this section 16.10, upon a lawful termination or nonrenewal of a franchisee, the franchisor shall purchase from the franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the franchise agreement or any ancillary of collateral agreement by the franchisee to the franchisor or its approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in the possession of the franchisee or used by the franchisee in the franchise business. The franchisor shall have the right to receive clear title to and possession of all items purchased from the franchisee under this section.

(b) This section shall not require the franchisor to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the franchise business in accordance with the franchise agreement or any ancillary or collateral agreement or to which the franchisee, at the cessation of operation of the franchise business by the franchisee, cannot lawfully, or does not, grant the franchisor clear title and possession upon the franchisor's payment to the franchisee for the inventory, supplies, equipment, fixtures, or furnishings.

(c) This section 16.10 shall not apply when the franchisee declines a bona fide offer of renewal from the franchisor.

(d) This section 16.10 shall not apply if the franchisor does not prevent the franchisee from retaining control of the principal place of the franchise business.

(e) This section shall not apply to any termination or nonrenewal of a franchise due to a publicly announced and nondiscriminatory decision by the franchisor to completely withdraw from all franchise activity within the relevant geographic market area in which the franchise is located.

(f) This section shall not apply if the franchisor and franchisee mutually agree in writing to terminate or not renew the franchise.

(g) This section shall not apply to any inventory, supplies, equipment, fixtures, or furnishings that are sold by the franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the franchise business, by the franchisee, pursuant to the termination or nonrenewal.

(h) Upon the termination or nonrenewal of a franchise, a franchisor may offset against the amounts owed to a franchisee under this section 16.10 any amounts owed by the franchisee to the franchisor.

16.11 Upon the termination or expiration of this Agreement, You shall: (a) not thereafter, directly or indirectly, at any time or in any manner identify yourself or any business as a current or former L & L Franchise System Restaurant or as a current or former franchisee of or as otherwise associated with us, or use any marks, any colorable imitation thereof or any Mark substantially identical to or deceptively similar to any Mark in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark, Domain Name, or other commercial symbol or all signs containing any Mark and return them to us or destroy forms and material containing any Mark or otherwise identifying or relating to a L & L Hawaiian Barbecue Franchise System Restaurant.

ARTICLE 17. INSURANCE.

17.1 To the fullest extent permitted by law, Operator agrees to indemnify, defend and keep harmless Franchisor and/or its officers, employees and agents, against any and all loss, damage, liability, claims, judgments or demands of every kind and nature, including but not limited to attorneys' fees and costs arising out of or relating to Operator's business or operation on account of bodily injury, sickness, disease or death or on account of destruction of tangible property including the loss of use resulting therefrom to the extent cause or alleged to be caused in whole or in part by any negligent or intentional act or omissions of Operator or anyone directly or indirectly employed by Operator or anyone for whose act the Operator may be liable, regardless

of whether or not it is caused in part by a party indemnified hereunder, and will make good to and reimburse Franchisor for any such loss or damage or for any expenditures the Franchisor may make by reason or such matters. Operator shall obtain and maintain insurance coverage which shall in each instance designate Franchisor, and its officers, directors, managers, agents, related companies and subsidiaries, as an additional named insured, with an insurance company approved by Franchisor, which approval shall not be unreasonably withheld as follows:

17.1.1 Comprehensive general liability insurance (including products liability and sexual harassment coverage); with coverage of $3,000,000 to $5,000,000 combined single limit for death, personal injury, and $300,000 property damage coverage.

17.1.2 Business interruption insurance, including Location rentals and Additional Rentals for twelve (12) months after casualty, in amounts equal to at least $100,000.

17.1.3 Workers' compensation insurance as required by applicable law.

17.1.4 Fire, windstorm and extended coverage insurance, insuring the construction of improvements and completed System Restaurant operated by Operator, for the full replacement value thereof.

17.1.5 If Operator establishes a delivery service for Authorized Products, Operator shall obtain separate non-owned auto coverage insurance. Operator may not directly or indirectly deliver any Authorized Products until such insurance is obtained and Franchisor named as additional insured therein.

17.1.6. Any insurance carried by Franchisor which may be applicable shall be deemed to be excess insurance and Operator's insurance shall be primary for all purposes despite any conflicting provision in Operator's policies to the contrary.

17.2 In the event of damage to the System Restaurant covered by insurance, the proceeds of any such insurance shall be used to restore the System Restaurant to its original condition as soon as possible, unless such restoration is prohibited by the Location lease or Franchisor has otherwise consented to in writing. Upon obtaining such insurance, Operator shall promptly provide to Franchisor proof of such insurance coverage and/or at such other times upon the request of Franchisor.

17.3 Operator shall, prior to opening its System Restaurant, file with Franchisor and regularly update, certificates of such insurance and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring thirty (30) days prior written notice to Franchisor of any proposed cancellation, modification, or termination of insurance. If Operator fails to obtain and maintain the required insurance, Franchisor may, at its option, in addition to any other rights it may have, procure such insurance for Operator without notice and Operator shall pay, upon demand, the premiums and Franchisor's costs in taking such action.

ARTICLE 18. SOLE OBLIGATIONS OF FRANCHISOR.

18.1 As described in Franchisor's Franchise Disclosure Document, received by Operator at least fourteen (14) business days prior to the execution of this Agreement, Franchisor has obligated itself to provide specific services to Operator. Franchisor also provides other voluntary services at its sole discretion. Franchisor and Operator agree that the following are the only required obligations of Franchisor:

18.1.1 To approve the Location of Operator in accordance with the terms of this Agreement.

18.1.2 To reasonably assist Operator with any operational or financial problem encountered by Operator, after notice to Franchisor sent to: L & L Franchise, Inc., Attn: President, 931 University Avenue, Suite 202, Honolulu, Hawaii, 96826 by certified mail (return receipt requested) or at any subsequent addresses established by Franchisor, of Operator's problem and the type of assistance needed. At no time shall reasonable assistance be interpreted to require Franchisor to pay any money to or for the benefit of Operator. Franchisor, in its sole discretion, may provide any assistance at Franchisor's designated office or upon Franchisor's election where Operator is located, at a time to be determined by Franchisor.

18.1.3 To reasonably administer to the advertising program in accordance with Franchisor's sole discretion.

18.1.4 To supply to Operator a set of standard decor and layout plans and to thereafter approve the initial decor and layout of Operator's System Restaurant provided they are consistent with Franchisor's requirements.

18.1 5 To loan Operator a copy of its Operations Manual or computer diskette thereof, which manual contains mandatory and suggested specifications, standards and procedures. This Manual is confidential and remains Franchisor's property.

18.1.6 To train Operator in accordance with Article 3 herein, and to provide representatives of Franchisor to assist in opening the System Restaurant.

18.2 Franchisor shall not, and can not be held in breach of this Agreement until (i) Franchisor has received notice of any alleged breach from Operator, by certified mail, sent to the party(ies) set forth in subparagraph 18.1.2 of this Article; and (ii) Franchisor has failed to remedy the breach within a reasonable period of time after such notice, which period shall not be less than sixty (60) days. This is a material term of this Agreement and may not be modified or changed by any arbitrator in an arbitration proceeding or otherwise in any court of competent jurisdiction.

18.3 If you or any of your owners fail to comply with any provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed

by us, we may terminate this Agreement effective immediately upon delivery of written notice of termination to you.

ARTICLE 19. POINT OF SALE SYSTEM, COLLECTION OF DATA.

19.1 This Agreement and the Manuals may require the submission of daily, weekly or periodic statistical control forms as well as other financial and operational information required by Operator and Franchisor to: (i) assist Operator in the operation of its System Restaurant in accordance with the System; (ii) allow Franchisor to monitor the Operator's gross sales, purchases, costs and expenses; (iii) enable Franchisor to develop chainwide statistics which may improve bulk purchasing; (iv) assist Franchisor in the development of new authorized products or the removal of existing unsuccessful Authorized Products; (v) enable Franchisor to refine existing Authorized Products; (vi) generally improve chainwide understanding of the System; and (vii) obtain new types of information unknown at this time (collectively, the "Information"). To achieve these results, cash collection and data processing systems are necessary.

In addition to the POS system, you must purchase and maintain a personal computer with high-speed internet and an active e-mail address, but you may purchase any brand of hardware capable of running the software application you will need to prepare operating and financial reports, communicate through e-mail, receive, send and store documents and perform other back-office business functions. On request, you must maintain on-line communications between your computer system and our computer systems, and permit us independent access to, and retrieval of, data from your computer system at all times. Nothing limits our right to access or use the data we retrieve. (Franchise Agreement – Paragraph 19.2).

We may modify our specifications for computer systems at any time and will notify you of these developments by written bulletin or supplements to the Operations Manual. Depending on changes in software specifications, you may have to upgrade your computer hardware. There are no contract limitations on the frequency or costs of upgrades or changes in the computer systems we may impose. See Item 6 in the Franchise Disclosure Document regarding estimated annual software licensing fees for any proprietary software that we may introduce.

19.2 Operator must and shall only use Clover point of sale system supported by Bank of America, software and systems that allow periodic and real time access by Franchisor to all of the information described in the preceding paragraph. Operator shall purchase and use the point of sale cash collection and data processing system (the "POS System") and only the specified software authorized by Franchisor, as specified in the Manual or otherwise by Franchisor in writing. The POS System includes a PC based cash register with touch screen keyboard, register tape printer, magnetic strip reader, electronic cash drawer, defined Franchisor polling and register software and telecommunications equipment. Operator expressly agrees that Franchisor shall thereafter have the free and unfettered right to retrieve such data and information from your system as Franchisor, in our sole and exclusive discretion, deem necessary or appropriate. The cost of such retrieval shall be borne by Franchisor. You shall bear the

sole cost of the foregoing items to be installed or purchased and activities to be accomplished by Operator and the delivery and installation cost of all hardware and software.

19.2.1 You shall furnish to us (a) within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to us of your compliance with the forgoing paragraph and (b) within thirty (30) days after the later of expiration of our option to purchase the L & L Franchise System Restaurant as provided in Section 14.1 or receipt of notice that we elect not to purchase the L & L Franchise System Restaurant pursuant to Section 14.1, evidence satisfactory to us of your compliance with the foregoing obligations.

19.3 Operator shall (i) connect the POS System to a cable, DSL or broadband line(s) and/or the internet dedicated line which is accessible by Franchisor at all times; (ii) maintain it in good working order; and (iii) not disconnect any POS System connection from such internet connection at any time, for any reason, without prior written approval. Operator agrees, at Franchisor's request, to maintain membership in a designated third-party network for the purpose of implementing, transmitting, collecting and maintaining any Information or data exchange system.

Operator specifically authorizes Franchisor to either "upload" or "download" information in and from or to its computers, cash registers or other such devices as allowed by law, as it relates to the System Operation by inter net, intranet; and other networks and other means as they become available.

19.4 Operator may be required to upgrade or update its POS System. On Franchisor's request, Operator must apply for and maintain a debit card, credit card or other non-cash payment systems to enable customers to purchase products through these procedures. There is no contractual limitation on Franchisor's right to receive information through the POS System.

19.4.1 Upon termination of this agreement by us in accordance with its terms and conditions, or by you without good cause neither you or any of your principal owners shall directly or indirectly, through a member of the immediate family of your or a principle owner or otherwise for a period of two (2) years commencing on the effective date of such termination or expiration or the date on which you cease to operate the L & L Franchise System Restaurant, whichever is later: (a) have any interest as a disclosed or beneficial owner in any competitive business located or operated within a two (2) mile radius of any L & L Franchise System Restaurant.

ARTICLE 20. RELATIONSHIP OF PARTIES, DISCLOSURE.

