FRANCHISE DISCLOSURE DOCUMENT

Manchu WOK®
FAST & FRESH CHINESE CUISINE

MTY FRANCHISING USA, INC.
9311 East Via de Ventura
Scottsdale, Arizona 85258
(905) 764-7066
info@manchuwok.com
www.manchuwok.com

We grant franchises for MANCHU WOK® Restaurant(s), selling "Asian-style" foods and drinks and other menu items, located in a Shopping Mall Food Court or in a Non-Traditional Location.

The total investment necessary to begin operation of a Manchu WOK Restaurant franchised business ranges from $439,850 to $709,600. This amount includes payments that range from $385,500 to $691,000 that must or may be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, you may contact Bob Cook at 8150 Transcanada, Suite 200, St-Laurent, Quebec, H4S, 1M4 Canada, (905) 764-7066.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Franchise Disclosure Document is **February 25, 2016 as amended June 21, 2016 and July 28, 2016~~.~~ and October 6, 2016.**

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.

Call the state franchise administrator listed in **Exhibit A** 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 THAT IF THERE IS A DISPUTE BETWEEN THE PARTIES, THEY MUST FIRST MEET AT OUR PRINCIPAL PLACE OF BUSINESS (WHICH CURRENTLY IS IN SCOTTSDALE, ARIZONA) AND, IF UNRESOLVED, THEN THE PARTIES MUST PARTICIPATE IN FORMAL MEDIATION IN SCOTTSDALE, ARIZONA. IF THERE IS NO RESOLUTION FROM THE MEDIATION, THE FRANCHISE AGREEMENT PERMITS FRANCHISEE TO LITIGATE ONLY IN ARIZONA. OUT OF STATE MEDIATION OR LITIGATION MAY COST MORE THAN IN YOUR HOME STATE AND MY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES.

2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF ARIZONA GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. PLEASE NOTE THAT 60% OF FRANCHISOR'S ASSETS ARE INTANGIBLE. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

4. AS PER THE AUDITED BALANCE SHEET DATED NOVEMBER 30, 2015, THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF ($1,296,625).

5. DURING THE LAST YEAR, A HIGH PERCENTAGE OF FRANCHISED OUTLETS CEASED TO OPERATE. THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN FRANCHISE IN A SYSTEM WITH A LOWER TURNOVER RATE.

6. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

Effective Date: See next page for state effective dates.

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Effective date:	June 9, 2016, as amended July 13, 2016 and August 29, 2016
Florida	Effective date:	May 1, 2016
Hawaii	Effective date:	Not Registered
Illinois	Effective date:	February 26, 2016, as amended July 1, 2016 and August 4, 2016
Indiana	Effective date:	Not Registered
Kentucky*	Effective date:	May 26, 2015
Maryland	Effective date:	July 1, 2016, as amended July 1, 2016 and September 13, 2016
Michigan	Effective date:	February 29, 2016
Minnesota	Effective date:	March 2, 2016, as amended July 27, 2016 and September 1, 2016
Nebraska*	Effective date:	May 1, 2015
New York	Effective date:	April 28, 2016, as amended August 24, 2016
North Dakota	Effective date:	August 5, 2016, as amended _________
Rhode Island	Effective date:	Not Registered
South Dakota	Effective date:	Not Registered
Texas*	Effective date:	May 1, 2015
Utah	Effective date:	February 29, 2016
Virginia	Effective date:	May 20, 2016, as amended July 28, 2016 and September 2, 2016
Washington	Effective date:	June 29, 2016, as amended August 3, 2016
Wisconsin	Effective date:	Not Registered

In all other states, the effective date of this Franchise Disclosure Document is **February 25, 2016 as amended June 21, 2016 and July 28, 2016. and October 6, 2016.**

* Denotes one-time filing

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

Exhibits

A	List of State Regulators/Agents for Service of Process
B	Financial Statements
C	Franchise Agreement
D	Sublease Agreement (subject to amendment to accommodate local laws)
E	Table of Contents of Operating Manual
F	Current Franchisees
G	Former Franchisees
H	State-Specific Disclosure and State-Specific Agreement Amendments
I	Compliance Certification
J	Deposit and Application Agreement
K	Receipt

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

To simplify the language in this Franchise Disclosure Document, "**Manchu Wok**," "**us**" or "**we**" means MTY Franchising USA, Inc., the franchisor, doing business as "Manchu Wok." "**You**" means the person, corporation, partnership or other entity that buys the franchise, the franchisee. If a corporation, partnership or other entity is the franchisee, "you" includes the franchisee's owners.

The Franchisor, Its Predecessors and Affiliates

MTY Franchising USA, Inc. is a Delaware corporation that was incorporated on March 14, 2001 to operate a franchising business in the United States under the name "The Extreme Pita." We changed our corporate name from The Extreme Pita Franchising USA, Inc. in July 2014. You will see references to our former corporate name in our audited financial statements. Our principal business address in the United States is 9311 East Via de Ventura, Scottsdale, AZ 85258, our head office for North America is 2 East Beaver Creek Road, Building One, Richmond Hill, Ontario L4B 2N3, Canada. Our agents for service of process are disclosed in **Exhibit A**. Unless otherwise specified, our registered agent for service of process is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. We are members in good standing of the International Franchise Association ("**IFA**") and we therefore comply with the IFA's Code of Ethics.

Manchu Wok is a franchising company which sells and grants franchises for the operation of retail restaurant businesses ("**Manchu Wok Franchise**" **or** "**Manchu Wok Store**") using the name "MANCHU WOK®" in the United States. We are not engaged in any other type of business activity. We have been offering Manchu Wok franchises in the United States since March 2015.

In addition to offering franchises for the Manchu Wok brand, we also have the rights to offer franchises for three additional brands in the United States. We have been offering franchises for The Extreme Pita brand in the United States since March 2001. We also began offering Thai Express unit franchises in the United States in February 2015. We began offering unit franchises for the Ginger Sushi Boutique brand in September 2015. We offer franchises for the Extreme Pita, Thai Express, and Ginger Sushi Boutique under separate Franchise Disclosure Documents.

Effective as of September 9, 2016, we entered into an agreement to purchase all outstanding membership interests of BF Acquisition Holdings, LLC ("BFAH"), a Delaware limited liability company having an address at 320 Commerce, Suite 100, Irvine, California 92602, including the rights to franchise the Baja Fresh® and La Salsa Mexican Grill® brands. If the closing and regulatory conditions are satisfied, the transaction is expected to close on or before October 31, 2016. BFAH or its affiliate companies offer unit, multi-unit and area development Baja Fresh and La Salsa Mexican Grill franchises under separate disclosure documents. As of December 31, 2015, there were 160 Baja Fresh restaurants (149 franchised and 11 company-owned) and 24 La Salsa Mexican Grill restaurants (18 franchised and 6 company-owned) in the United States.

We have two predecessors, a parent and two affiliates.

For the Manchu Wok brand, we have two predecessors. Our first predecessor, Manchu WOK Franchising USA Inc. ("**MWF**") was incorporated in Delaware on August 4, 2004 and offered Manchu Wok franchises from March 2005 through October 2014. Our second predecessor, Manchu WOK (USA), Inc. ("**MWUSA**"), was incorporated in Delaware on July 25, 2000, and offered Manchu Wok franchises from October 2000 until March 2005. MWUSA also continued to provide support services to a number of Machu Wok franchisees until December 2014. MWF's and MWUSA's business address was 85 Citizen Court, Unit 9, Markham, Ontario, Canada L6G 1A8, and both companies will be collectively referred to as "**Predecessors**" in this Franchise Disclosure Document.

On December 18, 2014, we acquired the United States operations of the Manchu Wok franchise system from the Predecessors, which includes 52 franchised Manchu Wok restaurants and 4 company-owned Manchu Wok restaurants.

On September 24, 2013, our parent, MTY Tiki Ming Enterprises Inc. ("**MTY**"), acquired our stock ("**Acquisition**"). MTY is a wholly owned subsidiary of MTY Food Group, Inc. ("**MTYFG**"). MTY is a corporation that was initially incorporated under the Canada Business Corporations Act on February 13, 1979, under the name "Matoyee Enterprises Inc." Its principal place of business is 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. MTYFG is a public corporation and its principal place of business is 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. As part of the Acquisition, MTY also acquired Extreme Pita IP Inc., an Ontario company formed on February 19, 2010, which is the owner of the Marks (as defined in ITEM 13). It has licensed to us the right to use the Marks and in turn to sublicense to you the right to use the Marks.

MTY currently operates or has franchised approximately 2,800 quick service restaurants consisting of the following brands in the following countries: Au Vieux Duluth Express, Caferama, Café Depot, Country Style, Croissant Plus, Cultures, Fabrika, FranxSupreme, Jugo Juice, Kim Chi Korean Delights, Koryo, Koya Japan, La Cremiere, Madisons, Manchu Wok, Mr. Souvlaki, Mr. Sub, Mucho Burrito, Muffins Plus, O'Burger, Panini Pizza Pasta, Pureblendz, SensiAsian, Sukiyaki, Sushi Go, Sushiman, Sushi Shop/Sushi Shop Express, Taco Time/Taco Time Cantina, Tandori, TCBY®, Thai Express/Pad Thai Delights Thai Cuisine, Thaizone, Tiki Ming, Tosto, Tutti Frutti, Valentine, Vanellis, Van Houtte, Veggirama, Vie & Nam, Villa Madina, Yogen Früz, and Wasabi Grill & Noodle, in Bahrain, Canada, Dubai, Jordan, Kuwait, Morocco, Qatar, Saudi Arabia, United Arab Emirates, United Kingdom, and Lebanon. MTYFG or one of its subsidiaries is the master licensee for the following brands: TCBY (Canada), Taco Time (Canada), Yogen Fruz (Canada), and Au Vieux Duluth Express (Quebec and Ontario, Canada). MTY also provides support services to Manchu Wok stores in the United States.

We have an affiliate that operates the Mucho Burrito brand in the United States. Mucho Burrito Franchise USA, Inc. ("**MBUSA**") is a Delaware corporation that was incorporated on January 19, 2010 to sell and grant franchises in the United States under the names "Mucho Burrito". On September 24, 2013, in connection with the Acquisition, our parent, MTY acquired the stock of MBUSA. MBUSA's principal business address in the United States is 9311 East Via de Ventura, Scottsdale, AZ 85258. MBUSA has been offering Mucho Burrito Unit franchises since February 2010, and offered Area Developer franchises in the United States from February 2010 to

January 2013. However, as of January 2013, MBUSA no longer offers Area Developer franchises. MBUSA is not engaged in any other type of business activity.

We also have an affiliate that operates the Big Smoke Burger brand in the United States. BSB Franchising USA, Inc. ("**BSB**") is a Delaware corporation that was incorporated on August 18, 2015 to sell and grant franchises in the United States under the name "**Big Smoke Burger**." BSB's address is 16420 N. 92nd Street, Suite E 210, Scottsdale, Arizona 85260. BSB has been offering Big Smoke Burger unit franchises since February 2016. BSB is not engaged in any other type of business activity.

On May 25, 2016, MTYFG entered into an agreement with Kahala Brands, Ltd., having an address at 9311 East Via de Venture, Scottsdale, AZ 85258 ("**Kahala Brands**"), whereby Kahala Brands agreed to merge with a wholly-owned subsidiary of MTYFG ("**Kahala Brands Transaction**"). The Kahala Brands Transaction closed July 26, 2016. As of the date of this Franchise Disclosure Document, Kahala Brands or one or more of its subsidiaries has franchised or currently operates approximately 2,800 quick service restaurants which consist of the following 18 brands: America's Taco Shop, Blimpie, Cereality, Cold Stone Creamery, Frullati Café & Bakery, Great Steak, Johnnie's New York Pizzeria, Kahala Coffee Traders, Maui Wowi Hawaiian Coffees & Smoothies, NrGize Lifestyle Café, Pinkberry, Planet Smoothie, Ranch One, Rollerz, Samurai Sam's, Surf City Squeeze, TacoTime, and Tasti D-Lite. One or more of those brands is currently located in the countries of Bahrain, Bangladesh, Brazil, Canada, China, Cyprus, Egypt, El Salvador, Indonesia, Japan, Kenya, Nigeria, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, Taiwan, Thailand, Trinidad and Tobago, Turkey, United Arab Emirates, and the United States, and the United States territories of Guam and Puerto Rico. Additionally, the Kahala Brands Transaction resulted in MTYFG or one of its subsidiaries becoming the master franchisee for the following brands in the following countries: Cold Stone Creamery (Antigua, Aruba, Bangladesh, Barbados, Bonaire, Costa Rica, Curacao, Dominica, El Salvador, Greece, Grenada, Guatemala, Guyana, Jamaica, Jordan, Kenya, Malaysia, Pakistan, Panama, South Africa, St. Kitts, St. Lucia, St. Martin, St Vincent, and Suriname) and Great Steak (Oman, Qatar, and Saudi Arabia).

The Franchisor's Business and the Franchises Offered

A "Manchu WOK® Restaurant" is a restaurant located in a shopping mall food court or in non-traditional locations such as highway facilities, airport concourses, professional sports facilities, recreational and entertainment facilities, casinos, college campuses, military installations, governmental or institutional locations, supermarkets and department stores where dining facilities are generally located in a common area and a private/separate dining facility is not required to be maintained. Each MANCHU WOK® Restaurant offers a selection of oriental food such as sweet and sour pork, crispy chicken wings, chicken balls and mixed vegetables, soft drinks and other complementary items and beverages. Like most quick-service restaurants, customers order, receive and pay for their food purchases at the counter. There is no wait service. As of July 1, 2014, our system collectively constitutes one of the largest chains of oriental fast-food restaurants in North America, with 76 restaurants in Canada and 61 restaurants in the United States.

The Restaurant Industry

MANCHU WOK® Restaurants compete in the quick service segment of the restaurant industry. You will cater to all persons desiring a quick and moderately priced meal, regardless of age or ethnic background. You will have to compete with other fast food restaurant chains such as hamburger, pizza and Mexican fast food chains, as well as other oriental-style fast food chains and numerous local Chinese and Asian style restaurants including, perhaps, other restaurants licensed or owned by us or by the Company. The quick-service segment is a highly competitive and developed market, which can be significantly affected by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, consumer concerns about the nutritional quality of quick service food and increases in the number of, and particular locations of, competing quick service restaurants. Various factors can adversely affect the quick service segment of the restaurant industry, including inflation, increases in food, labor and energy costs, the availability and cost of suitable sites, fluctuating interest and insurance rates, state and local regulations and licensing requirements and the availability of an adequate number of hourly paid employees.

Laws Applicable to the Restaurant Business

You must comply with all local, state, and federal laws that apply to your Restaurant operations, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, restrooms, drinking facilities, etc. For example, you must obtain real estate permits (e.g., zoning), real estate licenses, and operational licenses. There are also regulations that pertain to sanitation, healthcare, labeling, nutrition disclosures, food preparation, food handling, and food service. You will have to comply with all applicable federal, state, and local laws and regulations in connection with the operation of your Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Restaurant's operation.

Agents for Service

Our agents for service of process are listed in **Exhibit A**.

ITEM 2
BUSINESS EXPERIENCE

President and Chief Executive Officer – Stanley Ma

Stanley has been a director and the President and Chief Executive Officer of MTY Franchising USA since September 24, 2013. Stanley has also been a director and the President and Chief Executive Officer of our affiliate, MBUSA, since September 24, 2013. Stanley founded our parent, MTY, of Quebec, Canada, in 1979 and has served as its President, Chief Executive Officer and Director since its founding.

Secretary – Claude St.-Pierre

Claude has been a director and the Secretary of MTY Franchising USA since September 24, 2013. Claude has also been a director and the Secretary of our affiliate, MBUSA, since September 24, 2013. She is the Chief Operating Officer of our parent, MTY, of Quebec, Canada, a position she has held since June 2012. From May 2004 to June 2012 she was MTY's Chief Financial Officer. She originally joined MTY in September 1986.

Vice President of Chinese and Japanese Brands – Raymond Leung

Raymond Leung currently serves as the brand vice president for the Manchu Wok, Koya Japan, Sukiyaki, and Tiki Ming brands, and has served in this role since December 2014. From May 2009 through November 2014, Mr. Leung served as the Vice President of Operations for the US and Canada markets for MWF, in Markham, Ontario, Canada.

Director Business Development – USA – Robert S. Cook, Jr.

Mr. Cook has been the Director of Business Development for the Manchu Wok brand since January 2010. He also serves in the same position for our parent, MTY, and has done so since December 2014.

Director of Franchising and Construction – Alfred Tang

Mr. Tang has been the Director of Franchising and Construction for MTY Food Group since April 23, 2003.

Business Development Representative – Erin Lee

Erin joined MTY Franchising USA in December of 2014 as our Business Development Representative. From July 2012 through November 2014, Erin served as the Business Development Representative for our predecessor, MWF, in Markham, Ontario, Canada. From August 2010 through July 2012, Ms. Lee served as the Assistant Manager of Purchasing and Operations Support at Sarku Japan in Markham, Ontario, Canada. Prior to that time, from August 2009 to August 2010, she served as the Supervisor of Purchasing and Operations Support at Sarku Japan in Markham, Ontario, Canada.

Director of Operations – Holliman Chan

Holliman joined MTY Tiki Ming Enterprises, Inc. in January of 2016 as the Director of Operations. From December 2014 through December 2015, Holliman served as the Regional Manager for MTY Tiki Ming Enterprises, Inc., in Richmond Hill, Ontario, Canada. From November 1993 through December 2014, Holliman served as a District Manager for Manchu WOK (Canada) Inc., in Markham, Ontario, Canada.

Regional Manager – Tony Lei

Tony joined Manchu WOK (USA), Inc. in 2005 and has served as a Regional Manager since then.

District Manager – Forrest Sauers

Forrest joined MTY Franchising USA, Inc. in December, 2014 to serve as a District Manager. From August, 2011 through December, 2014, Mr. Sauers served as a District Manager for Manchu WOK (USA), Inc.

District Manager – Marcus Wong

Mr. Wong has been a District Manager for MTY Food Group since June, 2011.

There can be no assurance that these persons will remain affiliated with Manchu Wok indefinitely or for any period of time, or that the scope of their involvement will not change.

ITEM 3
LITIGATION

Actions Involving Our Parent

2197643 Ontario Ltd., Gurmeet Bindra and Jessica Bindra v. MTY Food Group Inc., MTY Tiki Ming Enterprises Inc., Stanley Ma and Claude St-Pierre, No. 00-14-498188 (Ontario Superior Court, filed February 10, 2014).

On February 10, 2014, the plaintiffs, a franchisee and guarantors of a Mrs. Vanelli's franchise in Unionville, Ontario that was subsequently converted to a Villa Madina franchise, filed suit to rescind the corresponding franchise agreement and all related agreements executed with MTY or its affiliates and for punitive damages relating to breach of contract and misrepresentation. Specifically, the plaintiffs alleged that MTY incorrectly told them before they bought the franchise that they would be able to serve their own products instead of purchasing official products from approved suppliers. The plaintiffs also alleged that MTY failed to inform them that revisions to the food court model were forthcoming when MTY offered them the opportunity to convert their franchise into a new concept. Discoveries were made on December 17, 2014 and, as of the date of this Franchise Disclosure Document, our counsel is awaiting the next procedural step by the plaintiffs' counsel. We plan to vigorously contest these claims.

Simbal Group Ltd. and Sintram Royce-Mayo and Jerome Balaramanpillai v. MTY Tiki Ming Enterprises Inc., No. 500-17-027505-059 (Quebec Superior Court, filed September 20, 2005).

On September 15, 2005, the plaintiffs, a franchisee and guarantors of a La Crémière franchise in Montreal, Quebec, filed an originating motion to institute legal proceedings against MTY. The plaintiffs purchased a La Crémière franchise in Montreal, Quebec, from a previous franchisee and became a La Crémière franchisee on October 15, 2004. The plaintiffs alleged misrepresentation and unfair and deceptive business practice by MTY. Specifically, the plaintiffs alleged that the defendant provided unauthorized financial performance representations and failed to inform them about a new franchise which was opening in a mall near the plaintiffs' franchise location. MTY and its attorneys believed that the plaintiffs' legal action against MTY was exaggerated and vigorously contested the matter. This case was settled in December 2010. In order to avoid prolonged litigation and costly legal expenses, the defendant paid a total of $65,000 to the plaintiffs and the parties entered into a mutual release without any admission of liability by either party.

MTY Tiki Ming Enterprises Inc. v. 138 All Food Delight Group Inc. and Min-Hoy Yau, No. CV-10-00099228 (Ontario Superior Court – Newmarket, filed April 30, 2010).

In April 2010, MTY filed suit against a franchisee for breach of the franchise agreement, unpaid rent and damages. The defendant filed a Statement of Defense and Counterclaim against MTY for breach of contract, unjust enrichment, misrepresentation and punitive damages. Specifically, the defendant alleged that MTY provided unauthorized financial performance representations. The case was settled on October 23, 2013 when, as part of the settlement, defendants paid $28,000 to MTY.

Hayford Animansah, Unique Food Services Inc. v. Country Style Food Services Inc., No. CV-11-419735 (Ontario Superior Court of Justice, filed February 7, 2011).

In February 2011, the plaintiffs filed suit for misrepresentation and breach of guarantee by the franchisor of the Country Style brand, a subsidiary of MTY. Specifically, the plaintiffs alleged that the defendant made representations regarding the sustainability of the franchise and that the defendant was unjustly enriched by the seizure of leasehold improvements and chattels upon the termination of the franchise. The defendant formally denied and the case was ultimately dismissed for a failure to advance a claim.

MTY Tiki Ming Enterprises Inc. v. 7169281 Canada Inc. and Sajjad Malik, No. CV-11-104372-00 (Ontario Superior Court of Justice, filed May 25, 2011).

In 2011, MTY filed a claim against a franchisee and its guarantor for abandonment of the premises by the franchisee. The franchisee and guarantor counterclaimed against MTY, alleging failure to provide adequate disclosure document. The parties reached a settlement on June 1, 2014. Mr. Malik agreed to pay $20,000 to MTY in six installments.

2150197 Ontario Inc. v. Country Style Food Services Inc. (Arbitration pursuant to the Ontario Arbitration Act).

In November 2011, the plaintiff, a franchisee of a Country Style location, sent a notice to appoint an arbitrator pursuant to section 23 of the Ontario Arbitration Act 1991, SO 1991, c17. The plaintiff has suggested that there were misrepresentations made to the franchisee by the franchisor of the Country Style brand, a subsidiary of MTY. Specifically, the plaintiff has alleged that the defendant inaccurately stated the potential of the franchise system, the costs of operating a franchise, and the terms of contracts associated with operating the franchise (including the lease). The plaintiff has further alleged it detrimentally relied on these representations. Following a mediation process agreed to by the parties, the matter will be referred to arbitration. No arbitration date has been set as of yet.

MTY Tiki Ming Enterprises Inc. v. 9173-6470 Quebec Inc. and Jing Yao, No. 500-17-074878-128 (Quebec Superior Court of Justice, filed March 29, 2012).

In March 2012, MTY filed suit against a franchisee and its guarantor for unpaid rent and unpaid royalty. The franchisee and its guarantor counterclaimed for breach of good faith and misrepresentation, claiming that MTY did not renew the lease for the franchised location after allegedly promising to renew it. The defendant has been examined for discovery. Trial is scheduled to begin on April 25, 2016.

MTY Tiki Ming Enterprises Inc. v. 9137-6897 Quebec Inc. and Li Hui Wan, No. 500-17-074459-127 (Quebec Superior Court of Justice, filed March 27, 2012).

In March 2012, MTY filed suit against a franchisee and its guarantor for unpaid rent and unpaid royalty. The franchisee and its guarantor counterclaimed for breach of good faith and misrepresentation, claiming that MTY did not renew the lease for the franchised location after allegedly promising to renew it. The defendant has been examined for discovery. Trial is scheduled to begin on April 25, 2016.

9120-7498 Quebec Inc. v. MTY Tiki Ming Enterprises Inc., No. 500-17-086531-152 (Quebec Superior Court of Justice, filed February 4, 2015).

In February 2015, 9120-7498 Quebec Inc., a former franchisee of the brand La Crémière, filed a lawsuit against the franchisor. Franchisee claimed for failure to respect the franchise agreement and damages (he alleges having overpaid royalties to the franchisor and damages for failure to get proper supplying). Franchisor denies all allegations made by the franchisee.

Country Style Food Services Inc. v. L.R. Holdings Ltd, Thung Nguyen, Quoc Ho. No. CV-09-394331 (Ontario Superior Court of Justice, filed December 30, 2009).

Franchisor sued the Franchisee for unpaid amount under the franchise agreement. Franchisee counterclaimed arguing that franchisor has been unjustly enriched when the franchisor took back the store after the franchise agreement termination. The case was ultimately dismissed for a failure to advance a claim.

2303333 Ontario Limited, Xiaoqin Wang, Cong Li and Yiqing Ruan v. MTY Tiki Ming Enterprises Inc. (Arbitration).

Franchisee and Guarantors served a rescission notice under the Arthur Wishart Act to the Franchisor on November 29, 2013. Franchisee alleges that the disclosure document received is null and void. Franchisor denies. Status: Arbitrator has been appointed in December 2014.

2359669 Ontario Inc. v. MTY Tiki Ming Enterprises Inc. c.o.b. Country Style Donuts and 1613662 Ontario Inc. No. CV-15-520650 (Ontario Superior Court of Justice, filed January 27, 2015).

Franchisee alleges that the disclosure document received is null and void. The defendant franchisor has filed both a defense and counterclaim to this claim. The franchisee filed its defense to the defendant franchisor's counterclaim in August 2015.

1857490 Ontario Inc. and Adeel Bhayani v. RDHR Investments & Holdings Inc., 2234559 Ontario Inc., 2062127 Ontario Inc., Alex Rechichi, Sean Black, Mark Anthony Rechichi, Dynamic Franchising Group Inc., EME Inc., Scott Grandin, MTY Food Group Inc. and MTY Tiki Ming Enterprises Inc. No. CV-14-511948. (Ontario Superior Court of Justice, filed January 9, 2015).

Plaintiffs are suing Defendants for rescission of the franchise agreement and they have alleged the defendants failed to comply with applicable disclosure laws. In particular, Plaintiffs have alleged that the franchisor entity which preceded MTY (i.e., before MTY purchased the rights to the Extreme Pita franchise system) misled the plaintiffs into believing the selected premises chosen for the franchised business was suitable for operating a standard Extreme Pita franchised business since installation of the appropriate exhaust system was not permitted at such premises. The parties are awaiting a trial date.

Margaret Roose, 1525804 Alberta Corp. v. Jugo Juice International Inc., MTY Tiki Ming Enterprises Inc., Court of Queens' Bench of Alberta (Court File: 1401-04571 filed April 30, 2014).

Plaintiffs sued the former franchisor of the Jugo Juice brand and MTY Tiki Ming Enterprises Inc. (the current franchisor). Plaintiffs have alleged failure to properly disclose, misrepresentation, breach of contract and unjust enrichment, claiming that the franchisor provided them with misleading financial information regarding the potential profitability of the franchised business. Plaintiffs further contend that the franchisor did not have the right to take back the franchise even though the plaintiffs defaulted on their rent payment obligations. Defendants deny. The parties have completed the document discovery stage, and the next anticipated step involves oral questioning, which is scheduled to occur sometime in the fall of 2015.

Actions Involving Companies Acquired by Our Parent

In May 2009, our parent, MTY, acquired Country Style Food Services Inc., Country Style Realty Limited and Melody Farm Specialty Foods and Equipment Limited. All the facts, actions and/or omissions alleged in the following files are connected to the former shareholders and directors of those companies.

1159607 Ontario Inc., Joseph Sirianni and Eugene Sirianni v. Country Style Food Services Inc., Country Style Realty Limited and Melody Farms Speciality Foods and Equipment Limited, No. 08-CL-7458 (Ontario Superior Court of Justice, filed April 2008).

The plaintiffs were franchisee and guarantors of a Country Style location since 1995. In April 2008, the plaintiffs sued Country Style Food Services Inc., Country Style Realty Limited, and Melody Farm Specialty Foods and Equipment Limited (the "Franchisor") for an order rescinding the renewal franchise agreement, for reimbursement of amount paid between from February 28, 2006 and March 20, 2008, for misrepresentation, for breach of fair dealings and for punitive damages involving an agreement the Franchisor had entered into with the landlord involving the lease which was not adequately communicated to the plaintiffs. On February 6, 2012, the Superior Court of Justice (Ontario) found the Franchisor liable for default of providing adequate disclosure document and awarded the plaintiffs damages in the amount of $187,730.05. The Court also awarded the plaintiffs for $25,000 of punitive damages. The Court acknowledged that the plaintiffs owed $48,824.74 to the Franchisor and that the Franchisor may set off this debt for the amount to be paid to the plaintiffs. The Franchisor appealed from the judgment. On September 26, 2013, the Court of Appeal for Ontario confirmed the judgment rendered in the Superior Court of Justice (Ontario).

Country Style Food Services Inc. v. 1304271 Ontario Limited, Marc Mesic and Zelijko Vukovic and 1176847 Ontario Limited, No. 01-CV-219404CM2 (Ontario Superior Court of Justice, filed October 25, 2001).

This case concerned the obligations owed among a landlord, Country Style Food Services Inc. (the "Franchisor"), and a franchisee in circumstances where a retail shopping mall developed by the landlord, in which the franchisee operated a coffee and donut shop franchise on premises leased from the landlord, was changed by the landlord without prior notice to the Franchisor and the franchisee and in a manner alleged to have damaged the franchisee's business. The landlord and Franchisor were found liable to the franchisee for misrepresentation, derogation from the grant and in breach of their leasing arrangements made with the franchisee. The Franchisor was also held liable for breach of a duty of good faith. The trial judge awarded the franchisee damages in the amount of $400,000 as against both the landlord and the franchisor. The Franchisor brought a third party action against the landlord for indemnity and was successful at trial. The Court ordered the landlord to fully indemnify the Franchisor for the monies owed to the franchisee. The landlord and the Franchisor both appealed. The Court of Appeal for Ontario found that the landlord negligently misrepresented and the Franchisor innocently misrepresented the mall development to the franchisee (based on inaccurate plans for the premises), occasioning the damages to the franchisee: that the Franchisor also breached a duty of good faith owed by it to the franchisee: and that the trial judge erred in finding the landlord liable to indemnify the Franchisor. The Judge found the landlord and the Franchisor equally responsible in the amount of $200,000 each and held that in these particular circumstances the Franchisor would not be permitted to be indemnified by the landlord.

1580943 Ontario Inc. v. Country Style Food Services Inc. et al., No. 06-CV-309034-PDI (Ontario Superior Court of Justice), filed April 4, 2006.

In April 2006, the plaintiff, a franchisee of a Country Style location, filed a claim for damages for misrepresentation and breach of fair dealing involving the potential profitability of the franchised business, breach of contractual obligations, loss of economic opportunities and consequential damages, and punitive and exemplary damages against the franchisor of the Country Style brand. The franchisor has counterclaimed for breach of the franchise agreement and breach of the sub-lease agreement. The plaintiff has been examined for discovery. This case was settled out of court with the franchisor paying $45,000 to the plaintiffs in December 2014.

Andralex Food Services Inc. v. Country Style Food Services Holdings Inc., Country Style Food Services Inc., Jeff Young, Canadian Imperial Bank of Commerce, Sue Fedorink and Roger Noble., No. 06-CV-314403PD2 (Ontario Superior Court of Justice, filed July 4, 2006).

In July 2006, the plaintiff, a franchisee of a Country Style location, sued the defendants for misrepresentation, breach of fair dealings, and conspiracy to use unlawful means. Examinations of all parties have taken place. However, the case against Canadian Imperial Bank of Commerce was dismissed and a large part of the claim was based on conspiracy. In February 2014, in order to avoid prolonged litigation and costly legal expenses, the parties settled this dispute and entered into an agreement whereby the plaintiff received a total of $110,000.

Actions Involving An Affiliate

MJ Beem Development, LLC and Jimmie Beem, III v. Mucho Burrito Franchising USA, Inc., EP Development, Inc., EP Development, Inc., MB Development, Inc., Feisal Ramjee, and William Roy Woolsey, No. 14-2-03581-9 (Superior Court of the State of Washington in and for Snohomish County, filed May 2, 2014).