20.1 Franchisor and Operator are not and shall not be considered joint ventures, partners, or agents of each other, or anything other than Franchisor and Operator, and neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Franchisor and Operator agree that the relationship created by this Agreement is not a fiduciary relationship. Operator shall not,

under any circumstances, act or hold itself out as an agent or representative of Franchisor. Operator agrees that in all public records and in its relationships with other entities or agencies, on its letterheads and business forms and on a notification exhibited in Operator's premises, Operator will indicate clearly that it is an independent franchisee of Franchisor.

The Franchisor shall have no liability for the Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, gross sales, income, property or other tax levied upon the Franchisee, the Franchisee's property, the Franchisee's business or upon the Franchisor in connection with the sales made or business conducted by the Franchisee.

20.2 As set forth in the Franchise Disclosure Document delivered to Operator as described above, Operator acknowledges that Franchisor has entered or may in the future enter into certain franchise agreements with subfranchisors and/or area developers in certain areas and territories. Pursuant to these contracts, the subfranchisors of Franchisor are obligated to provide certain sales, operational and support services for Franchisor. Operator acknowledges that the relationship between Franchisor and all of its subfranchisors and/or area developers is strictly contractual and that no subfranchisor and/or area developer is an agent of Franchisor. Accordingly, Operator acknowledges and agrees that any past, current or future subfranchisor is not the actual, express or implied agent of Franchisor, and has no power or authority to: (i) act on Franchisor's behalf; (ii) enter into or execute any agreement on Franchisor's behalf; (iii) make any representation or promise on Franchisor's behalf; or (iv) bind Franchisor in any way. Unless otherwise specifically agreed to in writing, Franchisor expressly disavows any acts by others, including subfranchisors, that purport to bind Franchisor in any way. Operator agrees to waive any claim or defense in any litigation or arbitration proceeding that a subfranchisor is the express or implied agent of Franchisor. Operator agrees that any attempt to raise, assert or justify such claim or defense in any proceeding constitutes a material default of this Agreement.

ARTICLE 21. DISPUTE RESOLUTION: ARBITRATION AND LEGAL PROCEEDINGS.

21.1 Franchisor and Operator acknowledge that disputes or disagreements may arise during the term of this Agreement and any renewals thereto. Franchisor and Operator have elected to resolve such disputes or disagreements in a non-judicial alternative dispute resolution format ("ADR"). An ADR format seeks to minimizes the expense of dispute resolution and generally can be accomplished in a more expeditious and effective manner. By agreeing to an ADR format, both Operator and Franchisor are also waiving a number of rights, remedies and privileges which may arise in a judicial resolution format including, but not limited to right as a jury trial and full judicial appeals. In view, however, of the continuing relationship between Operator and Franchisor over the original and renewal terms of this Agreement, both Operator and Franchisor agree that an ADR format is the most economical, efficient and practical way to resolve disputes and disagreements.

21.2 Accordingly, except as otherwise provided in this Agreement, in the event of any dispute or disagreement between Franchisor and Operator with respect to any issue arising out of or relating to this Agreement and/or any associated or related Confidential Information Agreement and/or Personal Guaranty, any claimed breach, interpretation or any other disagreement between Operator and Franchisor, the parties agree to pursue good faith mediation of such matter in accordance with the then current Commercial Mediation Rules of the American Arbitration Association. Should the matter not be resolved in mediation, such dispute or disagreement shall be resolved by arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. In the event of any dispute or disagreement, Operator and Franchisor both agree to submit the dispute to arbitration in accordance with the least expensive procedure of the American Arbitration Association ("AAA"), and the application for such arbitration shall be filed in the AAA's Western Case Management Center, 6795 N. Palm Ave., 2nd Fl., Fresno, CA 93704. Franchisor and Operator agree that the hearing(s) shall be held in San Francisco, California before one Arbitrator. The franchise agreement requires binding arbitration. The arbitration will occur in San Francisco, California with the costs being born by Franchisor and Franchisee in accordance with the Arbitration Rules of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

In the event that Franchisor or Operator fail or refuses to pay for their respective share of any fees required or requested to be paid by the American Arbitration Association in connection with the agreed dispute resolution process, the other party shall have the right, at its option, to either proceed with the ADR format or to pursue resolutions of any and all disputes or disagreement through court or judicial procedures.

21.3 Franchisor and Operator agree that the laws of the State of California shall apply to the Agreement and that this Agreement evidences a transaction involving interstate commerce and that the enforcement of this arbitration provision and the confirmation of any award issued to any party by reason of an arbitration conducted pursuant to this arbitration provision is governed by the Federal Arbitration Act, 9 U.S.C. § 1 et, seq. The franchise agreement requires application of the laws of Hawaii. This provision may not be enforceable under California law.

21.4 Punitive or exemplary damages or attorney's fees may not be awarded by the arbitrator(s), and any such award shall not be enforceable or enforced by any court. Except as otherwise provided, each party shall bear its own attorneys' fees, expert witness fees, and other court or arbitration costs incurred in connection with any legal action or arbitration between Franchisor and Operator. If the waiver of punitive or exemplary damages or legal fees and related costs are in violation of the laws of the state where the Operator's System Restaurant is located, such claims may be awarded by the arbitrator(s), and any such award shall be enforceable or enforced in any court of appropriate jurisdiction. In no event can the provisions of this Agreement including, but

not limited to the method of operation, Authorized Product line or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator.

21.5 In the event that the Franchisor commences an action or proceeding which seeks, in whole or part, injunctive relief, such injunctive relief may be obtained without the necessity of posting a cash or security bond of any kind. Except for a proceeding for injunctive relief (including temporary restraining orders, preliminary injunction, injunctions or similar relief which must be brought in an appropriate local forum), any legal proceeding authorized by this Agreement shall be commenced only in the Federal District Court, San Francisco, California and both Franchisor and Operator consent to the jurisdiction in the Federal District Court, San Francisco, California. In the event the parties do not meet the jurisdictional requirements for Federal Court, the party's consent to jurisdiction in the State Court located in San Francisco, California. Operator agrees that mailing to its last known address by certified mail of any process shall constitute lawful and valid process. In all cases, Operator and Franchisor each waives any right to a trial by jury. Notwithstanding the foregoing, if the laws of the state where Operator's System Restaurant is located require jurisdiction of the courts of that state or control by the laws of that state, then this Agreement shall be deemed modified to comply with the applicable laws.

21.6 The terms of this article shall survive termination, expiration or cancellation of this Agreement.

ARTICLE 22. EXECUTION, REQUESTS, CONSENTS AND WAIVERS.

22.1 This Agreement takes effect upon its acceptance and execution by Operator and Franchisor, and shall be governed by and construed in accordance with the laws of the State of Hawaii, USA. Franchisor will consider written requests by Operator for Franchisor's consent to a waiver of any obligation imposed by this Agreement. Operator agrees, however, that Franchisor is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Franchisor to grant any such request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon ten (10) days prior written notice to Operator. Franchisor makes no warranties or guarantees upon which Operator may rely, and assumes no liability or obligation to Operator by providing any waiver, approval, consent, assistance, or suggestion to Operator in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

22.2 Unless otherwise provided, whenever this Agreement requires Operator to obtain Franchisor's prior written consent, Operator shall timely address its written request for such consent to the party(ies) set forth in paragraph 2 of Article 18 or such other persons as Franchisor may designate in writing. Franchisor will then consider such request and advise Operator of the decision, in writing, within forty-five (45) days.

Franchisor's failure to advise Operator will constitute Franchisor's consent to such request. The forty-five (45) day period shall not begin to run, however, until Operator has provided Franchisor with all information and documentation requested by Franchisor. Neither Operator nor Franchisor shall be deemed to have waived or impaired any right, power or option reserved by this Agreement, including, without limitation, its right to demand strict compliance with every term, condition, and covenant herein, or to declare any breach thereof a default and to terminate this Agreement prior to the expiration of its term, by virtue of any custom or practice of the parties at variance with the terms hereof; by any forbearance, delay, failure, or omission to exercise any right, power, or option, whether of the same, similar, or different nature, against Franchisor, Operator, or any other operator; or by the acceptance of any payments due after any breach of this Agreement.

ARTICLE 23. MISCELLANEOUS PROVISIONS.

23.1 This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

23.2 This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

23.3 There is no other agreement, representation or warranty made by Franchisor or any other entity or person associated with Franchisor other than contained in this Agreement. This Agreement is not subject to or conditioned upon the obtaining of a Location for Operator's System Restaurant.

23.4 Except as otherwise provided, each party shall bear its own attorneys' fees arising from the negotiations and execution or lack of execution of this Agreement.

23.5 Each article, paragraph, subparagraph, term, and condition of this Agreement shall be considered severable. If for any reason, any portion of this Agreement is determined to be invalid or in conflict with any law or rule in a final ruling issued by any court, agency, or tribunal with valid jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not affect the validity or enforceability of any other portion of this Agreement.

23.6 All notices to Franchisor required by the terms of this Agreement, unless otherwise provided, shall be sent by certified mail or by overnight delivery service, addressed to the parties set forth in this Agreement, or at such other address as Franchisor designates. All notices to Operator required by the terms of this Agreement shall be sent by certified mail or by overnight delivery service, addressed to Operator at the Location, or at such other or additional address as Operator designates in writing. If Operator refuses acceptance of any certified or overnight delivery, acceptance shall be deemed to have occurred forty-eight (48) hours after rejection of such notice.

23.7 Franchisee shall pay to Franchisor all amount of the continuing Franchise Fee of three percent (3%) of gross sales referenced in Article 9 and the Advertising Fee of one percent (1%) of gross sales referenced in Article 6 by no later than the tenth (10^{th}) day of the month immediately following each month of operation. If all or any portion of the required initial franchise fee referenced in Article 1, continuing Franchise Fee and/or the Advertising Fee is not paid promptly as and when due, Franchisee shall pay interest thereon at the rate of fifteen percent (15%) per annum or at the highest rate authorized by law, but not to exceed the rate of fifteen (15%) percent per annum

Signature are on the following pages.

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of execution by Franchisor.

FRANCHISOR

L & L FRANCHISE, INC., a Hawaii corporation

_____ BY: _____

Date Signed Its:

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of Hawaii
My commission expires:

FRANCHISEE

_____ BY: _____
Signature Its:

_____ BY: _____
Signature Its:

_____ BY: _____
Signature Its:

_____ BY: _____
Signature Its:

_____
Date Signed

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

EXHIBIT “B”

Confidential Information Agreement

CONFIDENTIAL INFORMATION AGREEMENT

During the period of time _____ ("Franchisee") will be a L & L Hawaiian Barbecue or L & L Hawaiian Grill or L & L Drive-Inn or L & L Hawaiian Mixplate franchisee, it is anticipated that L & L Franchise, Inc. ("Franchisor") will from time to time disclose to Franchisee certain confidential technical and business information and trade secrets belonging to Franchisor ("Confidential Information").

Now, therefore, in consideration of training and receipt of Confidential Information to be acquired during the term of Franchisee's license agreement, Franchisee and/or the undersigned agrees as follows:

I. For a period of *5* years following the date of each such training period, or each disclosure of Confidential Information, or termination or expiration of Franchisee's license agreement, whichever is later, Franchisee and/or the undersigned shall maintain the confidentiality of such Confidential Information, except in case of Confidential Information which:

   A. is or becomes known publicly through no fault of Franchisee;

   B. is already known to Franchisee before disclosure from Franchisor, as shown by Franchisee's prior written records.

2. Franchisee and/or the undersigned shall not, without prior written permission of Franchisor, furnish to any third party any Confidential Information or any equipment or material embodying or made by use of any Confidential Information received hereunder.

3. All Confidential Information in tangible form received by Franchisee and/or the undersigned shall be returned to Franchisor at Franchisor's request.