In May 2014, the plaintiffs, a franchisee of a Mucho Burrito location and its owner, filed suit against our Affiliate, MBUSA, an area developer of MBUSA ("**Area Developer**") and its owners and affiliate, alleging violations under the Franchise Investment Protection Act in the State of Washington ("**FIPA**") relating to their purchase of a Mucho Burrito franchise which was facilitated by the Area Developer. The plaintiffs claimed one of the Area Developer's owners provided them with financial performance representations which were not contained in any Franchise Disclosure Document, omitted mandatory, material information, were inherently misleading, and were a material factor in the plaintiffs' purchase of the franchise; that the Area Developer and its affiliate were not registered brokers in the State of Washington even though the owners of the Area Developer and affiliate were aware of such requirement; and that certain owners of the Area Developer and its affiliate had not filed franchise seller disclosure forms with the State of Washington. In addition to demanding an order of rescission of the related franchise agreement and corresponding personal guarantee and related agreements, the plaintiffs sought treble damages under the FIPA and an award of their costs and reasonable attorney fees. On September 9, 2014, the parties entered into a Mutual Settlement and Release and Bill of Sale, Assignment and Assumption Agreement ("**Settlement Agreement**"). Under the Settlement Agreement, the Area Developer and its owners agreed to repurchase the franchise from the plaintiffs, with the consent of MBUSA, for the sum of $334,829.03 plus an assumed liability of $6,341.93, and to enter into a new personal guaranty and indemnity agreement and security agreement in favor of MBUSA. MBUSA also agreed to pay to the Area Developer $9,499.70 in royalties it had withheld from the Area Developer and its owners, less the legal fees and expenses MBUSA incurred relating to the dispute and the preparation of the Settlement Agreement. Additionally, all of the parties entered into mutual releases without any admission of liability by MBUSA or the other defendants.

Purav Enterprises, LLC, Balwant Bahia, and Paramjit Samra v. The Extreme Pita Franchising USA, Inc., EP Development, Inc., and Feisal Ramjee, No. 15-2-15120-7 (Superior Court of the State of Washington for King County, filed June 22, 2015).

In June 2015, the plaintiffs, a franchisee of an Extreme Pita location and its owners, filed suit against us using our former corporate name and an area developer of ours ("**Area Developer**") and its owner, alleging violations under the Franchise Investment Protection Act in the State of Washington ("**FIPA**") relating to their purchase of an Extreme Pita franchise which was facilitated by the Area Developer. The plaintiffs claimed the Area Developer's owner provided them with financial performance representations which were not contained in any Franchise Disclosure Document, omitted mandatory, material information, were inherently misleading, and were a material factor in the plaintiffs' purchase of the franchise; and that the Area Developer was not a registered broker in the State of Washington even though the owner of the Area Developer was aware of such requirement. In addition to demanding an order of rescission of the related franchise agreement and corresponding personal guarantee and related agreements, the plaintiffs sought treble damages under the FIPA and an award of their costs and reasonable attorney fees. Our counsel in Washington has entered a written notice of appearance in this case and the parties are engaging in settlement discussions outside of the court process.

Except as noted directly above, no other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

All fees and payments described in this ITEM 5 are not refundable unless otherwise noted.

Prior to execution of the franchise agreement ("**Franchise Agreement**"), you are required to sign our Deposit and Application Agreement, attached to this Disclosure document as **Exhibit J**. A deposit of $10,000 ("**Franchise Deposit**") must be paid by you to us at the time you sign the Deposit and Application Agreement. If you decide to move forward with purchasing a franchise, the Franchise Deposit will be applied to the payment of your Initial Franchise Fee. We reserve the right to terminate the Deposit and Application Agreement at any time upon 30 days' notice to you. If we do so, you will be entitled to receive the refund described below. If you wish to cancel your application or if we decide not to award a franchise to you, the Franchise Deposit will be returned to you less $3,500 to compensate us for time spent by us regarding your application and to cover any related expenses.

You must pay us a $30,000 initial franchise fee ("**Initial Franchise Fee**") when you sign your Franchise Agreement. The Initial Franchise Fee is not refundable except, as described below in this ITEM 5, if we terminate the Franchise Agreement because you do not successfully complete our Initial Training (as defined in ITEM 11 D.). We expect that these fees will be uniformly applied in the coming year.

The Initial Franchise Fee is not refundable unless we terminate your Franchise Agreement because you or your Manager fail two attempts to successfully complete Initial Training, you comply with the refund conditions in the Franchise Agreement, and the parties have signed a termination agreement that will include mutual releases. Under these circumstances, we will refund your Initial Franchise Fee, less $10,000 plus the out-of-pocket expenses (estimated to be between $2,000-$4,000) that we incurred in performing our obligations under the Franchise Agreement (including costs associated with training and the leasing and development of your Manchu WOK® Restaurant).

During the last fiscal year, which ended November 30, 2015, we did not sell any franchises and therefor did not collect any Initial Franchise Fees.

When you sign your Franchise Agreement, you must also pay us a $10,000 Grand Opening Marketing and Promotion Fee as defined in your Franchise Agreement. This money will be used to conduct a marketing and promotional campaign for your grand opening. The payment is not refundable.

When you sign the Franchise Agreement with us for the premises at which you will operate your Manchu WOK® Restaurant ("**Premises**"), you must pay us a $7,500 lease administration fee ("**Lease Administration Fee**") (whether you lease the premises directly or from us). This Lease Administration Fee is not refundable for any reason.

If the landlord requires Manchu WOK or you to enter into a lease that has an initial term of greater than 10 years, then, at our option, we may require you to extend the original term of your Franchise Agreement accordingly and, in such case, your Initial Franchise Fee will be increased by an amount equal to $3,000 for each year (or part year) in excess of 10 years.

We will supervise project management services related to the construction and improvement of the Premises for your Manchu WOK Restaurant. You will pay us for all expenses associated with this task and we, in turn, will pay the contractors and suppliers that perform the work. We estimate that the cost to construct the leasehold improvements, including the purchase and installation of equipment, fixtures and furnishings, will range from $295,000 to $440,000. This estimate assumes that you build your Manchu WOK Restaurant according to our standard design guidelines under normal market conditions. You also must pay us a development and construction fee ("**Development Construction Fee**") equal to the greater of $2,500 or 3% of the total cost of the development of the Premises for Manchu WOK store construction projects in North America (up to a maximum of $15,000); this fee is payable when the construction is completed.

You will pay us the Architect Fee ranging from $18,000 to $20,000 based on our past two years experience. This includes engineering drawings that may be purchased from us, you landlord, or an architect. These fees are non-refundable.

We reserve the right to require you to make a $30,000 lump sum deposit for your construction of Manchu WOK® Restaurant ("**Construction Deposit**"). If required, the Construction Deposit will be paid to us by you upon signing the Franchise Agreement and will be deductible on the final payment you make to your contractor.

Additional Fees if You Sublease the Premises from Us

We have the option to require that you either: (1) lease the space for your Premises directly from the landlord and sign a Lease Addendum (Note 1) with us and the landlord; or (2) sublet the space from us after we have obtained the prime lease.

If you sublease the Premises from us, the below additional fees will be applied when you sign the Franchise Agreement and sublease agreement:

Fee	Amount
Security Deposit (three months) (Note 2)	$12,500 to $53,000
Sublease Fee (Note 3)	$500 to 2,500

Note 1 – Our Lease Addendum is attached as **Schedule D** to your Franchise Agreement.

Note 2 - You will also have to pay us a security deposit equal to three month's rent under the sublease ("**Security Deposit**") when you sign the Franchise Agreement (unless our prime lease requires a higher security deposit, in which case you will have pay the higher amount and your costs will be higher).

Note 3 - You must also pay us or landlord a one-time fee ("**Sublease Fee**") ranging from $500 to $2,500 when you sign the sublease agreement.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	7% of weekly gross sales	Payable on Thursday each week based upon the seven day period ending on the immediately preceding Sunday night	Gross sales includes all the revenues from your Restaurant but not any sales tax you pay.
Marketing Fee	1% of weekly gross sales	Payable at the same time as the Royalty	You must contribute this amount to our advertising fund.
Regional Cooperative Marketing Contribution	Your proportionate share of regional and local advertising and public relations programs will not exceed an amount that, when added to the amount you pay for your Marketing Fee, is greater than 5% of your gross sales over any 12 month period.	Monthly as required by your regional cooperative.	Payable only if a cooperative is formed in your area.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Successor Franchise Fee	$15,000	Upon signing the Successor Franchise Agreement (if offered)	This fee is only payable if you are offered the opportunity to sign a Successor Franchise Agreement.
Transfer Fee	$10,000	When you apply for our consent to the transfer of your franchise	One of the conditions to transferring your franchise is paying us this transfer fee
Security Deposit on Lease or Sublease (if applicable) (as also noted in Item 5, above)	Equal to three month's gross rent on the Premises unless the primary lease requires a higher amount.	When you sign the lease or sublease	We estimate that the Security Deposit will range from $12,500 to $53,000.
Lease Administration Fee (if applicable) (as also noted in Item 5 above)	$7,500	When you enter into, modify or renew your Lease or Sublease	
Rent	$4,167 to $17,667 per month	Per the lease or sublease	
Sublease Fee (if applicable) (as noted in Item 5 above)	$500 to $2,500	At the time you sign a sublease agreement with us.	If you sublease the Premises from us.
Special Assistance Fee	$500 a day per person providing assistance plus all associated costs and expenses.	When invoiced	If you require special assistance and we think it appropriate to render it and we can accommodate your request, we will provide you with the assistance.
Transfer Escrow Fee	As charged by third-party escrow agent.	As agreed with escrow agent.	Payable at closing when you transfer your franchisee.
Development Construction Fees	The greater of: $2,500 or 3% of the total development cost for Manchu WOK store construction projects in North America, up to a maximum of $15,000.	When Invoiced (when the construction is completed).	Every 5 years, you must renovate, alter, and/or upgrade your premises, fixtures, and equipment as may be required by the landlord or as we may require, so your Restaurant reflects the then-current image of the Manchu WOK system. This may entail the complete remodeling and upgrading of your

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			Restaurant. For any renovation, alteration or upgrading, you must pay us a Renovation Development and Construction Fee.
Training for Replacement Manager	$3,000 plus attendees' travel, lodging and food expenses, as well as all other expenses.	Before training	All attendees must satisfactorily complete Initial Training.
Relocation Charge	Varies	Upon demand	
Administration Fee for Franchisee Programs	Up to 15% of gross costs	Upon demand	You must participate in any programs we establish to benefit the franchisees such as, for example, lease and rental payment administration, insurance plan(s), realty tax payment administration, etc. You must pay us a reasonable administration fee not to exceed 15% of the gross amount of the payments we receive for these programs.
Supplemental or Refresher Training	$3,000 plus attendees' travel, lodging and food expenses, as well as all other expenses.	Before training	We may provide additional training, including assistance with any new system developments. If we make Supplemental or Refresher Training mandatory, you must attend.
Interest	Charged on all outstanding amounts from due date at a rate of the lesser of: (i) bank prime plus 5% per year; or (ii) the highest rate permitted by law	When default of any payment due to us or any affiliate. Payable upon demand.	You pay interest calculated per this section on any and all monies due to us from time to time and which are not paid when due.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Supplier Inspection	Varies	On demand	If you propose a new supplier, and we inspect the supplier or test the supplier's products, we may charge you or the supplier an amount up to the reasonable cost of inspection and the actual cost of the test.
Annual Cost of Optional or Required Maintenance, Updating, Upgrading or Support Service involving POS System	$2,500 to $4,000	When incurred.	Amount incurred will depend on the number of terminals in your POS System.
Audit	Amounts due by reason of revenue understatement, plus interest at the rate of the lesser of 18% a year (or the highest rate permitted by law) computed from the date payment was due to the date payment is received), as well as the full cost of the inspection or audit, including the charges of any independent accountant or other professionals we retained for the audit or inspection and the travel expenses, room, board and compensation of our employees and those of any independent	Within 10 days after receipt of the inspection or audit report.	We can inspect and audit your books and records. If we discover an understatement of gross sales for any period, you must pay us the Royalty and other sums due on account of the understatement. Further, if the inspection or audit is made necessary because you failed to furnish reports, financial statements, tax returns or schedules or any other documentation required, or if an understatement of gross sales for any period is determined to be greater than 2%, you must pay us these amounts.
Indemnification	An amount equal to our damages, losses or expenses	On demand	You must indemnify us if we incur any losses, damages, or expenses as a result of your ownership or operation of your franchised restaurant, any violation of your Franchise Agreement, or any of your acts or omission.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Dishonored Check Fee	Greater of: $100; or The amount charged by the financial institution	On demand	This fee is charged for each dishonored payment and/or dishonored electronic funds transfer.

(Please review the above table in conjunction with all of the notes that follow.)

Notes:

The fees listed in this ITEM 6 are non-refundable, uniformly imposed by us, and are payable to us unless otherwise stated. None of the above fees are refundable except that the Security Deposit is refundable to the extent that it is not needed to pay any arrearages in lease or sublease payments.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type Of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	$30,000	Lump sum	When you sign your Franchise Agreement	Us
Franchise Deposit	$10,000	Lump sum	Upon signing Deposit Agreement	Us
Leasehold Improvements and Design Costs incl. signage (2)	$210,000 to $320,000	Lump sum	Commonly, 90% before completion	Us
Equipment, Fixtures, and Furnishings (2)	$85,000 to $120,000	Lump sum	Commonly, 90% before completion of construction and 10% upon completion	Us
POS System & Installation (3)	$7,300 to $10,600	Lump sum	90% before completion of construction and 10% upon completion	Vendors
Construction Deposit (4)	$30,000	Lump sum	When you sign your Franchise Agreement	Us
Development Construction Fee (5)	$2,500 to $15,000	Lump sum	Commonly, 100% upon completion	Us
Lease Administration Fee	$7,500	Lump sum	When you sign your lease or sublease	Us
Security Deposit (6)	$12,500 to $53,000	Lump sum	When you sign your lease or sublease	Us

Type Of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Sublease Fee [(6)]	$500 to $2,500	Lump sum	If you sign your sublease, at the time when you sign	Us or landlord
Rent [(7)]	$12,500 to $53,000	Lump sum	Monthly	Us or landlord
Nonfood, Inventory and Supplies	$15,000 to $20,000	Lump sum	Commonly, 50% before construction and 50% upon completion	Contractors and vendors
Initial Food, Inventory and Other Costs [(8)]	$8,000 to $10,000	Lump sum	As incurred	Suppliers
Grand Opening, Marketing and Promotion Fee [(9)]	$10,000	Lump sum	When you sign your lease or sublease	Us
Initial Training Expenses [(10)]	$5,900 to $7,500	Lump sum	As incurred	Vendors, hotels, and restaurants
Architect Fees	$18,000 to $20,000	Lump sum	When you sign your Franchise Agreement	Us
Business License, and Permits [(11)]	$150 to $500	Lump sum	Upon issuance	Local government
Additional Funds, (incl. insurance and Initial phase of 3 months) [(12)]	$15,000 to $30,000	As incurred	As incurred	Us, landlord, vendors, contractors, and suppliers
Total [(13)]	$439,850 to $709,600			

Notes:

Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions. These fees are not refundable (except as discussed in Note 1 below).

(1) INITIAL FRANCHISE FEE. The Initial Franchise Fee is not refundable unless we terminate your Franchise Agreement because you or your Manager fail two attempts to successfully complete Initial Training and the parties have signed a termination agreement that will include mutual releases. Under these circumstances, we will refund your Initial Franchise Fee, less $10,000 plus the out-of-pocket expenses (estimated to be between $2,000-$4,000) that we incurred in performing our obligations under the Franchise Agreement (including costs associated with training and the leasing and development of your Manchu WOK® Restaurant).

(2) LEASEHOLD IMPROVEMENTS AND EQUIPMENT. The estimate is for the leasehold improvements and equipment you will need to operate the Store, such as proper wiring and plumbing, floor covering, wall covering, partitions, ventilation, heat, lighting, storefront counter,

painting, refrigerators, wok ranges, steam tables, fryers, sinks, walk-in freezer, steamers, signage, menuboards, smallwares and miscellaneous other items. You will need to obtain the exact equipment we specify and we may specify specific suppliers from which you may be required to purchase the equipment. The amount spent for equipment, fixtures, trade fixtures, and other fixed assets will vary for each Store depending upon the Store's size, style, and the volume of products to be offered in the Store. The amounts noted on the chart are for stores that range in size from 535 to 1,127 square feet. We will procure the equipment, fixtures, trade fixtures, and other fixed assets used in the Store, and you will pay us the cost of equipment.

(3) POS. We require our franchisees to purchase a Micros Point of Sale (POS) system consisting of a computer hardware and software platform (including peripheral hardware devices such as touch screen terminals, printers, card readers, cash drawers, router, battery back-up, etc.). The cost for the POS system and the requisite high speed Internet service will vary based on the size of your Store and the number of POS stations required for the Store.

(4) CONSTRUCTION DEPOSIT. The Construction Deposit will be paid by you to us for any new Manchu WOK construction projects. We reserve the right to waive or reduce the Construction Deposit for any upgrade refurbishment or renovation at existing Manchu WOK Restaurants.

(5) DEVELOPMENT CONSTRUCTION FEE. You will need to construct improvements, or "build out," the premises at which you will operate the Store. Generally, you will take the premises in "vanilla box" condition (e.g., primed drywall ready to be painted, but without improvements). We will supervise the construction/development/improvement of your Manchu WOK Restaurant. You will pay us all of the costs associated with this task and we, in turn, will pay the contractors, architects, designers and other vendors. You will also pay a Development Construction Fee equal to the greater of $2,500 or 3% of the total development costs for Manchu WOK store construction projects in North America, up to a maximum of $15,000. Costs are likely to vary, and may be much higher if you wish to establish your Store in an area special requirements apply (for example, architectural requirements). The table reflects a range for this fee based on our estimate of the fees that you are likely to incur, given the estimated costs for leasehold improvements and equipment that are provided in Note 2 above. The development construction fee will not exceed $15,000.

(6) SECURITY DEPOSIT AND SUBLEASE FEE. If you lease the Premises from us: (a) a Security Deposit equal to three months' Gross Rent will be paid to us by you; and (b) a Sublease Fee ranging from $500 to $2,500.

(7) RENT. The rent estimate is for three months, as explained below. If you do not own a location for your Store, you must purchase or lease a space. Store locations and sizes vary by shopping centers, office towers, airports, casinos, etc. Manchu WOK Traditional stores vary in size from 535-825 square feet, with approx. 675 square feet as the average (excluding some atypical locations). The figures in the estimate are calculated on the following assumptions: (a) you will have to pay three months' rent; (b) for space in the range of 535-825 sq. ft.; (c) at $7.75 to $21.40 per square foot per year. This estimate also assumes that the landlord will abate pre-opening rent (if that is not the case, then your costs will be higher). If the site you choose is larger or has a higher rental cost, then your costs will be higher than those in the chart. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the Store, the terms of the lease, and the desirability of the location.

(8) INVENTORY. Items of inventory which you are required to obtain from us or from our distributors are paid for at standard prices and terms. All items of inventory which you obtain from sources of your own choosing are paid for directly to the supplier of those inventory items at prices agreed upon by you and the supplier. Start-up inventory of products and supplies will vary based on expected volume of business and size of storage areas in the building. This estimate is for the initial inventory only.

(9) GRAND OPENING MARKETING AND PROMOTION FEE. With this money, we will prepare, coordinate and conduct a Grand Opening Marketing and Promotion/Advertising Program for your Manchu WOK Restaurant.

(10) INITIAL TRAINING EXPENSES. The amount represents the estimated reasonable travel, lodging, meals, and auto for 24 days of training for two individuals. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, per diem expenses actually incurred, and the number of persons who will attend training. If you send more than two persons to attend training, we estimate that the additional cost, on a per person basis, will range from $2,500 to $3,000.

(11) BUSINESS LICENSES AND PERMITS. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate. These fees are paid to governmental authorities before starting business.

(12) ADDITIONAL FUNDS. This estimates your initial start-up expenses such as payroll cost, utilities, high speed Internet access fees, digital menu-board maintenance fees, POS polling fees, etc. to the extent that these costs are not covered by sales revenue. This does not include a draw or salary for any owner including you. New businesses often generate a negative cash flow. These numbers are estimates only and are not guaranteed in any manner by us and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Your costs may vary depending on factors including: to what degree you follow Manchu WOK's suggested methods and procedures, your management skill, experience and business acumen, local economic conditions, local market for products and services, competition and your financing costs (if any) for your Manchu WOK Restaurant. The initial start-up phase is generally three months but can be a longer period. We relied on our and our franchisees' experience in opening franchisee-owned Manchu WOK Restaurants when making this estimate.

This estimate also includes legal, accounting and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, and the permitting process in your city.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.

You will need to have staff on-hand before opening to prepare the Store for opening, training, orientation, and related purposes. We estimate that you will need approximately 250 hours of staff time over three days, at $10 per hour, to get ready for your opening. If prevailing wage rates in your area change (for example, if the local, state, or federal minimum wage is raised), your costs may be higher.

(13) TOTAL. All amounts exclude federal, state and local taxes. We relied on our own experience and information provided to us by our franchisees when preparing these figures. You should review these estimates on your own, preferably with a business advisor of your own choosing.

The figures in the chart and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the store; timing of your Store opening; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise.

You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that high and uniform standards of quality and service are maintained, you must operate your Manchu WOK® Restaurant in strict conformity with our methods, standards and specifications we may periodically designate in the Manual or otherwise in writing. We do not provide material benefits to franchisees based on their purchase of particular products or services. We strictly regulate the sale of edible and non-edible products which may be sold in your Manchu WOK® Restaurant. You may not make or offer or sell any products (whether edible or non-edible) or services that we have not approved in writing.

You must buy all Approved Products used or offered for sale at your Manchu WOK Restaurant only from suppliers that we have approved in writing. "**Approved Products**" means all food and beverage ingredients and products, packaging and serving materials, paper goods, utensils, supplies, and other items of inventory, uniforms, marketing or promotional materials, Fixtures, Equipment, as well as all other items required for or used in any manner in the operation of your Manchu WOK Restaurant, both in inventory and as finished goods for sale.

Additionally, you must buy all Proprietary Products as well as Approved Products and packaging bearing our trademarks only from us, our affiliates, or our approved suppliers. Our Proprietary Products include certain menu items that are produced according to the secret recipes, standards, and specifications owned by us or by our affiliates. We (or our affiliates) will derive revenue from your purchases of the Approved Products and Proprietary Products. Although we, nor any of our affiliates are not currently an approved supplier of any Approved Products or Proprietary Products as of the date of this Franchise Disclosure Document, we reserve the right to do so in the future.

For some products we may instead of approving or designating suppliers, provide specifications and approve specific items, rather than the supplier of those items. In this case you may buy the approved item from any source you choose.

You must maintain in sufficient supply, and may offer for sale only the items, products, and services that we have approved in writing for sale at your Manchu WOK® Restaurant. You must offer all types of items and products that we designate, and you may not change the items at your Manchu WOK® Restaurant unless we have given our prior written approval. You must use only the ingredients, preparation methods, and techniques that we specify. You may not deviate from our standards (for example, standards relating to approved products, food preparation, ingredients and recipes) without our prior written consent. If we disapprove of any items, products, or services, in our discretion, you must stop selling and offering those items and services for sale, and remove them from your store.

You must buy only approved food items, ingredients, supplies, packaging, materials, and other (edible and non-edible) products used or offered for sale at your Manchu WOK® Restaurant. In some cases these products may be purchased only from suppliers (including manufacturers, distributors, and other sources) who we have approved in writing as meeting our then-current standards. Our approval of suppliers is conditioned on factors such as their adequate quality controls and capacity to supply your needs promptly and reliably, and whose approval will enable the Manchu WOK® Restaurant system, in our sole opinion, to take advantage of marketplace efficiencies. We will have the right to revoke our approval at any time. We also have the right to appoint only one supplier for any particular item (which may be us or one of our affiliates).

In some cases where specific approved products are available from more than one source, we will not designate an approved supplier of that approved item. We will instead designate the approved item and you must buy only the approved item, with no substitutions, but you may buy that approved item from any supplier of your choosing.

We estimate that your purchases or leases from designated or approved suppliers will represent 80% of the total cost to you of opening your Manchu WOK® Restaurant and 80% of the total purchases and leases for the continuing operation of your Manchu WOK® Restaurant. We estimate that your total purchases/leases in accordance with our specifications where we have not designated or approved a supplier will represent 20% of your total costs of establishing your Manchu WOK® Restaurant and 20% of the total cost of the continuing operations of your Manchu WOK® Restaurant. All designated or approved suppliers are subject to change at any time.

If you want to buy products (other than Proprietary Products) from an unapproved supplier, you must submit to us a written request asking for our approval of the proposed supplier. You may not buy from any supplier unless we have given our prior written approval of that supplier. Before we will approve a supplier, we will have the right to inspect the supplier's facilities, and ask that samples from the supplier be delivered to us or to an independent laboratory that we designated for testing. Either you or the supplier may have to pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the test. We may also require that the supplier comply with other requirements that we may deem appropriate, such as payment of licensing fees, as well as reasonable continuing inspection fees and administrative costs. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our criteria. Nothing in the Franchise Agreement may be construed to require us to approve any particular supplier, nor to require us to make available to prospective suppliers, standards and specifications for formulas that we, in our sole discretion, deem confidential. We formulate criteria in order to maintain the highest level of quality and may revise our criteria periodically. Depending upon the type of product for which approval is sought, or for which a new approved supplier is proposed, we anticipate providing our response to the request within one to three months after receipt of the request and the accompanying information.

Our criteria for supplier approval are set out in our internal specifications and are not communicated to our franchisees.

If you want to have an unapproved edible product, unapproved non-edible product, or unapproved packaging, approved for sale in your Manchu WOK® Restaurant, you must submit to us a written request asking for our approval using our defined processes. You may not buy or make any additional products unless we have given you our prior written approval to make or sell that product. Our process and criteria for product approval is set out in the Manual.

You must allow us to enter your Manchu WOK® Restaurant to conduct inspections. We may conduct these inspections at any time. On notice from us you must immediately take the actions needed to correct any deficiencies found during the inspection.

You must purchase or lease the goods, services, fixtures and equipment, and inventory needed to operate your Manchu WOK® Restaurant in accordance with specifications we set and/or from the suppliers as we may designate. These specifications may include the quality and appearance of the product. Except as described below with respect to the build-out of your Premises, neither we nor any of our affiliates is presently an approved or exclusive supplier. We may, however, designate ourselves or any affiliates as approved or exclusive suppliers of any required goods or services at any time in the future.

You must purchase all the furniture, equipment and fixtures and your opening inventory for your Manchu WOK® Restaurant from suppliers we designate. If we or our designated suppliers cannot furnish any equipment or fixtures, then you may purchase the item from another supplier approved by us in writing. In such event, our approval will not be unreasonably withheld.

In addition, we also will supervise the construction for your Manchu WOK Restaurant, and we reserve the right to approve of or designate the contractors and suppliers who will perform the construction work. You will pay us for all expenses associated with this task and we, in turn, will pay the contractors and suppliers that perform the work. You also must pay us a Development Construction Fee equal to the greater of $2,500 or 3% of the total cost of construction for construction projects for "Manchu WOK" store construction projects in North America, up to a maximum of $15,000.

Specifications for food and paper items are contained in the Manchu WOK® 'Recipe Manual'. Certain products and supplies must be purchased from our approved distributors. Soft drink syrup and bottled beverages must be purchased through Pepsi Cola. Certain other products, including without limitation MW uniforms, MW breaded chicken, MW 3-compartment paper plate, MW 3-compartment foam hinged container, MW 20 oz & 32 oz cold drink cups, MW printed napkins, MW marinated beef, MW marinated chicken, MW veggie & chicken eggrolls, MW soup mix, batter mix & sweet & sour mix, MW fortune cookies, MW portion sauces packages, soy sauce, hot sauce & eggroll sauce and MW 20 oz food pail, must be purchased from a distributor or supplier we designate or authorize. The list of these products may be revised by us periodically by adding, substituting or removing products. We expect to receive cash rebates from the manufacturers and/or distributors of these products based on the volume of your purchases. During our most recent fiscal year which ended on November 30, 2015, we received rebates that averaged approximately 0.62% of franchisees' purchases. We expect to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all MANCHU WOK® Restaurants, including those owned by franchisees. We do not provide material benefits (e.g., renewal or additional franchises) to a franchisee based on his use of designated or approved suppliers. Failure to buy from approved suppliers is, however, an act of default under your Franchise Agreement.

We will conduct a grand opening marketing campaign on your behalf, including providing various marketing materials and services.

During our last fiscal year, which ended November 30, 2015, we derived $205,000 from providing these goods and services, which represents approximately 3% of our total revenue during that fiscal year, which was $7,830,000.

We may, in our sole discretion, establish one or more strategic alliances or preferred vendor programs with one or more suppliers who are willing to supply all or some Restaurants with some or all of the products and/or services that Restaurants are authorized to offer to customers. If we do so, it may limit and/or require you to use suppliers other than those that you would otherwise use, and/or limit the number of approved suppliers with whom you may do business.

None of our officers owns an interest in any companies that are vendors or suppliers to the Manchu WOK System.

You must lease (or otherwise acquire) the premises for your MANCHU WOK® Restaurant and build-out your restaurant in accordance with our specifications and guidelines. Accordingly, the exterior and interior design and construction of your restaurant and all your signage, menuboards (including digital menuboards) fixtures, and equipment (including your POS System) must conform to our specifications.

We must approve the site for your Restaurant. You must acquire or enter a lease for the site that we have approved containing certain provisions that we require. If you lease the space for the Premises, we may require you either to: (a) lease the space for your Premises directly and sign a lease as well as a Lease Addendum; or (b) sign a lease directly with us. If the landlord refuses to enter a lease with you despite your best efforts to have it do so, and will only sign a primary lease with us, we will exercise reasonable commercial efforts to enter a lease on terms satisfactory to us. If we are successful, we will sublease the premises to you under a net lease, which will pass-through all the expenses under the primary lease to you. In that event you must also pay us a monthly sublease fee equal to 10% of all rent and other charges due under the primary lease. The form of Sublease Agreement we will require you to sign is attached as **Exhibit D** to this Franchise Disclosure Document. However, in certain circumstances, a landlord may require you to sign a different form of sublease agreement.

You must acquire an approved Point of Sale and Electronic Cash Register System (POS System) from a vendor approved by us. Depending on the size of your Manchu WOK® Restaurant and/or your anticipated volume of business, additional terminals or hardware might be required.

We will also require you to obtain and maintain high-speed Internet connectivity for your MANCHU WOK® Restaurant.

You must join our pre-approved electronic funds transfer program called ACH to pay your weekly royalties and any other amounts you authorize via electronic funds transfer. We pay all bank charges for the ACH program.

You must purchase and maintain in force: (a) comprehensive general public and product liability insurance with coverage of not less than $2,000,000 for any one occurrence and such greater amount as we may specify from time to time; (b) general casualty insurance, including fire and extended coverage for the replacement value of your Manchu WOK® Restaurant and its contents; and (c) the other insurance policies such as business-interruption and unemployment insurance, as we may determine from time to time. All insurance policies must be issued by carriers approved by us, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time, must name us and our affiliates as additional insureds, must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of the policy and must include the other provisions as we may require from time to time. We have created a Group General Insurance Program for Manchu WOK franchisees ("**Group Insurance Program**"). You may, but are not required to, purchase the required insurance coverage from the Group Insurance Program. We will not receive a rebate or other valuable consideration based upon franchisees' insurance purchases from the Group Insurance Program.

As of November 30, 2015, neither we nor our affiliates have any purchasing or distributing cooperatives. We reserve the right to receive periodic rebates or other consideration ("**Rebates**") from our designated or approved suppliers. During our last fiscal year, which ended November 30, 2015, we did not receive any Rebates from such suppliers.

We must approve all your marketing materials before you use them; in addition all of your computer hardware and software must conform to our specifications and be acquired from an approved vendor.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors considered are compliance with the requirements described above.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Franchise Agreement and Sublease

	OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Sections 4.1 and 4.2	Items 6, 7, 8 and 11
b.	Pre-opening purchases/leases	ARTICLE 4 and Section 6.8	Items 5, 7 and 8
c.	Site development and other preopening requirements	ARTICLE 4	Items 7, 8 and 11
d.	Initial and ongoing training	Sections 5.2 and 6.20	Items 5, 6, 7 and 11
e.	Opening	Section 4.5	Item 11
f.	Fees	ARTICLE 3; Sublease Sections III and V	Items 5, 6, 7 and 8
g.	Compliance with standards and policies/operating manuals	Sections 2.4, 2.5, and ARTICLE 6	Item 11
h.	Trademarks and proprietary information	ARTICLE 9 and Section 11.1	Items 13 and 14
i.	Restrictions on products/services offered	Section 6.4	Items 8 and 16
j.	Warranty and customer service requirements	Section 6.1	Not Applicable
k.	Territorial development and sales quotas	Not Applicable	Not Applicable
l.	Ongoing product/service purchases	Section 6.4	Item 8
m.	Maintenance, appearance and remodeling	Section 6.6; Sublease Section IV	Item 6
n.	Insurance	ARTICLE 7; Sublease Section IV	Items 6 and 8
o.	Marketing	Sections 3.5, 5.5, 5.6 and 6.13	Items 5, 6 and 11
p.	Indemnification	Section 13.2; Sublease Section IX	Item 6
q.	Owner's participation/management/staffing	Section 6.2	Items 11 and 15
r.	Records/reports	ARTICLE 8; Sublease Section VI	Items 6 and 11
s.	Inspections/audits	Sections 6.7 and 8.3; Sublease Section IV	Items 6 and 11

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
t.	Transfer	ARTICLE 12; Sublease Section VII	Items 6 and 17
u.	Renewal	Section 2.2	Items 6 and 17
v.	Post-termination obligations	Sections 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 10.10 and 10.12	Item 17
w.	Non-competition covenants	ARTICLE 11	Item 17
x.	Dispute resolution	ARTICLE 14	Item 17
y.	Personal guarantee	ARTICLE 15	Item 15
z.	Cross defaults	ARTICLE 10; Section 10.1(j)	Not Applicable

ITEM 10
FINANCING

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

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

Except as listed below, MTY Franchising USA, Inc. is not required to provide you with any assistance.

A. Pre Opening Obligations

We will assist you in the building and opening of your Manchu WOK® Restaurant as follows: (all section numbers refer to the Franchise Agreement)

- We will review and approve the site you have selected; *Sec 4.1* and *4.2*
- We will provide building plans, a finish schedule and a contact list for approved or designated suppliers of furniture fixtures, equipment and inventory; *Sec 4.4*
- We will designate suppliers who will sell to you the furniture, fixtures, equipment and opening inventory; *Sec 4.8*
- If required by the landlord of the site you select, we will enter into a head lease and sublease the leased premises to you; *Sec 4.3*
- We will conduct a Grand Opening Marketing campaign and Promotional program for you using the $10,000 Grand Opening Marketing and promotion fee you pay to us; *Secs 3.5.d and 5.5*

- We will provide you with a loan only of copies of our Confidential Operations Manual, Recipe Manual and Local Store Marketing Manual (collectively, the **"Operations Manual"**); *Sec 5.1*

- We will provide an Initial Training Program for you and one of your employees as designated by you. One of your trainees must be your store Manager who will be responsible for the operation and management of your Manchu WOK® Restaurant. *Sec 5.2*

B. Continuing Obligations

We will assist you in the ongoing operations of your Manchu WOK® Restaurant as follows:

- We will provide updates and revisions to the Operating Manuals periodically as we deem necessary or advisable; *Sec 5.1*

- We will provide ongoing training in methods and techniques both in your Manchu WOK Restaurant and /or at locations we designate; *Sec 5.2*

- We will provide ongoing operational advice and guidance to you concerning the use of the Manchu WOK Restaurant System; *Sec 5.3*

- At your request and expense, we will provide special assistance to you as we deem necessary or advisable in the circumstances. *Sec 5.4*

We have the right to delegate to others the performance of any pre-opening or continuing obligations to franchisees.

C. Site Selection and Construction

i) You must choose the location for your Manchu WOK® Restaurant. We must approve such location and will do so if it meets our minimum site-approval criteria. We will notify you of our approval or disapproval of a proposed site within 30 days of receipt of your proposal. Our approval of any location means only that it meets our minimum criteria for a Manchu WOK® Restaurant. Franchisees generally will select a site that we have approved before they sign their Franchise Agreements. If, however, you do not, you must select an acceptable site and enter a lease that we have approved within 30 days after all parties have signed your Franchise Agreement. The consequences of your failure to comply with your development obligations (for example, by failing to timely select an acceptable site) is that it is an Event of Default under your Franchise Agreement, for which we may terminate your Franchise Agreement.

ii) We will review and must approve the site you have selected for your Manchu WOK® Restaurant. Although we devote significant time and research to identifying prospective locations, we do not represent or guarantee that your approved location will be successful, make a profit, or attain any level of revenues. We have developed specific criteria to evaluate each prospective location. Manchu WOK® Restaurants are generally located in Shopping Mall Food Courts or in Non-Traditional Locations. Non-Traditional Locations include highway facilities, airport concourses, professional sports facilities, recreational and entertainment facilities, casinos, college campuses, military installations, governmental or institutional locations, supermarkets and department stores. In addition to analyzing demographic information for each prospective location, we consider factors such as location, parking, population density, traffic patterns, accessibility and visibility. We also consider rental rates, lease duration and other lease terms in analyzing prospective locations.

iii) If the landlord of the approved site refuses to enter into a lease with you despite your best efforts to have it do so, and will only sign a primary lease with us, we will exercise reasonable commercial efforts to enter into a head lease with the landlord on terms acceptable to us, and if we do, we will sublease the site to you under our standard sublease agreement. We will supervise constructing and improving the premises, in return for which you must pay us the Development Construction Fee.

iv) We will supervise the construction of leasehold improvements and, typically, will select the contractors and suppliers who do the work.

v) You must open your Restaurant within 180 days of the date of the Franchise Agreement. The opening of your Restaurant may be affected by the weather, finding of a location, negotiation of a lease, the location and condition of the proposed store, delays in obtaining construction and food-related permits, the construction schedule for the Restaurant, and the construction schedule of the landlord to build or renovate the base building. The consequences of your failure to do so is that it is an Event of Default under your Franchise Agreement, for which we may terminate your Franchise Agreement. The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for a Manchu WOK® Restaurant and the opening for business of a new Manchu WOK® Restaurant is 180 days.

vi) Every 5 years, you must renovate, alter, and/or upgrade your premises, fixtures, and equipment as may be required by the landlord or as we may require, so your Restaurant reflects the then-current image of the Manchu WOK system. This may entail the complete remodeling and upgrading of your Restaurant. For any renovation, alteration or upgrading, you must pay us a Renovation Development and Construction Fee.

D. Training – Initial, Refresher, Supplemental and Other Ongoing

i) We will provide a mandatory pre-opening training course in the Manchu WOK® restaurant system (**"Initial Training"**) for 2 of the employees of your Manchu WOK Restaurant who you designate. Your Manager must be one of the trainees. You must be the Manager if you are an individual; if you are a corporation, one of the shareholders who owns at least a 10% equity interest must be the Manager. The consequences of your or your Manager's failure to successfully complete Initial Training after two attempts is that it is an Event of Default under your Franchise Agreement, for which we may terminate your Franchise Agreement. If you previously operated a Manchu WOK Restaurant, then, before opening your Restaurant, we will provide refresher training in food preparation techniques and other aspects of the physical operation of a Manchu WOK Restaurant (**"Refresher Training"**) to two persons you designate (one of whom must be your Manager for this location). We may provide further training assistance as we consider necessary (**"Supplemental Training"**), including assistance with any new developments in the Manchu

WOK Restaurant System such as store generation upgrades or matters that may be described in revisions made to the Operating Manual. All persons attending the training must complete it to our satisfaction. Initial Training, including all requisite materials, are provided to you; the cost of this Initial Training is included in your Initial Franchise Fee. For Refresher Training, Supplemental Training and any training other than Initial Training, or training required on a transfer, you will pay $3,000 for all persons attending the training. In addition, you shall pay for all personal expenses incurred by the persons attending any training (including, travel, lodging, and meal expenses). Only one Initial Training is included in the Initial Franchise Fee. In the event you or your Manager fails to pass the Initial Training, you shall be required to pay $3,000 for subsequent Initial Training. Your Manager must attend and satisfactorily complete all training. The consequences of your Manager's failure to do so is that it is an Event of Default under your Franchise Agreement, for which we may terminate your Franchise Agreement. If at any time or times we designate any Supplemental Training to be mandatory, you or your Manager must attend the training.

ii) Initial Training is usually for 24 working days and averages 8 hours per day. Typically, you must complete training approximately one month before opening your Manchu WOK® Restaurant.

Our training programs are under the general supervision of Mr. Tony Lei, our Vice President Operations. Mr. Lei has been employed by us or predecessor/affiliated companies in the food service business since 1992. Mr. Lei will be assisted by other corporate employees to conduct a portion of the classroom training and for subjects related to the employees' specialized knowledge. These employees' experience in their specific areas ranges from 5 - 20 years. On the job training currently is supervised by Mr. Ben Lee. Mr. Lee was a Manchu WOK® restaurant manager for one year before assuming his current responsibilities as corporate trainer in 2001. On the job training will be held at a company-owned Manchu WOK® restaurant in the Toronto, Canada area, under the guidance of the restaurant's store manager. Training includes the review of the Operating Manual and the management of a MANCHU WOK® Restaurant. Your Manager and your designated employee must complete Initial Training to our satisfaction through their demonstrated knowledge and understanding of both the Operating Manual and the bookkeeping and inventory control system. The subjects covered and approximate hours of classroom and on-the-job training are described below. All training is currently conducted in Toronto, Canada, but we reserve the right to change the location in the future.

TRAINING PROGRAM

The training curriculum is as follows:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation	1	1	Toronto, Canada
Safety and Sanitation	1	1	Toronto, Canada
Food Preparation	-	15	Toronto, Canada
Menu Item Overview	1	1	Toronto, Canada
Drink Station	1	2	Toronto, Canada
Food Handling	1	1	Toronto, Canada
Daily Operations	1	10	Toronto, Canada
Opening Procedures	1	6	Toronto, Canada
Safety and Security	1	-	Toronto, Canada
WOK Cooking	1	50	Toronto, Canada
Inventory Control	1	1	Toronto, Canada
Serving	1	25	Toronto, Canada
Equipment and Maintenance	1	1	Toronto, Canada
Cashier	1	20	Toronto, Canada
Administration	3	1	Toronto, Canada
Closing Procedures	1	6	Toronto, Canada
Kitchen Management	1	7	Toronto, Canada
Shift Management	1	10	Toronto, Canada
Menu Planning	1	1	Toronto, Canada
Human Resources	2	-	Toronto, Canada
Profit Management	1	-	Toronto, Canada
Drive Through	2	-	Toronto, Canada
Lot and Building	1	-	Toronto, Canada
Marketing and Local Store Marketing	5	1	Toronto, Canada
TOTAL TRAINING HOURS	**31**	**160**	

Instructional materials consist of the Operations Manual, Training Manual and standard forms.

iii) You, your Manager and any other employees we designate must attend and participate in (at your expense) management seminars and training and refresher courses and Manchu WOK® and/or industry conventions, including the Annual Franchisee Convention (or regional meetings in any year in which the Annual Franchisee Convention is not held), and participate in ongoing aptitude testing that we conduct. We will not compel you, your Manager, and your other employees to attend more than two seminars, conventions or other courses in any calendar quarter.

This restriction does not apply to Initial Training or any other training that we may require your Manager or any replacement Manager to attend.

iv) To the extent we consider it appropriate or reasonably necessary, we will provide continuing advice and guidance to you concerning how to use the Manchu WOK® Restaurant System and in the operation of your restaurant business including advice and guidance regarding formulating and implementing local marketing and promotional programs, purchasing goods and other supplies, establishing and maintaining our administrative, bookkeeping, accounting and general operating procedures, hiring and training employees and providing results of research on market trends, where practicable.

v) To the extent that we consider it appropriate and necessary and have available personnel and can otherwise accommodate your request, we will furnish additional or special assistance to you (in addition to the assistance referred to above) to resolve any specific problems you encounter when operating your Manchu WOK Restaurant. If we send our personnel to your Manchu WOK Restaurant, you must pay us $500 per day (or part of each day) for each person we provide to render these additional or special services, together with all reasonable costs we incur on account of travel, lodging and meals for all personnel provided.

E. Manuals

We will provide you with a loan only of copies of our Operations Manual, which consists of our Confidential Operations Manual, Recipe Manual and Local Store Marketing Manual. The Table of Contents of the Operations Manual is attached to this Franchise Disclosure Document as **Exhibit E**. This Operations Manual is confidential and remains our property. We may periodically modify the Operations Manual or change the format in which the Operations Manual is presented. Currently, the Operations Manual has a total of 259 pages.

F. Marketing – Initial/Ongoing/Local/Regional/National

i) We will conduct a Grand Opening Marketing campaign and Promotional program for you using the $10,000 Grand Opening Marketing and Promotion Fee you pay to us. For the Grand Opening Marketing and Promotional Program, we furnish merchandising material, including "Now Open" signs, "directional" signs and a grand opening banner. We also give you various coupons and marketing fortune cookies that contain a promotional offer in lieu of the traditional fortune. The costs associated with any discount attributable to any coupons used by your customers or any free food and beverages that you provide your customers are your responsibility.

ii) At our option, we will provide ongoing marketing and promotional programs and suggestions/guidance for marketing to assist you in the marketing and promotion of your Manchu WOK restaurant.

iii) All Franchisees must contribute a Marketing Fee equal to 1% of weekly gross sales to the marketing and sales promotion fund (the "**Fund**") (gross sales includes all the revenues from your Restaurant but not any sales tax you pay). We may co-mingle Marketing Fees contributed to the Fund with marketing funds established by our affiliates, principally those affiliates operating in the United States. We will use the Fund for formulating, developing, and conducting programs and policies for marketing, sales promotional matters, and marketing research, communication, and development; purchasing advertising or marketing rights or services in any media; administrating any media-buying co-operative we may establish; and developing and administering marketing and promotional activities for the Manchu WOK® System. We may retain and use the Fund monies in the manner as we consider appropriate.

iv) Through the Fund, we will provide you with marketing materials, including ad slicks, promotional materials, customer programs and logo art work. The Fund may disseminate advertising in electronic, print, and other media, including newspapers, magazines, handbills and flyers. The Fund may advertise in national, regional, and local media.

v) We administer the Fund. We use our in-house marketing department (which is employed to work on marketing and promotional materials for the Manchu WOK® restaurant concept, including Mall and Non-Traditional locations) to create and place marketing programs. We may administratively aggregate the monies in the Fund and pay ourselves out of the Fund an annual administration fee of 15% of the total amounts paid to the Fund. Monies expended by the Marketing Fund shall be used to promote the Manchu WOK® restaurant concept and not to sell additional franchises.

vi) During the most recently concluded fiscal year, which ended November 30, 2015, Fund expenditures were made as follows: 13% on agency services, 60% on production of marketing materials, 11% on local store marketing support, and 16% on website/social media support.

vii) You may develop and use your own marketing materials; however, we must approve all the materials, in writing, before you use them. We will approve or disapprove of your proposed marketing materials within 10 working days after you submit them for evaluation. Any marketing materials or programs which you may develop become our property without requirement of payment to you.

viii) The Fund will collect marketing fees from all franchisee and company-owned Manchu WOK® Restaurants. All Company-owned outlets contribute to the Fund on the same basis as franchisees. Some non-traditional locations are exempt from payment of marketing contributions. The Fund is not required to spend any amount on marketing in the area where your Manchu WOK® Restaurant is located.

ix) We do not prepare audited statements of the Fund, nor will statements relating to the Fund be routinely published or disseminated to you, but you may obtain an accounting of contributions to and expenditures of the Fund during the prior fiscal year by making a written request for it.

x) Any funds not spent in the year in which they are collected will be spent in the next year.

xi) There is presently no marketing council. However we and our affiliates intend to establish a Franchisee Advisory Council comprising initially of appointed Franchisee representatives representing all Manchu WOK® restaurants to discuss matters of common interest and make recommendations concerning Manchu WOK® restaurant operations, procedures, marketing etc. to us. It is anticipated that this Franchisee Advisory Council will eventually become a body whose representatives will be elected annually by all Manchu WOK® Franchisees. We and our affiliates will carefully consider any and all recommendations made by the Franchisee Advisory Council but we are not bound to accept or institute any recommendation(s) or proposal(s) made by the Franchisee Advisory Council.

xii) In addition to contributing to the Fund and fulfilling any marketing obligations under your Lease or Sublease, you must use and display all marketing and promotional materials (including banners, signs and point-of-purchase materials) as we may provide. Any marketing program you may conceive or develop becomes our sole property.

xiii) We and our affiliates have the exclusive right to use our trademarks (both registered and unregistered) and licensed items for e-commerce purposes and for use on the World Wide Web (or in any other electronic medium, including for example social media and social networking sites). You may not use the licensed items or our trademarks on the World Wide Web. You must not operate or advertise, market, or otherwise promote your Manchu WOK® Restaurant on the Internet. You may not register any domain name containing the words "*Manchu WOK*" or any similar words, or establish, operate, or participate in a Web site on which the words appear.

xiv) We reserve the right to create a regional marketing cooperative in any Designated Market Area ("**DMA**") (DMAs are local television market areas designated by the Nielsen division of the Television Bureau of Advertising, Inc.) and to establish its rules and regulations. If and when we request, you must become a member of the cooperative for the DMA in which some or all of your Trade Area is located. In no event will your Manchu WOK® Restaurant be required to be a member of more than one cooperative. The cooperative must be organized, governed, and operated in the manner we prescribe. The cooperative will have the right to require you contribute to the cooperative as well as determine the amount of your contribution, but the contribution, when combined with the amount you must contribute to the Fund, will not exceed, in any 12 month period, 5% of your gross sales. The cooperative need not operate from written governing documents nor need it prepare annual or periodic financial statements available for your review. You may obtain an accounting of advertising expenditures during the prior fiscal year by making a written request for it.

xv) The Fund is not a trust fund. We have no fiduciary duty to any franchisee in connection with the collection or expenditure of Fund monies or any other aspect of the Fund's operations.

xvi) You must obtain and maintain at your expense a white pages and yellow pages listing(s) in the telephone directories serving the location of the Restaurant in those directory categories as we may periodically specify.

xvii) You must display pamphlets and other promotional/advertising materials as we may specify and including materials that solicit new franchisees that we may provide to you.

xviii) At our request and at your expense, you must participate in our System marketing and Restaurant monitoring programs including Internet-based programs, such as various e-mail programs (such as e-mail list building), messaging, newsletters, customer retention and acquisition programs, social media campaigns and tracking surveys, campaign tracking, mystery shopper programs, and health and safety monitoring services. We reserve the right to periodically add, delete or modify System marketing and Restaurant programs.

G. POS System

You must purchase and use an electronic cash register system (**"POS System"**) inclusive of necessary software. We must approve your POS System and software. The POS System must include devices that will (i) record cumulative sales and provide sequential customer count recording on a daily and cumulative basis and that cannot be turned back or reset; and (ii) permit electronic polling of all cash register information. We may periodically require you to upgrade, supplement, or replace any or all the components of the POS System. We have the right to poll (i.e., take copies of information from) your POS System at any time we choose and use it for any purpose whatsoever. To permit the polling, you shall configure your POS System so that we have complete, continuous, and unfettered access to all information the POS System generates and collects. As of the date of this Franchise Disclosure Document, the POS System used by the majority of franchisees is the Micros e7, and all required hardware and software associated with this system must be obtained from Micros Canada, 201 Whitehall Drive, Unit 4, Markham, Ontario, Canada L3R 9Y3 (905) 474-0101.

For your POS System, you must acquire and maintain high-speed Internet connectivity and use a modem or other electronic communications device complying with our specifications and a designated communications line that will enable us to gather information from your POS System and accounting system. This communications line, which must be installed and maintained at your expense, must be dedicated exclusively to providing us with complete and unfettered access to your POS System and accounting system so we may poll them at any time.

We estimate that the cost of purchasing or leasing required hardware and software for your POS System, including installation, will range from $7,300 to $10,600, and the annual cost of optional or required maintenance, updating, upgrading or support service will range from $2,500 to $4,000, depending on the number of terminals in your POS System.

Neither we nor any of our affiliates is obligated to provide ongoing maintenance, repairs, upgrades or updates to your POS System.

ITEM 12
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Franchise is granted for a specific location, and you must operate your Manchu WOK® Restaurant only at the location that we have approved (**"Approved Location"**) within the territory; you may not operate at any other location and which will be described in the Franchise Agreement, and you may not use other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce), to conduct sales outside of your Franchise Territory. In some instances, the Approved Location will be described to include a portion of a facility at which the Restaurant premises is located, such as a specific terminal at an airport or an entire shopping mall. You may not move or otherwise change the location of your Manchu WOK® Restaurant without our approval of the proposed new site. If your relocation is caused because your lease or sublease terminates or expires, or if the Restaurant premises are destroyed, condemned or otherwise rendered unusable, we will consent to the relocation but only if (a) we approve the new site; (b) the relocation is at your expense; (c) you reimburse us and/or affiliates for all reasonable costs and expenses which we incur that are associated with your relocation; and (d) you agree to indemnify us and our affiliates against, and reimburse us or them for, all loss, liability, costs and expenses incurred in connection with your relocation. We have the right to terminate your franchise if you do not find an acceptable new site within 30 days or do not open your Restaurant at the new location within 3 months. For relocations based on any other reason, (a) we have the absolute right to withhold our consent; and (b) if we do consent, you must pay us all fees that a new franchisee would pay us, including the then-current initial franchise fee.

So long as you are not in default of your Franchise Agreement, neither we nor our affiliates will open or operate, or grant a third party the right to operate, another Manchu WOK Restaurant at your Approved Location.

If the Lease for your Restaurant contains provisions respecting geographic restrictions on development of additional Restaurants, we and our affiliates will respect such Lease provisions.

- We and our affiliates reserve all rights not expressly granted in your Franchise Agreement, including the right – other than within your Restaurant premises – to:

- establish, acquire, develop, and license or franchise other systems different from the Manchu WOK® System licensed by your Franchise Agreement, within or outside the Approved Location, without offering or providing you any rights in, to, or under the other systems;

- establish other franchises and company or affiliate-owned outlets or other channels of distribution selling or leasing similar products or services under different trademarks; and

- sell, through dissimilar channels of distribution, such as retail grocery stores, the Internet, catalogue sales, telemarketing, or other direct marketing sales, under any terms that we consider appropriate, Manchu WOK® products and services similar or identical to those authorized for your Manchu WOK® Restaurant and using the trademarks we permit you to use.

Except as discussed above, neither we nor our affiliates have as at the date of this Franchise Disclosure Document any specific plan or intention to operate, or franchise the operation of, any business similar to or competitive with, the Manchu WOK® Restaurant franchise being offered in this Franchise Disclosure Document, but it is possible that we or an affiliate may do so within the next year. Your Franchise Agreement does not and will not grant to you any options, right of first refusal, or similar rights to acquire additional franchises within or outside of the Approved Location.

Your territorial rights, if any, do not depend on achieving a certain sales volume, market penetration, or other contingency (provided however that you must not be in default of any provision contained in your Franchise Agreement).

Except as described above, we have no contractual right to modify any territorial right that we grant.

We are not restricted from soliciting or accepting orders from, or selling products or services using any trademarks, to, consumers located at any location (other than your Restaurant premises), including orders, products or services offered from other distribution channels, such as the Internet, catalogues, telemarketing, or other direct marketing sales. If we do so, we will not pay any compensation to you.

You may only serve retail customers at your Restaurant premises. You are not restricted from soliciting customers or accepting orders from customers residing at any location; however, you are prohibited from providing off-premises sales or services such as off-site delivery. In other words, all products sold by your Restaurant must be sold at your Restaurant premises, and to customers who are physically present at the Restaurant premises. You also may not solicit customers at or from any location through use of any other channels of distribution.

On May 25, 2016, MTYFG entered into an agreement with Kahala Brands, whereby Kahala Brands agreed to merge with a wholly-owned subsidiary of MTYFG. The transaction closed on July 26, 2016. As of the date of this Franchise Disclosure Document, Kahala Brands or one or more of its subsidiaries has franchised or currently operates eighteen (18) different restaurant concepts and is also the master franchisee for two (2) of those restaurant concepts in various countries.

Certain of the restaurant concepts franchised or sub-franchised by Kahala Brands offer goods or services that are the same or similar to those that you will offer under the Manchu Wok brand. Kahala Brands offers the same or similar goods or services under the *Samurai Sam's* trademark. The *Samurai Sam's* concept is franchised in the United States by Kahala Brands subsidiary Kahala Restaurant Franchising, LLC. Since you will not be granted an exclusive territory, any conflicts that may arise between you and a *Samurai Sam's* franchisee regarding territory or Franchisor support that cannot be resolved through negotiation between the parties shall be resolved through arbitration.

Effective as of September 9, 2016, we entered into an agreement to purchase all outstanding membership interests of BFAH, including the rights to franchise the Baja Fresh® and La Salsa Mexican Grill® brands. If the closing and regulatory conditions are satisfied, the transaction is expected to close on or before October 31, 2016.

Neither one of BFAH's restaurant concepts sell goods or services similar to those you will offer under the Manchu Wok brand.

ITEM 13
TRADEMARKS

Franchisees receive the right to operate their MANCHU WOK® Restaurant(s) under the federally registered trademark MANCHU WOK®. You will also be permitted to operate your MANCHU WOK® Restaurant under any other registered or unregistered trade names, trademarks, service marks, logotypes and other commercial symbols (collectively with MANCHU WOK®, the "Marks"), that Manchu WOK, now or in the future, considers appropriate to use for your MANCHU WOK® Restaurant. The terms "**Marks**" or "**Trademarks**" apply to unregistered trademarks of MANCHU WOK® as well as to registered Trademarks. We own the Marks that will be licensed to you through the Franchise Agreement.

The following principal trademarks that will be licensed to you are registered with the United States Patent and Trademark Office on the Principal Register.

REGISTERED TRADEMARKS		
Mark	**Registration No.**	**Registration Date**
MANCHU WOK	1,279,286	May 22, 1984
THE MANCHU WOK FAST AND FRESH CHINESE CUISINE	2,125,037	Dec. 30, 1997

All required affidavits have been filed with the U.S. Patent and Trademark Office and the registrations for these marks have become incontestable.

You must use all trade names, trademarks, service marks, logotypes and commercial symbols in full compliance with rules established by us. You are prohibited from using any name or mark as part of your corporate name or with a prefix, suffix or from modifying words, terms, designs or symbols which may form a part of any of our Marks. In addition, you may not use any of our Marks for the sale of any unauthorized products or services or in any other manner not explicitly authorized by us in writing in our sole discretion. Should you develop any marketing material(s) or program(s) for the use in your Manchu WOK® Restaurant at any time, we shall be deemed for all purposes to be the owner of such material or program and shall have the right to license the use of such new material/program to others.

There are no presently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or any pending material litigation involving the use or ownership of the Marks. No currently effective litigation affects our use or ownership rights in any mark. No currently effective agreement limits our right to use or license the use of our Marks.

If you become aware of any infringement of, or challenge to, using any of the Marks, you must promptly notify us and we will take action as we deem appropriate in our sole discretion.

We or our affiliate will defend you against all claims of trademark infringement for use of the Marks and hold you harmless from any of the claims if you have complied with your Franchise Agreement, promptly given us written notice of any claim, grant us complete authority to defend against the claim, and otherwise cooperate with us in accordance with our instructions. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. We may conduct the legal action (or settle same) on the terms as we consider appropriate, in our sole discretion and we shall bear all costs of defense of any of the claim or suit, provided that you have satisfied the conditions described in this paragraph.

If, at any time, we consider it advisable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute names or marks for reasons including the rejection of any pending registration or revocation of any existing registration of any of the Marks, or the superior rights of senior users you must do so at your sole expense within 30 days of our request. We are liable solely to reimburse you for your reasonable direct printing and signage expenses incurred to modify or discontinue the use of the Mark and substitute a different Mark. The reimbursable expenses do not include any expenditures you make to promote a modified or substitute Mark.

You must not directly or indirectly contest our right to use the Marks, trade secrets or techniques that are part of the Manchu WOK® System.

We know of no infringing uses of any of the Marks that could materially affect your use of the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or copyright, but you will become licensed only to use the proprietary information contained in the Operations Manual. We have not filed an application for copyright registration of the Operations Manual. However, we claim a copyright and assert that the information described in the Operations Manual is proprietary. You must tell us when you learn of unauthorized use of this proprietary information. We are not obligated to take any action, but will respond to this information as we think appropriate.

Our affiliate, Manchu WOK Holdings, Inc., has licensed to us the right to use the proprietary information for the franchise system. The term of this license agreement is indefinite but is terminable by either party if the other party i) commits a material breach which remains uncured for 30 days; ii) commits an act of insolvency; or iii) repeatedly commits defaults. If the license agreement is terminated, the trademark licensor will assume all of our obligations under your Franchise Agreement with respect to the proprietary information for the franchise system with respect to the proprietary information which they licensed to us. Neither the license agreement nor any other agreement currently in effect significantly limits our right to use, or license the use of, the proprietary information in the Operations Manual in any manner material to the franchise.

You may use the trade secrets and confidential information we reveal to you solely for the purpose of conducting the Business in accordance with the provisions of your Franchise Agreement. You may divulge the trade secrets and confidential information to your employees, but only on a "need-to-know" basis and in circumstances that will maintain its confidentiality. You must have your directors, officers, members, managers, shareholders, employees and agents maintain the confidentiality of the confidential information and trade secrets, and must obtain from them written agreements to maintain the confidentiality, in a form we prescribe.

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

i.) You must have at least two people who have successfully completed Initial Training operate your Manchu WOK® Restaurant. One of them must be your Manager.

ii.) If you are an individual, you must be the Manager.

iii.) If you are a corporation, you must designate one of your shareholders who owns at least 10% of your equity in the corporation to be the Manager.

iv.) Your Manager must devote his or her full-time efforts to on-premises supervision of your Restaurant.

v.) Your Manager must have the authority to receive and implement all directions we give him or her and have the authority to represent you in all dealings with us.

vi.) Before his or her appointment as Manager, you must submit in writing the name and qualifications of any proposed Manager, or replacement Manager, together with any other pertinent information that we request for our review and written approval of the proposed Manager.

vii.) Without our written approval, you may not appoint any person a Manager.

viii.) We reserve the right to withhold our consent to the appointment of any person as manager until that person shall have successfully completed all training we deem necessary.

ix.) The Manager and all other employees who operate your Manchu WOK® Restaurant shall be required to enter our standard Confidentiality and Non-competition Agreement.

x.) We require that all shareholders, members, managers, or other owners of a corporate franchisee personally guarantee the franchisee's payments and observance and performance to us and our affiliates of all of your obligations. All the Franchisee's legal and beneficial owners must sign the guarantee in the form attached as Schedule H to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that conform to our standards and specifications. You also will have certain obligations to offer for sale particular items. You may only offer and sell products at your Manchu WOK® Restaurant that we have approved in writing for sale at your Manchu WOK® Restaurant. We have the right, without limit, to change the types of authorized products and services.

You may only serve retail customers at your Restaurant premises, for personal carry-out consumption, and for delivery service in a manner that complies with our standards. You are not restricted from soliciting customers, or accepting orders from customers, residing at any location; however, you are prohibited from providing off-premises sales or services, such as, for example, catering or off-site delivery. In other words, all products sold by your Restaurant must be sold at your Restaurant premises and to customers who are physically present at your Restaurant premises. You also may not solicit customers at or from any location through use of other channels of distribution, such as the Internet, catalogues, telemarketing, or other direct marketing.

Except as described above, you are not restricted by the Franchise Agreement or any other custom or practice of ours or of our affiliates with respect to products or services which you may offer or sell or with respect to customers to whom you may sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION		SECTION IN FRANCHISE AGREEMENT	SUMMARY *
a.	Length of the franchise term	Section 2.1	Term extends from date on which you execute the Franchise Agreement until (i) the expiration of the site location period, in the event you have not found a suitable location and signed a lease for the Store within the Site Location Period , or (ii) the expiration date of the lease. If the Manchu Wok Restaurant or the Territory is not identified and agreed to by the Franchisor during the execution of the Franchise Agreement, then the Franchisee will have eighteen (18) months following the Commencement Date of this Agreement ("**Site Location Period**").

PROVISION		SECTION IN FRANCHISE AGREEMENT	SUMMARY *
b.	Renewal or extension of the term.	Section 2.2	You do not have any rights to operate the franchised business beyond the Term, subject to any state laws to the contrary.
c.	Requirements for you to renew or extend	Section 2.2	If the Term of the Franchise Agreement expires, we reserve the right to offer you the opportunity to extend your rights to operate the franchised business by entering into a successor franchise agreement ("**Successor Franchise Agreement**") upon such terms as we are offering new franchisees when your Term is expired. Any such Successor Franchise Agreement may have materially different terms and conditions from the original Franchise Agreement.
d.	Termination by you	Not Applicable	None.
e.	Termination by us without cause	Not Applicable	None.
f.	Termination by us with cause	Section 10.1	We may terminate only if you default under your Franchise Agreement.
g.	"Cause" defined- curable defaults	Section 10.1	Failure to open your Manchu WOK Restaurant on time or failure to pay amounts you owe us. Failure to operate your Manchu WOK Restaurant to our standards as set out in the Franchise Agreement or the Manual as determined by us.
h.	"Cause" defined- non-curable defaults	Section 10.1	You file or become the subject of bankruptcy, a receiver is appointed for your Business assets, we give you three or more notices of defaults in a 12-month period (irrespective of whether they are cured), you abandon the Business, you or your Manager fail two attempts to complete Initial Training, a default occurs under the Lease or Sublease of the Premises (subject to any notice and cure period), or you violate your non-compete or confidentiality restrictions, knowingly maintain false books or records, submit false reports to us, the Restaurant poses an imminent threat to public health or safety, misappropriation of funds, and others. (A provision in the Franchise Agreement that terminates the franchise upon your bankruptcy may be unenforceable under the US Bankruptcy Code, Title 11, US Code Section 101.)