4. Franchisee and the Associate(s) signing below agree that any claimed breaches, disputes or disagreements that may arise in connection with this Confidential Information Agreement shall be subject to and resolved in accordance with the Article 21 Dispute Resolution: Arbitration and Legal Proceedings provision of the Franchise Agreement executed by Franchisee and that all such claimed breaches, disputes or disagreements may be joined with and/or consolidated with disputes and disagreements arising under such Franchise Agreement and/or associated Personal Guaranty.

Franchisee agrees that each of its associates, officers and employees to whom any of Franchisor's Confidential Information are furnished or disclosed shall sign this Agreement at the place indicated below to indicate their awareness of this Agreement and these obligations of confidentiality.

Signed this _____ day of _____, 20___.

_____
Franchisee

Associates of Franchisee to Receive Confidential Information: _____

_____

I agree to the terms of this Confidential Information Agreement.

_____ DATE: _____

_____ DATE: _____

_____ DATE: _____

_____ DATE: _____

EXHIBIT “C”

Financial Statements

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2019

L & L FRANCHISE, INC.

Financial Statements

December 31, 2019

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KKDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors
L & L Franchise, Inc.:

We have audited the accompanying financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2019, and the related statements of income and retained earnings, and cash flows for the year then ended, and related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3962 | F: 808.531.3217 | www.kkdly.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KKDLY LLC

Honolulu, Hawaii
April 24, 2020

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2019

Assets	
Current assets:	
Cash	$ 796,057
Restricted cash	231,704
Accounts receivable, less allowance for doubtful accounts of $257,130	1,163,345
Rebates receivable	452,382
Investment securities	513,809
Prepaid expenses and other	46,611
Total current assets	3,203,908
Property and equipment, net	292,126
Other property, net	876,924
Notes receivable and accrued interest	775,218
Deposits	6,056
Total assets	$ 5,154,232
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 46,806
Gift cards payable	79,120
Accrued expenses	139,179
Deposits	5,817
Total current liabilities	270,922
Deferred revenues	179,111
Total liabilities	450,033
Stockholders' equity:	
Common stock - par value $1 per share; 1,000 (100 voting and 900 non-voting) shares authorized, issued, and outstanding	1,000
Additional paid-in capital	200,000
Retained earnings	4,503,199
Total stockholders' equity	4,704,199
Commitments and contingencies	
Total liabilities and stockholders' equity	$ 5,154,232

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2019

Revenues:	
Royalty and advertising fees	$ 4,656,618
Rebate income	663,563
Franchise fees	241,250
Other income	164,164
Total revenues	5,725,595
Operating expenses:	
Advertising	1,085,339
Salaries and wages	1,073,663
General and administration	325,194
Travel	155,928
Taxes and licenses	154,710
Professional fees	103,305
Profit sharing contribution	66,180
Conference	62,837
Bad debt expense	61,145
Contributions, net	41,800
Lease rent	29,250
Repairs and maintenance	26,090
Depreciation and amortization	11,675
Total operating expenses	3,197,116
Income from operations	2,528,479
Other income (expense):	
Rental income	256,918
Rental expense	(233,318)
Interest and dividend income	43,328
Other income	15,124
Total other income, net	82,052
Net income	2,610,531
Retained earnings - beginning of year	4,042,668
Distributions	(2,150,000)
Retained earnings - end of year	$ 4,503,199

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2019

Cash flows from operating activities:	
Net income	$ 2,610,531
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	43,509
Bad debt expense	61,145
Net unrealized gains on investment securities	(10,336)
Changes in assets and liabilities:	
Accounts receivable	(376,482)
Rebates receivable	(57,211)
Prepaid expenses and other	(39,199)
Notes receivable and accrued interest	(442,016)
Deposits	3,246
Accounts payable	(16,471)
Gift cards payable	11,928
Accrued expenses	(6,480)
Deferred revenues	179,111
Net cash provided by operating activities	1,961,275
Cash flows used in investing activities:	
Purchases of property and equipment	(13,729)
Cash flows used in financing activities:	
Distributions to stockholders	(2,150,000)
Net decrease in cash and restricted cash	(202,454)
Cash and restricted cash at beginning of year	1,230,215
Cash and restricted cash at end of year	$ 1,027,761

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Nature of Activities

L & L Franchise, Inc. (the Company) was incorporated in March 1991 in the State of Hawaii. The Company is the franchisor of a restaurant chain with national and international locations. The Company collects franchise, royalty, and advertising fees from the owner(s) of each restaurant and in return provides advertising, marketing, and administrative and operational support.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances and does not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company does not have any off-balance-sheet credit exposure related to their franchises. Certain receivables have been converted to interest bearing notes.

Investment Securities

The Company invests in an equity security which is recorded at fair value. Realized and unrealized gains or losses in the fair value of the security are included in net income.

See discussion of the adoption of Accounting Standards Update (ASU) 2016-01 in the *Recently Adopted Accounting Standards* section of this Note 1 below.

Property and Equipment and Other Property

Property and equipment and other property are stated at cost. Depreciation of property and equipment and other property is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Estimated Useful Lives
Real estate	7 - 39 years
Furniture and equipment	5 - 7 years
Automobile	5 years

Repairs and maintenance costs are charged directly to expense, and expenditures for major improvements and additions are capitalized. Cost and accumulated depreciation of property and equipment and other property retired or otherwise disposed of are eliminated from the accounts at the time of retirement or sale, and profit or loss, if any, is credited or charged to income.

Gift Cards

The Company has gift card service agreements to receive and hold the proceeds of gift card sales until a customer uses the card to purchase items from a participating franchisee. When a customer uses a gift card to purchase items from a participating franchisee, the participating franchisee is obligated to accept the gift card as payment for its items and the Company is obligated to reimburse the participating franchisee for the sales price of the items purchased with the gift card. The Company is primarily liable to the customer for the value of the gift card until the card is redeemed. When the gift cards are issued, a liability is recorded by the Company. When the gift cards are redeemed and the participating franchisee is reimbursed there is an offset of the liability account and payment to the participating franchisee.

Revenue Recognition

Included in the Company's revenues are fees from restaurants operated by franchisees. The Company grants franchises to operators who in turn pay franchise, royalty, and advertising fees, for each restaurant. The franchise fee is a one-time fee which is paid prior to the opening of the restaurant. Advertising fees are a fixed monthly fee for restaurants located in Hawaii, and a percentage of monthly sales for restaurants not located in Hawaii. Royalty fees are based on a percentage of monthly sales and are recognized as income on the accrual basis. Management, at their discretion, can waive any of the above mentioned fees.

Under the terms of the franchise agreements, the Company typically promises to provide pre-opening activities such as training courses and use of operational manuals, and post-opening activities such as supervision by a team of corporate chefs and trainers upon restaurant opening. The Company has determined that the pre-opening activities, and the post-opening activities,

represent two separate performance obligations. Franchise fee revenue is allocated to the two separate performance obligations. Revenue allocated to pre-opening and post-opening activities is recognized when these services are performed.

Rebate income received from vendors is based on the volume of sales of the product and is recorded in the period of sale. Initial fees from vendors are classified as deferred revenue and straight lined over the life of the contract.

Rentals are reported as rental income on a straight-line basis over the term of the lease.

Advertising

Advertising expense is comprised of promotional, media, agency, and production costs. Advertising expenses are expensed when incurred. Advertising expense for the year ended December 31, 2019 amounted to $1,085,339.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax reporting purposes. Accordingly, in lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability has been included in the financial statements.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is recognizing franchise, royalty, and advertising fees in the State of Hawaii rather than the various states or countries of origin. Management is currently assessing the impact and propriety of filing in the state or country of origin. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years ended December 31, 2015 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible

impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2019.

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Company adopted ASC 606 with a date of the initial application of January 1, 2019.

The Company applied ASC 606 using a modified retrospective transition approach, which requires recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of retained earnings at January 1, 2019. Based on the Company's analysis, no such adjustment was required.

As part of the adoption of ASC 606, the Company elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of the initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocation of the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of the application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Under the new revenue standards, revenue is recognized when a customer obtains control of the promised goods or services and in an amount that the entity expects to receive in exchange for those goods or services. Based on the Company's evaluation of its contracts with franchisees, the timing and amount of revenue previously recognized is consistent with how revenue is recognized under the new standard and therefore, the adoption of ASC 606 had no material impact on the Company's financial statements and no cumulative effect adjustment was recognized upon adoption. Additionally, the Company does not expect the adoption of the new revenue standard to have a material impact on its operations on an ongoing basis.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which makes targeted improvements to the accounting for, and presentation and disclosure of, financial instruments. ASU 2016-01 requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. ASU 2016-01 does not apply to equity investments in consolidated subsidiaries or those accounted for under the equity method of accounting. The new standard also affects financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments.

Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as either trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in accumulated other comprehensive income (loss), net of tax. Equity securities without readily determinable fair values were recorded at cost. Prior to the adoption of ASU 2016-01, the Company classified the investment in an equity security as a trading security.

The Company adopted ASU 2016-01 on January 1, 2019, and completed its evaluation of the provisions of ASU 2016-01 determining that there was no net income impact upon adoption of ASU 2016-01, and no cumulative effect adjustment to opening retained earnings was deemed necessary.

Effective January 1, 2019, the Company adopted ASU 2016-18, *Restricted Cash*. As a result of adopting the standard, the Company includes cash and restricted cash when reconciling the beginning of year and end of year total amounts shown on the statement of cash flows.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 increases transparency and comparability among organizations recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term of longer than 12 months. ASU 2016-02 is effective for the Company's reporting period beginning January 1, 2021. The Company is currently evaluating the potential impact the update will have on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies certain disclosure requirements on fair value measurements. The update removes the disclosure requirements of the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels and the valuation processes for Level 3 fair value measurements. ASU 2018-13 is effective for the Company's reporting period beginning January 1, 2020. The Company is currently evaluating the potential impact the update will have on the financial statements.

(2) Concentration of Credit Risk

The Company maintains its cash balances at one financial institution located in Hawaii. At times and as of the balance sheet date, such deposits were in excess of federally insured limits.

(3) Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The financial instruments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The measurements described may produce a fair value calculation that may not be indicative of realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used during 2019.

The following is a description of the valuation methodology used for the investment security measured at fair value:

Mutual funds - Valued at the daily closing price reported on the active markets on which the individual security is traded. The fund is required to publish its daily net asset value and to transact at that price.

The following table sets forth by level, within the fair value hierarchy, the Company's investment security at fair value as of December 31, 2019.

	Investment Security at Fair Value as of December 31, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Investment securities:				
Mutual funds - fixed income	$ 513,809	$ 513,809	$ -	$ -

The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of level 1 for the year ended December 31, 2019.

(4) Property and Equipment

Property and equipment at December 31, 2019 consisted of the following:

Real estate	$ 380,241
Furniture and equipment	124,892
Automobile	23,429
	528,562
Less: accumulated depreciation	(236,436)
	$ 292,126

Depreciation expense for the year ended December 31, 2019 totaled $11,329, and is included in depreciation and amortization expense in the accompanying statement of income and retained earnings.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2019 consisted of the following:

Real estate	$	1,126,712
Furniture and equipment		12,384
		1,139,096
Less: accumulated depreciation		(262,172)
	$	876,924

Depreciation expense for these rental properties totaled $32,180 for the year ended December 31, 2019 and is included in rental expense in the accompanying statement of income and retained earnings.

(6) Revenue

Franchise and Related Revenue

The Company has franchised restaurants in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. The Company provides franchisees support for architectural plans, interior and exterior design and layout, training, marketing, and opening assistance. The current standard franchise agreement generally provides for payment to the Company of a nonrefundable franchise fee of $15,000 to $30,000 dependent on location and the number of restaurants opened by the franchisee. Franchise revenues are recognized when performance obligations are met. Franchise fees, included in revenues in the accompanying statement of income and retained earnings, totaled $241,250 for 2019.