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY *
i.	Your obligations on termination/non-renewal	Sections 10.2-10.10, 10.12	Obligations include ceasing use of our trademarks, de-identifying premises, paying amounts due, including for an early termination caused by your default, future royalty fees that would have been paid throughout the remainder of the term, returning manuals and other operations materials, assigning telephone numbers and if Manchu WOK requests, assigning your Lease and/or selling us any of your equipment or fixtures at the price described in your Franchise Agreement (also see "r", below).
j.	Assignment of contract by us	Section 12.1	No restriction on our right to assign.
k.	"Transfer" by you- defined	Section 12.2	You need our prior written consent to transfer of your Franchise Agreement, assets, or stock or ownership interests. Transfers include granting a security interest in or otherwise encumbering those items.
l.	Our approval of transfer by you	Section 12.2	We have the right to approve all transfers, but will not unreasonably withhold approval
m.	Conditions for our approval of transfer	Section 12.2	Transfer fee of $10,000 paid, new franchisee/transferee satisfactorily completes training, you sign release and settle all accounts with us and trade creditors, no default exists under the current agreement, and bulk-sales laws complied with and updating/refurbishing of your Manchu WOK Restaurant to our then current standards, and, at our option, transferee will sign our then-current form of franchise agreement (and guarantee) for new franchisees or you will assign existing franchise agreement to transferee plus new guarantees). If you leased the Premises directly from a third party, then the transferee must sign and deliver to us a new Lease Addendum. We reserve the right to require transferring franchisees to use and pay for the services of a third-party escrow agent designated or approved by us.
n.	Our right of first refusal to acquire your business	Section 12.8	We can match any offer for an interest in the Franchise Agreement or your Manchu WOK Restaurant assets, or stock within 30 days of receiving notice of the offer.

PROVISION		SECTION IN FRANCHISE AGREEMENT	SUMMARY *
o.	Our option to purchase your business	Section 10.6 and 10.3	We have the option to purchase your equipment, fixtures, and other assets when your franchise expires or terminates, or if we do not renew your Franchise Agreement because we are withdrawing from your market area in the manner described in the Franchise Agreement.
p.	Your death or disability	Section 12.4	Within six months of the permanent disability or death of any of the following individuals, that individual's estate must transfer his or her interests in your Manchu WOK Restaurant (or shares of any corporate owner) or in the Franchise Agreement in accordance with the terms of ARTICLE 12: i. any individual who holds a 25% or greater voting or ownership interest in your Manchu WOK Restaurant (or a 25% share of any corporation); or ii. any individual who is the Franchisee.
q.	Non-competition covenants during the term of the franchise	Sections 11.2, and 11.3	No involvement in any restaurant business or retail food outlet that specializes in the sale of oriental-style food or that we reasonably consider similar in nature, style or otherwise to any Manchu WOK® restaurant or using the Manchu WOK Restaurant System. This also applies to Guarantors and other related parties.
r.	Non-competition covenants after the franchise is terminated or expires	Sections 11.4 and 11.5	No involvement in any restaurant business or retail food outlet located at the Premises, or the premises at which any restaurant or outlet using the Manchu WOK Restaurant System (whether franchisee- or company-owned, or street-front or mall-based) or within 3 miles of the exterior boundaries of any building in which (i) the Premises are located or (ii) any premises at which any restaurant or outlet utilizing the Manchu WOK Restaurant System (whether franchisee-or company-owned, or street-front or mall-based) is then being operated, or is then being constructed or then under contract to be constructed. This also applies to Guarantors and other related parties.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY *
s.	Modification of the agreement	Sections 2.4, 17.2, and 17.3,	Amendments only effective if in writing; but we may change the Manchu WOK Restaurant System, including the Operating Manuals.
t.	Integration/merger clause	Section 17.7	Only the terms of the Franchise Agreement are binding, subject to state law. Any representations or promises made outside of the disclosure document and the franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 14	Disputes will be resolved by a single arbitrator.*
v.	Choice of forum	Section 14.1	Phoenix, Arizona.*
w.	Choice of law	Section 14.1	Arizona law applies.*

Notes:

* Applicable state law may require additional disclosures related to the information in this item. These additional disclosures, if any, appear in an addendum. See **Exhibit H** of this disclosure document.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing 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.

We do not make any representations about a Franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to franchisor's management by contacting Bob Cook at 1-800-563-6688 or (905) 764-7066, Ext. 604, 9311 East Via de Ventura, Scottsdale, AZ 85258, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For fiscal years 2013-2015 (1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2013 (2)	51	50	-1
	2014 (3)	50	46	-4
	2015 (4)	46	36	-10
Company-Owned*	2013 (2)	8	7	-1
	2014 (3)	7	4	-3
	2015 (4)	4	2	-2
Total Outlets	**2013 (2)**	**59**	**57**	**-2**
	2014 (3)	**57**	**50**	**-7**
	2015 (4)	**50**	**38**	**-12**

Notes:

(1) The 2013 and 2014 numbers reflect the franchised and company-owned outlets operated by our Predecessors. The fiscal year for our Predecessors ran from April 1 through March 31 of each year.
(2) These numbers represent the period from April 1, 2013 through March 31, 2014.
(3) These numbers represent the period from April 1, 2014 through March 31, 2015.
(4) These numbers represent the period December 1, 2014 through November 30, 2015.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For fiscal years 2013-2015 (1)

State	Year	Number of Transfers
Illinois	2013 (2)	1
	2014 (3)	0
	2015 (4)	0
Texas	2013 (2)	1
	2014 (3)	0
	2015 (4)	0
Total	**2013 (2)**	**2**
	2014 (3)	**0**
	2015 (4)	**0**

Notes:

(1) The 2013 and 2014 numbers reflect the franchised outlets licensed by our Predecessors. The fiscal year for our Predecessors ran from April 1 through March 31 of each year.
(2) These numbers represent the period from April 1, 2013 through March 31, 2014.
(3) These numbers represent the period from April 1, 2014 through March 31, 2015.
(4) These numbers represent the period from December 1, 2014 through November 30, 2015.

Table No. 3
Status of Franchised Outlets
For fiscal years 2013-2015 (1)

State	Year	Outlets at Start of the Year	Outlets Added*	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at the End of the Year
Alabama	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	0	2
	2015 (4)	2	0	0	0	0	0	2
Alaska	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	0	2
	2015 (4)	2	0	0	0	0	2	0
Arizona	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	1	0
	2015 (4)	0	0	0	0	0	0	0
California	2013 (2)	2	0	0	0	0	1	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	1	0
Colorado	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	1	1
	2015 (4)	1	0	0	0	0	1	0
Florida	2013 (2)	4	0	0	0	0	0	4
	2014 (3)	4	0	0	0	0	0	4
	2015 (4)	4	0	0	0	0	0	4
Georgia	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Hawaii	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Illinois	2013 (2)	6	0	0	0	0	0	6
	2014 (3)	6	0	0	0	0	1	5
	2015 (4)	5	1	0	0	0	1	5
Kansas	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Added*	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at the End of the Year
Kentucky	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Maryland	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	0	2
	2015 (4)	2	0	0	1	0	0	1
Minnesota	2013 (2)	1	0	0	0	0	1	0
	2014 (3)	0	0	0	0	0	0	0
	2015 (4)	0	0	0	0	0	0	0
Mississippi	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Missouri	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Nevada	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	0	2
	2015 (4)	2	0	0	0	0	0	2
New Jersey	2013 (2)	3	0	0	0	0	0	3
	2014 (3)	3	0	0	0	0	0	3
	2015 (4)	3	0	0	0	0	2	1
New York	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
North Carolina	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	0	2
	2015 (4)	2	0	0	0	0	0	2
Ohio	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Oklahoma	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	1	0

State	Year	Outlets at Start of the Year	Outlets Added*	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at the End of the Year
South Carolina	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	1	0
Texas	2013 (2)	6	1	0	0	0	0	7
	2014 (3)	7	0	0	0	0	1	6
	2015 (4)	6	0	0	0	0	1	5
Utah	2013 (2)	1	0	0	0	0	0	1
	2014 (3)	1	0	0	0	0	0	1
	2015 (4)	1	0	0	0	0	0	1
Virginia	2013 (2)	2	0	0	0	0	0	2
	2014 (3)	2	0	0	0	0	0	2
	2015 (4)	2	0	0	0	0	0	2
Washington	2013 (2)	3	0	0	0	0	0	3
	2014 (3)	3	0	0	0	0	0	3
	2015 (4)	3	0	0	0	0	0	3
Totals	**2013 (2)**	**51**	**1**	**0**	**0**	**0**	**2**	**50**
	2014 (3)	**50**	**0**	**0**	**0**	**0**	**4**	**46**
	2015 (4)	**46**	**1**	**0**	**1**	**0**	**10**	**36**

Notes:

(1) The 2013 and 2014 numbers reflect the franchised outlets licensed by our Predecessors. The fiscal year for our Predecessors ran from April 1 through March 31 of each year.
(2) These numbers represent the period from April 1, 2013 through March 31, 2014.
(3) These numbers represent the period from April 1, 2014 through March 31, 2015.
(4) These numbers represent the period from December 1, 2014 through November 30, 2015.

Table No. 4
Status of Company-Owned Outlets
For fiscal years 2013-2015 (1)

State	Year	Outlets at the Start of the Year	Outlets Opened*	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
Illinois	2013 (2)	2	0	0	0	0	2
	2014 (3)	2	0	0	0	0	2
	2015 (4)	2	0	0	1	1	0
Minnesota	2013 (2)	1	0	0	0	0	1
	2014 (3)	1	0	0	0	0	1
	2015 (4)	1	0	0	0	0	1
New York	2013 (2)	1	0	0	0	0	1
	2014 (3)	1	0	0	1	0	0
	2015 (4)	0	0	0	0	0	0
Ohio	2013 (2)	1	0	0	0	0	1
	2014 (3)	1	0	0	1	0	0
	2015 (4)	0	0	0	0	0	0
Texas	2013 (2)	3	0	0	1	0	2
	2014 (3)	2	0	0	1	0	1
	2015 (4)	1	0	0	0	0	1
Total	**2013 (2)**	**8**	**0**	**0**	**1**	**0**	**7**
	2014 (3)	**7**	**0**	**0**	**3**	**0**	**4**
	2015 (4)	**4**	**0**	**0**	**1**	**1**	**2**

Notes:

(1) The 2013 and 2014 numbers reflect the company-owned outlets operated by our Predecessors. The fiscal year for our Predecessors ran from April 1 through March 31 of each year.
(2) These numbers represent the period from April 1, 2013 through March 31, 2014.
(3) These numbers represent the period from April 1, 2014 through March 31, 2015.
(4) These numbers represent the period from December 1, 2014 through November 30, 2015.

Table No. 5
Projected Openings as of November 30, 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Texas	0	2	0
North Dakota	0	1	0
Total	**0**	**3**	**0**

Any state not listed in any table had no activity during the entire period covered by the table.

The name, address, and telephone number of all of our franchisees as of November 30, 2015 is set forth in **Exhibit F**.

The name and last known address and telephone number of every franchisee who has left our Manchu WOK® system for any reason including, without limitation, termination, cancellation, non-renewal or otherwise voluntarily or involuntarily ceased to do business under a Manchu WOK Franchise Agreement, during our most recently completed fiscal year or has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document appears at **Exhibit G**.

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

No franchisees have signed a confidentiality clause in a franchise agreement settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

As of November 30, 2015 there are no Manchu WOK franchisee associations in existence regardless of whether or not they use our trademark.

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements for the years ended November 30, 2015 and 2014 and 2013, and unaudited financials ending May 31, 2016 are attached to this Franchise Disclosure Document as **Exhibit B**. Our fiscal year end is November 30.

ITEM 22
CONTRACTS

A copy of MTY Franchising USA, Inc.'s current mall food court and non-traditional Franchise Agreement and Sublease Agreement (Sublease subject to amendment to accommodate local laws) are attached as **Exhibits C** and **D**, respectively. A copy of the Franchisor's Compliance Certification which will be required from the Franchisee and its Guarantors before any franchise transaction is completed, is attached as **Exhibit I**.

ITEM 23
RECEIPT

Exhibit K contains two detachable pages acknowledging the receipt of the Franchise Disclosure Document by you. One copy is for your records, and one copy must be signed and dated by you and returned to us.

EXHIBIT A

Manchu WOK

LIST OF STATE REGULATORS / AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 212-416-8236 Phone 212-416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

Manchu WOK

FINANCIAL STATEMENTS

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.

PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

Non-consolidated Interim Financial statements of MTY Franchising USA, Inc.

For the nine-month period ended August 31, 2016
(U.S. Dollars)

(unaudited)

MTY Franchising USA, Inc.
Non-consolidated statement of earnings
Nine-month period ended August 31, 2016
(unaudited)

Notice: The interim financial statements of MTY Franchising USA, inc. for the nine-month period have not been reviewed by an external auditor.

	Nine months ended August 31, 2016
	$
Revenue	
Corporate store revenues	1,790,608
Royalties	1,510,453
Program allowances	230,259
Dividend revenue	1,004,410
Other	82,418
	4,618,148
Cost and expenses	
Operating expenses	2,387,781
Interest on long term debt	1,216,966
Amortization – property, plant and equipment	47,498
Amortization - intangible assets	38,981
Management fees charged by related companies	256,992
	3,948,218
Earnings before income taxes	669,930
Income tax expense (recovery)	
Current	52,649
Deferred	(47,114)
	5,535
Net income and comprehensive income	664,395

MTY Franchising USA, Inc.
Non-consolidated statement of financial position
Period ended August 31, 2016
(Unaudited)

	August 31, 2016
	$
Assets	
Current assets	
Cash	4,132,078
Accounts receivable (net of allowance for doubtful accounts of $34,167)	306,663
Inventories	99,525
Prepaid expenses and deposits	12,763
	4,551,029
Investment in Kahala Brands Ltd.	259,174,784
Advance to subsidiary	26,365,758
Property, plant and equipment	126,839
Intangible assets	1,818,274
Goodwill	253,267
	287,738,922
	292,289,951
Liabilities	
Current liabilities	
Accounts payable	196,325
Accrued liabilities	271,258
Promotional funds payable	36,108
Deferred revenue	319,049
Income taxes payable	10,045
Advances from related companies	182,143,671
Advances from parent company	143,860
Current portion of long term debt	5,000,000
	188,120,316
Long term debt	21,913,841
Deferred income taxes	39,724
	210,073,881
Stockholder's equity	
Common stock	80,653,738
Additional paid-in capital	99
Retained earnings	1,562,233
	82,216,070
	292,289,951

Financial statements of
MTY Franchising USA, Inc.

For the years ended November 30, 2015 and November 30, 2014

Deloitte.

Deloitte LLP
1190 Avenue des
Canadien-de-Montreal
Suite 500
Montréal QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4116
www.deloitte.ca

Independent auditor's report

To the Board of Directors and Stockholder of MTY Franchising USA, Inc.

We have audited the accompanying financial statements of MTY Franchising USA, Inc. (the "Company"), which comprise the balance sheet as at November 30, 2015, and the related statements of operations and comprehensive income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the 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.

Auditor's 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 auditor's 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 Company'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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MTY Franchising USA, Inc. as at November 30, 2015, 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.

Deloitte LLP[1]

January 19, 2016

[1] CPA auditor, CA, public accountancy permit No. A116933

MTY Franchising USA, Inc.
Statement of operations and comprehensive income
Years ended November 30, 2015 and November 30, 2014

	Notes	November 30, 2015	November 30, 2014
		$	$
Revenue			
Corporate store revenues		**2,523,888**	—
Royalties		**1,973,017**	464,937
Franchise fees		**32,000**	30,443
Program allowances		**258,470**	87,852
Other		**83,253**	61,004
		4,870,628	644,236
Cost and expenses			
Operating expenses	10	**3,391,711**	498,785
Amortization – property, plant and equipment		**50,364**	—
Amortization - intangible assets		**55,778**	28,341
Interest charged by related companies		**87,031**	—
Management fees charged by related companies		**273,580**	62,782
		3,858,464	589,908
Earnings before income taxes		**1,012,164**	54,328
Income tax expense (recovery)	8		
Current		**265,560**	21,191
Deferred		**116,874**	(21,125)
		382,434	66
Net income and comprehensive income		**629,730**	54,262

The accompanying notes are an integral part of the financial statements.

MTY Franchising USA, Inc.
Statement of changes in stockholder's equity
Years ended November 30, 2015 and November 30, 2014

	Common stock issued	Common stock value	Additional paid-in capital	Retained earnings	Total stockholder's equity
		$	$	$	$
Balance as at November 30, 2013	1,000	1	99	213,846	213,946
Net income	—	—	—	54,262	54,262
Balance as at November 30, 2014	1,000	1	99	268,108	268,208
Net income	—	—	—	**629,730**	**629,730**
Balance as at November 30, 2015	**1,000**	**1**	**99**	**897,838**	**897,938**

The accompanying notes are an integral part of the financial statements.

MTY Franchising USA, Inc.
Balance Sheet
Years ended November 30, 2015 and November 30, 2014

	Notes	November 30, 2015	November 30, 2014
		$	$
Assets			
Current assets			
Cash		899,018	313,268
Accounts receivable (net of allowance for doubtful accounts ($16,936 in 2015; $9,483 in 2014)		296,857	120,044
Advances to companies under common control	3	—	48,310
Inventories		14,468	1,327
Prepaid expenses and deposits		17,786	—
		1,228,129	482,949
Property, plant and equipment	5	170,879	—
Intangible assets	6	1,857,255	213,909
Goodwill	7	253,267	—
Deferred income taxes	8	—	30,036
		2,281,401	243,945
		3,509,530	726,894
Liabilities			
Current liabilities			
Accounts payable		127,993	18,835
Accrued liabilities		225,066	127,246
Promotional funds payable	9	81,621	57,991
Deferred revenue		122,042	114,890
Income taxes payable		265,392	13,088
Advances from parent company	3	1,635,277	126,636
Advances from companies under common control	3	67,363	—
		2,524,754	458,686
Deferred income taxes		86,838	—
		2,611,592	458,686
Stockholder's equity			
Common stock, $ 0.001 par value, 1,000 shares authorized, 1,000 shares issued and outstanding		1	1
Additional paid-in capital		99	99
Retained earnings		897,838	268,108
		897,938	268,208
		3,509,530	726,894

The accompanying notes are an integral part of the financial statements.

Approved by the Board

______________________________, Director

MTY Franchising USA, Inc.
Statement of cash flows
Years ended November 30, 2015 and 2014

	Notes	November 30, 2015	November 30, 2014
		$	$
Operating activities			
Net income		629,730	54,262
Items not affecting cash			
Amortization – property, plant and equipment		50,364	—
Amortization – intangible assets		55,778	28,341
Interest on advance from parent company		87,031	—
Deferred income taxes		116,874	(21,125)
		939,777	61,478
Changes in non-cash working capital items			
Accounts receivable		(176,813)	(5,496)
Inventories		20,448	(1,327)
Prepaid expenses and deposits		67,895	3,270
Income taxes		252,304	40,135
Accounts payable		(25,144)	(46,537)
Accrued liabilities		97,820	79,967
Promotional funds payable		(30,042)	(17,662)
Deferred revenue		(50,479)	59,890
Net cash from operating activities		1,095,766	173,718
Investing activities			
Additions to property, plant and equipment		(21,243)	—
(Issuance) repayment of advances to companies under common control		115,673	(48,310)
Net cash from investing activities		94,430	(48,310)
Financing activities			
(Repayment) of advances from parent company		(609,746)	(63,364)
Net cash from financing activities		(609,746)	(63,364)
Net increase in cash		580,450	62,044
Cash, beginning of year		313,268	251,224
Cash acquired		5,300	—
Cash, end of year		899,018	313,268

The accompanying notes are an integral part of the financial statements.

Ma

1. Nature of operations

The Extreme Pita Franchising USA, Inc. (the "Company") was incorporated on March 14, 2001. During 2014, it changed its name to MTY Franchising USA, Inc. The Company develops and franchises restaurants under the names "Extreme Pita" and "Manchu Wok" in the United States of America.

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the United States of America. The Company uses the United States dollar as its functional and reporting currency.

On September 23, 2013, MTY Tiki Ming Entreprises Inc. ("MTY") acquired 100% of the 100 authorized shares of the Company. On December 28, 2014, MTY purchased the assets of Manchu Wok, having 44 locations in the United States of America, whose financial results are reported with those of the Company.

Presented below are those policies considered particularly significant:

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation with no impact on net income or cash flows.

Revenue recognition

i) Revenue from franchise locations

The Company recognizes revenue in accordance with the accounting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 952-605, Franchisors, Revenue Recognition. The Company's franchise related revenue consists of area development fees, initial franchise fees and continuing royalty payments.

The Company recognizes initial franchise fee revenue when all material services required to be performed and all material conditions required to be satisfied have been substantially completed, which is generally upon the opening of the restaurant or 24 months after the signing of the franchise agreement. Deferred revenue represents advances on initial franchise fees prior to performance being substantially complete and the payment of franchise fees for any franchises which have yet to open, less the area developer commission.

Continuing monthly royalties are recognized as revenue as the fees are earned and become receivable from the franchisee.

The Company receives considerations from certain suppliers called program allowances. Program allowances are recognized as revenues as they are earned.

2. Significant accounting policies (continued)

Revenue recognition (continued)

ii) Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional fund. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The fees collected by the Company for the promotional fund are not recorded in the Company's statement of operations and comprehensive income, but as operations in the accounts payable to the promotional fund. The payable is presented net of any amounts spent from the promotional fund.

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Property, plant and equipment

Property, plant and equipment is comprised of equipment and leasehold improvements and are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is based on the following terms:

Equipment	Straight-line	3 to 10 years
Leasehold improvements	Straight-line	Term of the lease

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost less accumulated impairment losses, if applicable.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights and master franchise rights

The franchise rights and master franchise rights acquired through business combinations were recognized at the fair value of the estimated future revenue stream related to the acquisition of franchises. The franchise rights and master franchise rights are amortized on a straight-line basis over the term of the agreements, which are 10 years.

Trademarks

Trademarks acquired through business combinations were recognized at their fair value at the time of the acquisition and are not amortized. Trademarks were determined to have an indefinite useful life based on their strong brand recognition and their ability to generate revenues through changing economic conditions with no foreseeable time limit.

2. Significant accounting policies (continued)

Impairment of long lived assets other than goodwill

The Company continually reviews whether events or circumstances subsequent to the acquisition of any long-lived assets, including intangible assets with finite useful lives, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows on an undiscounted basis related to the assets exceeds the recorded carrying amount of those assets to determine if an asset is impaired. Should an impairment be identified, a loss would be recorded to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar cash flow projections on a discounted basis.

Impairment of goodwill

Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (August 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and advances payable to (from) a related or parent company. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to their immediate or short term maturities, unless otherwise noted.

Subsequent events

Subsequent events were evaluated through the date that the financial statements were issued, which was January 19, 2016.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. **Significant accounting policies (continued)**

Recently Issued Accounting Pronouncements

ASU 2015-17 – Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17")

In November 2015, the FASB issued ASU 2015-17, which require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position.

The amendments apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments.

The amendments are effective for the Company's financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of its pending adoption of ASU 2015-17 on its financial statements.

ASU 2015-14, Revenue From Contracts With Customers (Topic 606), Deferral of the Effective Date ("ASU 2015-14")

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in applying such process, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

As a result of the issuance of ASU 2015-14, ASU 2014-09 is effective for annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which they will adopt the standard in 2018.

ASU 2015-01, Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items ("ASU 2015-01")

The amendments in ASU 2015-01 eliminate from U.S. GAAP the concept of extraordinary items. Subtopic 225-20, Income Statement - Extraordinary and Unusual Items, required that an entity separately classify, present, and disclose extraordinary events and transactions. This ASU will also align more closely U.S. GAAP income statement presentation guidance with IAS 1, Presentation of Financial Statements, which prohibits the presentation and disclosure of extraordinary items.

4. Business acquisition (continued)

The preliminary purchase price allocation is as follows:

	2015
	$
Net assets acquired:	
Current assets	
Cash	5,300
Inventories	33,589
Prepaid expense and deposits	85,681
	124,570
Property, plant and equipment	200,000
Franchise rights	239,763
Trademark	1,459,361
Goodwill [1]	253,267
	2,152,391
Current liabilities	
Accounts payable	134,302
Promotional fund liability	53,672
Deferred revenues	57,631
	245,605
Net purchase price	2,031,356

[1] Goodwill is deductible for tax purposes

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized.

5. Property, plant and equipment

	2015	2014
	$	$
Leasehold improvement	101,407	—
Equipment	119,836	—
Total, at cost	221,243	—
Accumulated amortization	(50,364)	—
Total, net	170,879	—

2. Significant accounting policies (continued)

Recently Issued Accounting Pronouncements (continued)

The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this Statement is not expected to have a material effect on the Company's results of operations.

ASU 2014-15, Presentation of Financial Statements —Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15")

The FASB has issued ASU 2014-15 which is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. This ASU provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes.
The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The Company is currently evaluating the impact of its pending adoption on its financial statements.

3. Advances to (from) related company and parent company

The advances to related company are provided to a corporation under common control and are non-interest bearing and due on demand, with no specified repayment terms.

Advances to the parent company bears an annual interest fee of 6%, with no specified repayment terms. No interest was paid in 2015 but rather was capitalized to the advances.

4. Business acquisition

On December 18, 2014, the Company acquired the assets of Manchu Wok USA for a total consideration of $2,191,280. The purpose of the transaction was to further diversify the Company's range of offering.

	2015
	$
Consideration paid:	
Purchase price	**2,191,280**
Net obligations assumed	**(159,924)**
Net purchase price	**2,031,356**
Advance payable to parent company	**(2,031,356)**
Net cash outflow	**—**

6. Intangible assets

Cost	Franchise rights	Trademark	Total
	$	$	$
Balance at November 30, 2013 & 2014	290,000	—	290,000
Additions through business combinations	**239,763**	**1,459,361**	**1,699,124**
Balance at November 30, 2015	**529,763**	**1,459,361**	**1,989,124**

Accumulated amortization	Franchise rights	Trademark	Total
	$	$	$
Balance at November 30, 2013	47,750	—	47,750
Amortization for the period	28,341	—	28,341
	76,091	—	76,091
Amortization expense	**55,778**		**55,778**
Balance at November 30, 2015	**131,869**	—	**131,869**

Carrying amounts	Franchise rights	Trademark	Total
	$	$	$
November 30, 2014	**213,909**	—	**213,909**
November 30, 2015	**397,894**	**1,459,361**	**1,857,255**

7. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2015
	$
Balance, beginning of year	—
Additional amounts recognized from business acquisitions (Note 4)	**253,267**
Balance, end of year	**253,267**

8. Income taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740 income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the financial statements than for tax purposes.

The provision for income taxes recorded in the financial statements differs from the amount, which would be obtained by applying the statutory income tax rate of 37% (39% in 2014), to the income for the period as follows:

	2015	2014
	$	$
Earnings for the period before income taxes	**1,012,164**	54,328
Anticipated income tax expense	**374,983**	21,025
Permanent differences	**4,250**	770
True up of prior year tax provision	**(11,228)**	(20,146)
Change in state tax rate	**14,430**	—
Other	**(1)**	(1,583)
Income tax expense	**382,434**	66

The deferred tax liability relates to the franchise rights and other temporary differences.

9. Promotional funds payable

	2015	2014
	$	$
Promotional funds payable, beginning of year	**(57,991)**	(75,653)
Promotional funds received	**(218,035)**	(190,916)
Promotional funds acquired (note 4)	**(53,672)**	—
Promotional funds spent	**248,077**	208,578
Promotional funds payable, end of year	**(81,621)**	(57,991)

10. Contingencies

The Company is contingently liable to make certain payments related to reacquired area developer franchise rights. The payments are reported on a net basis against royalty revenue received.

(a) Under the first agreement, the Company is committed to pay $500,000, with payment terms as follows, contingent on future events:

i. 15% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 15% of the royalties received from each franchise operating a restaurant in the terminated territory

iii. 60% of each new initial area developer fee, net of commissions, from the sale of any area or territory the state that the right were terminated

Payment is to continue until the amount is paid in full. During the year, $3,704 ($7,331 in 2014) was paid. As at November 30, 2015, $473,965 ($477,669 in 2014), remains contingently payable. There is no end date by which the amount has to be paid in full, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability.

(b) Under the second agreement, payments are due as follows, contingent on future events:

i. 25% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 20% of the royalties received from each franchisee operating a restaurant in the terminated territory

iii. 30% of each new initial area developer fee, net of commissions, from the sale of any are or territory the state that the rights were terminated

Payment is to continue until May 10, 2016, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability. During the year, $15,929 ($17,555 in 2014), has been accrued as payable, but remains unpaid.

11. Operating expenses

Operating expenses are broken down as follows:

	Franchising	Corporate	2015 Total
	$	$	$
Cost of goods sold	11,791	797,376	809,167
Wages and benefits	626,352	616,331	1,242,683
Advertising, marketing and promotion	21,267	25,350	46,617
Rent	52,416	578,720	631,136
Professional & consulting fees	171,141	—	171,141
Travel, meals and entertainment	232,405	—	232,405
Other	139,063	119,499	258,562
	1,254,435	2,137,276	3,391,711

	Franchising	Corporate	2014 Total
	$	$	$
Wages and benefits	306,653	—	306,653
Advertising, marketing and promotion	3,900	—	3,900
Rent	18,210	—	18,210
Professional & consulting fees	89,041	—	89,041
Travel, meals and entertainment	52,208	—	52,208
Other [(1)]	28,773	—	28,773
	498,785	—	498,785

Operating expenses are split into two types of operations; Franchise operations and Corporate store operations. Operating segments were established based on the differences in the types of products or services offered by each division.

The products and services offered by each segment are as follows:

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees and rent.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

13. Supplemental cash flow information

During the year, the Company paid $13,256 ($4,033 in 2014) in income taxes.

14. Related party transactions

The Company has transactions in the normal course of business with its parent company and companies under common control. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial statements of
MTY Franchising USA, Inc.

For the year ended November 30, 2014 and for the period ended November 30, 2013
(U.S. dollars)

Deloitte.

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Independent auditor's report

To the Board of Directors and Shareholder of MTY Franchising USA, Inc.

We have audited the accompanying financial statements of MTY Franchising USA, Inc. (the "Company"), which comprise the balance sheet as at November 30, 2014, and the related statements of operations and comprehensive income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the 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 auditor's 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 Company'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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MTY Franchising USA, Inc. as at November 30, 2014, 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.

Predecessor Auditors' Opinion on 2013 Financial Statements

The financial statements of the Company as at and for the period ended November 30, 2013 were audited by other auditors whose report, dated February 12, 2014, expressed an unmodified opinion on those statements.

Deloitte LLP[1]

January 19, 2015

[1] CPA auditor, CA, public accountancy permit No. A116933

MTY Franchising USA, Inc.
Statement of operations and comprehensive income
Year ended November 30, 2014

	Notes	November 30, 2014	November 30, 2013
		$	$
		(12 months)	(11 months)
Revenue			
Royalties		**464,937**	462,347
Franchise fees		**30,443**	62 500
Program allowances		**87,852**	51 552
Other		**61,004**	11,241
		644,236	587,640
Cost and expenses			
Salaries and wages		**306,653**	267,213
General and administrative		**188,232**	263,965
Advertising, marketing and promotion		**3,900**	5,947
Amortization - intangible assets		**28,341**	47,750
Management fees charges by companies under common control		**62,782**	9 460
		589,908	594,335
Income (loss) before income taxes		**54,328**	(6,695)
Income tax expense (recovery)	5		
Current		**21,191**	12,500
Deferred		**(21,125)**	(8,911)
		66	3,589
Net income (loss) and comprehensive income (loss)		**54,262**	(10,284)

The accompanying notes are an integral part of these financial statements.

MTY Franchising USA, Inc.

Statement of changes in shareholder's equity

Periods ended November 30, 2014 and 2013

	Common stock issued	Common stock value	Additional paid-in capital	Retained earnings	Total stockholders' equity
	$	$	$	$	$
Balance as at January 1, 2013	1,000	1	99	224,130	224,230
Net loss	—	—	—	(10,284)	(10,284)
Balance as at November 30, 2013	1,000	1	99	213,846	213,846
Net income	—	—	—	54,262	54,262
Balance as at November 30, 2014	**1,000**	**1**	**99**	**268,108**	**268,208**

The accompanying notes are an integral part of these financial statements.

MTY Franchising USA, Inc.
Balance sheet
As at November 30, 2014

	Notes	November 30, 2014	November 30, 2013
		$	$
Assets			
Current assets			
Cash		313,268	251,224
Accounts receivable (net of allowance for doubtful accounts ($9,483 in 2014; $4,450 in 2013)		120,044	114,548
Advances to companies under common control	3	48,310	—
Inventories		1,327	—
Prepaid expenses		—	3,270
Income taxes receivable		—	27,047
		482,949	396,089
Deferred income taxes	5	30,036	8,911
Intangible assets	4	213,909	242,250
		243,945	251,161
		726,894	647,250
Liabilities			
Current liabilities			
Accounts payable		18,835	65,372
Accrued liabilities		127,246	47,279
Promotional funds payable		57,991	75,653
Deferred revenue		114,890	55,000
Income taxes payable		13,088	—
Advances from parent company	3	126,636	190,000
		458,686	433,304
Shareholders' equity			
Common stock, $ 0.001 par value, 1,000 shares authorized, 1,000 shares issued and outstanding		1	1
Additional paid-in capital		99	99
Retained earnings		268,108	213,846
		268,208	213,946
		726,894	647,250

The accompanying notes are an integral part of these financial statements.

Approved by the Board

______________________________, Director

MTY Franchising USA, Inc.
Statement of cash flows
Year ended November 30, 2014

	Notes	November 30, 2014	November 30, 2013
		$	$
		(12 months)	(11 months)
Operating activities			
Net income (loss)		54,262	(10,284)
Items not affecting cash			
Amortization – Intangible assets		28,341	47,750
Deferred income taxes		(21,125)	(8,911)
		61,478	28,555
Changes in non-cash working capital items			
Accounts receivable		(5,496)	(27,142)
Inventories		(1,327)	—
Prepaid expenses		3,270	(3,270)
Income taxes		40,135	(57,069)
Accounts payable		(46,537)	19,818
Accrued liabilities		79,967	29,296
Promotional funds payable		(17,662)	75,653
Unearned revenue		59,890	—
		173,718	65,840
Investing activities			
Payments on reacquired rights		—	(100,000)
(Issuance) repayment of advances to related company		(48,310)	(116,739)
		(48,310)	(216,739)
Financing activities			
Repayment to parent company		(63,364)	—
Net cash from financing activities		(63,364)	—
Net increase (decrease) in cash		62,044	(150,900)
Cash, beginning of year		251,224	402,124
Cash, end of year		313,268	251,224

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The Extreme Pita Franchising USA, Inc. (the "Company") was incorporated on March 14, 2001. During 2014, it changed its name to MTY Franchising USA, Inc. The Company develops and franchises restaurants under the name "Extreme Pita" in the United States of America.

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company uses the United States dollar as its functional and reporting currency.

On September 23, 2013, MTY Tiki Ming Entreprises Inc. ("MTY") acquired 100% of the 100 authorized shares of the Company. The Company has changed the ending date of its financial year to November 30, 2014, in order to have the same year-end date as MTY's financial reporting year end. Therefore, the current reporting period, for the Company, are presented for a 12 months period and the comparative figures presents results for a 11 months period.

Presented below are those policies considered particularly significant:

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. On an ongoing basis, the Company evaluates its estimates, including those related to provisions for doubtful accounts, legal contingencies, income taxes and deferred revenue.

Revenue recognition

The Company recognizes revenue in accordance with the accounting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 952-605, Franchisors, Revenue Recognition. The Company's franchise related revenue consists of area development fees, initial franchise fees and continuing royalty payments.

The Company recognizes initial franchise fee revenue when all material services required to be performed and all material conditions required to be satisfied have been substantially completed, which is generally upon the opening of the restaurant. Deferred revenue represents advances on initial franchise fees prior to performance being substantially complete and the payment of franchise fees for any franchises which have yet to open, less the area developer commission.

Continuing monthly royalties are recognized as revenue as the fees are earned and become receivable from the franchisee.

1. Nature of operations

The Extreme Pita Franchising USA, Inc. (the "Company") was incorporated on March 14, 2001. During 2014, it changed its name to MTY Franchising USA, Inc. The Company develops and franchises restaurants under the name "Extreme Pita" in the United States of America.

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The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. On an ongoing basis, the Company evaluates its estimates, including those related to provisions for doubtful accounts, legal contingencies, income taxes and deferred revenue.

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The Company recognizes initial franchise fee revenue when all material services required to be performed and all material conditions required to be satisfied have been substantially completed, which is generally upon the opening of the restaurant. Deferred revenue represents advances on initial franchise fees prior to performance being substantially complete and the payment of franchise fees for any franchises which have yet to open, less the area developer commission.

Continuing monthly royalties are recognized as revenue as the fees are earned and become receivable from the franchisee.

2. Significant accounting policies (continued)

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional fund. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The fees collected by the Company for the promotional fund are not recorded in the Company's statement of operations and comprehensive income, but as accounts payable to the promotional fund. The payable is presented net of any amounts spent from the promotional fund.

Cash held related to promotional and advertising funds are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the advertising funds rather than to fund operations.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company's primary U.S. state income tax jurisdiction is Arizona and California.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. There were no liabilities recorded for uncertain tax positions as at November 30, 2014.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost less accumulated impairment losses, if applicable.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2. **Significant accounting policies (continued)**

Intangible assets (continue)

The Company currently carries the following intangible assets in its books:

Franchise rights and master franchise rights

The franchise rights and master franchise rights acquired were recognized at the fair value of the cash payments made related to the acquisition of franchises. The franchise rights and master franchise rights are amortized on a straight-line basis over the term of the agreements, which are 10 years.

Financial instruments

The Company's financial instruments consist of cash, accounts receivable, advances to related company, accounts payable and advances payable from related company. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

3. **Advances to related company and from parent company**

The advances to related company are provided to a corporation under common control and are non-interest bearing and due on demand, with no specified repayment terms.

The amount due to the parent company is non-interest bearing, with no specified repayment terms.

4. **Intangible assets**

Cost	Franchise rights
	$
Balance as at November 30, 2013 and 2014	**290,000**

Accumulated amortization	Franchise rights
	$
Balance as at November 30, 2013	47,750
Amortization for the period	**28,341**
Balance as at November 30, 2014	**76,091**

Carrying amounts	Franchise rights
	$
November 30, 2013	242,250
November 30, 2014	**213,909**

5. **Income taxes**

The Company accounts for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740 income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the financial statements than for tax purposes.

The provision for income taxes recorded in the financial statements differs from the amount, which would be obtained by applying the statutory income tax rate of 39% (37% in 2013), to the income for the period as follows:

	2014	2013
	$	$
Earnings (loss) for the period before income taxes	**54,328**	(6,695)
Anticipated income tax (recovery) expense	**21,025**	(2,477)
Permanent differences	**770**	4,074
True up of prior year tax provision	**(20,146)**	8,911
Other	**(1,583)**	1,933
Current income tax expense	**66**	12,500

The deferred tax asset relates or primarily to the franchise rights.

6. **Contingencies**

The Company is contingently liable to make certain payments related to reacquired area developer franchise rights. The payments are reported on a net basis against royalty revenue received.

(a) Under the first agreement, the Company is committed to pay $500,000, with payment terms as follows, contingent on future events:

  i. 15% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

  ii. 15% of the royalties received from each franchise operating a restaurant in the terminated territory

  iii. 60% of each new initial area developer fee, net of commissions, from the sale of any area or territory the state that the right were terminated

Payment is to continue until the amount is paid in full. During the year, $7,331 ($15,000 in 2013) was paid. As at November 30, 2014, $477,669 ($485,000 in 2013), remains contingently payable. There is no end date by which the amount has to be paid in full; however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability.

6. **Contingencies (continued)**

(b) Under the second agreement, payments are due as follows, contingent on future events:

i. 25% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 20% of the royalties received from each franchisee operating a restaurant in the terminated territory

iii. 30% of each new initial area developer fee, net of commissions, from the sale of any are or territory the state that the rights were terminated

Payment is to continue until May 10, 2016, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability. During the year, $17,555 ($14,861 in 2013), has been accrued as payable, but remains unpaid.

7. **Supplemental cash flow information**

Master franchise rights acquired during 2013 totalled $290,000, which has been recorded as an intangible asset. $190,000 was paid by the parent company on behalf of the Company to reacquire franchising rights.

During the year, the Company paid nil (nil in 2013) in interest and $4,033 (nil in 2013) in income taxes.

8. **Promotional fund payable**

	November 30, 2014	November 30, 2013
	$	$
Promotional fund reserve	**(75,653)**	—
Promotional fund received	**(190,916)**	(227,410)
Promotional fund expenses	**208,578**	151,757
Promotional fund payable	**(57,991)**	(75,653)

9. **Comparative figures**

Comparative figures have been adjusted to conform to changes in the current year presentation.

10. **Subsequent events**

On December 18, 2014, the Company has acquired the US operations of Manchu Wok for a consideration of $2.6 million. At closing, Manchu Wok operated a network of 52 franchised quick-service restaurants and 4 corporate restaurants. The acquisition was financed by an advance from its parent company, which bears interest at 6% and has no specified terms of repayment.

Manchu WOK
FAST & FRESH CHINESE CUISINE

EXHIBIT C

Manchu WOK

FRANCHISE AGREEMENT

Manchu WOK®

FAST & FRESH CHINESE CUISINE

MTY FRANCHISING USA, INC.

EXHIBIT C

FRANCHISE AGREEMENT

Franchise #:______________________________

Franchisee:______________________________

Date:__________________________________

Territory:______________________________

____

TABLE OF CONTENTS

FRANCHISE AGREEMENT

This Franchise Agreement is dated this ____ day of _____________, 20__, (the "**Effective Date**") between **MTY FRANCHISING USA, INC.**, a Delaware corporation, d.b.a. Manchu Wok ("**Franchisor**"), and ________________________________, a partnership, limited liability company, or corporation formed under the laws of _______________ ("**Franchisee**") and ________________________________ an individual(s) (collectively and individually "**Guarantor**").

WHEREAS through the expenditure of time, effort and money by the Franchisor and its associated entities, the Franchisor has acquired experience and skill in the development, opening and operating of fast food restaurants utilizing the Manchu WOK Restaurant System (as hereinafter defined) specializing in the preparation, sale and merchandising of oriental type food and other related products. These restaurants generally comprise two separate and distinct groups: (i) shopping mall food courts, and non-traditional locations; and (ii) stand-alone street-front locations;

WHEREAS the Manchu WOK Restaurant System, which the Franchisor has developed and continues to develop, includes, without limitation, standards and specifications for buildings, decor, equipment, equipment layouts, supplies and menus, quality and quantity standards, operating procedures for sanitation, maintenance, food and beverage storage, preparation and service, methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales, promotions and advertising;

WHEREAS The Franchisor is in the business, among other things, of operating restaurants and franchising restaurants that are opened or are to be opened and operated pursuant to franchise agreements and using the Manchu WOK Restaurant System;

WHEREAS the Manchu WOK Restaurant System uses the federally registered Trademarks and the unregistered Trademarks as listed in Schedule A annexed hereto;

WHEREAS the Manchu WOK Restaurant System also uses the trade name "Manchu WOK" and other trade names that include the words "Manchu WOK," all of which have been adopted and used to identify restaurants using the Manchu WOK Restaurant System and the services, food, beverages and other products sold or used in connection therewith; and

WHEREAS the Franchisee recognizes the benefits to be derived from a franchise issued by The Franchisor to be identified with the name "Manchu WOK" and recognizes the value of the Manchu WOK Restaurant System and the necessity of opening and operating the Business (as hereinafter defined) at the Premises in accordance with the Manchu WOK Restaurant System and pursuant to the covenants, terms and conditions set out in this Agreement; and

WHEREAS (If this Franchise Agreement is entered into under an Area Development Agreement) The Franchisee and the Guarantor have represented to the Franchisor that they are successful multi-unit franchisees of other food-based franchise systems, which representations to the knowledge of the Franchisee and the Guarantor have been relied upon by the Franchisor, and

WHEREAS as an inducement to the Franchisor to grant to the Franchisee the right to operate a Manchu WOK Restaurant at the Premises, the Guarantor has agreed to enter into this Agreement to, among other things, unconditionally guarantee the performance and observance of the duties and obligations of the Franchisee;

NOW THEREFORE in consideration of the covenants, conditions and provisions herein contained and in consideration of the full and faithful performance by the Franchisee of each and every one of the covenants, terms and conditions herein contained, the parties hereto hereby covenant, warrant and agree as follows:

1. DEFINITIONS

1.1. Definitions

In this Agreement the following terms shall have the following meanings:

"Affiliate" means, with respect to a corporation or other business entity, any person controlling, controlled by, or under common control with that corporation or business entity. With respect to an individual, Affiliate means that individual's immediate family members, as well as such immediate family members' spouses, and the corporations or other business entities such individual and his or her family members, directly or indirectly, control.

"**Agreement" or** "Franchise Agreement" means this franchise agreement and all schedules and attachments appended to it and any amendments made to it.

"Approved Products" means all food and beverage ingredients and products, packaging and serving materials, paper goods, utensils, supplies, and other items of inventory, uniforms, marketing or promotional materials, Fixtures, Equipment, as well as all other items required for or used in any manner in the operation of Franchisee's Manchu WOK Restaurant, both in inventory and as finished goods for sale.

"Area Development Agreement" means the area development agreement, if any, entered by the Franchisee, or an affiliate, and the Franchisor pursuant to which the Franchisee is entering this Agreement.

"Business" means the Manchu WOK Restaurant conducted by Franchisee at the Premises.

"Contracts" means any and all of this Agreement, Lease, Offer to Lease, Sublease, any financing or security agreement, license or other contract, agreement, document or instrument to which Franchisee is party with Franchisor or Franchisor's Affiliates or any of them (with or without other parties) including, unless otherwise specifically excluded, a contract relating to premises other than the Premises, any Area Development Agreement, or to any right, license or franchise other than this Franchise Agreement relating to any Manchu WOK Restaurant. A "Contract" means any of the Contracts.

"Equipment" means all the equipment necessary for the operation of a Manchu WOK Restaurant that is not affixed to the premises.

"Fixtures" means tangible moveable or affixed goods, including equipment, fixtures, furnishings and signs.

"Franchise" is as defined in section 2.1 below.

"Franchisee" means the person, firm or corporation who or which enters into this Agreement with the Franchisor, its or their permitted successors and assigns.

"Franchisee's Fixtures" and **"Franchisee's Equipment"** means Fixtures and Equipment used in connection with the Business or usually located on the Premises, including, without limitation, until immediately prior to the time of expiration or termination, with or without cause, of the Agreement (at which time there shall then be excluded) anything that is deemed by the Lease to either become part of the Premises or to be owned by the Landlord on expiration or termination (with or without cause) of the Lease.

"Franchisor" means MTY Franchising USA Inc., its successors and assigns.

"Guarantor" means the person or persons who enter into this Agreement to personally guarantee all of the obligations of the Franchisee and who incur thereby certain personal obligations as set out in this Agreement.

"Gross Sales" means all Franchisee's gross receipts from its Business operations, including, without limitation, sales, charges, fees, orders taken, services, gift certificates, concessions, licenses, business interruption insurance and all other revenues of every kind and nature, in, from, about or by reason of the operation of the Business or the use or occupation of the Premises, whether evidenced by check, cash, credit, charge accounts, exchange or otherwise and whether or not made by means of mechanical or other vending machines or devices in or on the Premises, including, but not limited to, telephones, cigarette or confectionery machines or entertainment game machines but excludes bona fide credits and refunds upon returns of merchandise and any sales or use taxes, goods and services taxes, or other similar taxes imposed by any governmental agency on sales of products or services made or rendered by Franchisee and actually remitted by it to the applicable governmental agency. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. The revenue derived from the sale of any gift certificate, promotional coupon or other right or option shall be included in Gross Sales at the time it is originally sold and shall not be included again when it is redeemed and the original document evidencing same shall be submitted to Franchisor on request. Payments made upon installment or credit shall be treated as a sale for the full price in the week during which the related charge or sale was made, irrespective of the time when Franchisee shall receive payment (whether full or partial) therefor.

"Initial Franchise Fee" is as defined in section 3.1 below.

"Landlord" means the landlord of the Premises as described in ***Schedule B*** hereto.

"Lease" means the documents described in ***Schedule B*** hereto pursuant to which the Franchisee is the tenant of the Premises and includes an Offer to Lease.

"Licensed Items" means: (a) the Trademarks; (b) trademarks, trade names, logo types, trade symbols, emblems, slogans, insignia, designs, logos and other commercial symbols (including, to the extent so used, telephone numbers); (c) Proprietary Products; (d) any and all works in any medium in which Franchisor has right, title or interest by way of copyright, patent, inventor's rights or other form of intellectual or industrial property, whether registered or not, that are now or in the future designated or provided by Franchisor for use in connection with the operation of the Business; (e) the Operating Manuals; (f) all building plans; (g) advertising and marketing materials; and (h) all confidential or proprietary information or materials provided by Franchisor for use in connection with operation of the Business.

"Manager" means a person fully trained by or otherwise approved and accepted by the Franchisor and duly appointed by the Franchisee on Notice to the Franchisor to be fully responsible for the day-to-day operations of the Franchisee's Business.

"Manchu WOK Restaurant System" means an oriental, fast-food-restaurant-business system, including, without limitation, the uniform standards, methods, procedures and specifications designated and approved by Franchisor regarding the construction, operation and management of a Manchu WOK restaurant and may be a modification or derivation in whole or in part of or from the Manchu WOK Restaurant System as established by the Franchisor for other Manchu WOK restaurants (such as those operated in street-front locations), including, without limitation, building plans, Fixtures and Equipment, identification schemes and uniforms; menu, products and services; techniques of product preparation, proprietary products and provision of services; business, accounting, supply, management, operations and marketing programs, techniques and systems and Licensed Items. When used in the plural, the term "Manchu WOK Restaurant Systems" shall be deemed to include both the Manchu WOK Restaurant System and the Manchu WOK Street-Front Restaurant System.

"Manchu WOK Street-Front Restaurant" means a fast-food-restaurant business carried on at a street-front location in accordance with the Manchu WOK Restaurant System.

"Marketing Fee" is as defined in section 3.5 below.

"Offer to Lease" means any offer accepted by or any agreement with, a landlord for the use of Premises as a Manchu WOK Restaurant.

"Operating Manuals" or **"Manuals"** means all operations, administration and managers' manuals and all books, computer programs, pamphlets, memoranda, recipes and other publications prepared by or on behalf of Franchisor or its Affiliates and as may be added to, changed, modified, withdrawn or otherwise revised from time to time by Franchisor or its Affiliates setting out the standards, methods, procedures and specifications of the Manchu WOK Restaurant System. All references in the Operating Manuals to a "Manchu WOK Restaurant" or to a "Manchu WOK Outlet" shall be taken to apply, unless specifically directed by the Franchisor or unless the context otherwise requires, to a Manchu WOK Restaurant.

"Payments" all payments to the Franchisor pursuant to this Agreement shall be paid in US Funds.

"POS System" means the point-of-sale system approved, from time to time, for use by the Franchisor and includes, without limitation, the computer, electronic cash register and computer terminals referred to in Article 6.9 below.

"Premises" means the premises more particularly described in ***Schedule "B"*** annexed hereto.

"Proprietary Products" means products (including, without limitation, specially formulated sauces and menu items) developed by the Franchisor for the Manchu WOK Restaurant System.

"Royalty" is as defined in section 3.4 below.

"Restaurant" or "Manchu WOK® Restaurant" means the Manchu WOK® restaurant which may be located in a Shopping Mall Food Court or at a Non-Traditional Location; Non Traditional Locations include highway facilities, airport concourses, professional sports facilities, recreational and entertainment facilities, college campuses, military installations, governmental or institutional locations, supermarkets, and department stores.

"Term" has the meaning set out in section 2.1 below.

"Trademarks" or **"Marks"** means the registered and unregistered trademarks described in ***Schedule "A"*** annexed hereto and otherwise and referred to in Article 9 hereof.

"Trade Area" (if applicable) means the area described in ***Schedule "C"*** annexed hereto.

1.2. Table of Contents and Headings

The table of contents, the division of this Agreement into articles and sections and the insertion of articles and section headings are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

1.3. Number and Gender

In this Agreement the singular number includes the plural and vice versa, the use of any gender includes all genders, and the word "person" includes an individual, a trust, a corporation, a limited liability company, a partnership, an association and any other incorporated or unincorporated organization or entity. Words commencing with "here" (including without limitation "herein" and "herewith" and "hereof" shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement (including its schedules) and not to any particular article or section. "Including " means "including, without limitation." All forms of the verb "include" shall bear that meaning as well.

1.4. Time

Time is of the essence of this Agreement. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this agreement, the day which is the reference date for calculating the period shall be excluded. If the last day of the period is a non-business day, then the period shall end on the next business day.

2. TERM AND GRANT OF FRANCHISE

2.1. Term. This Agreement shall be effective as of the Effective Date, and the term of this Agreement ("**Term**") shall, unless terminated earlier under the terms and conditions of this Agreement, remain in full force and effect for a period of time commencing on the Commencement Date until the earlier of:

(a) the expiration of the Site Location Period as set forth in Section 4.1 in the event Franchisee has not found a suitable location and signed a Lease for the Store within the Site Location Period; or

(b) the expiration date of the Lease ("**Lease Expiration Date**") as set forth in **Schedule A.**

If this Agreement is terminated in accordance with its terms earlier than the Lease Expiration Date or if any other agreement between the Franchisor and the Franchisee is terminated or the Lease is terminated, then the Term shall be such shorter period as ends on such date of termination.

2.2. No Additional Rights Beyond Term. Franchisee does not have any rights to operate the Business beyond the Term, subject to any state laws to the contrary. Notwithstanding the foregoing, Franchisor reserves the right to offer to Franchisee the opportunity to extend its rights to operate the Business by entering into a successor franchise agreement ("**Successor Franchise Agreement**") upon such terms as Franchisor is offering new franchisees when Franchisee's Term is expired. Franchisee acknowledges and agrees that the terms and conditions of any such Successor Franchise Agreement may differ substantially from those in this Agreement. Franchisee also acknowledges that, should Franchisee be offered the opportunity to sign a Successor Franchisee Agreement, Franchise will be required to pay a Successor Franchise Fee of $15,000.

2.3. Interim Period. After the expiration of this Agreement, if a period of time transpires before (a) Franchisee's rights under this Agreement have been fully and finally terminated or (b) Franchisor has offered a Successor Franchise Agreement to Franchisee and Franchisee has not yet signed such Successor Franchise Agreement, and Franchisee continues to accept the benefits of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (a) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (b) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

2.4. Grant of License. On and subject to the terms and conditions contained in this Agreement, the Franchisor grants to the Franchisee the following (collectively, the "**License**"):

(a) an exclusive license to carry on the Business only at the Manchu WOK Restaurant under the name MANCHU WOK® or such other Marks as may be specified from time to time by the Franchisor during the Term or any Interim Period;

(b) a non-exclusive license to use and display the Marks during the Term and any Interim Period in connection with the operation, advertising and promotion of the Business; and

(c) a non-exclusive license to use, in connection with the Manchu WOK Restaurant, the System.

The License shall only remain in effect during the Term and so long as the Franchisee continues to operate the Business and does not commit an Event of Default under this Agreement. Upon Termination, such license shall immediately be at an end and the Franchisee shall immediately cease the use of the Marks and the System and shall not thereafter in any way hold itself out as being associated with the Franchisor or the restaurant operations owned or licensed by the Franchisor.

Notwithstanding the foregoing, the Franchisee expressly acknowledges that the Franchisor expressly reserves the right to:

(i) identify the Territory around the Manchu WOK Restaurant for which Franchisee's franchise rights will be granted;

(ii) establish, operate or license to any other person or entity the right to establish or operate, a restaurant owned or licensed by the Franchisor at any location outside of the Territory;

(iii) develop, market, own, operate or participate in any other business under the Marks or any other trademarks;

(iv) develop, lease and license the use of, at any location inside or outside the Territory, trademarks other than the Marks licensed by Franchisor under this Agreement, in connection with the operation of a system which offers products or services which are the same as or similar to those offered under the System on any terms or conditions which the Franchisor deems advisable;

(v) merge with or be acquired by any other business, including a business that competes with Franchisee's Business, or to acquire and convert to the System operated by the Franchisor any retail stores, including retail stores operated by competitors located inside or outside the Territory or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned;

(vi) distribute, sell or license other persons to distribute or sell non-System products and System products whether inside or outside the Territory through all other channels. "**Other Channels**" means locations other than traditional restaurants owned or franchised or licensed by the Franchisor and includes sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail, Internet sales, malls, universities, schools, hospitals, military bases, casinos, convention centers, arenas, stadiums, health and fitness facilities, office buildings, theme parks, movie theatres, and amusement facilities; and

(vii) implement multi-area marketing programs (including, without limitation, mail drops and other flyer distribution methods) which may allow Franchisor or others to solicit or sell to customers anywhere, including without limitation inside or outside of the Territory. Franchisor also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

Each of the Franchisee and the Guarantor further agree to execute and provide the Franchisor with the acknowledgment in substantially the form attached hereto as **Schedule H**.

Provided that the Franchisee does not commit an Event of Default under this Agreement including, without limitation, the Operating Manual, the Lease or any other agreement between the Franchisee and the Franchisor, during the Term or any Interim Period, the Franchisor shall not operate a restaurant identified by any of the Marks within the Territory, nor shall the Franchisor authorize any other franchisee to operate a restaurant identified by any of the Marks within the Territory during the Term or any Interim Period.

Franchisee expressly agrees that all right, title and interest in and to the Marks, the System, the goodwill associated with the System and confidential trade secrets are owned by the Franchisor or its affiliates, and shall remain solely owned by Franchisor or its affiliates, and are being revealed to Franchisee solely to enable Franchisee to establish and operate a Manchu WOK franchise only in accordance with the terms and conditions of this Agreement.

2.5. Use of Premises; Trade Area

Franchisee is only permitted to conduct and operate a Manchu WOK Restaurant at the Premises and, except as otherwise may be agreed to in writing by the Franchisor, Franchisee shall not be entitled to operate a Manchu WOK Restaurant at any other location. Franchisee acknowledges that the Franchise is non-exclusive and that Franchisor shall have the absolute and unconditional right in Franchisor's absolute discretion to construct and operate and to permit others to construct and operate, other Manchu WOK Restaurants and Street-Front restaurants outside the Trade Area (or other restaurants or outlets using the Trademarks or the Manchu WOK Restaurant System which are not Restaurants wherever situated both within and outside of the Trade Area) at any other location and to use and permit others to use Licensed Items at any other location, in each case on such terms and conditions as Franchisor deems acceptable. Franchisor retains the unrestricted right on behalf of itself and its affiliates to distribute any and all food products, including, without limitation, Proprietary Products and services, to the public or others using either the Trademarks or trademarks other than the Trademarks. Franchisor shall not be accountable in any way to Franchisee, regardless of the proximity of any other Manchu WOK Restaurant outside the Trade Area or other restaurant using the Trademarks or the Manchu WOK Restaurant System wherever situate (whether operated by Franchisor or by a franchisee or licensee of Franchisor) to the Premises. Notwithstanding anything in this Agreement to the contrary, Franchisor reserves the absolute, unconditional right to operate, or grant third-parties the right to operate, Manchu WOK Street-Front restaurants either within or without the Trade Area. The Franchisee shall not solicit customers residing outside its Trade Area nor provide off-premises services including without limitation home delivery to customers.

Without limiting the generality of the foregoing paragraph, during the Term, for so long as the Franchisee is not in default of any Contract, the Franchisor shall not operate, or grant a third party the right to operate, another Manchu WOK Restaurant within the Trade Area (if applicable) .

The Franchise (including, the license of the Licensed Items) granted to the Franchisee has limited exclusivity. In addition to the Franchisor's right to use and grant others the right to use the Licensed Items outside the Trade Area, all rights not expressly granted in this Agreement to the Franchisee concerning the Licensed Items or any other matters are reserved for the Franchisor, including the right to:

(a) establish, develop, and license or franchise other systems different from the System licensed by this Agreement, within or outside the Trade Area, without offering or providing the Franchisee any rights in, to, or under such other systems;

(b) sell, within or outside the Trade Area, through dissimilar channels of distribution, such as retail grocery stores, under any terms that the Franchisor deems appropriate, Manchu WOK products and services (including Proprietary Products) similar or identical to those authorized for the Business, using the Trademarks; and

(c) the unconditional right to operate, or grant third-parties the right to operate Manchu WOK® Street-Front restaurants either within or without the Trade Area.

2.6. System Changes and Modification

Franchisee acknowledges and agrees that the Manchu WOK Restaurant System may continue to evolve in order to effect improvements therein and also to reflect changing markets and accommodate new or changing consumer demands. Franchisee therefore further agrees that:

(a) Franchisee will, immediately upon receipt of any and all updates and changes to the Operating Manuals, implement the modifications or alterations to the Manchu WOK Restaurant System that are required by such updates and changes;

(b) upon receipt of written notice from Franchisor, Franchisee will promptly proceed to implement, provide for and use, and to fully complete within thirty (30) days following receipt of Franchisor's notice (or such longer period of time as may be specified in such notice) the implementation of any and all other modifications or alterations to the Manchu WOK Restaurant System as Franchisor, in the good faith exercise of its judgment from time to time, designates as necessary or advisable, including, without limitation, the adoption and use of new Licensed Items, products, techniques and Fixtures; and

(c) changes and modifications to and evolutionary developments of the Manchu WOK Restaurant System may be introduced by the Franchisor for testing purposes or otherwise in Manchu WOK Restaurants other than that of the Franchisee. Franchisee shall not be entitled to introduce any such change(s) or modification(s) or evolutionary development(s) in its Manchu WOK Restaurant unless and until Franchisor has directed that it is appropriate for Franchisee so to do; in which event Franchisee shall introduce any such change or modification to its Manchu WOK Restaurant with thirty (30) days of such notification by the Franchisor.

2.7. Acknowledgement and Importance of Compliance

Franchisee acknowledges that the Manchu WOK Restaurant System is an integrated food service system for the retailing of a limited menu of uniform and quality food products, emphasizing prompt and courteous service in a clean, wholesome atmosphere that is intended to be attractive to persons of all ages. The basis for the valuable goodwill and public acceptance of all restaurants utilizing the Manchu WOK Restaurant System, including Franchisee's Manchu WOK Restaurant, is Franchisee's compliance with the Manchu WOK Restaurant System and the Contracts in conjunction with the use of Licensed Items. The essence of this Agreement is Franchisee's accountability for performance of the obligations contained in this Agreement and Franchisee's adherence to the Manchu WOK Restaurant System, including, but not limited to, serving only designated food and beverage products; strict adherence to designated food and beverage specifications and to Franchisor's prescribed standards of quality, preparation, service and cleanliness; the use of prescribed equipment; and methods of use of equipment. The provisions of this Agreement shall be interpreted to give effect to the intent of the parties stated in this Section 2.5 and so as to ensure that the Business is operated in strict conformity with the Manchu WOK Restaurant System as it now exists or may later be modified as set out in Section 2.4 or otherwise.

2.8. Atypical Arrangements

Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees or its ongoing relationship with other franchisees in any manner and at any time, which offers, agreements and/or modifications have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. The existence of different forms of agreement and the fact that existing or future franchisees may have different rights and obligations shall not in any manner eliminate, modify, or affect the duties of the parties to the Agreement to comply with the terms of this Agreement.

3. FEES PAYABLE BY THE FRANCHISEE

As consideration for Franchisor entering into this Franchise Agreement and the granting to the Franchisee a franchise for a Manchu WOK Restaurant, the Franchisee agrees to pay to the Franchisor, without notice or demand, the amounts set out in this section together with any and all other amounts as may be payable by Franchisee from time to time pursuant to this Franchise Agreement. Receipt of any check, draft or other commercial paper shall not constitute payment until Franchisor shall have collected all the funds therefrom.

3.1. Initial Franchise Fee

Franchisee shall pay to Franchisor by certified check or bank draft, an Initial Franchise Fee in the amount of Thirty Thousand ($30,000) Dollars (**"Initial Franchise Fee"**); provided that in the event that the initial term of the Lease for the Premises is greater than ten (10) years, the Term of this Agreement shall be extended so as to correspond with the initial term of the Lease (less one day) and the Initial Franchise Fee shall be increased by an amount equal to Three Thousand ($3,000) Dollars for each year or part year of the Term in excess of ten (10) years. The Initial Franchise Fee shall be fully paid not later than the date of execution of this Franchise Agreement, at which time such payment shall be deemed to have been fully earned by Franchisor. Except as otherwise expressly provided in this Franchise Agreement, Franchisee shall not be entitled to a refund of the whole or any part of the Initial Franchise Fee.