In addition to the initial franchise fee, the agreement generally provides for royalties of 1% to 3% of monthly gross sales and a monthly advertising fee of $300 for franchises in Hawaii or 1% of monthly gross sales for franchises outside of Hawaii.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchise store sales occur. Since the Company acts as the principal and generally oversees all advertising programs with sole discretion over the creative concepts, materials, and media used in such programs and the placement and allocation thereof, the Company records advertising fees in revenues and advertising expenditures in expense as incurred in the accompanying statement of income and retained earnings.

Franchisees may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Rebate Revenue

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors on product purchases by franchisees. Additionally, the Company may collect various initial fees, which are classified as deferred revenue in the accompanying balance sheet. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor. The Company recognizes the rebates as franchisees purchase products and supplies from vendors and recognizes initial fees over the contract life.

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2019 consist of the following:

Interest bearing note receivable of $300,000; monthly interest only payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than December 2021; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California	$	302,151
Interest bearing note receivable of $175,000; monthly principal and interest payments of $1,600; interest accrues at 10% per annum; entire principal balance plus unpaid interest due in full no later than December 2024; secured by the assets of property in Colorado and ownership interest in a corporation in Aurora, Colorado		174,859
Interest bearing note receivable of $150,000; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than August 2022; secured by the assets of a certain business in National City, California		136,092
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		82,295
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		79,821
	$	775,218

(8) Related Party Transactions

The Company is related to various companies and individuals through financial interests and management control.

Certain franchises of the Company are owned by stockholders of the Company, their trust, or an immediate family member. Total revenues earned from these franchises during 2019 amounted to $525,798. Total receivables owed from these franchises totaled $85,687 as of December 31, 2019. During the year, certain royalty fees were waived for two franchises owned by a related party.

The Company makes contributions to a related foundation. During the year ended December 31, 2019, the Company made contributions to this foundation amounting to $45,000.

(9) Lease Commitments - Lessor

The Company leases office space and other real estate in Hawaii to tenants under noncancelable operating leases with terms expiring at various dates through March 2021.

The following is a schedule of future minimum rentals under all noncancelable operating leases:

Year Ending December 31:		
2020	$	34,800
2021		2,900
	$	37,700

Rental income amounted to $256,918 for the year ended December 31, 2019.

(10) Lease Commitments - Lessee

The Company leases vehicles and office equipment under noncancelable operating leases. These leases expire at various dates through February 2024. Annual future minimum lease payments required under these leases are as follows:

Year Ending December 31:	
2020	$ 24,600
2021	19,100
2022	3,600
2023	3,600
2024	600
Total minimum lease payments	$ 51,500

For the year ended December 31, 2019, rental expense totaled $29,250.

(11) Employee Benefit Plan

The Company has a profit sharing plan covering all eligible employees with a minimum age of 21 and who have completed one year of service. The Company may make discretionary contributions as determined by the Board of Directors up to the maximum contribution calculated in accordance with plan provisions, employee data, and government regulations. Total contributions for the year ended December 31, 2019 amounted to $66,180.

(12) Subsequent Events

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The COVID-19 outbreak has caused business disruption through mandated governmental restrictions and shelter-in-place orders reducing customer traffic to the franchises. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Company expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

In April 2020, the Company received a $259,200 loan from a financial institution under the United States Small Business Administration Paycheck Protection Program (the Program). This Program was established by the Coronavirus Aid, Relief, and Economic Security Act to assist eligible companies in paying employees and other allowed costs during the COVID-19 crisis. Interest on the loan accrues at 1% and matures two years from the date of loan disbursement. The Company may request forgiveness of up to the full principal amount and accrued interest of the loan from the

lender provided the loan proceeds are used for forgivable purposes as stipulated in the Program and employee headcounts and compensation levels are maintained. The Company is currently assessing the amount of the loan that will be forgiven in accordance with the provisions of the Program.

The Company has evaluated subsequent events from the balance sheet date through April 24, 2020, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2018

L & L FRANCHISE, INC.

Financial Statements

December 31, 2018

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KKDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors
L & L Franchise, Inc.:

We have audited the accompanying financial statements of L & L Franchise, Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of income and retained earnings, and cash flows for the year then ended, and related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 12 to the financial statements, retained earnings at January 1, 2018 has been restated to correct various accruals of assets. Our opinion is not modified with respect to this matter.

KKDLY LLC

Honolulu, Hawaii
March 8, 2019

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2018

Assets

Current assets:	
Cash	$ 1,230,215
Accounts receivable, less allowance for doubtful accounts of $327,682	848,008
Rebates receivable	395,171
Investment securities	503,473
Prepaid expenses and other	7,412
Total current assets	2,984,279
Property and equipment, net	289,726
Other property, net	909,104
Notes receivable and accrued interest	333,202
Deposits	6,402
Total assets	$ 4,522,713

Liabilities and Stockholders' Equity

Current liabilities:	
Accounts payable	$ 63,277
Gift cards payable	67,192
Accrued expenses	145,659
Deposits	2,917
Total liabilities	279,045
Stockholders' equity:	
Common stock - par value $1 per share; 1,000 (100 voting and 900 non-voting) shares authorized, issued, and outstanding	1,000
Additional paid-in capital	200,000
Retained earnings	4,042,668
Total stockholders' equity	4,243,668
Commitments and contingencies	
Total liabilities and stockholders' equity	$ 4,522,713

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2018

Revenues:	
Royalty and advertising fees	$ 4,154,703
Rebate income	659,017
Franchise fees	277,500
Other income	141,425
Total revenues	5,232,645
Operating expenses:	
Salaries and wages	971,278
Advertising	717,728
General and administration	307,906
Bad debt expense	152,798
Taxes and licenses	137,175
Travel	107,478
Profit sharing contribution	91,623
Professional fees	85,731
Conference	79,781
Contributions	61,125
Lease rent	28,960
Repairs and maintenance	25,817
Depreciation and amortization	12,012
Total operating expenses	2,779,412
Income from operations	2,453,233
Other income (expense):	
Rental income	257,543
Rental expense	(230,377)
Interest and dividend income	31,465
Total other income, net	58,631
Net income	2,511,864
Retained earnings - beginning of year, as previously reported	3,106,405
Prior period adjustment	361,015
Retained earnings - beginning of year, as restated	3,467,420
Distributions	(1,936,616)
Retained earnings - end of year	$ 4,042,668

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2018

Cash flows from operating activities:	
Net income	$ 2,511,864
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	43,845
Bad debt expense	152,798
Changes in assets and liabilities:	
Accounts receivable	(119,371)
Rebates receivable	(34,156)
Prepaid expenses and other	(7,112)
Notes receivable and accrued interest	30,508
Deposits	(1,053)
Accounts payable	36,554
Gift cards payable	12,316
Accrued expenses	29,159
Net cash provided by operating activities	2,655,352
Cash flows used in investing activities:	
Purchases of investments	(503,473)
Cash flows used in financing activities:	
Distributions to stockholders	(1,936,616)
Net increase in cash	215,263
Cash at beginning of year	1,014,952
Cash at end of year	$ 1,230,215
Supplemental disclosure of cash flow information:	
Noncash investing activity:	
Deposits applied to acquisition of property	$ 145,000

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Nature of Activities

L & L Franchise, Inc. (the Company) was incorporated in March 1991 in the State of Hawaii. The Company is the franchiser of a restaurant chain with national and international locations. The Company collects franchise, royalty, and advertising fees from the owner(s) of each restaurant and in return provides advertising, marketing, and administrative and operational support.

Basis of Accounting

The financial statements of L & L Franchise, Inc. have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances and does not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company does not have any off-balance-sheet credit exposure related to their franchises.

Investment Securities

Investment securities, consist of a fixed income mutual fund at December 31, 2018. The Company classifies its investment securities in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities in which the Company has the ability and intent to hold the security until maturity. All other securities not included in trading or held-to-maturity are classified as available-for-sale. As of December 31, 2018, all investment securities are classified as trading securities.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income until realized. Realized gains and losses are computed on a specific-identification method.

A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. To determine whether impairment is other than temporary, the Company considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimate of cash flows expected to be collected. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in. Dividend and interest income are recognized when earned.

Property and Equipment and Other Property

Property and equipment and other property are stated at cost. Depreciation of property and equipment and other property is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Estimated useful lives
Real estate	7 - 39 years
Furniture and equipment	5 - 7 years
Automobile	5 years

Repairs and maintenance costs are charged directly to expense, and expenditures for major improvements and additions are capitalized. Cost and accumulated depreciation of property and equipment and other property retired or otherwise disposed of are eliminated from the accounts at the time of retirement or sale, and profit or loss, if any, is credited or charged to income.

Gift Cards

The Company has gift card service agreements to receive and hold the proceeds of gift card sales until a customer uses the card to purchase items from a participating franchisee. When a customer uses a gift card to purchase items from a participating franchisee, the participating franchisee is obligated to accept the gift card as payment for its items and the Company is obligated to reimburse

the participating franchisee for the sales price of the items purchased with the gift card. The Company is primarily liable to the customer for the value of the gift card until the card is redeemed. When the gift cards are issued, a liability is recorded by the Company. When the gift cards are redeemed and the participating franchisee is reimbursed there is an offset of the liability account and payment to the participating franchisee.

Revenue Recognition

Included in the Company's revenues are fees from restaurants operated by franchisees. The Company grants franchises to operators who in turn pay franchise, royalty, and advertising fees, for each restaurant. The franchise fee is a one-time fee which is recorded as income upon the signing of the franchise agreement. Advertising fees are a fixed monthly fee for restaurants located in Hawaii, and a percentage of monthly sales for restaurants not located in Hawaii. Royalty fees are based on a percentage of monthly sales and are recognized as income on the accrual basis. Management, at their discretion, can waive any of the above mentioned fees.

Rebate income received from vendors is based on the volume of sales of the product and is recorded in the period of sale.

Rentals are reported as rental income on a straight-line basis over the term of the lease.

Advertising

Advertising expense is comprised of promotional, media, agency, and production costs. Advertising expenses are expensed when incurred. Advertising expense for the year ended December 31, 2018 amounted to $717,728.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax reporting purposes. Accordingly, in lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability has been included in the financial statements.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is recognizing franchise, royalty, and advertising fees in the State of Hawaii rather than the various states or countries of origin. Management is currently assessing the impact and propriety of filing in the state or country of origin. Since tax matters are subject to some degree of

uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years ended December 31, 2014 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2018.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which requires a company to recognize revenue when the company transfers control of promised goods and services to the customer. Revenue is recognized in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. A company also is required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB also has issued several amendments to the standard, which are intended to promote a more consistent interpretation and application of the principles outlined in the standard.

Companies are permitted to adopt the standard using a retrospective transition method (i.e. restate all prior periods presented) or a cumulative effect method (i.e. recognize the cumulative effect of initially applying the guidance at the date of initial application with no restatement of prior periods). However, both methods allow companies to elect certain practical expedients on transition that will help to simplify how a company restates its contracts. The Company currently anticipates adopting the standard using the cumulative effect method and expects to elect the practical expedient for contract modifications.

The standard is effective for the Company for annual periods in fiscal years beginning after December 15, 2018. The Company will implement the provisions of ASU 2014-09 as of January 1, 2019.

Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 8, 2019, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

(2) Concentration of Credit Risk

The Company maintains its cash balances at one financial institution located in Hawaii. At times and as of the balance sheet date, such deposits were in excess of federally insured limits.

(3) Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The financial instruments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The measurements described may produce a fair value calculation that may not be indicative of realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used during 2018.

The following is a description of the valuation methodology used for investment securities measured at fair value:

Mutual funds - Valued at the daily closing price reported on the active markets on which the individual security is traded. The fund is required to publish its daily net asset value and to transact at that price.