3.2. Development Construction Fees

(a) In connection with the development of the Premises for the Term, if Franchisor supervises the construction and improvement of the Premises, Franchisee shall pay to Franchisor a fee equal to the greater of: (i) Two Thousand Five Hundred Dollars ($2,500); and (ii) three percent (3%) of the total cost of the development of the Premises for construction projects for "Manchu WOK" store construction projects in North America (but not to exceed $15,000); this fee is payable when construction is completed.

(b) In connection with any remodeling or general refurbishing or upgrading of the Premises for any reason, including, without limitation, any remodeling carried out as part of the conditions applicable to any Successor Franchise Agreement, if Franchisor supervises such remodeling, Franchisee shall pay to Franchisor a fee equal to the greater of: (i) Two Thousand Five Hundred Dollars ($2,500); and (ii) three percent (3%) of the total cost of the development of the Premises for construction projects for "Manchu WOK" store construction projects in North America (but not to exceed $15,000); this fee is payable when renovation is completed.

(c) In connection with the development of the Premises, you will pay us an architect fee ("**Architect Fee**") ranging from $18,000 to $20,000 depending upon the size and scope of the project. The Architect Fee will be due to us before we commence architectural drawings for your Restaurant.

(d) In connection with the construction of the Premises, you will pay us a construction deposit ("**Construction Deposit**") equal to $30,000 to cover our costs in association with assisting you in the construction of your Restaurant. We reserve the right to reduce or waive the Construction Deposit for any upgrade, refurbishment or renovation at an existing Restaurant.

3.3. Training Fee

Franchisee shall pay to Franchisor the training fees described in Section 5.2.

3.4. Royalty Fee

Franchisee shall pay to Franchisor (in such manner as Franchisor may, from time to time, prescribe in the Operating Manuals or otherwise in writing), on or before Thursday of each week during the Term of the Franchise Agreement, as a continuing fee for Franchisee's right to operate a Manchu WOK Restaurant at the Premises an amount equal to seven (7%) of the Gross Sales of Franchisee's Manchu WOK Restaurant for the seven (7) day period ending at the close of business on the Sunday preceding such Thursday ("**Royalty**"); provided that during such period as Franchisee is an Area Developer and continues to operate this Manchu WOK Restaurant pursuant to an Area Development Agreement, the Royalty rate referred to herein shall be reduced to five (5%) percent.

3.5. Marketing Fees

(a) Franchisee shall pay to Franchisor, in the same manner and at the same time as the Royalty is payable, a marketing contribution ("**Marketing Fee**") to Franchisor's marketing and sales promotion fund ("**Fund**") in an amount equal to one per cent (1 %) of Gross Sales for the seven (7) day period ending at the close of business on the Sunday preceding such Thursday;

(b) Franchisee acknowledges and agrees that:

(i) the Fund shall be used by Franchisor, as determined in its sole and absolute discretion, for any one or more of the purposes of: formulating, developing and conducting programs and policies for marketing, sales promotional matters, marketing research and communication and development; purchasing advertising or marketing rights or services in any media; administration of any media-buying co-operative established by Franchisor; and development and administration of the Manchu WOK Restaurant System;

(ii) Franchisor shall administratively aggregate the monies in the Fund;

(iii) Franchisor shall have the right to pay itself out of the Fund (in addition to the payments referred to in section b.1 above) an annual administration fee of fifteen per cent (15%) of the total amounts paid to the Fund; and

(iv) Franchisor shall be entitled, in its sole and absolute discretion, to retain and use the Fund monies in such manner as Franchisor determines; and

(v) Franchisee acknowledges that Franchisor shall have the right to commingle contributions to the Fund made by Franchisees of Manchu WOK Restaurants with those of Franchisees of other restaurants using the Manchu Wok Restaurant System under Franchise Agreements entered into with Franchisor and/or its affiliates and apply such funds for such marketing activities as the Franchisor shall deem appropriate.

(vi) Franchisee acknowledges the Fund is not a trust fund and Franchisor shall not have any fiduciary duty to Franchisee in connection with the collection or expenditures of Fund monies or any other aspect of their operations.

(c) Franchisee shall at its expense pay all costs for and participate in any and all marketing and/or promotional programs required by the Lease (if any). Franchisee shall use in the Business and display at the Premises all such marketing and promotional materials (including, but not limited to, banners, signs and point-of-purchase materials) as Franchisor may, in its absolute discretion, provide. All Marketing other than that specified by Franchisor shall be subject to the prior written approval of Franchisor, such approval not to be unreasonably withheld.

(d) Franchisee shall pay to the Franchisor at the same time as the Initial Franchise Fee is payable and in addition thereto, the sum of Ten Thousand Dollars ($10,000) (“**Grand Opening and Promotion Fee**”) to be applied towards the cost of the Grand Opening Marketing and Promotion for the Franchisee’s Manchu WOK Restaurant.

(e) Save for the Grand Opening Advertising and Promotion Fee referred to in section 3.5(d) above, Franchisee shall not be obligated to spend an amount in excess of five per cent (5%) of Franchisee’s Gross Sales in any twelve (12) month period for the aggregate costs incurred for the Marketing Fee, the Regional Cooperative Marketing Fee (defined below), and the advertising and promotional requirements under the Lease, and Franchisor shall be entitled to adjust or apportion any or all the fees and contributions referred to in this Section 3.5(e) as it deems fit within such limit.

(f) Notwithstanding the provisions of this section 3.5 Franchisor shall have the right to direct at all or part of the Marketing Fee be expended by the Franchisee on additional Local Marketing which additional Local Marketing (if directed by the Franchisor) shall be carried out pursuant to the provisions of section 3.4 (c) above.

(g) The Franchisor reserves the right to create a regional marketing cooperative (**"Cooperative"**) in any DMA, and establish the rules and regulations therefor. (**"DMA"** means Designated Market Area, local television market areas designated by the "Nielsen" division of the Television Bureau of Advertising, Inc., or a reasonable substitute that we select if Television Bureau of Advertising, Inc. no longer publishes DMA data.) Immediately upon the Franchisor's request, the Franchisee must become a member of the Cooperative for the DMA in which some or all of the Trade Area is located. In no event shall the Franchisee's Manchu WOK Restaurant be required to be a member of more than one Cooperative. The cooperative must be organized, governed, and operated in the manner the Franchisor prescribes. The Cooperative may require each of its members to make contributions thereto (**"Regional Cooperative Marketing Contribution"**) not to exceed the amounts set forth in Section 3.5(e).

(h) At Franchisor's request and at Franchisee's expense, Franchisee shall be required to participate in all of Franchisor's System marketing and Restaurant monitoring programs including Internet-based programs, including, but not limited to, various e-mail programs (such as e-mail list building), messaging, newsletters, customer retention and acquisition programs, social media campaigns and tracking surveys, campaign tracking, mystery shopper programs, and health and safety monitoring services. Franchisor reserves the right from time to time and at any time to add, delete or modify System marketing and Restaurant programs.

3.6. Lease Administration Fee

Upon the execution of any Lease or upon any amendment to or alteration of the Lease (including, without limitation, entering a renewal of or a new Lease in connection with a Successor Franchise Agreement) Franchisee shall pay to Franchisor a lease administration fee (**"Lease Administration Fee"**) of Seven Thousand Five Hundred Dollars ($7,500).

4. DEVELOPMENT AND OPENING OF THE PREMISES

4.1. Site Location Period. If the Manchu Wok Restaurant or the Territory is not identified and agreed to by the Franchisor during the execution of this Agreement, then the Franchisee will have eighteen (18) months following the Commencement Date of this Agreement ("**Site Location Period**") to use its best efforts to find a suitable location for the Manchu Wok Restaurant acceptable to the Franchisee and the Franchisor in all reasonable respects and to sign a Lease for the Manchu WOK Restaurant. As set forth in Section 2.1 of this Agreement, the Term of this Agreement will expire if Franchisee is unable to find a suitable location within the Site Location Period, and in such event, Franchisor may retain any and all monies paid to Franchisor, including the Initial Franchise Fee paid pursuant to Section 3.1, as liquidated damages and not as a penalty. Franchisee's failure to sign a Lease for the Manchu Wok Restaurant prior to the expiration of the Site Location Period will constitute abandonment of the Business by Franchisee and entitle the Franchisor to terminate this Agreement without providing Franchisee with notice or the opportunity to cure.

4.2. Site Selection

The location of the Premises must be approved in writing by the Franchisor. The Franchisee understands and acknowledges that the Franchisor's recommendation or acceptance of a location or site for the Premises, or any assistance it may render with respect thereto, does not constitute any assurance that Franchisee's Manchu WOK Restaurant will be profitable at such location or site or more profitable at such location or site in comparison to other locations or sites. Location or site recommendation, acceptance, or assistance merely indicates that such location or site meets the Franchisor's minimum criteria.

4.3. Leasing of Premises

Franchisor shall have the right to require that Franchisee lease the space for the Premises directly and sign a lease (as well as a Lease Addendum, to be signed by Franchisee and the landlord for the Premises, as well as Franchisor) pursuant to Section 4.2(a) below.

(a) Lease of Premises by Franchisee

Within thirty (30) days after (i) execution by all parties of this Franchise Agreement, or (ii) notification of location or site acceptance by the Franchisor, whichever shall first occur, the Franchisee shall enter into a Lease of the Premises with the owner or landlord thereof, in form and terms acceptable to the Franchisor. Such Lease shall contain, among other terms, clauses providing:

(i) that Franchisee and the Landlord for the Premises shall sign a "Lease Addendum" (in the form that is attached to this Agreement as Schedule D) as a condition to giving Franchisor's approval to Franchisee's lease or sublease;

(ii) that no action shall be taken to enforce any term of the Lease without first giving no less than ten (10) days' notice to the Franchisor and permitting the Franchisor a reasonable time to correct or remedy any default;

(iii) for reasonable prior written notice from the Landlord to the Franchisor in the event that the Landlord should elect to cancel or terminate the Lease by reason of any breach or default of the Franchisee in compliance with the terms of the Lease. In the event that the Lease is terminated by the Landlord, the Franchisor may elect to immediately terminate this Franchise Agreement and require the Franchisee to immediately transfer possession of the Premises to the Franchisor or otherwise vacate the Premises in accordance with the Franchisor's written instructions. The Franchisee shall be deemed to have released the Franchisor and the Landlord from any claims relating the taking of possession of the Premises or the granting of a lease to the Franchisor by the Landlord in such event(s).

In the event of such cancellation or termination and provided that the Franchisor has corrected or remedied or agrees to correct or remedy any default or breach of the Franchisee within thirty (30) days following such notice, cancellation or termination, the Franchisor shall be entitled to take possession of the Premises and to have a lease in its name for the unexpired balance of the initial term of the Lease, plus renewals, on the same terms and conditions as set forth in the Lease.

(iv) for the Franchisor having the right to call for an assignment of the Lease to the Franchisor or, as directed by the Franchisor to an Affiliate or to a franchisee of the Franchisor, or, at the Landlord's option, for a new lease on the same terms and conditions as contained in the Lease, for the unexpired portion of the initial term, plus renewals/option terms, upon producing to the Landlord a certificate from the Franchisor to the effect that that this Franchise Agreement has been terminated and that the Franchisor is entitled to call for such assignment or new lease; for the Franchisee and the Landlord agreeing to transfer possession of the Premises to the Franchisor in such instance and the Franchisee releasing the Franchisor and the Landlord from any claims relating the taking of possession of the premises or the granting of a lease to the Franchisor; for the Landlord agreeing to consent to such assignment or to issue a new lease without regard to any objection by the Franchisee and any dispute between the Franchisee and the Franchisor being dealt with as between themselves; in the event of an assignment of the Lease to the Franchisor, the Franchisor shall covenant to be bound by all the terms and conditions of the Lease in the same manner as if the Franchisor were the original tenant thereunder; provided if Franchisor shall elect not to become an assignee of the Lease as provided for herein, Franchisor shall have the right, at its expense, to enter upon the Premises and remove all Manchu WOK Restaurant signage and identification therefrom;

(v) the Lease not being altered, amended, or modified in any particular, or renewed or extended without the express prior written consent of the Franchisor which consent shall not be unreasonably withheld; and

(vi) the Franchisee effecting and maintaining adequate insurance coverage on the building in which the Premises are located in accordance with the Franchisor's standard provisions in that regard.

All other terms and conditions of the Lease shall be otherwise satisfactory to the Franchisor, acting reasonably.

The Franchisee and the Guarantor covenant and agree not to execute any Lease, or renewed or extended, without the prior written consent of the Franchisor. The Franchisee shall deliver at least one fully executed copy of any such Lease to the Franchisor within fifteen (15) days after its execution.

(b) Deposit and Fee

In the event that the Franchisor is required by the terms of any Lease entered into by the Franchisee to guarantee in whole or in part any of the obligations of the Franchisee in the Lease entered into by the Franchisee, the Franchisee shall pay to the Franchisor:

(i) provided that it is required by the terms of the Lease, a deposit (**"Deposit"**) equal to three months' gross rent for the Premises (or such greater amount that may be required as security and/or a damage deposit under the Lease) to be held by the Franchisor without interest and, to the extent not applied to amounts due under the Lease, or to offset any other monies owing by the Franchisee to the Franchisor or any Affiliate of the Franchisor under any Contract, returned to the Franchisee; and

(ii) Franchisee shall pay to the Franchisor at such time or times as rent becomes due and payable pursuant to the Lease and in addition thereto, an amount equal to ten (10%) of the base or minimum rent otherwise payable thereunder, for the Franchisor's own account.

4.4. Development Obligations

The Franchisee's obligations regarding the construction, renovation or other preparation of the Premises for operation as a Manchu WOK Restaurant including, without limitation, the purchase of opening inventory and supplies and the purchase and installation of Fixtures and Equipment are as set out in Schedule "E" to the Agreement (collectively called the **"Development Obligations"**). Except as otherwise specifically set out in the Agreement, the performance of and payment for all Development Obligations including, without limitation, all training costs as provided in this Agreement, including, without limitation, Section 5.2 hereof, shall be promptly paid for or reimbursed to the Franchisor by Franchisee, whether or not performed in whole or in part by Franchisee or Franchisor or the agents or contractors of either or both of them. Notwithstanding anything in this Agreement to the contrary, if Franchisor requests, it must designate, or review and approve, the contractor who constructs and improves the Premises.

4.5. Opening for Business

The Franchisee shall not open for nor start operating the Business until:

(a) the training described in Section 5.2 below has been completed to the Franchisor's satisfaction,

(b) the Franchisee's Manchu WOK Restaurant has:

(i) been completed in all respects to the satisfaction of the Franchisor and

(ii) is in the opinion of the Franchisor (acting reasonably) ready to be opened to the public;

(c) the Franchisee has provided the Franchisor with certificates of all insurance policies required by Article 7 below (and such other evidence of insurance coverage as Franchisor reasonably requests); and

(d) the Franchisee has complied with any other reasonable terms and conditions imposed by the Franchisor.

Notwithstanding anything in this Agreement to the contrary, the Business must open and begin operating no later than 180 days from the date of this Agreement or the required opening date under any Area Development Agreement under which this Agreement has been entered into, whichever first occurs.

4.6. Revocation

Franchisee expressly acknowledges and agrees that Franchisor has the right to revoke the Franchise and terminate the Agreement and all other Contracts relating to the Premises or the Franchise if Franchisee fails for any reason either to fulfill the Development Obligations for the Manchu WOK Restaurant subject of this Franchise Agreement or for other Manchu WOK Restaurant(s) referred to in any Development Agreement entered into with the Franchisor or its affiliates and Franchisee within the time required pursuant to attached Schedule "E" or in Development Schedule attached to any Development Agreement, or if none, within a reasonable time as determined by Franchisor, or to start operating a Manchu WOK Restaurant at the Premises within five (5) days after completion of the Development Obligations (but in no event later than the date set forth in the last sentence of Section 4.4), with the exception that, if local government approval of anything required for the opening of the Business (or other Business referred to in any Development Agreement) is withheld during such period for reasons beyond Franchisee's control, Franchisor shall grant Franchisee such reasonable additional time, up to sixty (60) days, as is necessary to obtain such approval. In the event of such revocation and termination by Franchisor, the parties shall be released and discharged from any and all further obligations under Contracts relating to the Premises or the Franchise or to other Manchu WOK Restaurants to be developed (except for those applicable to, or stated to survive, their termination) and Franchisor shall be entitled to retain for its absolute use, and not be obligated to refund to Franchisee, any and all monies paid under such Contracts.

4.7. Location of Franchisee's Manchu WOK Restaurant

The Franchisee shall operate its Manchu WOK Restaurant only at and from the Premises and may not relocate except with the Franchisor's prior written consent. If, prior to the expiration or sooner termination of this Agreement, the Lease for the Premises expires or terminates without fault of the Franchisee, or if the Premises are destroyed, condemned or otherwise rendered unusable, the Franchisor will grant its consent to the relocation of the Franchised Business to a site acceptable to the Franchisor within the Trade Area, and in accordance with the provisions of this Section 4.6. Any such relocation shall be at the

Franchisee's sole expense, including payment to the Franchisor and its Affiliates of all reasonable costs and expenses to which the Franchisor or such Affiliate is put or incurs, and the Franchisee agrees to indemnify the Franchisor and its Affiliates against, and reimburse each of them for, all loss, liability, costs and expenses incurred by the Franchisor in connection therewith. If the Franchisee has not found an acceptable new site for its Manchu WOK Restaurant within thirty (30) days of the occurrence of such expiration or sooner termination of the Lease or casualty to or destruction or condemnation of the Premises, or if it has not completed all required improvements to the new premises and opened them for business as a Manchu WOK Restaurant within three (3) months of such expiration or sooner termination or casualty to or destruction or condemnation of the Premises then the Franchisor may thereafter at its sole option immediately terminate this Agreement, as provided in Section 10.1(d) hereof, by written notice to the Franchisee. Except as specifically referred to in this section, the Franchisee shall have no right to relocate its Manchu WOK Restaurant to any other location without a) the written consent of the Franchisor which consent the Franchisor shall have the absolute right to withhold, and b) payment to the Franchisor of all fees referable to a new store, including, without limitation, a franchise fee in an amount then charged by the Franchisor to new Manchu WOK Restaurant Franchisees.

4.8. Equipment and Furnishings

The Franchisee shall use in and about its Manchu WOK Restaurant only such Equipment and Fixtures, which are required by the Franchisor and which strictly conform to the appearance, uniform standards and specifications prescribed by the Franchisor for the Manchu WOK Restaurant System. All Equipment and Fixtures shall be purchased or leased from the Franchisor or from suppliers designated by it. The Franchisor agrees that the prices charged by it to the Franchisee for items of Equipment and Fixtures purchased from the Franchisor will be competitive with the prices being generally charged in the Franchisee's market area for equivalent items of comparable quality and in similar quantities. If at any time the Franchisor and its designated suppliers are unable to furnish to the Franchisee any item of Equipment and Fixtures then the Franchisee may purchase such item from another supplier approved by the Franchisor in writing, which approval will not be unreasonably withheld.

4.9. Certification of Performance

After it performs its pre-opening obligations under this Agreement, the Franchisor may request the Franchisee to execute a certification (the "Certification of Performance"), in a form the Franchisor reasonably requests, confirming such performance. If the Franchisor does so request, the Franchisee must execute and deliver the Certification of Performance to the Franchisor within three-business days of the request therefore. If, however, the Franchisee does not reasonably believe that the Franchisor has performed all its pre-opening obligations hereunder, it must, within said three-day period, provide the Franchisor with written notice specifically describing the obligations that the Franchisor has not performed. Not later than three-business days after the Franchisor completes all the obligations specifically described in such notice, the Franchisee must execute and deliver the Certification of Performance to the Franchisor. It must do so even if the Franchisor performed such obligations after the time performance was due under this Agreement. The term "preopening obligations" means such of the Franchisor's obligations to the Franchisee under this Agreement that must be performed before the Opening Date for the Business.

5. DUTIES AND RESPONSIBILITIES OF FRANCHISOR

Franchisor shall provide Franchisee with the following assistance during the Term of this Agreement so long as Franchisee has not defaulted under any Contracts relating to the Premises or the Franchise or under this Agreement:

5.1. Operating Manuals

(a) Franchisor shall lend to Franchisee a copy of the Operating Manuals, which shall be maintained and updated by the Franchisee as materials are provided from time to time by the Franchisor. Franchisor may periodically revise and change the contents of the Operating Manuals. Beginning on the 30th day (or such longer time as specified by Franchisor) after delivery of written notice from Franchisor, Franchisee must comply with each new or changed provision. Revisions to the Operating Manuals may be based on what Franchisor, in its sole discretion, deems in the best interests of the System, including, among other things, promoting quality, enhancing good will, increasing efficiency, decreasing administrative burdens, or improving profitability of Franchisor or the Franchisee or Manchu WOK franchisees generally. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor may, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, vary standards for any franchisee based upon the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, or any condition that Franchisor deems important to the successful operation of such franchisee's Franchised Business. In such event(s) Franchisee is not entitled to require Franchisor to grant to Franchisee a like or similar variation under this Agreement. Franchisee must at all times ensure that its copy of the Operating Manuals contains all updates Franchisor delivers. In the event of any dispute as to the contents of the Operating Manuals, the terms contained in the Master Copy of each of the Operating Manuals that Franchisor maintains at Franchisor's home office are controlling. Any required standards exist to protect Franchisor's interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In other instances, no suitable alternative may exist. In order to protect Franchisor's interests in the System and Marks, Franchisor reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

(b) Franchisor shall have the right at its discretion to establish an internet based "extranet" system for use by Manchu WOK Franchisees for dissemination of all information which Franchisor provides to Franchisees. Franchisee shall at all times maintain at its expense such computer hardware and software as may be necessary from time to time inclusive of high speed internet connection, to enable Franchisee to access the Manchu WOK Extranet. When established, the Franchisor shall have the right on appropriate notice to the Franchisee, to use the Manchu WOK Extranet for delivery to Franchisee of all notices and changes to the Manchu WOK System including without limitation, changes or amendments to the Manuals.

5.2. Training

Franchisor shall provide an initial training course regarding the Manchu WOK Restaurant System (**"Initial Training"**) for up to two (2) persons - Franchisee and one of the employees as designated by Franchisee. One of the trainees shall be Franchisee if Franchisee is an individual or one of Franchisee's designated shareholders (as provided in Section 6.2 hereof) if Franchisee is not an individual and one of the trainees must be the store Manager who will be responsible for the operation and management of your Manchu WOK® Restaurant. If Franchisee has previously operated a Manchu WOK Restaurant then, prior to the opening of the Business, Franchisor shall provide refresher training in food preparation techniques and other aspects of the physical operation of a Manchu WOK Restaurant (**"Refresher Training"**) to two (2) persons designated by Franchisee (one of whom shall be Franchisee as Manager if Franchisee is an individual or one of Franchisee's designated shareholders (as provided in Section 6.2 hereof) as Manager if Franchisee is not an individual). Franchisor may from time to time thereafter provide such further training assistance as Franchisor deems necessary (**"Supplemental Training"**), including assistance with any new developments in the Manchu WOK Restaurant System or matters that may be described in revisions made to the Operating Manuals. All training described in this paragraph shall be provided at a place chosen by Franchisor and may include both in-store and classroom training. All persons attending such training shall complete the same to the satisfaction of Franchisor. One Initial Training, including all requisite materials, is included in the Initial Franchise Fee. Any subsequent Initial Training, Refresher Training, Supplemental Training or training required on a Transfer, the Franchisee shall pay to the Franchisor the non-refundable amount of Three Thousand Dollars ($3,000) for each person attending such training. In addition, in connection with every type of training, Franchisee shall be responsible for all personal expenses incurred by the persons attending such training (including, but not limited to, accommodation and travel expenses) and for any and all injury or damage to person(s) or property occurring to, incurred by or caused by persons attending such courses. No compensation shall be payable to Franchisee or its employees for any services rendered by them during the training courses. Franchisee or at least one of the designated shareholders (as provided in Section 6.2 hereof) of a corporate Franchisee, must attend and satisfactorily complete all training. If the Franchisor designates any Supplemental Training to be mandatory, the Franchisee must attend such training; if it does not, such failure is an Event of Default.

5.3. Advice and Guidance

(a) The Franchisor may make available to the Franchisee such assistance as the Franchisor considers necessary based upon the experience and judgment of the Franchisor in connection with the pre-opening, opening and initial operation of the Business and conforming to the requirements of the Manchu WOK Restaurant System; and

(b) Franchisor, to the extent it deems it appropriate or necessary, may provide continuing advice and guidance to Franchisee concerning the use of the Manchu WOK Restaurant System and the operation of the Business, including advice and guidance regarding formulation and implementation of local advertising and promotional programs, purchasing of goods and other supplies, establishment and maintenance of any administrative, bookkeeping, accounting and general operating procedures required by Franchisor, hiring and training of employees and the provision from time to time of results of research on market trends, where practicable.

(c) Franchisee acknowledges and agrees that any training, support, guidance or tools provided to Franchisor as part of the Franchised Business under this Agreement are for the purpose of protecting the System's brand and Marks and to assist Franchisee in the operation of the Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over Franchisee's decisions or day-to-day operations of the Franchised Business. Franchisee further acknowledges and agrees that no employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor.

5.4. Special Assistance

In response to any written request by the Franchisee and to the extent the Franchisor deems it appropriate, necessary or advisable and has personnel available for such purpose, the Franchisor may furnish additional or special assistance to the Franchisee (in addition to the assistance referred to in Section 5.3 above) to rectify any specific problems encountered by Franchisee in the operation of the Franchisee's Manchu WOK Restaurant. In such event, the Franchisee shall promptly pay the Franchisor for each person designated by the Franchisor to provide additional or special services pursuant to the provisions of this Section, the amount of Five Hundred Dollars ($500) per day or part thereof during which any additional assistance is provided, together with for all reasonable costs incurred by the Franchisor on account of travel, lodging and meals for all personnel so designated by the Franchisor.

5.5. Opening Marketing

The Franchisor, using the amount the Franchisee paid under Section 3.5(d) shall prepare, coordinate, and conduct, on and in the Franchisee's behalf, the Grand Opening Marketing and Promotion program referred to in Section 3.5(d), which is a marketing program to promote the opening of the Business. The nature and scope of such opening promotional marketing program shall be determined by the Franchisor, in its sole and absolute judgment, and the cost of same shall be payable by the Franchisee.

5.6. Promotional Materials

Franchisor shall review and approve prior to any use by Franchisee, all marketing and promotional materials which Franchisee proposes to use in connection with the Business and may, at its option and in its sole and absolute discretion, provide promotional and marketing materials to Franchisee for use in the Business whether pursuant to payments to the Fund or otherwise.

5.7. Conventions and Seminars

Franchisor may invite Franchisee to attend all appropriate conventions, seminars and other franchisee-oriented functions sponsored by Franchisor.

6. FRANCHISEE DUTIES, RESPONSIBILITIES AND OBLIGATIONS

The Franchisee acknowledges that the Franchisor maintains and demands the maintenance of high standards of quality of product and service in restaurants utilizing the Manchu WOK Restaurant System and that the Franchisor may, in the interest of improving thereon, and enhancing public acceptance of Manchu WOK Restaurants, upgrades its standards from time to time. Therefore, in order to maintain a uniform standard of operation and quality for all Franchisees operating under the name Manchu WOK and to further protect the goodwill of the Franchisor, the Franchisee covenants and agrees to comply with all of the following:

6.1. Conform to Manchu WOK System

Franchisee agrees that it shall operate its Manchu WOK Restaurant in conformity with such uniform methods, standards and specifications as the Franchisor may from time to time prescribe for general application in the Operating Manual or otherwise in writing to ensure that the highest degree of quality and service is uniformly maintained, refrain from any deviation therefrom and from otherwise operating in any manner that reflects adversely on the Franchisor's name and goodwill, or on the name "*Manchu WOK*" as associated with the Business.

6.2. Management of Business

Franchisee agrees that it shall manage and operate the Business using at all times at least the two (2) employees (one of whom may be the manager of the Business if such Manager is actually involved in the day to day operations of the Business) who have been trained in the operation of a Manchu WOK Restaurant (as set out in Section 5.2 hereof), who have signed a Confidentiality and Non-Competition Agreement in terms similar to the confidentiality and non-competition provisions of this Agreement and who carry out their duties courteously and with a view to complete customer satisfaction. Franchisee (if an individual) shall be the Manager of the Business. If Franchisee is a corporation, or other entity, one shareholder, or owner, shall be designated by Franchisee to be the Manager of the Business and that Manager shall have the authority to receive and implement all directions received from time to time from the Franchisor and to represent the Franchisee in all dealings with the Franchisor. Before his or her appointment as Manager, the Franchisee must submit in writing the name and qualifications of any proposed Manager, or replacement Manager, together with any other information relating thereto the Franchisor requests, to Franchisor for its review and written approval of the proposed Manager. Without such written approval, the Franchisee may not appoint any person a Manager. The Manager shall have, and at all times maintain, at minimum, a ten percent (10%) equity interest in the ownership of the Business. The Manager must devote his or her full-time efforts to on-premises supervision of the Manchu WOK Restaurant. Franchisee shall reimburse Franchisor's reasonable costs and expenses of providing any and all training following the initial training of the Manager or any employees and retraining or training of all Business personnel in new methods, all as deemed necessary or advisable from time to time by the Franchisor.

6.3. Conform to Laws

Franchisee agrees that it shall operate in accordance with, and immediately correct any failure to comply with, all governmental requirements, applicable laws, regulations and orders (**"Laws and Regulations"**) of competent authorities (whether federal, state, municipal or otherwise), including, without limitation, Laws and Regulations relating to health, sanitation and safety, employment, human rights, wages, child labor, misleading advertising, and including obtaining all necessary licenses, permits and approvals (**"Licenses"**) as may be required to permit the operation of a Manchu WOK Restaurant at the Premises, and Franchisee shall deliver to Franchisor on a timely basis (i) a copy of each License and (ii) a copy of any and all notices of violation of any Law or Regulation as may be received by Franchisee from time to time (whether or not such violation has been corrected by Franchisee).

6.4. Purchasing and Supply of Approved Products

(a) Approved Products and Supplies. Franchisee agrees that it shall buy all Approved Products, ingredients, supplies, materials (such as packaging), and other products used or offered for sale at Franchisee's Manchu WOK Restaurant only from suppliers that Franchisor has approved in writing (and whom Franchisor has not subsequently disapproved). In determining whether Franchisor will approve any particular supplier, Franchisor will consider various factors, including but not limited to: (1) whether the supplier can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items; (2) whether the supplier has adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; (3) whether approval of the supplier would enable the Manchu WOK Restaurant System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and (4) whether the supplier will sign a confidentiality agreement and a license agreement in the form that Franchisor may require (which may include a royalty fee for the right to use Franchisor's Proprietary Marks and any other proprietary rights, recipes, and/or formulae). For the purpose of this Agreement, the term "supplier" is defined to include, without limitation, manufacturers, distributors, resellers, and other vendors. Franchisee also recognizes and agrees that

Franchisor has the right to appoint only one supplier for any particular Approved Product or item, which may be the Franchisor or one of its affiliates.

(i) Franchisee agrees to sell only Approved Products (whether edible or non-edible) at Franchisee's Manchu WOK Restaurant. Franchisee shall not sell anything at Franchisee's Manchu WOK Restaurant that is not an Approved Product.

(ii) Notwithstanding anything to the contrary in this Agreement, Franchisee agrees to buy all of Franchisee's requirements for any Proprietary Products only from Franchisor or from its designees, as provided in Section 6.4(b) below (possibly through one or more suppliers that Franchisor designates in writing). Franchisor has the right, but not the obligation, to introduce additional Approved Products.

(iii) If Franchisee wants to buy any Approved Products or any items (other than Proprietary Products) from an unapproved supplier, Franchisee must first submit a written request to Franchisor asking for its prior written approval. Franchisee agrees not to buy from any such supplier unless and until Franchisor has given Franchisee the Franchisor's prior written consent to do so. Franchisor has the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory that Franchisor has designated for testing. Franchisee (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. Franchisor has the right to also require that the supplier comply with such other requirements that Franchisor has the right to designate, including but not limited to payment of reasonable continuing inspection fees and administrative costs and/or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use of Franchisor's trademarks, and for services that Franchisor may render to such suppliers. Franchisor also reserves the right, at Franchisor's option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke Franchisor's approval if the supplier does not continue to meet any of Franchisor's then-current criteria. Franchisor is not required to approve any particular supplier, or to make available Franchisor's standards, specifications, or formulas to prospective suppliers, which Franchisor has the right to deem confidential.