The following table sets forth by level, within the fair value hierarchy, the Company's investment securities at fair value as of December 31, 2018.

	As of December 31, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Investment securities:				
Mutual funds	$ 503,473	$ 503,473	$ -	$ -

The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of level 1 for the year ended December 31, 2018.

(4) Property and Equipment

Property and equipment at December 31, 2018 consisted of the following:

Real estate	$ 380,241
Furniture and equipment	111,163
Automobile	23,429
	514,833
Less: accumulated depreciation	(225,107)
	$ 289,726

Depreciation expense for the year ended December 31, 2018 totaled $11,665, and is included in depreciation and amortization expense in the accompanying statement of income and retained earnings.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2018 consisted of the following:

Real estate	$	1,126,712
Furniture and equipment		12,384
		1,139,096
Less: accumulated depreciation		(229,992)
	$	909,104

Depreciation expense for these rental properties totaled $32,180 for the year ended December 31, 2018 and is included in rental expense in the accompanying statement of income and retained earnings.

(6) Franchising

The Company has franchised restaurants in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. The Company provides franchisees support for architectural plans, interior and exterior design and layout, training, marketing, and opening assistance. The current standard franchise agreement generally provides for payment to the Company of a nonrefundable franchise fee of $15,000 to $30,000 dependent on location and the number of restaurants opened by the franchisee. In addition to the initial franchise fee, the agreement provides for royalties of 1% to 3% of monthly gross sales and a monthly advertising fee of $280 for franchises in Hawaii or 1% of monthly gross sales for franchises outside of Hawaii.

Franchise revenues are deferred until substantial performance of franchisor obligations is complete. Franchise fees, included in revenues in the accompanying statement of income and retained earnings, totaled $277,500 for 2018.

The Company generally oversees all advertising programs with sole discretion over the creative concepts, materials, and media used in such programs and the placement and allocation thereof.

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2018 consist of the following:

Interest bearing note receivable of $150,000; monthly principal payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than August 2022; guaranteed by the assets of a certain business in National City, California	$	133,786
Interest bearing note receivable of $153,749; monthly principal payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; guaranteed by real estate located in San Diego, California		100,850
Interest bearing note receivable of $153,749; monthly principal payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; guaranteed by real estate located in San Diego, California		98,566
	$	333,202

(8) Related Party Transactions

The Company is related to various companies and individuals through financial interests and management control.

Certain franchises of the Company are owned by stockholders of the Company, their trust, or an immediate family member. Total revenues earned from these franchises during 2018 amounted to $541,304. Total receivables owed from these franchises totaled $94,708 as of December 31, 2018. During the year, certain royalty fees were waived for one franchise owned by a related party.

During 2017, the Company purchased from a related entity with common ownership a condominium unit for $145,000. As of, December 31, 2017, the title had not yet transferred. When title transferred in 2018, the $145,000 was transferred from deposits into other property, net in the accompanying balance sheet.

The Company makes contributions to a related foundation. During the year ended December 31, 2018, the Company made contributions to this foundation amounting to $30,000.

(9) Lease Commitments - Lessor

The Company leases office space and other real estate in Hawaii to tenants under noncancelable operating leases with terms expiring at various dates through December 2020.

The following is a schedule of future minimum rentals under all noncancelable operating leases:

Year Ending December 31:		
2019	$	27,300
2020		17,400
	$	44,700

Rental income amounted to $257,543 for the year ended December 31, 2018.

(10) Lease Commitments - Lessee

The Company leases vehicles and office equipment under noncancelable operating leases. These leases expire at various dates through December 2020. Annual future minimum lease payments required under these leases are as follows:

Year Ending December 31:		
2019	$	8,900
2020		5,500
Total minimum lease payments	$	14,400

For the year ended December 31, 2018, rental expense totaled $28,960.

(11) Employee Benefit Plan

The Company has a profit sharing plan covering all eligible employees with a minimum age of 21 and who have completed one year of service. The Company may make discretionary contributions as determined by the Board of Directors up to the maximum contribution calculated in accordance with plan provisions, employee data, and government regulations. Total contributions for the year ended December 31, 2018 amounted to $91,623.

(12) Correction of Error

During the year, management discovered that rebates were incorrectly stated as of December 31, 2017. This resulted in a restatement of retained earnings at January 1, 2018 of $361,015 to properly reflect an accrual for rebates and has been included in the accompanying statement of income and retained earnings.

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2017

L & L FRANCHISE, INC.

Financial Statements

December 31, 2017

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KKDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors
L & L Franchise, Inc.:

We have audited the accompanying financial statements of L & L Franchise, Inc., which comprise the balance sheet as of December 31, 2017, and the related statements of income and retained earnings, and cash flows for the year then ended, and related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3982 | F: 808.531.3217 | www.kkdly.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 11 to the financial statements, retained earnings at January 1, 2017 has been restated to correct various accruals of assets and liabilities. Our opinion is not modified with respect to this matter.

KKDLY LLC

Honolulu, Hawaii
June 29, 2018

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2017

Assets

Current assets:	
Cash	$ 1,014,952
Accounts receivable, less allowance for doubtful accounts of $228,011	881,435
Prepaid expenses	300
Total current assets	1,896,687
Property and equipment, net	301,391
Other property, net	796,284
Notes receivable and accrued interest	363,710
Deposits	151,749
Total assets	$ 3,509,821

Liabilities and Stockholders' Equity

Current liabilities:	
Accounts payable	$ 26,723
Gift cards payable	54,876
Accrued expenses	116,500
Deposits	4,317
Total liabilities	202,416
Stockholders' equity:	
Common stock - par value $1 per share; 1,000 (100 voting and 900 non-voting) shares authorized, issued, and outstanding	1,000
Additional paid-in capital	200,000
Retained earnings	3,106,405
Total stockholders' equity	3,307,405
Commitments and contingencies	
Total liabilities and stockholders' equity	$ 3,509,821

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2017

Revenues:	
Royalty and advertising fees	$ 3,748,187
Rebate income	601,559
Franchise fees	135,000
Other income	216,867
Total revenues	4,701,613
Operating expenses:	
Salaries and wages	842,834
Advertising	704,998
General and administration	244,753
Taxes and licenses	122,943
Conference	112,487
Professional fees	105,369
Travel	90,856
Profit sharing contribution	67,911
Bad debt expense	67,296
Repairs and maintenance	33,082
Lease rent	31,841
Contributions	10,000
Depreciation and amortization	7,038
Total operating expenses	2,441,408
Income from operations	2,260,205
Other income (expense):	
Rental income	201,629
Rental expense	(161,914)
Interest income	29,841
Total other income, net	69,556
Net income	2,329,761
Retained earnings - beginning of year, as previously reported	1,930,639
Prior period adjustment	664,005
Retained earnings - beginning of year, as restated	2,594,644
Distributions	(1,818,000)
Retained earnings - end of year	$ 3,106,405

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2017

Cash flows provided by operating activities:	
Net income	$ 2,329,761
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	40,948
Bad debt expense	67,296
Changes in assets and liabilities:	
Accounts receivable	(85,334)
Notes receivable and accrued interest	16,158
Deposits	(144,307)
Accounts payable	(241,324)
Accrued expenses	(15,058)
Gift cards payable	14,589
Net cash provided by operating activities	1,982,729
Cash flows used in investing activities:	
Purchases of property and equipment	(5,760)
Cash flows used in financing activities:	
Distributions to stockholders	(1,818,000)
Net increase in cash	158,969
Cash at beginning of year	855,983
Cash at end of year	$ 1,014,952

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Nature of Activities

L & L Franchise, Inc. (the Company) was incorporated in March 1991 in the State of Hawaii. The Company is the franchiser of a restaurant chain with national and international locations. The Company collects franchise, royalty, and advertising fees from the owner(s) of each restaurant and in return provides advertising, and administrative and operational support.

Basis of Accounting

The financial statements of L & L Franchise, Inc. have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment and Other Property

Property and equipment and other property are stated at cost. Depreciation of property and equipment and other property is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Estimated useful lives
Real estate	7 - 39 years
Furniture and equipment	5 - 7 years
Automobile	5 years

Repairs and maintenance costs are charged directly to expense, and expenditures for major improvements and additions are capitalized. Cost and accumulated depreciation of property and equipment and other property retired or otherwise disposed of are eliminated from the accounts at the time of retirement or sale, and profit or loss, if any, is credited or charged to income.

Gift Cards

The Company has gift card service agreements to receive and hold the proceeds of gift card sales until a customer uses the card to purchase items from a participating franchisee. When a customer uses a gift card to purchase items from a participating franchisee, the participating franchisee is obligated to accept the gift card as payment for its items and the Company is obligated to reimburse the participating franchisee for the sales price of the items purchased with the gift card. The Company is primarily liable to the customer for the value of the gift card until the card is redeemed. When the gift cards are issued, a liability is recorded by the Company. When the gift cards are redeemed and the participating franchisee is reimbursed there is an offset of the liability account and payment to the participating franchisee.

Revenue Recognition

Included in the Company's revenues are fees from restaurants operated by franchisees. The Company grants franchises to operators who in turn pay franchise, royalty, and advertising fees, for each restaurant. The franchise fee is a one-time fee which is recorded as income upon the signing of the franchise agreement. Advertising fees are a fixed monthly fee for restaurants located in Hawaii, and a percentage of monthly sales for restaurants not located in Hawaii. Royalty fees are based on a percentage of monthly sales and are recognized as income on the accrual basis. Management, at their discretion, can waive any of the above mentioned fees.

Rebate income received from vendors is based on the volume of sales of the product and is recorded in the period of sale.

Rentals are reported as rental income on a straight-line basis over the term of the lease.

Advertising

Advertising expense is comprised of promotional, media, agency, and production costs. Advertising expenses are expensed when incurred. Advertising expense for the year ended December 31, 2017 amounted to $704,998.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax reporting purposes. Accordingly, in lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability has been included in the financial statements.

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a Federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. Management does not expect legislation to have a financial impact on the Company because S Corporations are not subject to federal income tax and tax effect of their activities accrues to the stockholders.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is recognizing franchise, royalty, and advertising fees in the State of Hawaii rather than the various states or countries of origin. Management is currently assessing the impact and propriety of filing in the state or country of origin. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years ended December 31, 2013 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2017.

Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through June 29, 2018, the date at which the financial statements were available to be issued and determined there are no other items to disclose.

(2) Concentration of Credit Risk

The Company maintains its cash balances at one financial institution located in Hawaii. At times and as of the balance sheet date, such deposits were in excess of federally insured limits.

(3) Property and Equipment

Property and equipment at December 31, 2017 consisted of the following:

Real estate	$	380,241
Furniture and equipment		111,163
Automobile		23,429
		514,833
Less: accumulated depreciation		(213,442)
	$	301,391

Depreciation expense for the year ended December 31, 2017 totaled $6,691, and is included in depreciation and amortization expense in the accompanying statement of income and retained earnings.

(4) Other Property

Other property, which relates to rental activities, at December 31, 2017 consisted of the following:

Real estate	$	981,713
Furniture and equipment		12,384
		994,097
Less: accumulated depreciation		(197,813)
	$	796,284

Depreciation expense for these rental properties totaled $34,257 for the year ended December 31, 2017 and is included in rental expense in the accompanying statement of income and retained earnings.

(5) Franchising

The Company has franchised restaurants in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. The Company provides franchisees support for architectural plans, interior and exterior design and layout, training, marketing, and opening assistance. The current standard franchise agreement provides for payment to the Company of a nonrefundable franchise fee of $15,000 to $30,000 dependent on location and the number of restaurants opened by the franchisee. In addition to the initial franchise fee, the agreement provides for royalties of 1% to 3% of monthly gross sales and a monthly advertising fee of $280 for franchises in Hawaii or 1% of monthly gross sales for franchises outside of Hawaii.

Franchise revenues are deferred until substantial performance of franchisor obligations is complete. Franchise fees, included in revenues in the accompanying statement of income and retained earnings, totaled $135,000 for 2017.

The Company generally oversees all advertising programs with sole discretion over the creative concepts, materials, and media used in such programs and the placement and allocation thereof.

(6) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2017 consist of the following:

Interest bearing note receivable of $150,000; monthly principal payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than August 2022; guaranteed by the assets of a certain business in National City, California	$	137,287
Interest bearing note receivable of $153,749; monthly principal payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; guaranteed by real estate located in San Diego, California		114,266
Interest bearing note receivable of $153,749; monthly principal payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; guaranteed by real estate located in San Diego, California		112,157
	$	363,710

(7) Related Party Transactions

The Company is related to various companies and individuals through financial interests and management control.

Certain franchises of the Company are owned by stockholders of the Company, their trust, or an immediate family member. Total revenues earned from these franchises during 2017 amounted to $499,198. Total receivables owed from these franchises totaled $119,008 as of December 31, 2017. During the year, certain royalty fees were waived for one franchise owned by a related party.

During 2017, the Company purchased from a related entity with common ownership a condominium unit for $145,000. As of December 31, 2017 the title was not yet transferred; thus this amount is included in deposits in the accompanying balance sheet.

The Company makes contributions to a related foundation. During the year ended December 31, 2017, the Company made contributions to this foundation amounting to $10,000.

(8) Lease Commitments - Lessor

The Company leases office space and other real estate in Hawaii to tenants under noncancelable operating leases with terms expiring at various dates through November 2018.

The following is a schedule of future minimum rentals under all noncancelable operating leases:

Year Ending December 31:		
2018	$	26,400

Rental income amounted to $201,629 for the year ended December 31, 2017.

(9) Lease Commitments - Lessee

The Company leases vehicles and office equipment under noncancelable operating leases. These leases expire at various dates through December 2020. Annual future minimum lease payments required under these leases are as follows:

Year Ending December 31:		
2018	$	26,900
2019		8,900
2020		5,500
Total minimum lease payments	$	41,300

For the year ended December 31, 2017, lease payments aggregated $31,841.

(10) Employee Benefit Plan

The Company has a profit sharing plan covering all eligible employees with a minimum age of 21 and who have completed one year of service. The Company may make discretionary contributions as determined by the Board of Directors up to the maximum contribution calculated in accordance with plan provisions, employee data, and government regulations. Total contributions for the year ended December 31, 2017 amounted to $67,911.

(11) Correction of Error

During the year, management discovered that various account balances were incorrectly stated as of December 31, 2016. This resulted in a restatement of retained earnings at January 1, 2017 of $664,005 to properly reflect various accruals of assets and liabilities and has been included in the accompanying statement of income and retained earnings.

EXHIBIT “D”

Franchise Manual – Operations Manual Table of Contents

EXHIBIT "D"

FRANCHISE MANUAL

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EXHIBIT “E”

Agencies/Agents for Service of Process

EXHIBIT "E"

Agencies/Agents for Service of Process

California Agency Responsible for Franchise Registration:

Commissioner of Business Oversight
Department of Business Oversight
State of California
320 West 4th St., Suite 750
Los Angeles, CA 90013-2344
Phone: (213) 576-7500
Toll free phone number: 1-866-275-2677

or

Department of Business Oversight
State of California
One Sansome Street, Suite 600
San Francisco, California 94104-4448
Phone: (415) 972-8565
Toll free phone number: (866) 275-2677

and

Bryan P. Andaya
L & L Franchise, Inc.
931 University Avenue, Suite 202
Honolulu, Hawaii 96826
Phone: (808) 951-9888

EXHIBIT "F"

CURRENT FRANCHISEES OF L & L FRANCHISE, INC.
(As of 3/1/2020)

Date: 3/1/2020

STATE	DIST	TRADESTYLE/ CONTACT PERSON	ADDRESS	ZIP CODE	PHONE NUMBER
Alaska		Ryan Kim	800 E. Dimond Blvd., #3-011 Anchorage	99515	(907) 375-9988
Arizona		Jim Bao Liu	2501 W. Happy Valley Rd., Ste. 50-1250 Phoenix	85085	(623) 434-4119
California		Sandeep Grover	2219-B Ball Rd. Anaheim	92804	(714) 781-5718
California		Hui Mian	5035 Lone Tree Way, Ste. A Antioch	94531	(925) 779-1818
California		Michael Khan	2445 E. Imperial Hwy., #C Brea	92821	(714) 990-8999
California		Alexander Wong	1380 W. Campbell Ave. Campbell	95008	(408) 866-0982
California		Dong Hwah Suh	272 E. Sepulveda Blvd. Carson	90745	(310) 549-2913

California	Tejinder Jassal	501 East Albertoni Street, Ste. B2 Carson	90746	(310) 769-6988
California	Zhu Cai He	20438 Redwood Rd. Castro Valley	94546	(510) 493-8400
California	Yan Min Li	2517 Mitchell Rd., Ste. A Ceres	95307	(209) 596-4510
California	Kuk Nam Jo	11413 South St. Cerritos	90703	(562) 809-9292
California	Soledad Leano	2260 Otay Lakes Rd., Ste. 105 Chula Vista	91915	(619) 216-7788
California	Kevin Lee	1600 Azusa Ave., #169J City of Industry	91748	(626) 581-3338
California	Denise Lam	2300 Harbor Blvd., Ste. N-4 Costa Mesa	92627	(949) 287-6689
California	John Lim	5633 Lincoln Ave. Cypress	90630	(714) 761-9530
California	Lawrence Kam	6893 Mission St. Daly City	94014	(650) 756-7188
California	Arsen Shahnazarian Vartan Shahnazarian	4430 York Blvd., Ste. B Eagle Rock	90041	(323) 259-8888

California	Rudy Bilan Rudy Arucan	354 Broadway Ave. El Cajon	92021	(619) 444-4323
California	Pyung Kim	954 Main St. El Segundo	90245	(310) 414-9523
California	Chiou Yuang Ping	7419 Laguna Blvd., Ste. 120 Elk Grove	95758	(916) 478-3768
California	Khanh Thai	5121 Business Center Dr. Fairfield	94533	(707) 864-9873
California	Henry Chew	5255 Mowry Ave., Ste. S Fremont	94530	(510) 794-8885
California	Alixander Soto	3314 West Shaw Ave., Ste. 10 Fresno	93711	(559) 277-9888
California	Sonia Hwang	339 N. State College Blvd. Fullerton	92831	(714) 870-8888
California	Chen Liang Chen	1258-C Redondo Beach Blvd. Gardena	90247	(310) 630-5868
California	Jun Xiao	7201 Camino Arroyo, Ste. 104 Gilroy	95020	(408) 846-0917
California	Ruben Shahnazarian	118 S. Maryland Ave Glendale	91205	(818) 637-8566
California	Scott Endow	7127 Hollister Ave., Ste. 21 Goleta	93117	(805) 968-8880

California	Jong Park	5257 W. Rosecrans Ave. Hawthorne	90250	(310) 643-5195
California	Ming Hui Zhi Qiong	27328 Hesperian Blvd. Hayward	94545	(510) 782-0880
California	Bilong Liu	1572-B Sycamore Ave. Hercules	94547	(510) 799-9788
California	John Sungho Lee	19692 Beach Blvd. Huntington Beach	92648	(714) 968-1898
California	Kiva Morita	14310 Culver Blvd., Unit A Irvine	92604	(949) 262-9088
California	Jiaming Li To	4150 Regents Park Row La Jolla	92037	(858) 554-0888
California	Mariano Palpallatoc	2400-A Foothill Blvd. La Verne	91750	(909)392-6938
California	Yong Le Zheng	141-T E. Willow St. Long Beach	90806	(562) 427-5109
California	Christopher Hahn	5716 East 7th St., Ste. B-6 Long Beach	90803	(562) 985-0483
California	Pyung Kim	4248 Lincoln Blvd. Marina Del Rey	90292	(310) 301-0123

California	Lawrence Kam	340 Adrian Rd. Millbrae	94030	(650) 259-8063
California	Jianguo Wei	273 W. Calaveras Blvd. Milpitas	95035	(408) 262-5880
California	Eugene Amano Richard Solomon	8280-A Mira Mesa Blvd. Mira Mesa	92126	(858) 693-5888
California	Soledad Leano	2660 Antares Dr., Ste. B Miramar	92145	(858) 271-8888
California	Lawrence Kam	2430 E. Charleston Rd. Mountain View	94043	(650) 967-2555
California	Benjamin Gudoy	1860-B Sweetwater Rd. National City	91950	(619) 336-6888
California	Arsen Shahnazarian	18657 Devonshire St. Northridge	91324	(818) 363-8840
California	Denise Lam	12431 S. Norwalk Blvd., Unit. C Norwalk	90650	(562) 868-8077
California	Wen Mo	7320 Redwood Blvd., Ste. B Novato	94945	(415) 892-6565
California	Johnny Mendiola	4225 Oceanside Blvd., Ste. E Oceanside	92056	(760) 726-0888
California	Andre Beglarian	321 West Esplanade Drive, #20 Oxnard	93036	(805) 278-8082

California	Shirley Chan	1231 Linda Mar Blvd. Pacifica	94044	(650) 355-9988
California	Soknea Hort	3890 El Camino Real Palo Alto	94306	(650) 858-2878
California	Sandeep Grover	319 South Arroyo Parkway, Ste. 10 Pasadena	91105	(626) 583-4960
California	Danny He	8760 Washington Blvd. Pico Rivera	90660	(562) 222-1722
California	Paul He	4515 Rosewood Dr., #600 Pleasanton	94588	(925) 847-9888
California	Matthew Chang	3145 Sports Arena Blvd., #102 Point Loma	92110	(619) 223-8888
California	Annette Lewis Angie Aguilar	1821 S. Catalina Ave. Redondo Beach	90277	(310) 375-0333
California	June Kuang	324 Walnut St. Redwood City	94063	(650) 299-1544
California	Yan Min Li	2447 Claribel Rd., Ste. A Riverbank	95367	(209) 863-8876
California	Stanfield Shek	9050 Fairway Dr., #160 Roseville	95678	(916) 788-1129

California	Stanfield Shek	960 Sunrise Avenue, Suite 100 Roseville	95661	(916) 784-6333
California	Peter Yeung	1900 Fulton St. Sacramento	95825	(916) 913-1128
California	Mark Hayashida	1030 Florin Rd. Sacramento	95831	(916) 392-5555
California	Stanfield Shek	6301 Mack Rd. Sacramento	95823	(916) 689-9331
California	Wei Dong Li	1230 El Camino Real, Unit M&N San Bruno	94066	(650) 873-7188
California	Jose Rodriguez	6083 El Cajon Blvd., Ste. 5B-1 San Diego	92115	(619) 229-6888
California	Eugene Amano Richard Solomon	3410 Palm Ave., Ste. A San Diego	92154	(619) 429-7988
California	Erwin Corpuz	11975 Carmel Mountain Rd., Ste. 607 Carmel Mountain	92128	(858) 451-6888
California	Eugene Amano Richard Solomon	2850 National Ave., Ste. 102 San Diego	92113	(619) 232-1888
California	Millie Lee	312 Kearny St. San Francisco	94108	(415) 956-2888
California	Lawrence Kam	1 Curtner Ave., #80 San Jose	95125	(408) 288-9839