(iv) Franchisee acknowledges and agrees that Franchisor has the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Manchu WOK Restaurants with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Manchu WOK Restaurants, notwithstanding anything to the contrary contained in this Agreement. In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all Approved Products and other products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the Manchu WOK Restaurant System or the network of Manchu WOK Restaurants. Franchisor has the right to approve or disapprove of the suppliers who may be permitted to sell Approved Products to Franchisee. Any of Franchisor's affiliates that sell products to Franchisee will do so at Franchisor's direction. If Franchisee is in default of this Agreement, Franchisor reserves the right to direct its affiliates not to sell products to Franchisee, or to withhold certain discounts that may otherwise be available to Franchisee.

(v) Franchisee acknowledges and agrees that Franchisor has the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to Franchisee or to Franchisor (or our affiliates) based upon Franchisee's purchases of Approved Products and other goods and services. These Allowances include those based on purchases of Approved Products, ingredients, paper goods, beverages, and other items (such as packaging). Franchisee assigns to Franchisor or its designee all of Franchisee's right, title and interest in and to any and all such Allowances and authorizes Franchisor (or its designee) to collect and retain any or all such Allowances without restriction.

(vi) If Franchisor requires Franchisee to use items that bear Franchisor's Marks (for example, plates, cups, napkins, take-out bags, other paperware, etc.), then Franchisee must buy, use, and sell only the items that Franchisor requires, and Franchisee must buy those items only from Franchisor's approved suppliers (or as otherwise required under Section 6.4(b) below).

(b) Proprietary Products. Franchisee acknowledges and agrees that certain menu items offered and sold at Franchisee's Manchu WOK Restaurant are manufactured in accordance with Franchisor's secret recipes, standards, and specifications and/or those of Franchisor's affiliates, and that all of those items are Franchisor's Proprietary Products. In order to maintain the high standards of quality, taste, and uniformity associated with such menu items, and other Approved Products and packaging bearing the Marks, Franchisee agrees to buy all Proprietary Products, and Approved Products and packaging bearing the Proprietary Marks (and any other products Franchisor may now or in the future designate), only from Franchisor, its affiliates, and/or Franchisor's approved suppliers, and not to offer or sell any other such products at or from Franchisee's Manchu WOK Restaurant.

(c) Quality. Franchisee is solely responsible for the quality of products that Franchisee sells.

(d) Use of the Marks. Franchisee must require all marketing materials, signs, decorations, paper goods (including, without limitation, disposable food and beverage containers, bags, napkins, menus, and all forms and stationery used in Franchisee's Manchu WOK Restaurant), and other items which Franchisor may designate to bear the Marks in the form, color, location, and manner Franchisor prescribes (and subject to Franchisor's prior written approval, for example as provided in Section 3.5(c.) above).

(e) Innovations. All products, services, ingredients, concepts, methods, techniques, and/or new information relevant to Franchisee's operation of Franchisee's Manchu WOK Restaurant (collectively, the, **"Innovations"**), whether or not constituting protectable intellectual property, that Franchisee or its employees create, or that are created on Franchisee's behalf, must be promptly disclosed to Franchisor. All such Innovations will be deemed to be Franchisor's sole and exclusive property and works made-for-hire for Franchisor. Franchisee and each of its Principals and owners agree to: (1) sign the assignment and/or other documents Franchisor requests in order to implement this clause in order to evidence Franchisor's ownership; (2) cause Franchisee's employees and contractors to sign such assignment documents as Franchisor may request for this purpose; and (3) assist Franchisor in securing intellectual property rights in such Innovations.

6.5. Approved Design

Franchisee agrees that it shall use in the operation of the Franchisee's Manchu WOK Restaurant all, but only those, methods of exterior and interior design and construction, and signage as may be prescribed by the Franchisor or which conform to the requirements and specifications of the Manchu WOK Restaurant System, and no others and to make no material alteration or addition to, or replacement of or improvement or change to, the interior or exterior of the Premises or the Fixtures or Equipment without the prior written consent of Franchisor;

6.6. Maintenance and Renovations

Franchisee agrees that it shall maintain the condition and appearance of the Premises, the Fixtures and the Equipment in a manner consistent with the high quality image of the Manchu WOK Restaurant System as an attractive, modern, clean, convenient and efficiently operated Manchu WOK Restaurant offering high quality products and efficient and courteous service. The Franchisee will effect such maintenance of the Premises, the Fixtures and the Equipment as is required by the Lease and as reasonably required from time to time by the Franchisor and the Landlord and as required by Laws and Regulations to maintain such condition, appearance and efficient operation, including, without limitation, replacement of worn-out or obsolete Fixtures and Equipment, repair of the interior and exterior of the Premises, and periodic cleaning, decorating and redecorating. If, at any time in the Franchisor's reasonable opinion, the general state of repair, appearance or cleanliness of the Premises, the Fixtures or the Equipment or the general state of the Premises does not meet Manchu WOK Restaurant System standards or the requirements of the Lease, the Franchisor may give notice to the Franchisee specifying the action to be taken by the Franchisee to correct such deficiency, and the Franchisee shall initiate such action forthwith upon receipt of such notice. If the Franchisee fails to take such action within three (3) days after receipt of such notice from the Franchisor, the Franchisor may, without prejudice to any other rights or remedies hereunder, cause such repairs or maintenance to be done at the sole cost and expense of the Franchisee. In such event, the Franchisee will reimburse the Franchisor for the amount of such costs and expenses upon demand plus an administrative fee of fifteen percent (15%) of such costs and expenses. Franchisor shall have the right at all times to enter upon the Premises for purposes of enforcing the terms of this paragraph as set out in Section 6.7 below.

In addition, the Franchisee shall, on the fifth (5th) anniversary of the Opening Date make at Franchisee's expense, such renovations, alterations and upgrades to the Premises, Fixtures and Equipment as may be required by Landlord and such renovations, alterations and upgrades to the Premises, Fixtures and Equipment as may be required by Franchisor in order to renovate, upgrade and modernize the Franchisee's Manchu WOK Restaurant so as to reflect the then-current image of the Manchu WOK Restaurant System for Manchu WOK Restaurants. All such work shall be completed (unless otherwise agreed to by Franchisor in writing) within 90 days. Required renovations and alterations may include complete remodeling and upgrading of the Premises and the Fixtures and Equipment. In connection with any renovation, alteration, upgrading, etc., required under this Section 6.6, the Franchisee shall pay the applicable fees specified in Section 3.2(b) hereof.

6.7. Inspection

Franchisee agrees that it shall permit the Franchisor or its authorized representatives to enter and inspect the Premises at reasonable times and to examine and test the Fixtures and Equipment (including, without limitation, the POS System) and the goods and services offered by the Business, for the purpose of ascertaining whether the Franchisee is operating its Manchu WOK Restaurant in accordance with the terms of this Agreement. Inspections may be conducted at any time at the discretion of the Franchisor and without prior notice to the Franchisee. The Franchisor agrees to give notice to the Franchisee of any deficiencies detected during any inspection. The Franchisee will diligently and promptly correct all such deficiencies. If the Franchisee receives notice from the Franchisor that any Fixtures or Equipment or goods or services do not meet the specifications, standards and requirements established by Franchisor for Manchu WOK Restaurants, the Franchisee will immediately refrain from the further use thereof until the same are repaired or replaced to the reasonable satisfaction of the Franchisor.

6.8. Use POS System

Franchisee agrees that it shall give to each customer of the Business a receipt detailing such customer's purchases from the Business and record all sales on an electronic cash register, computer and computer terminals (**"POS System"**) approved by Franchisor containing: (i) devices that will record cumulative sales and provide sequential customer count recording on a daily and cumulative basis and that cannot be turned back or reset; and (ii) such devices permitting the electronic polling of cash register information via high speed Internet connection as may be required by Franchisor. Franchisor shall have the unlimited right to use any information obtained from Franchisee's POS System for any business purpose whatsoever. The Franchisor may, from time to time, require the Franchise to upgrade, supplement, or replace any or all the components of the POS System. The Franchisor may poll the POS System at any time it elects; to permit such polling, the Franchisee must configure and constitute its POS System so that the Franchisor has complete, continuous, and unfettered access to all information the POS System generates and collects. At the Franchisor's request, the Franchisee must provide any assistance the Franchisor requires to bring the POS System "on-line" with the Franchisor's computer at the Franchisor's headquarters. The Franchisee is exclusively responsible for the telephonic cost of such polling.

6.9. Hours of Operation

Franchisee agrees that it shall keep the Business open and in normal operation during such hours of the day and during such days of the year as are directed by the Franchisor and/or as required by the Lease.

6.10. Pay Suppliers

Franchisee agrees that it shall promptly pay when due all trade creditors and vendors (including but not limited to any that are affiliated with us) that supply goods or services to Franchisee and/or the Manchu WOK Restaurant (including but not limited to food and beverage products, packaging and serving materials, paper goods, utensils, supplies and other items of inventory, uniforms, marketing or promotional materials, furniture, Fixtures, Equipment and all other items used in the Business). Franchisee also agrees to promptly pay Franchisor for any expenditures or payments that Franchisor chooses (or is required) to make to trade creditors or vendors on Franchisee's behalf to pay for obligations that Franchisee incurred in connection with the Manchu WOK Restaurant for example, products and/or services that Franchisee ordered but for which Franchisee did not pay.

6.11. Signage, Notices and Menus

Franchisee agrees that it shall post on the Premises such signs, in size, form, color and location as the Franchisor may require, notifying customers of the Business and others of: (i) Franchisee's identity and status as an independent contractor and operator of the Business as a Franchisee of the Franchisor; (ii) the manner in which to contact Franchisor; (iii) each customer's right to a receipt in respect of goods or services purchased from the Business; (iv) such other matters as Franchisor may, in its absolute discretion, determine necessary or desirable in connection with the operation of the Business and to maintain and display signs (including all or any part of a menu-board, digital menu-board, or store sign) reflecting the then-current image of the Manchu WOK Restaurant System, which are of the color(s), size, design and location as determined and specified by the Franchisor.

6.12. Pay Franchisor

Franchisee agrees that it shall pay to the Franchisor as and when due all monies due the Franchisor pursuant to this Franchise Agreement from time to time, together with the amount, calculated in accordance with the applicable laws, equal to any and all, sales taxes, value added taxes, business transfer taxes or any other taxes imposed on or collectable from Franchisee in respect of any and all amounts payable by Franchisee to Franchisor under the Agreement.

6.13. Marketing Obligations

Franchisee agrees that it shall carry out the marketing obligations set out in section 3.5 above.

6.14. Banking

Franchisee agrees that it shall open and use one (1) bank account only and deposit all revenues received from the Business in such account and notify Franchisor of such bank and account number and authorize Franchisee's banker to provide to Franchisor such information as may be required by Franchisor. Franchisee shall also, at its own expense and, at the request of Franchisor (whether or not Franchisee is or ever has been in default in any payment to Franchisor), implement an automatic bank transfer or other electronic funds transfer from the said account in connection with the payment of any and all amounts payable to the Franchisor pursuant to this Franchise Agreement or to Franchisor or any Landlord or sub-landlord payable pursuant to any Lease.

6.15. Financial Reporting

Franchisee agrees that it shall provide to Franchisor, without notice or demand, the reports, statements and financial information at the times and in the forms as provided in Section 8.2 hereof.

6.16. Advise Suppliers

Franchisee agrees that it shall advise each supplier and all others with whom the Franchisee deals that the Franchisee is an independent contractor/business person and that all debts incurred by it are for its account only and are not debts of the Franchisor.

6.17. Telephone Listings

Franchisee agrees that it shall obtain and maintain, at its sole cost and expense, a listing for its Manchu WOK Restaurant in the principal regular (white pages) and classified (yellow pages) telephone directories serving the location of the Business, in such directory categories as are specified by the Franchisor from time to time. All such listings will be of such type and size as are specified by the Franchisor from time to time. If the Franchisee does not obtain such listings, as aforesaid, the Franchisor may obtain such listings on behalf of and at the expense of the Franchisee, and the Franchisee shall forthwith reimburse the Franchisor for all the Franchisor's costs and expenses for so doing, upon demand

6.18. Promote Franchise

Franchisee agrees that it shall obtain and maintain an adequate supply of brochures, pamphlets, videotapes and other special promotional materials prescribed by the Franchisor (including, without limitation, materials directed to prospective franchisees of the Manchu WOK Restaurant Systems) at such locations in and about the Premises as the Franchisor may require from time to time for its franchisees generally. All such brochures, pamphlets, videotapes and other special promotional materials (save for those directed to prospective franchisees of the Manchu WOK Restaurant System which shall be provided to the Franchisee without charge) shall be purchased from the Franchisor or from its approved suppliers.

6.19. Administration Programs

Franchisor shall have the right, in its sole and absolute discretion, to inaugurate and administer for the benefit of the franchisees of the Manchu WOK Restaurant System various third-party programs including, without restriction, lease and rental payment administration, insurance plan(s), realty tax payment administration, and the like. In such event, the Franchisor shall be entitled to impose a reasonable administration fee in respect of the conduct of each such program, not to exceed fifteen percent (15%) of the gross amount of the payments received by the Franchisor from time to time in respect thereof, and the Franchisee agrees to participate in and abide by the terms of each such program and to execute all such documents and authorizations as may be required by the Franchisor in connection therewith.

6.20. Seminars, Conventions, Training

As and when required by the Franchisor, the Franchisee, the Manager, and such other employees of the Franchisee's Business as may be from time to time directed by the Franchisor (acting reasonably) shall attend and participate in (at Franchisee's sole cost and expense) management seminars and training and refresher courses and Franchisor and/or industry conventions, including, without limitation, the Alternate Year Convention, and participate in ongoing aptitude testing conducted by or on behalf of the Franchisor from time to time. The Franchisor agrees that the Franchisee, the Manager, and such employees shall not be required to attend more than two (2) such seminars, conventions or other courses in each calendar quarter. The foregoing restriction does not apply to Initial Training or any other training that the Franchisor may require the Franchisee's Manager or any replacement Manager to attend.

6.21. Franchisee Organizations

Franchisee shall actively participate in any and all franchisee and franchisee/Franchisor committees and organizations (Bodies) (including without limitation a Franchisee Council) as may be established from time to time by the Franchisor and which may at Franchisor's discretion become Bodies elected by the franchisees, all for the benefit of the Franchisee, other franchisees of the Manchu WOK Restaurant System and the Franchisor.

6.22. Employee Attire and Personal Appearance

Franchisee's employees must comply with such dress code or standards as Franchisor may require, which may include use of branded (or other "**uniform**") apparel, and otherwise identify themselves with the Marks at all times in the manner Franchisor specifies (whether in the Manual or otherwise in writing) while on a job for Franchisee's Manchu WOK Restaurant. Franchisor may also require that Franchisee and its employees comply with personal appearance standards (including but not limited to dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

6.23. Acceptance of Alternative Payment Methods

Franchisee shall, at Franchisor's request, acquire and maintain Internet connectivity and accept debt cards, credit cards, stored value gift cards, or other non-cash systems specified by Franchisor to enable customers to purchase the products offered by the Restaurant. Franchisee shall acquire, at its expense, all necessary Internet connectivity, hardware and/or software used in connection with these non-cash systems.

7. INSURANCE

7.1. Mandatory Insurance Coverage

The Franchisee shall, at its sole cost and expense, procure and maintain in full force and effect such types of insurance coverage (including, without limitation, product liability insurance, fire and extended coverage insurance on its inventory, Fixtures, Equipment and leasehold improvements situated at the Premises, business interruption insurance, rental insurance, workers' compensation insurance and public liability and indemnity insurance), and in such amounts, as the Franchisor may from time to time in its sole and absolute discretion require and as required by the Lease, fully protecting the Franchisee and the Franchisor and their respective officers, directors, employees and any other persons for whom they may be liable or responsible in law, against loss or damage occurring in conjunction with the operation of the Franchised Business. Such insurance shall i) name Franchisor and other insureds (including the Head Landlord if applicable) as additional insureds, with primary non-contributory coverage, ii) provide at least the minimum coverages and amounts specified in the Manual, iii) be primary to any insurance coverage obtained by the Franchisor, and iv) contain a waiver of subrogation by Franchisee and Franchisee's insurers of their subrogation rights against the Franchisor and all other insureds. All costs and expenses in connection with the placing and maintaining of such insurance will be borne solely by the Franchisee and such insurance will be obtained from qualified insurance companies satisfactory to the Franchisor. If Franchisor is not permitted to be named an additional insured by the insurer, the Franchisor shall be named as a loss payee thereunder. The Franchisee's general liability insurance shall not be limited in any way by reason of insurance maintained by the Franchisor. Franchisor shall retain the right to recover any losses occasioned to Franchisor by reason of the negligence of the Franchisee or its partners, affiliates, shareholders, officers, directors, agents or employees. At least thirty (30) days prior to the commencement of the development of the Premises, certificates of insurance showing compliance with the foregoing requirements will be submitted by the Franchisee to the

Franchisor for its approval. Certificates confirming the renewal of each policy will be furnished to the Franchisor and any Head Landlord at least ten (10) business days prior to the expiration or renewal thereof. Such certificates will state that the policies referred to therein may not be cancelled, not renewed, or altered without at least thirty (30) days' prior written notice to the Franchisor.

7.2. Franchisor's Right to Obtain Insurance for Franchisee

If the Franchisee fails to insure as required hereunder the Franchisor may, at its sole option but without obligation, obtain all or any part of the insurance required by this Section to be obtained by the Franchisee in the name of and on behalf of the Franchisee and for the Franchisee's account, and the Franchisee will reimburse the Franchisor forthwith upon demand for all premiums and other charges paid by the Franchisor with respect to any such insurance so obtained by it. If the Franchisor receives notice from any insurer regarding impending cancellation or lapse of any required insurance due to the non-payment by the Franchisee of any premium installments the Franchisor may, at its sole option but without obligation, pay the required premium installments on behalf of and for the account of the Franchisee, and the Franchisee will reimburse the Franchisor on demand for all amounts so paid.

7.3. Group Insurance

Notwithstanding the foregoing provisions, the Franchisor may at its sole option require the Franchisee, in lieu of placing its own insurance, as aforesaid, to participate in any group insurance plan maintained by the Franchisor, at the sole cost and expense of the Franchisee. The Franchisor may require the Franchisee to pay all premiums for such insurance coverage to the Franchisor or to whomever the Franchisor may from time to time designate in writing. If such insurance is not sufficient or broad enough for the purposes of the Franchisee, the Franchisee shall be responsible, at its sole cost and expense, for the placement of such additional insurance coverage as the Franchisee may desire.

7.4. Insurance and Indemnification

Maintenance of the insurance required by this Section and the performance by the Franchisee of its obligations hereunder will not relieve the Franchisee of its responsibilities pursuant to the indemnity provisions in Section 13.2 hereof.

8. RECORDS AND REPORTING

8.1. Records

The Franchisee shall at its cost establish a bookkeeping, accounting and record-keeping system conforming to the requirements prescribed from time to time by the Franchisor (including, without, limitation the use of an approved POS System in accordance with Section 6.8 hereof and retention of cash register tapes, invoices, purchase orders, daily inventory records, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals and general ledgers, together with such further and other records and documents as may from time to time be required by the Franchisor to accommodate any changes in such systems) and shall on request of the Franchisor install and maintain at the Franchisee's expense such microcomputer hardware, bookkeeping and accounting software systems, and telecommunications systems, and to upgrade, supplement, and/or replace any or all of said items as the Franchisor may from time to time require generally for the Manchu WOK Restaurant System. All personnel employed by the Franchisee shall record at the time of sale, in the presence of customers, all receipts from sales or other transactions, on the POS System as designated by the Franchisor and as provided in Section 6.8 hereof. Such POS System shall be sealed in a manner approved by the Franchisor and shall have such other features as may be reasonably required by the Franchisor from time to time.

8.2. Reports and Financial Information

The Franchisee shall furnish to the Franchisor throughout the Term of the Agreement, in respect of the Business, in form from time to time prescribed by the Franchisor but at the sole cost and expense of the Franchisee:

(a) not later than thirty (30) days preceding the scheduled Opening Date (in accordance with Section 2.1 hereof), and not later than thirty (30) days preceding the anniversary of the Opening Date in each year thereafter, a forecast signed and verified by the Franchisee if an individual or if a corporation, by the Franchisee's Chief Financial Officer containing (among other details specified by the Franchisor) a budget of anticipated revenue and expenditure for the ensuing fiscal year of the Business (**"Forecast"**);

(b) on or before Thursday of each week, a written statement in the form approved by Franchisor and signed by Franchisee, of the Gross Sales for the seven (7) day period ending at the close of business on the preceding Sunday, together with the Royalty and Marketing Fees;

(c) on or before the twentieth (20th) day following the end of each calendar month, an unaudited balance sheet for the Business as at the close of such period together with an unaudited statement of profit and loss of the Business for such period, in each case signed and verified by the Franchisee if an individual and, if a corporation, by the Franchisee's Chief Financial Officer, together with a report of variance (if any) from the Forecast and accompanied by such other information and supporting records as the Franchisor may from time to time require;

(d) as soon as practicable, and in any event within sixty (60) days after the end of each of Franchisee's fiscal years, audited of the Business prepared in accordance with generally accepted accounting principles consistently applied (**"GAAP"**), as well as generally accepted auditing standards (**"GAAS"**), and consisting at a minimum of (i) a balance sheet as at the close of such fiscal year, and (ii) a statement of income and a statement of cash flows for such fiscal year, setting forth in each case in comparative form the corresponding figures for the previous fiscal year, in each case signed and verified by the Franchisee if an individual or, if a corporation, by the Franchisee's Chief

Financial Officer, certified and prepared by an certified public accountant approved by the Franchisor and accompanied by accountant's comments and a report of variance (if any) from forecast. The audit required by this Section shall be carried out at the expense of the Franchisee by a firm of certified public accountants acceptable to the Franchisor and to be accompanied by an unqualified opinion thereon of such firm, all at the Franchisee's sole cost and expense; and when it files such returns with the appropriate tax authorities, the Franchisee must also provide the Franchisor with copies of its federal and state income tax returns; all financial statements and other periodic reports must segregate the Business's income and related expenses from those of any other business that the Franchisee may conduct; and

(e) such other periodic forms and reports (including, without limitation, reports of purchases and sales) as may be required by Franchisor.

The Franchisee shall at its expense provide a modem or other electronic communications device as shall be determined from time to time by the Franchisor and a dedicated high speed communications line so as to enable the Franchisor to gather information from the Franchisee's POS System (**"Franchisee's System"**); this dedicated communications line, which shall be installed and maintained at the expense of the Franchisee, shall be dedicated exclusively to providing the Franchisor with complete and unfettered access to the Franchisee's System so the Franchisor may poll same at such times as it deems appropriate. The Franchisee shall at all times ensure that the Franchisor shall have access to Franchisee's System at Franchisee's ongoing cost and expense, including all polling and maintenance costs. Failure to comply with the provisions of this paragraph shall constitute an Event of Default, entitling the Franchisor to immediately terminate this Agreement, and which may be otherwise dealt with as set out in Section 10.1 of this Agreement.

The Franchisee acknowledges that all financial information will be furnished by it solely for the information of the Franchisor, and the Franchisor does not assume nor undertakes any obligation to review such financial information or to advise the Franchisee in connection therewith.

Franchisee acknowledges and agrees that it is Franchisee's responsibility to ensure that Franchisee is in compliance with all laws that are applicable to the proprietary software or other technology used in the operation of the Franchised Business, including all data protection or security laws as well as payment card industry compliance.

8.3. Franchisor's Right to Audit

The Franchisor shall have the right at reasonable times without prior notice to the Franchisee to inspect and audit the business records, bookkeeping and accounting records, cash register tapes, invoices, purchase orders, payroll records, check stubs and bank deposit receipts of the Business, the periodic reports, financial statements, tax returns and other forms, information and supporting records which the Franchisee is required from time to time to submit to the Franchisor and the books and records of the Franchisee, and the books and records of the Guarantors as the latter relate to the Business. The Franchisee shall fully co-operate with representatives of the Franchisor and independent accountants hired by the Franchisor to conduct any such inspection or audit. If any such inspection or audit discloses an understatement of Gross Sales for any period, the Franchisee shall pay to the Franchisor, within ten (10) days after receipt of the inspection or audit report, the Royalty and other sums due on account of such understatement. Further, if such inspection or audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules or any other documentation as herein required, or if an understatement of Gross Sales for any period is determined by any such inspection or audit to be greater than two percent (2%), the Franchisee shall on demand (in addition to payment of amounts due by reason of understatement plus interest on such amount at the rate of Eighteen Percent (18%) per year [or the maximum permitted by law, whichever is the less] computed from the date payment was due to the date payment is received) reimburse the Franchisor for the full cost of such inspection or audit, including, without limitation, the charges of any independent accountant or other professionals retained by the Franchisor in connection with such audit or inspection and the travel expenses, room, board and compensation of employees of the Franchisor and/or such independent accountant. Any evaluation or inspection conducted by Franchisor is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchised Business or to assume any responsibility for Franchisee's obligations under this Agreement.

8.4. Inquiry by Franchisor

By its execution hereof, the Franchisee specifically authorizes the Franchisor to make reasonable inquiry of the Franchisee's bankers, suppliers, landlord and other trade creditors as to their dealings with the Franchisee in relation to the Business, and to discuss the affairs, finances and accounts of the Business with the Franchisee's bankers (and the Franchisee hereby authorizes and directs its bankers and other suppliers to discuss with the Franchisor the affairs, finances and accounts of the Business). In order for the Franchisor to obtain information and copies of invoices relating to sales or other dealings between all such persons and the Franchisee in any way referable to the Business, the provision of a copy of this paragraph duly certified by the Franchisor to the Franchisee's banker or other supplier shall constitute the express and irrevocable direction of the Franchisee to such banker or other supplier to supply the requested information to the Franchisor. The Franchisee shall on request of the Franchisor, promptly execute such other directions and other documents as the Franchisor may require, in furtherance of this Section. Neither the Franchisor nor any person, firm. or corporation to whom Franchisor may make inquiry shall be deemed in breach of any privacy laws from time to time enacted in any jurisdiction with authority over this Agreement or the parties by reason only of making or answering inquiries as provided for in this Section or otherwise in this Franchise Agreement.

9. LICENSED ITEMS AND TRADEMARKS

9.1. Marks

The Franchisee acknowledges and agrees that "Manchu WOK" is a registered trademark, that the Trademarks and Licensed Items (both registered and unregistered and as presently developed or as may be developed in the future) constitute part of the Manchu WOK Restaurant

Systems and further acknowledges the existence and validity of the Licensed Items, including, without limitation, the Trademarks and that the Franchisor has the exclusive right to use the Licensed Items and Marks and to license others to use the Licensed Items and Marks. The Franchisee shall not, in any way, do anything to infringe upon, harm or contest the rights of the Franchisor (or of the owner of the Licensed Items and Marks if not the Franchisor) in and to the Licensed Items and Marks. The Franchisee shall not use any Licensed Items or Mark other than as herein permitted in connection with the business of the Franchisee's Manchu WOK Restaurant. Any materials or products which Franchisee develops in whole or in part for use in its Manchu WOK Restaurant shall become the exclusive property of the Franchisor and the Franchisee does hereby assign and transfer all right, title and interest in any such materials or products to the Franchisor. The Franchisee shall not place any Licensed Items or Mark, other than the Licensed Items or Marks originally appearing thereon, on any products, packages or other materials which the Franchisee obtains from the Franchisor or an approved supplier or with the Franchisor's written permission from third parties. The Franchisee agrees not to add any other names or words to the Licensed Items or Marks, or to make any variations in the use of the Licensed Items or Marks, unless the Franchisee has received prior written approval from the Franchisor.

9.2. Corporate Name

The Franchisee shall not use the name "Manchu WOK" or any derivation or contraction thereof in its corporate name, nor as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium (except with our prior written consent).

9.3. Goodwill

The Franchisee recognizes that the use of the Licensed Items and Marks, or of any mark or name that incorporates the mark "Manchu WOK" and all other Marks or other trademarks which may be developed by the Franchisor inures solely to the benefit of the Franchisor and that all goodwill arising from such use by the Franchisee shall belong and revert to the Franchisor upon the termination or expiration of this Agreement.

9.4. e-Commerce and the Web

The Franchisor retains unto itself the exclusive right to utilize the Licensed Items and Marks for e-commerce purposes and for use on the **"world wide web"** or **"Internet"**. The Franchisee shall not use the Licensed Items or Marks on the world wide web (or in any other electronic medium, including but not limited to social media and social networking sites) without the express written consent of the Franchisor, which consent the Franchisor shall have the absolute right to withhold. Without limiting the generality of the foregoing, without the Franchisor's prior written consent, Franchisee shall not operate or advertise, market, or otherwise promote the Business on the "Internet" nor shall Franchisee register any domain name containing the words ***MANCHU WOK***, or any variation thereof, or establish, operate, or participate in a Web site on which such words appear. With respect to any aspect of the Manchu WOK Restaurant Systems, the Manchu WOK chain, or the Business (including, without limitation, the use of the Marks), Franchisor retains the sole right to advertise on the Internet, create or operate a Web site or sites, and use

MANCHU WOK as part of any domain name. Franchisee acknowledges and agrees that the Franchisor exclusively owns all rights in such domain names and such other domain names as Franchisor shall designate, acquire or from time to time establish, to the absolute exclusion of the Franchisee. The parties agree that as used in this Agreement, the term "Internet" includes, but is not limited to, the world wide web, Social Media Sites (as defined in Section 9.5 below), social networking sites, mobile applications, and all other electronic media, whether created or invented now or in the future.

9.5. Social Media. Franchisee acknowledges that the use of any social networking websites or webpages, including but not limited to Facebook, YouTube, LinkedIn, and Twitter, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Franchisor's intellectual property ("**Social Media Sites**") is Franchisor's sole property, and Franchisee shall promptly submit to Franchisor all passwords for such Social Media Site(s) and any changes to a password shall be submitted to Franchisor within three (3) days of the change. Franchisor shall be granted full access to any Social Media Sites. Franchisee shall have no right, title or interest to any webpage on any of Franchisee's Social Media Sites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Proprietary Marks or Franchisor's intellectual property even if such webpage is established by Franchisee or otherwise held in Franchisee's name or by any guarantor. Franchisee acknowledges it is responsible for paying all expenses associated with such Social Media Sites.

Upon expiration, transfer or termination of this Agreement, Franchisee shall immediately take whatever steps are necessary to cancel or dismantle any such social networking account or webpage or transfer the account or webpage and all related information, including all "fans", "followers", "friends" and "contacts" associated with such accounts or webpages, to Franchisor or as Franchisor may otherwise direct. Franchisor reserves the right to hyperlink any Social Media Sites used by Franchisee to any other Internet site related to the System that Franchisor designates. Franchisor also reserves the rights to modify or use any of the content on such Social Media Sites and to authorize third parties to modify or use any of the content on such Social Media Sites, subject to the requirements of the social network service that hosts the applicable Social Media Sites, without payment of any compensation to Franchisee. Franchisee must keep Franchisor advised at all times of the addresses and domain names of any Social Media Sites used by Franchisee. Franchisee acknowledges and agrees that Franchisor has sole ownership of all domain names related to the Social Media Sites used by Franchisee, subject to the requirements of the social network service that hosts the applicable Social Media Sites.

9.6. Infringement; Discontinuing Use of the Marks

(a) The Franchisor retains the sole and discretionary right to assert infringement of the Marks against any person or concern who may use such name or marks without permission, license or authority of the Franchisor. The Franchisee shall promptly notify the Franchisor of any infringement, actual or suspected, of which the Franchisee becomes aware, and shall co-operate at the Franchisor's expense (unless caused or contributed to by the Franchisee's negligence or misconduct) in doing such acts and things as may be asked of the Franchisee by the Franchisor or the Franchisor's counsel in the furtherance of any such proceedings.

(b) The Franchisor shall defend the Franchisee from any and all claims of trademark infringement for use of the Marks and hold the Franchisee harmless from any such claims, provided that the Franchisee has at all times complied with the terms of this Agreement, promptly gives written notice to the Franchisor of any such claim, action or suit and grants the Franchisor complete authority to defend against same, and otherwise cooperates with the Franchisor in accordance with its instructions in the conduct thereof. The Franchisor shall conduct such legal action (or settle same) on such terms as it considers appropriate, in its sole discretion, shall bear all costs of defense of any such claim or suit, provided the Franchisee has satisfied the conditions set forth above.

(c) Notwithstanding anything in this Agreement to the contrary, if, at any time, in the Franchisor's sole and absolute discretion, it becomes advisable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute names or marks for reasons including, but not limited to, the rejection of any pending registration or revocation of any existing registration of any of the Marks, or the superior rights of senior users, the Franchisee shall do so at its sole expense within 30 days of the Franchisor's request. In such event, the Franchisor is liable solely to reimburse the Franchisee for its reasonable direct printing and signage expenses incurred to modify or discontinue the use of the Mark(s) and substitute a different Mark(s). Such reimbursable expenses shall not include any expenditures the Franchisee makes to promote or market a modified or substitute Mark.