California	Anna Yi	1712 Berryessa Rd., Ste. 10 San Jose	95133	(408) 929-3188
California	Minh Lam	579 Coleman Ave., #40 San Jose	95110	(408) 920-7772
California	Roger Davis	1805 E. Capitol Expressway San Jose	95121	(408) 274-1388
California	Wei Dong Li	5353 Almaden Expressway, #48 San Jose	95118	(408) 266-9888
California	Alexander Wong	5730 Cottle Rd., Ste. 120 South San Jose	95123	(760) 290-3036
California	Dan Malicsi	137 S. Las Posas Rd., Ste. 152 San Marcos	92078	(760) 290-3036
California	Alixander Soto	732 Center Drive San Marcos	92070	(760) 957-3690
California	Jasmine Yuan	94 East 3rd Ave. San Mateo	94401	(650) 347-8885
California	Willy Wong	3580 Homestead Rd. Santa Clara	95051	(408) 246-0896
California	Gabriel Khoury	18727 Via Princesa Parkway Santa Clarita	91387	(661) 251-8333
California	Kong Yi Xie	460 7th Ave.	95062	(831) 475-8898

	Chun Hua Lin	Santa Cruz		
California	Eugene Amano Richard Solomon	9621 Mission Gorge Rd., Ste. 107 Santee	92071	(619) 562-1888
California	Terry Kennedy	4555 N. Pershing Ave., Ste. 33-A Stockton	95207	(209) 478-0500
California	Mo Ching Fong	24223 Crenshaw Blvd. Ste. G Torrance	90505	(310) 326-0810
California	Frankie Lorico	2271 W. Grant Line Rd., #113 Tracy	95377	(209) 832-3388
California	Paul He	1668 Decoto Rd. Union City	94587	(510) 324-8838
California	Mei Fang He	1631 E. Monte Vista Ave. Vacaville	95688	(707) 455-8881
California	Kevin Won	165 Plaza Dr., #707 Vallejo	94591	(707) 647-7070
California	Shuet Kin Poon	4300 Sonoma Blvd., Ste. 724 & 732 Vallejo	94589	(707) 648-0315
California	Sandeep Grover	21565 Valley Blvd. Walnut	91789	(909) 444-0030
California	Michael Yang	323 N. Azusa Ave. West Covina	91791	(626) 732-2221

California	Tejinder Jassal	6731 Westminster Blvd. #108 Westminster	92683	(714) 903-6988
Colorado	Stanley Yamagata II	14221 E. Cedar Ave., Unit C Aurora	80012	(303) 340-8824
Colorado	Stanley Yamagata II Avery Arakaki	5650 S. Chambers Rd. Aurora	80015	(303) 766-4950
Colorado	Robert Stetler	5850 Barnes Rd. Colorado Springs	80922	(719) 570-1888
Florida	Jayson Chua Pablo Orana	6001 Argyle Forest Drive, Ste. 60 Jacksonville	32244	(904) 647-5228
Hawaii	Ming Feng Zheng Di Di Chen	99-115 Aiea Heights Dr., Ste. 125 Aiea	96701	486-0577
Hawaii	Bryan Andaya	550 Paiea St., Ste. 13 Honolulu	96819	839-1111
Hawaii	Fong Wah Wu	1501 Ala Moana Blvd. Honolulu	96814	941-8882
Hawaii	Fong Wah Wu	1201 Ala Moana Blvd. Honolulu	96814	596-8882
Hawaii	Fong Wah Wu	404 Kapahulu Ave. Honolulu	96815	737-0288
Hawaii	Bing Yan Li	1505 Dillingham Blvd.	96817	841-8877

		Honolulu		
Hawaii	Zhong Shi Chi	1111-B Fort Street Mall Honolulu	96813	521-8891
Hawaii	Sam Chen	999 Bishop St. Honolulu, HI	96813	587-8008
Hawaii	Greg Arcibal	1100 Ward Ave., 5th Floor Honolulu	96814	840-0505
Hawaii	Julio Luy	1020 Keolu Dr., Ste. C-6 Kailua	96734	262-4411
Hawaii	Zi Jun Zhou Jun Chow	91-896 Makule Rd. Ewa Beach	96706	689-3388
Hawaii	Sam Pun	91-1401 Ft.Weaver Rd., Ste. A-107 Ewa Beach	96706	685-2888
Hawaii	Peter Dong	66-197 Kamehameha Hwy. Haleiwa	96712	637-4700
Hawaii	Yuhong Ye	377 Keahole St., Ste. 102 Honolulu	96825	396-3885
Hawaii	Peiting Chen	801 Dillingham Blvd., Ste. 1-E Honolulu	96817	521-8886
Hawaii	Chao Tian Pang	4618 Kilauea Ave. Honolulu	96816	732-4042

Hawaii	Elaine Chow	26 Hoolai St., Ste. 300 Kailua	96734	262-1113
Hawaii	Hao Guo Dong	3133 Waialae Ave. Honolulu	96816	735-1813
Hawaii	Vivian Pang	1620 N. School St., #D-2 Honolulu	96817	841-1777
Hawaii	Raymond Won	46-047 Kamehameha Hwy. Kaneohe	96744	235-5115
Hawaii	Shaojian Nie	45-480 Kaneohe Bay Dr. Kaneohe	96744	236-3030
Hawaii	Fong Wah Wu	1255 5th St. Kaneohe	96863	744-4328
Hawaii	Henry Tam	590 Farrington Hwy., Ste. 516 Kapolei	96707	674-8088
Hawaii	Sharon Tam	4850 Kapolei Pkwy., #B-3 Kapolei	96707	674-2277
Hawaii	Sharon Tam	91-5431 Kapolei Pkwy., Ste. C-110 Kapolei	96707	670-2588
Hawaii	Christina Kam	710 Keeaumoku St. Honolulu	96814	955-3382
Hawaii	Tommy Shi	55-510 Kamehameha Hwy.	96762	293-8887

		Laie		
Hawaii	Sam Pun	1711 Liliha St. Honolulu	96817	533-3210
Hawaii	Henry Lee	970 Ahua St. Honolulu	96819	834-8848
Hawaii	Janet Chen	94-780 Meheula Pkwy. Mililani	96789	623-8886
Hawaii	Shirley Hu	95-1057 Ainamakua Dr., #F7-8 Mililani	96789	626-8828
Hawaii	Sharon Tam	2919 Kapiolani Blvd., #103 Honolulu	96826	737-8899
Hawaii	Fong Kai Wu Fong Po Wu	2320 S. King St. Honolulu	96820	951-8333
Hawaii	Sharon Tam	1029 Makolu St., Ste. G Pearl City	96782	456-0708
Hawaii	Billy Tran	98-1005 Moanalua Rd., #6B Aiea	96701	633-8011
Hawaii	Kun Rong Fang	94-615 Kupuohi St., Ste. 211 Waipahu	96797	680-9368
Hawaii	Zhi Hang Ma	94-050 Farrington Hwy., #B1-3 Waipahu	96797	678-9800

Hawaii	Hong Chen	111 Sand Island Access Rd., Ste. R-7 Honolulu	96819	843-1806
Hawaii	Yan Nian Yu	1337 Lower Campus Rd. Honolulu	96826	956-6162
Hawaii	Tony Shi	2560 McCarthy Mall Honolulu	96822	956-3170
Hawaii	Sheng Li Cheng	138 S. Kamehameha Hwy. Wahiawa	96786	621-3969
Hawaii	Kenneth Lee	85-080 Waianae Valley Rd. Waianae	96792	696-7989
Hawaii	Tony Wong Cam	41-1610 Kalanianaole Hwy. Waimanalo	96795	(808) 259-6888
Hawaii	Run Hui Huang	94-300 Farrington Hwy., Ste. F-6 Waipahu	96797	(808) 671-3883
Hawaii	Pei Yi Huang	310 Kamakee St. Honolulu	96814	(808) 597-9088
Hawaii	Fang Jie Wu	3-2600 Kaumualii Hwy., #B14 Lihue	96766	(808) 246-3688
Hawaii	Peter Wu	4492 Moana Rd. Waimea	96796	(808) 826-7388
Hawaii	Yanny Jiang	5-5190 Kuhio Hwy.	96714	(808) 826-7388

		Hanalei		
Hawaii	Jessica Cao	3350 Lower Honoapiilani Hwy., #401 Lahaina	96761	(808) 667-7788
Hawaii	Cindy Liu	170 Papalaua St., #C-1 Lahaina	96761	(808) 662-3388
Hawaii	Kip Johner Lynn Johner	247 Piikea Ave., Ste. 102 Kihei	96753	(808) 875-8898
Hawaii	Mei Liang	270 Dairy Rd. Kahului	96732	(808) 873-0323
Hawaii	Dayong Zhao	275 W. Kaahumanu Ave., #FC06 Kahului	96732	(808) 873-8889
Hawaii	Fong Wah Wu	74-5035 Queen Kaahumanu Hwy. Kailua-Kona	96740	(808) 329-2838
Hawaii	Fong Wah Wu	81-6602 Hawaii Belt Rd. Kealakekua	96720	(808) 323-1916
Hawaii	Tai Chen	81-6224 Mamalahoa Hwy. Captain Cook	96704	(808) 323-9888
Hawaii	Fong Wah Wu	76-6831 Alii Dr., Ste. D-124 Kona	96740	(808) 322-9888
Hawaii	Larry Kwong	75-5595 Palani Road, Ste. A-6 Kailua-Kona	96740	(808) 331-8886

Hawaii	David Chan	67-1185 Mamalahoa Highway Ste. A-105 Waimea	96743	(808) 885-8880
Hawaii	David Chan Andrew He	54-3886 Akoni Pule Hwy. Kapaau	96755	(808) 889-0668
Hawaii	Yahong Cao	3019 Pohue Plaza Ocean View	96772	(808) 929-8888
Hawaii	Luo Huo Xie	315 Makaala St., Ste. 106-3 Waiakea	96720	(808) 935-3888
Hawaii	Tony Xie	16-586 Old Volcano Road Keaau	96749	(808) 982-6668
Hawaii	Jayson He Fong Po Wu	348 Kinoole St. Hilo	96720	(808) 934-0888
Nevada	Sharon Liang	687 N. Stephanie St. Henderson	89014	(702) 433-0240
Nevada	Eva Kam Sonny Carpio	2070 East Serene Ave. Las Vegas	89123	(702) 855-8088
Nevada	Richard Tonthat	7891 W. Tropical Parkway, Ste. 120 Las Vegas	89130	(702) 792-9898
Nevada	Jia Kai Weng	4030 Maryland Parkway Las Vegas	89119	(702) 880-9898

Nevada	Richard Tonthat	2755 S. Nellis Blvd., Ste. C-1 Las Vegas	89121	(702) 597-9898
Nevada	Anthony Nguyen	2595 S. Maryland Parkway Las Vegas	89109	(702) 643-9898
Nevada	Bill Xie	7320 S. Rainbow Blvd., Ste. 104 Las Vegas	89139	(702) 732-9898
Nevada	Xiao Hui Chen	10860 W. Charleston Blvd., Ste. 180 Las Vegas	89135	(702) 362-9898
Nevada	Ronald Chadwick	5150 Mae Anne Ave., Ste. 204 Reno	89523	(775) 322-8888
Nevada	Xiao Hui Chen	1900 N. Buffalo Dr. Las Vegas	89128	(702) 869-9898
Nevada	Bill Xie	6118 W. Flamingo Rd. Las Vegas	89103	(702) 579-9898
Nevada	Ronald Chadwick	1495 E. Prater Way, Ste. 125 Sparks	89434	(775) 384-1940
Nevada	Bill Xie	2520 E. Craig Rd., Ste. 105 Las Vegas	89030	(702) 399-9898
Nevada	Xiao Hui Chen	7580 S. Las Vegas Blvd., #110 Las Vegas	89123	(702) 837-9898
Nevada	Ronald Chadwick	4978 S. Virginia St.	89502	(775) 683-9960

		Reno		
Nevada	Bill Xie	854 S. Boulder Hwy. Henderson	89015	(702) 558-9898
Nevada	Bill Xie	5752 S. Fort Apache Rd., Ste. 105 Las Vegas	89148	(702) 383-9888
Nevada	Bill Xie	4770 W. Ann Rd., #6 Las Vegas	89031	(702) 998-9559
Nevada	Bill Xie	7825 Blue Diamond Rd., Ste. 105 Las Vegas	89178	(725) 214-6000
New York	Wen Chen	26390 US Route 11 Evans Mills	13637	(315) 629-5998
North Carolina	Andrew Robinson	522 Kannapolis Parkway Concord	28027	(980) 248-1193
Oregon	Tiffany Chu Sai Tong Chu	3205 SW Cedar Hills Blvd. Ste. 23 Beaverton	97005	(503) 726-0770
Texas	John Soo Hoo	8408 Preston Rd., Ste. 200 Plano	75024	(972) 712-3888
Texas	Sarah Pfannenstiel	1302 Austin Hwy. San Antonio	78209	(210) 474-6699
Texas	Ronald Chadwick	23119 Colonnial Pkwy., Ste. B10	77449	(832) 437-8609

	Russell Chadwick	Katy		
Texas	Ronald Chadwick Russell Chadwick	209 Heights Blvd. Houston	77007	(713) 505-1403
Tennessee	Eugene Amano	2000 Meridian Blvd., Ste. 100 Franklin	37067	(615) 807-1582
Utah	Spencer Redi	158 West 1230 North Provo	84604	(801) 818-2888
Virginia	Leopoldo Ang	717 Eden Way N, Ste. 610 Chesapeake	23320	(757) 410-3200
Washington	Eva Kam Christina Kam	32225 Pacific Highway South, Ste. 104 Federal Way	98003	(253) 946-0788
Washington	Eva Kam	10321 Gravelly Lake Drive, #D Lakewood	98499	(253) 588-8296
Washington	Eva Kam	20 SW 7th Street, Ste. H Renton	98055	(425) 227-6980
Washington	Christina Kam Johnson Kam	18613 International Blvd. Bldg. B, #3 SeaTac	98188	(206) 432-9646
Washington	Christina Kam	4502 S. Steele St., #161A Tacoma	98409	(253) 472-0603

Washington	Louis Matautia	5312 Littlerock Rd. SW, Ste. 101 Tumwater	98032	(360) 810-2495
Washington	Jonathan Ureta	20038 68th Ave. S, Ste. 107 Kent	98032	(253) 277-7925
Washington	Johnson Kam	116 SW 148th St., #D170 Burien	98166	(206) 829-8518
Washington	Louis Matautia	100 E. Wallace Kneeland Blvd. Shelton	98584	(360) 549-7069
Japan	Ryosuke Mori	Shibuya-ku Tokyo		
Japan	Ryosuke Mori	1-13-18 Katasekaigan Fujisawa-shi Kanagawa-ken Enoshima		

EXHIBIT “G”

Approved Suppliers and Manufactures

EXHIBIT "G"

Approved Suppliers and Manufacturers

To maintain quality and consistency, all L & L Hawaiian Barbecue Restaurants must use the following products:

Fountain/drinks	Pepsi
French Fries	J.R. Simplot
L & L Logo Cups	Graphic Packaging International
Spices, extracts, food colors	McCormick
Mayonnaise	Best Foods/Hellmann's
Canned and processed meat products (bacon, ham & Spam)	Hormel Foods
Chicken broth	Unilever's Caldo de Pollo
Ready-made hamburger patties	Cargill Foods
Lau Lau	Keoki's
Elbow macaroni	Costa Pasta
Ketchup, tomato sauce/puree, condiments	Hunt's
Ramen style noodles	Sun Noodle
Ramen soup base	Sun Noodle
Soy sauce	Yamasa
Hawaiian juice drinks	Hawaiian Sun
Diamond G Rice	Farmer's Rice Cooperative
L & L Logo t-shirt bags (12x7x22 and 9x6/17.5)	Elkay Plastics
Shrimp, breaded	Certi-Fresh Foods
Basa/Swai	Certi-Fresh Foods
Marinate sauce	Senba
Panko breadcrumbs	Upper Crust Enterprises
L & L gift cards	Bank of America
Merchant Services	Bank of America
Clover System Point of Sales	Bank of America
Operations Platform	Jolt Software

EXHIBIT “H”

PERSONAL GUARANTY

EXHIBIT “H”

PERSONAL GUARANTY

_____, 20__

TO L & L FRANCHISE, INC. (“FRANCHISOR”)
931 University Avenue, Suite 202
Honolulu, Hawaii 96826

FOR VALUE RECEIVED and in order to induce Franchisor (“you” or “your”) to enter into the franchise agreement with _____ (“Franchisee”), (“I”, “me” “we” or “us”) I/we hereby, jointly and severally, guarantee the payment when due of any and all present or future indebtedness to your now owing or thereafter incurred by the Franchisee however arising, and including without limitation all indebtedness resulting or arising to Franchisor under the Franchise Agreement executed by Franchisee (the “Indebtedness”) under the following terms and conditions:

1. If not paid when due, I/we promise to pay the Indebtedness on demand.

2. I/We hereby waive all rights to receive a notice form you of (i) the acceptance of this Guaranty; (ii) the extension of credit from time to time in whatever amount to the Franchisee; (iii) any adverse change in the financial condition of the Franchisee; and (iv) a default of any kind by the Franchisee or any other guarantor of the Indebtedness.

3. I/We agree that you may, at your absolute discretion, without notice to me/us: (i) grant credit grant credit to the Franchisee; (ii) extend, accelerate or otherwise modify the date on which any amount of the indebtedness is to be paid; (iii) release me or any party to or any guarantor of the indebtedness; (iv) release, surrender, exchange, modify or fail to perfect any interest in any collateral which secures or might secure the Indebtedness; (v) compromise or settle any portion of the Indebtedness; or (vi) proceed in any one or more form of action or proceeding against any one or more party to, guarantor of or item of collateral securing the Indebtedness, in any order, all without waiving the right to later proceed in any other form of action or proceeding or against any one or more other such parties, guarantors, or items of collateral.

4. I/We hereby warrant that because of my relationship with the Franchisee I/we am/are fully are aware of its present financial condition, and I/we am/are therefore not relying upon you or any representation by your in determining to give this Guaranty.

5. I/We also, jointly and severally, agree to personally guarantee performance of Articles 4 (Confidential Manuals), 10 (Covenant Regarding Other Business

Interests) and 11 (Interference with Employment Relations) in their entirety relative to the restrictions on the activities of the Franchisee and personally agree that the provisions shall be binding on each of us personally, as if each of us were the Franchisee.

6. This Guaranty shall continue in effect in the event that the Franchisee transfers or assigns portions or all of the interest in the Franchise Agreement to a corporate, limited liability company or partnership entity and/or to another individual or individuals with or without the knowledge or consent of the undersigned Guarantor(s). This Guaranty is absolute and continuing until I/we give you notice by certified mail, return receipt requested, of its revocation, but such revocation shall not relieve me from liability for any portion of the Indebtedness created prior to your receipt of such notice. Such notice shall be addressed to:

L & L Franchise, Inc.
Attn: Bryan P. Andaya
931 University Avenue, Suite 202
Honolulu, Hawaii 96826

7. I/We agree that this Guaranty shall be construed under the laws of the State of Hawaii.

8. I/We agree that any dispute or disagreements that may arise in connection with this Guaranty shall be subject to and resolved in accordance with the Article 21 Dispute Resolution: Arbitration and Legal Proceedings provision of the Franchise Agreement executed by Franchisee and that all such disputes or disagreements may be joined with and/or consolidated with disputes and disagreements arising under such Franchise Agreement and/or associated Confidential Information Agreement.

(Signature) _____

(Print Name) _____
Guarantor

(Address) _____

_____

(Signature) _____

(Print Name) _____
Guarantor

(Address) _____

_____

(Signature) _____

(Print Name) _____
Guarantor

(Address) _____

_____

(Signature) _____

(Print Name) _____
Guarantor

(Address) _____

_____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

EXHIBIT “I”

Statement of Franchisee

EXHIBIT I

STATEMENT OF FRANCHISEE
[Note: Dates and Answers Must be Completed in the Prospective Franchisee's Own Handwriting]

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, L & L Franchise, Inc. (also called: the "**Franchisor**" or "**we**") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side agreements," options, right of first refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on the same, except as expressly set forth in the Franchise Disclosure Document, Franchise Agreement or an attached written Addendum or Amendment signed by me and the Franchisor, except as follows:

_____

_____

_____

(If NONE, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written Addendum or Amendment signed by me and an officer of Franchisor were made to me by any person or entity, nor have I relied in any way on same, except as follows: (if none, write NONE)

_____

_____

_____

(If NONE, you should write NONE in your own handwriting and initial.)

3. Other than the information presented in the Franchise Disclosure Document, no oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from any Franchise System

Restaurant, was made to me by any person or entity, nor have I relied in any way on any such, except as follows:

_____

_____

_____

(If NONE, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written Addendum or Amendment signed by me and L&L Franchise, Inc.:

_____

_____

_____

(If NONE, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the officers, partners, shareholders, members, investors, owners, and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum or Amendment, and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and L & L Franchise, Inc. has strongly recommended that I obtain such independent advice. I have also been strongly advised by L &L Franchise, Inc. to discuss my proposed purchase of a L & L Franchised, Inc. with any existing L & L Franchise, Inc. franchisees prior to signing any binding documents or paying any sums and L & L Franchise, Inc. has supplied me with a list of franchisees.

7. I understand that (a) entry into any business venture necessarily involves some unavoidable risk of loss or failure; (b) while the purchase of a franchise may improve the chances for success, the purchase of a Franchise System Restaurant or any other franchise is a speculative investment; (c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; (d) there exists no guaranty against possible loss or failure in this or any other business; and (e) the most important factors in the success of any Franchise System Restaurant, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform L & L Franchise, Inc. through its Chief Operating Officer, Bryan Andaya, verbally and in writing.

You understand and agree that, other than the information presented in the Franchise Disclosure Document, we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchised or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

PROSPECTIVE FRANCHISEE:

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

REVIEWED BY FRANCHISOR:

By: _____

Print Name: _____

Date: _____

EXHIBIT “J”

Receipts

EXHIBIT "J"

RECEIPTS

The Receipts are the last two pages of the Franchise Disclosure Document. This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The name of the franchise offeror/seller is:

L & L Franchise, Inc.
931 University Avenue, Suite 202
Honolulu, Hawaii 96826
Phone: (808) 951-9888
Attn: Bryan Andaya

If L & L Franchise, Inc. offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If L & L Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and Commissioner Manuel P. Alvarez, California Department of Business Oversight, One Sansome Street, #600, San Francisco, California 94104.

Issuance Date: March 1, 2020

I received a disclosure document dated March 1, 2020, that included the following Exhibits:

A. L & L Franchise, Inc. Franchise Agreement
B. Confidential Information Agreement
C. Financial Statements
D. Franchise Manual – Operation Manual Table of Contents
E. Agency/Agent for Service of Process
F. Current Franchisees
G. Approved Suppliers/Manufacturers
H. Personal Guaranty
I. Statement of Franchisee
J. Receipt (The Receipts can be found on the last two pages of the Franchise Disclosure Document.)

Date: _____ Your name (Please print): _____

Your signature: _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to L & L Franchise, Inc. at 931 University Avenue, Suite 202, Honolulu, Hawaii 96826, or by faxing a copy of the signed receipt to L & L Franchise, Inc. at (808) 951-9888. You may keep the second copy for your records.

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L & L Franchise, Inc.
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