10. DEFAULT AND TERMINATION OF FRANCHISE

10.1. Events of Default

Except as provided in Section 13.8, this Agreement and the rights conferred upon the Franchisee hereunder shall, at the option of the Franchisor, be terminated upon the occurrence of any of the following events or conditions, each of which shall be an **"Event of Default"** and which cumulatively may be referred to as **"Events of Default,"** such termination is effective immediately upon the receipt by the Franchisee of notice to that effect:

(a) if the Franchisee or the Manager or any replacement Manager does not after two (2) attempts successfully complete his/her Initial Training;

(b) if the Franchisee fails to pursue or to successfully complete the Development Obligations in this Agreement or any other franchise agreement or Area Development Agreement to which Franchisee is a party, on a timely basis or does not commence the operation of the Business as required by Sections 4.3 and 4.4 and fails to remedy such default within ten (10) days after the Franchisor delivers notice of such Event of Default;

(c) if the Franchisee fails to pay any amount owing to the Franchisor (whether or not under this Agreement) or any Affiliate of the Franchisor and fails to remedy such default within five (5) days after receiving notice of such Event of Default from the Franchisor (or such shorter period of time as may be provided to cure such default, if any);

(d) if a default occurs under the Lease of the Premises (subject to any notice and cure period thereunder) or if the Franchisee otherwise loses the right to possession of the Premises and does not relocate and open for business as contemplated in Section 4.6 within the time periods specified therein, or if the Franchisee otherwise forfeits the right to conduct the Business at the Premises;

(e) if the Franchisee fails to furnish reports, financial statements, tax returns or schedules or any other documentation required by the provisions of this Agreement or to provide electronic access to its records and its system, or fails to furnish the same at the times herein specified;

(f) if the Franchisee understates Gross Sales for any period by more than two percent (2%) or knowingly maintains false books and records or submits any false reports or statements to the Franchisor;

(g) if the Franchisee or, if it is a corporation or other entity, any shareholder or other owner, assigns or encumbers any interest in this Agreement, any interest in the assets of the Business, or any interest in the Franchisee, without fully complying with the requirements of Article 12;

(h) if the Franchisee or the Guarantor or if either is a corporation or other entity, a shareholder or other owner, engages in any conduct that, in the reasonable opinion of the Franchisor, reflects unfavorably upon or is detrimental to the Licensed Items or Marks, to the good name, goodwill or reputation of the Franchisor or any Affiliate of the Franchisor, or the Manchu WOK Restaurant System, or to the business, reputation or goodwill of its franchisees (such conduct to include - by way of example only and without limitation - the failure to pay on a timely basis any amount owing to a trade creditor of the Franchisee or the misuse of any of the Licensed Items or Marks) and the Franchisee or the shareholder, as applicable, fails to remedy or cease such conduct within ten (10) days after the Franchisor delivers notice of such Event of Default;

(i) if the Franchisee or, if it is a corporation or other entity, a shareholder or other owner, breaches the provisions of Sections 11.1, 11.2, 11.3 or if section 11.4 is violated, whether by Franchisee or by Guarantor or any individual associated with either of them, or otherwise as set out in section 11.4;

(j) except as otherwise provided in this Section 10.1, if the Franchisee breaches any of its other obligations from time to time to the Franchisor (whether under this Agreement or any other Contract) or any Affiliate of the Franchisor, including, without limitation, Franchisee's obligations as set out in Article 6 and fails to cure such breach within five (5) days after the Franchisor delivers notice of same (or such shorter period of time as may be provided to cure such breach, if any); or if the Franchisor, or any of its Affiliates, terminates any Contract;

(k) if the Franchisor during any consecutive twelve (12) month period gives to the Franchisee or Guarantor three (3) or more notices of any Event of Default (whether such notices relate to the same or different Events of Default and whether or not such Events of Default have been remedied by the Franchisee);

(l) if there has been any intentional misrepresentation of any information supplied to the Franchisor by the Franchisee or the Guarantor in connection with the Franchisee's application for this franchise;

(m) if the Franchisee or a Guarantor commits or suffers any act of bankruptcy or is adjudicated a bankrupt, or becomes an insolvent person, or if a petition in bankruptcy is filed against the Franchisee or a Guarantor, or if the Franchisee or a Guarantor takes or attempts to take advantage of any federal or state law now or hereafter in effect for the relief of debtors;

(n) if any proceedings are brought with respect to the Franchisee seeking any reorganization, arrangement, composition, liquidation or dissolution or similar relief under any relevant statute or law;

(o) if a receiver or other custodian (permanent or temporary) of any assets of the Business or of any shares in the capital of the Franchisee is appointed or a petition seeking same is filed, or if execution, attachment or similar process is levied against any such assets or shares, or if distress or other analogous process is made against any of the assets of the Business;

(p) if the Franchisee ceases the operation of the Business or otherwise abandons it; if the Franchisee does not, for any reason, open the Business to the public for three consecutive days, or 14 days in any 12-consecutive-month period, it is deemed to have abandoned the Business;

(q) if the Franchisee or any affiliated entity or any other entity to which the Guarantor is a party in favor of the Franchisor or an Affiliate is in default under any other Agreement with the Franchisor including without limitation any Franchise Agreement and/or Area Development Agreement and such default is not fully remedied within the time therein set out;

(r) If an imminent threat or danger to public health or safety results from the operation of the Restaurant;

(s) If Franchisee takes, withholds, misdirects or appropriates for Franchisee's own use any funds withheld from Franchisee's employees' wages for employee taxes, FICA, insurance or benefits or generally fails to deal fairly and honestly with Franchisee's employees and/or customers; or

(t) If Franchisee's assets, property or interests are "blocked" under any Anti-Terrorism Law or if Franchisee is otherwise in violation of such law.

10.2. Termination Pursuant to Section 10.1(a)

If the Franchisor terminates this Agreement pursuant to Subsection 10.1(a), then the Franchisor, the Franchisee and the Guarantor shall each execute such documents as may be required to fully rescind all Contracts between them in respect of the franchise herein granted, except for the provisions of Article 11 of this Agreement, and the Franchisee shall promptly return to the Franchisor all Manuals and other documents, including any copies thereof, furnished to or otherwise obtained by the Franchisee in connection with the Franchise herein granted. In the event that the Franchisee shall fail to execute such documents as and when required by this Section, Franchisor shall have the right so to do in Franchisee's name on behalf of the Franchisee and this shall constitute Franchisors complete authority so to do. Upon compliance with the foregoing, the Franchisor shall refund to the Franchisee all amounts received by the Franchisor in respect of the Initial Franchise Fee referred to in Section 3.1, less i) the sum of Ten Thousand Dollars ($10,000) and ii) any out of pocket costs or expenses as Franchisor may have incurred pursuant to this Agreement, including, without limitation, any and all costs associated with training or the leasing and/or development of the Premises, which amounts are acknowledged by the Franchisee and the Guarantor to be Franchisor's reasonable costs and expenses incurred to date of termination in connection with this Agreement (and not a penalty).

10.3. Cease Use of Marks and Licensed Items

Upon the expiration or sooner termination of this Agreement for any reason, all rights of the Franchisee hereunder shall be at an end and the Franchisee shall immediately cease to use the Licensed Items and Marks, by advertising or otherwise, and shall remove the Licensed Items and Marks from all signs, slogans, symbols, letterheads, stationery and from all documents, instruments or forms of whatever character which use of any of the Licensed Items and Marks. The Franchisee shall further execute such documents and take such action as the Franchisor may, in its sole and absolute discretion, deem necessary or advisable to evidence the fact that the Franchisee has ceased such use and has no further interest or right therein. Without limiting the generality of the foregoing, the Franchisee shall, at the request of the Franchisor, take all such action as may be necessary to cancel any trade name or assumed name registration with respect to any of the Marks. The Franchisee shall furnish to the Franchisor evidence satisfactory to the Franchisor of compliance with its obligations hereunder within thirty (30) days after expiration or sooner termination of this Agreement. Unless the Franchisor has entered into possession of the Premises pursuant to a conditional lease assignment clause in the Franchisee's lease of the Premises, the Franchisee shall immediately upon the expiration or sooner termination of this Agreement for any reason, make such removals or changes in signs and decor of the Premises as the Franchisor shall request, so as to effectively distinguish the Premises from their former appearance as a Manchu WOK Restaurant. If the Franchisor relinquishes possession of the Premises to the Franchisee following a re-entry pursuant to Section 10.8 hereof, then unless otherwise agreed by the Franchisor, the Franchisee shall immediately de-identify the Premises as aforesaid. Neither the Franchisee nor any Guarantor shall at any time following expiration or sooner termination of this Agreement identify itself or himself in any manner as having been at any time involved in a business relationship with the Franchisor; nor may the Franchisor nor any of its owners or any Guarantor disparage the Franchisor or the Manchu WOK Restaurant System.

10.4. Return of Manuals

Immediately following the expiration or sooner termination of this Agreement, the Franchisee shall return to the Franchisor all copies of the Manual (which are provided to the Franchisee on a "loan basis" only and shall not at any time become the property of the Franchisee in any event) and all bulletins and advertising matter used by or in the possession of the Franchisee or the Guarantor relating to the Business, together with all materials bearing any of the Marks.

10.5. Option to Purchase

The Franchisor shall have the option, for a period of thirty (30) days following the expiration or sooner termination of this Agreement, to purchase any or all Equipment and Fixtures, leasehold improvements that are not the property of the Landlord, signage, inventory and supplies other than items of a personal nature (the "Franchise Assets") owned and used by the Franchisee in connection with the Business, for a purchase price equal to their then current value determined on an asset-by-asset liquidation-sale basis (rather than on a going-concern basis). Without limiting the generality of the foregoing, the then current value of the Franchise Assets shall not contain any factor or increment for goodwill and other intangibles, and the Franchisor may exclude from the Franchise Assets purchased hereunder any items which, in the reasonable opinion of the Franchisor, are obsolete, shop-worn, damaged or otherwise not in marketable or useable condition. If the parties cannot agree upon the value of the Franchise Assets within a period of ten (10) business days following the exercise of such option by the Franchisor, an independent appraiser shall be designated by the Franchisor to do so, and his determination shall be final and binding on all parties, and no appeal shall lie therefrom. If the Franchisor elects to exercise its option to purchase, it shall be entitled to set off against the purchase price for the assets all amounts owing to it from the Franchisee (whether or not under this Agreement) and the cost of the appraisal, if any. If the Franchisor exercises its purchase option, the transaction of purchase and sale shall be closed on a date to be determined by the Franchisor, within five (5) days of the date that the purchase price is finally determined. The transaction of purchase and sale shall be completed in accordance with all applicable legislation, and without limiting the generality of the foregoing, the Franchisee shall comply with applicable bulk sales legislation in such manner as will permit the Franchisor to pay the entire purchase price to the Franchisee at closing. The Franchisee shall deliver against payment for the Franchise Assets being purchased a bill of sale with full covenants and warranties as to title (including, without limitation, that all items are being sold free and clear of all liens, claims, and encumbrances), together with such other documents as may be necessary or desirable to complete the transaction of purchase and sale. If the Franchisor exercises its purchase option, it may, in addition to the right of set-off provided above, pay from monies otherwise payable to the Franchisee any debts which the Franchisee owes to any Affiliate of the Franchisor or to any trade creditor (including without limitation any designated or approved supplier) of the Business and remit the balance of the purchase price then remaining, if any, to the Franchisee.

10.6. Removal of Equipment

If following the expiration or sooner termination of this Agreement the Franchisor enters into possession of the Premises and elects not to exercise any of its purchase options under Section 10.4(a) or (c) then the Franchisee shall have five (5) days within which to remove its Franchise Assets from the Premises, failing which the Franchisor may cause the same to be removed at the cost of the Franchisee. In such event, the Franchisor may dispose of the Franchise Assets in whole or in part, in such manner as it, in its sole and absolute discretion, deems appropriate. The proceeds of such disposition shall be applied first in payment of all expenses incurred by the Franchisor in connection with the removal and disposition of such property, then in payment of any amounts owing by the Franchisee to the Franchisor or its Affiliates (whether under this agreement or otherwise) and the balance, if any, shall be paid to the Franchisee. Ownership of any Franchise Assets not so removed by the Franchisee shall be deemed to have passed to the Franchisor and may be used by the Franchisor free of charge for the purpose of carrying on the business of a Manchu WOK Restaurant or otherwise at the Premises or elsewhere as the Franchisor may from time to time determine.

10.7. Right of Re-entry

Forthwith upon expiration or sooner termination of this Agreement or upon the occurrence of an Event of Default under this Agreement, and whether or not this Agreement shall have been terminated as a result thereof, the Franchisor may enter upon, occupy and use all or any part of the Premises, and any Equipment and Fixtures, leasehold improvements and other assets located in, on or about the Premises and used in connection with the Business (including, without limitation, all telephone numbers and telephone listings used in connection with the Business). The Franchisor shall pay a reasonable use charge to the Franchisee for its use of such assets if it does not elect to purchase same pursuant to the terms of this Agreement. The Franchisor shall not be liable for any trespass, tort, or neglect in so doing or in respect of any depreciation or damages in connection with such action. All revenues, monies, profits, benefits and advantages derived from the operation of the Premises throughout such period of occupation shall be for the exclusive account of the Franchisor, and the Franchisor shall pay and discharge all debts and liabilities incurred by it in connection with its operation of the Premises. In addition, the Franchisor shall have the option, but not the obligation, to pay all amounts owing by the Franchisee to any creditor of the Business and any amount so paid shall be charged to and repaid by the Franchisee to the Franchisor upon demand (or deducted by Franchisor from any monies otherwise due Franchisee) and until so repaid shall bear interest as provided in this Agreement for overdue amounts. The Franchisor shall have no obligation to retain any employees of the Business nor to honor any contractual commitments previously made by the

Franchisee in connection therewith. Any liability with respect thereto shall be exclusively borne and paid for by the Franchisee. If the Franchisor elects to retain any such employee, such employment shall be pursuant to a new employment agreement between the Franchisor and such employee and shall commence on the first business day on which the Franchisor commences operating the Premises. Any claim of such employee for unpaid salary, vacation or other benefits arising from his employment with the Franchisee shall be the exclusive responsibility of and be paid solely by the Franchisee. The Franchisee and the Guarantor specifically indemnify and save the Franchisor harmless from any and all claims by employees or by government agencies pursuant to any federal or state employment or labor law in respect of past or continuing employees. The right of the Franchisor to use the Premises and the assets of the Business as aforesaid shall continue until the expiration of the option period in Section 10.6, but if the Franchisor elects to exercise such option, such right shall continue throughout the period preceding and including the closing of the transaction of purchase and sale.

10.8. Transfer of Telephone Numbers

The Franchisee agrees that upon the expiration or sooner termination of this Agreement all interest in and right to use all telephone numbers and all listings applicable to the Business (other than listings of a personal nature placed by the Franchisee) in use at the time of such expiration or sooner termination shall, upon request by the Franchisor, be transferred to and vested in the Franchisor. The Franchisee acknowledges that its execution of this Agreement shall, upon the expiration or sooner termination of this Agreement constitute its assignment of all its rights in all telephone numbers and listings applicable to the Business; notwithstanding the foregoing, Franchisee shall execute such additional documentation as may be reasonably required by the Franchisor from time to time to enable the Franchisor to obtain an assignment of the telephone number and listings applicable to the Franchise business. The Franchisor shall thereupon have the exclusive right to use such numbers and listings and to authorize the use thereof by any other person. To facilitate the completion of any such transfer, the Franchisee further agrees that upon the request of the Franchisor, the Franchisee shall pay to the telephone company all charges and other amounts which may be payable in connection with the telephone numbers being so transferred up to and including the date of transfer. The Franchisee agrees to reimburse the Franchisor upon demand for all amounts paid by the Franchisor on account of any such charges as a result of the Franchisee's failure to pay same, together with interest thereon as provided in this Agreement for overdue amounts or to deduct such amounts from any monies otherwise due Franchisor by Franchisee.

10.9. Payment of Monies Due

Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any Event of Default of Franchisee, such sums shall include all damages, (including future royalty fees that otherwise likely would have been paid from the termination date through the end of the initial term but for the early termination of the Agreement), costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the Event of Default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on any and all premises operated hereunder at the time of default. The value of "future royalty fees" shall be calculated as the present value of the average monthly royalty fees that Franchisee was obligated to pay pursuant to Sections 3.4 and 3.5 of this Agreement during the 12-month period immediately preceding the month that the Franchise Agreement is terminated, multiplied by the number of months remaining in the initial Franchise Agreement term at the date of termination. Franchisee hereby appoints Franchisor as its attorney in fact, with full power and authority to execute on Franchisee's behalf such documents as necessary to obtain and perfect such lien.

10.10. Settlement of Accounts

Upon the earlier of sixty (60) days after the expiration or sooner termination of this Agreement and the closing of the transaction of purchase and sale contemplated in Section 10.6, there shall be an accounting among the parties with respect to the monies due by each to the others. Each of the parties agrees promptly to pay to the others, by certified check, whatever money shall be found to be owing to the others pursuant to such accounting.

10.11. Power of Attorney

If at any time the Franchisee does not execute any document reasonably requested by the Franchisor in connection with any of the Franchisor's rights under this ARTICLE 10 or elsewhere in this Agreement, the Franchisor may do so on behalf of the Franchisee and the Franchisee does hereby constitute the Franchisor as its true and lawful attorney to execute any such document(s) on its behalf.

10.12. Assignment of Lease

Notwithstanding anything in this Agreement to the contrary, upon the expiration or sooner termination of this Agreement, if the Franchisee has directly entered a Lease with the Landlord, the Franchisee shall assign the Lease to the Franchisor if the Franchisor so requests (irrespective of whether the Franchisor exercises any of its purchase options under this ARTICLE 10).

11. RESTRICTIVE COVENANTS

11.1. Secrecy and Confidentiality

The Franchisee and the Guarantor for itself/himself/themselves and its/their officers directors, shareholders, employees, executors, administrators and permitted assigns acknowledge that in connection with the operation of the Business the Franchisor will be disclosing to them confidential information and trade secrets of the Franchisor, including, without limitation, information in the Manual. For the purposes of this Agreement, confidential information includes all information that the Franchisor specifically designates as confidential, as well as all information of a non-public nature, whether or not so designated. The Franchisee and the Guarantor each jointly and severally agree that none of them will use or divulge to any person any such trade secrets or confidential information, except that during the Term of this Agreement the Franchisee may use such trade secrets and confidential information solely for the purpose of conducting the Business in accordance with the provisions of this Agreement and may divulge such trade secrets and confidential information to its employees, but only on a "need-to-know" basis and in circumstances that will maintain its confidentiality. The Franchisee must cause its employees and agents to maintain the confidentiality of such confidential information and trade secrets, and shall obtain from the foregoing persons, and deliver copies thereof to the Franchisor, written covenants to maintain such confidentiality, in form prescribed by the Franchisor. A breach of any of the provisions of this Section 11.1 by any of the Franchisee's employees or agents is considered a direct breach by the Franchisee thereof.

11.2. In Term Competition: Franchisee

The Franchisee agrees that it will not directly or indirectly (without the prior written consent of the Franchisor, which consent may be unreasonably withheld) during the Term, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet that specializes in the sale of oriental-style food or that is reasonably deemed by the Franchisor to be similar in nature, style or otherwise to any Manchu WOK Restaurant or Street-Front restaurant or using the Manchu WOK Restaurant Systems or any part or parts thereof.

11.3. In Term Competition: Guarantor

The Guarantor agrees that he or she will not directly or indirectly (without the prior written consent of the Franchisor, which consent may be arbitrarily withheld) during the Term, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet that specializes in the sale of oriental-style food or that is reasonably deemed by the Franchisor to be similar in nature, style or otherwise to a Manchu WOK Restaurant or Street-Front restaurant or using the Manchu WOK Restaurant System or any part or parts thereof.

11.4. Post Term Competition

The Franchisee and the Guarantor acknowledge that the Licensed Items, Marks, the business reputation and goodwill associated therewith, the methods and techniques employed by the Franchisor, the training and instruction and confidential information to be provided hereunder, the knowledge of the services and the operational, sales, promotional and marketing methods and techniques of the Franchisor and the opportunities, associations and experiences established and acquired by them hereunder are of considerable value, as well as is the location of the Business and Trade Area pertinent thereto, and constitute legitimate business interests of the Franchisor and as a result the Franchisee and Guarantor agree to reasonably protect such legitimate business interests as follows:

The Franchisee and the Guarantor agree that he/she/it/they will not directly or indirectly (without the prior written consent of the Franchisor which consent may be arbitrarily withheld) at any time during the period of eighteen (18) months from the latest date of termination of this Agreement, whether as owner, shareholder, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet located at the Premises, or the premises at which any restaurant or outlet utilizing the Manchu WOK Restaurant Systems (whether franchised or company or affiliate owned) within three (3) miles of the exterior boundaries of any building in which (i) the Premises are located or (ii) any premises at which any restaurant utilizing the Manchu WOK Restaurant Systems is then being operated, or is then being constructed or then under contract to be constructed.

11.5. Contravention by Related Persons

Franchisee and Guarantor acknowledge and agree that they or any of them will be deemed to be in contravention of any of the provisions of this ARTICLE 11 (**"Article"**) if any restaurant business or retail food outlet be opened or operated (or intended to be opened or operated) in any manner that if carried out by the Franchisee or Guarantor, would violate any of the provisions of this Article by or on behalf of a spouse, child, shareholder or other owner, director, or officer of Franchisee or Guarantor or by a person, firm, corporation, association, or other business or legal entity in which such spouse, child, shareholder or other owner, etc., has any interest (legal, beneficial, economic, or otherwise) whatsoever, whether or not Franchisee or Guarantor has any legal or beneficial interest in such restaurant business. All such parties must enter a written agreement, in form and substance satisfactory to the Franchisor, under which they agree, jointly and severally, to be bound by the provisions of this Article, as well as the confidentiality provisions contained in this Agreement.

11.6. Solicitation

(a) The Franchisee and Guarantor jointly and severally covenant agree that during the Term and for a period of eighteen (18) months thereafter:

(i) they nor either of them will not will solicit, or attempt to solicit, for employment any person who is, at the time of such solicitation, employed by another franchisee, the Franchisor or any Affiliate, nor will the Franchisee directly or indirectly induce any such person to leave his employment as aforesaid;

(ii) they nor either of them will not divert or attempt to divert any business or any customers of the Business to any other competitive establishment, by direct or indirect inducement or otherwise; and

(iii) they nor either of them will not counsel or induce any franchisee of the Franchisor to leave the Manchu WOK Restaurant System.

(b) The parties agree that each of the covenants contained in Subsections (i), (ii) and (iii) of this Section 11.6(a) are independent of each other and are severable.

11.7. Acknowledgement

(a) The Franchisee and the Guarantor acknowledge, confirm, covenant and agree that the restrictions contained in this Article are reasonable in order to protect the legitimate business interests of the Franchisor, its Affiliates, and the franchisees of the Franchisor, and all defenses to the strict enforcement of such restrictions by the Franchisor are hereby waived.

(b) The Franchisee and Guarantor acknowledge, confirm, covenant and agree that the scope of activities prohibited in this Article, as well as the length of the term and geographical restrictions contained therein, are necessary to protect the Franchisor's legitimate business interests and are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. The Franchisee's and Guarantor's full, uninhibited, and faithful observance of each of the covenants contained in this Article will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants contained in this Article will not impair the Franchisee's or the Guarantor's ability to obtain employment commensurate with its abilities and on terms fully acceptable to it or otherwise to obtain income required for the comfortable support of itself and its family, and the satisfaction of the needs of its creditors. The Franchisee's and Guarantor's special knowledge of the business of a Manchu WOK Restaurant (and anyone acquiring such knowledge through the Franchisee or Guarantor) is such as would cause the Franchisor and its franchisees serious injury and loss if it (or anyone acquiring such knowledge through the Franchisee or Guarantor) were to use such knowledge to the benefit of a competitor or were to compete with the Franchisor or any of its franchisees.

(c) If any court of final jurisdiction finally holds that the time or territory for or to which this Article applies or the scope of activities prohibited thereunder—or that any provision stated in this Article—constitutes an unreasonable restriction upon the Franchisee or any Guarantor, the provisions of this Agreement are not thereby rendered void, but shall apply as to time and territory or to such other extent as such court finally concludes or indicates is a reasonable restriction under the circumstances. The time periods set forth in this Article are suspended during any period in which the Franchisee or Guarantor is breaching any of its terms or involved in a legal action or proceeding challenging the validity or enforceability thereof.

(d) Without the Franchisee's or Guarantor's consent, the Franchisor, in its sole discretion, may at any time or times unilaterally reduce or limit the scope of any covenants set forth in this Article. Any such reduction is effective immediately upon the Franchisor's delivery of written notice to either of them. The Franchisee and Guarantor shall comply immediately with any covenant as so modified. Such modified covenant is fully enforceable to the extent permitted by applicable law and shall be subject to the provisions of section (c) above.

(e) The covenants in this Article shall be construed as independent of any other covenant or provision of this Agreement. The existence of any claim the Franchisee or Guarantor may have against the Franchisor or any of its affiliates (whether or not arising from this Agreement) shall not be deemed to be a defense to the enforcement of such covenant(s) against the Franchisee or Guarantor.

(f) The Franchisee and the Guarantor further agree that their failure to fully comply with the restrictions contained in this ARTICLE will constitute, among other things, unfair competition with the Franchisor. The Franchisee and the Guarantor acknowledge that the Franchisor would suffer irreparable injuries if the Franchisee or any person referred to in this Article breaches any of these restrictions and, accordingly, agree (in addition to any other remedies available to Franchisor whether pursuant to this Agreement or otherwise) to the granting without prior notice (to the extent that applicable notice requirements may be waived) of temporary and permanent injunctions restraining any such breach, or any other manner of equitable relief. Such injunctive relief may be granted without the need for the Franchisor demonstrating irreparable injury or posting any bond or other security (or if such posting of security may not be waived, by posting the sum of $1,000 as security). The Franchisee and the Guarantor further jointly and severally agree to indemnify and save the Franchisor harmless in respect of all costs and expenses (including legal fees) incurred by the Franchisor in seeking to obtain any such injunction(s) and in pursuing any such other remedies.

12. ASSIGNMENT AND TRANSFER

12.1. Assignment or Transfer by Franchisor

The Franchisor may assign or delegate all or any part of its rights or duties , arising from this Agreement, provided that any assignee, or delegatee, shall agree in writing to assume all obligations undertaken by the Franchisor herein relating to the rights so assigned, or the obligations delegated. Upon such assignment or delegation and assumption, the Franchisor shall be released from and under no further obligation with respect to any obligations so assumed. The Franchisee and the Guarantor agree that any such assignment or delegation shall not affect any of their responsibilities under this Agreement to and under which they remain jointly and severally subject and bound.

12.2. Assignment or Transfer by Franchisee

During the Term of this Agreement, the Franchisee and the Guarantor shall not sell, assign, charge, grant a security interest in or otherwise transfer or encumber in whole or in part in any manner, including, without limitation, by operation of law, any interest in this Agreement, the lease for the Premises, the property and assets of the Business or any ownership interest in the Franchisee, nor may the Franchisee issue any further shares in its capital or redeem or purchase any of its issued shares, nor may the Franchisee merge, amalgamate, re-organize or engage in any other similar proceeding, (collectively, **"Transfer"**) without in each case obtaining the prior written consent of the Franchisor which consent shall not be unreasonably or arbitrarily withheld. Any proposed or actual transfer of a direct or indirect ownership interest in Franchisee shall also be considered as a "Transfer" for all purposes under this Agreement. Any actual or purported Transfer without the Franchisor's prior written consent shall constitute a material default of this Agreement and shall be null and void. In considering any request for its consent to any such Transfer the Franchisor may consider, among other things, the qualifications, background, apparent ability and credit standing of the proposed transferee (**"Transferee"**), as well as the probable post-closing operational viability of the Manchu WOK Restaurant should the intended Transfer be completed in accordance with the proposed terms of the Transfer. In addition, it is required as a condition precedent to the granting of the Franchisor's consent that:

(a) there shall be no existing default in the performance or observance of any of the Franchisee's or the Guarantor' obligations pursuant to any Contract or with any supplier or other trade creditor of the Business, the Franchisor or its Affiliates;

(b) the Franchisee shall have settled all outstanding accounts with the Franchisor, its Affiliates and all other trade creditors of the Business;

(c) the Franchisee (and all of its owners, including the Guarantor) shall have delivered to the Franchisor a general release of its/their claims against the Franchisor, its Affiliates and their respective directors and officers, in form and substance satisfactory to the Franchisor;

(d) the Transferee and, if it is a corporation, limited liability company, or partnership, its shareholders, members or partners as the case may be, shall have entered into a written assignment and guarantee in form and substance prescribed by the Franchisor, assuming and agreeing to discharge all of the Franchisee's obligations under this Agreement or, at the option of the Franchisor, shall have executed a new franchise agreement, for no less than the unexpired portion of the Term of the Agreement, in the standard form then being used by the Franchisor for the grant of franchises for Manchu WOK Restaurants for new single-unit franchisees. Such franchise agreement shall not provide for payment of any Initial Franchise Fee, but may otherwise contain financial, legal and other terms and conditions substantially different from, and more onerous than, those in this Agreement, including, without limitation, different terms and conditions regarding: royalties, advertising obligations and contributions, rent or other payments or expenditures (any of which may be higher) and the methods of computing same. In addition, the Transferee and its shareholders or partners, as the case may be, shall have executed such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises for Manchu WOK Restaurants;

(e) the Transferee and/or its proposed Managers (one or both of whom will be responsible for the ongoing operations of the Business and any other persons required by the Franchisor shall have satisfactorily completed at his/her own expense the Franchisor's training program then in effect for all new franchisees of Manchu WOK Restaurants and shall have paid the Training Fee applicable thereto;

(f) unless the Franchisor otherwise agrees in writing, any transfer of assets shall be effected in compliance with all applicable bulk sales legislation;

(g) a transfer fee shall, upon application for the consent of the Franchisor to the Transfer, have been paid to the Franchisor by the Franchisee in the amount of Ten Thousand Dollars ($10,000), which transfer fee shall be refundable, less the Franchisor's reasonable costs and expenses, together with any professional and related expenses incurred in connection therewith, including, without limitation, those expenses relating to investigations of the proposed transferee, if the proposed transfer is not approved by the Franchisor;

(h) if the Franchisee leased the Premises pursuant to Section 4.2(a), then the Transferee and Landlord must sign and deliver to Franchisor a new Lease Addendum; and

(i) if required by the Franchisor, the Franchisee must use and pay for the services of a third-party escrow agent, approved in advance by the Franchisor, to facilitate the transfer process and ensure all debts and other payments are properly made.

12.3. Additional Documentation

(a) The Franchisee and Guarantor shall cause each person who, from time, to time becomes a shareholder, member, manager or other owner, , director, and/or officer of the Franchisee, before they obtain such status, to execute a written agreement with the Franchisor:

(i) in the case of a director or officer who is not also a shareholder of the Franchisee, undertaking to be bound by all of the restrictions of Article 11, and all the confidentiality provisions in this Agreement, as though he was a Guarantor; and

(ii) in the case of a shareholder, member, manager or other owner of the Franchisee, undertaking to be bound by all obligations of the Guarantor under this Agreement (including the guarantee in Section 15.2) as though he was a Guarantor.

(b) The Franchisee shall furnish to the Franchisor contemporaneously with signing this Agreement, and thereafter annually with the financial statements referred to in Section 8.2 (c) and as well contemporaneously with all transfers or issuances of shares in its capital, a list of all shareholders having an interest in the Franchisee as currently set out in Schedule 'F' hereto, reflecting the percentage interest of each shareholder and the number and class of shares directly or indirectly owned or controlled by him. In addition, the Franchisee shall furnish to the Franchisor on signing this Agreement and thereafter within five (5) days after any transfer or issue of any of its shares the other documents referred to above in this section, duly executed by all required parties other than the Franchisor. The Articles of Incorporation and by-laws of the Franchisee shall recite that the issue or transfer of any shares in its capital is restricted by the terms of this Agreement, and copies of such articles of incorporation and by-laws shall be furnished to the Franchisor forthwith upon request. The Franchisee shall maintain stop transfer instructions against the transfer of shares on its records subject to the foregoing restrictions of this Article and shall have all outstanding share certificates endorsed with the following legend printed conspicuously upon the face of each such certificate:

> "The transfer of shares represented by this certificate is subject to the terms and conditions of a Franchise Agreement made with MANCHU WOK FRANCHISING USA INC. A copy of that agreement is available for inspection at the Franchisor's principal place of business."

The Franchisor shall have access to the corporate records and minute books of the Franchisee at reasonable times and shall be entitled to make copies thereof for its own purposes.

The Franchisee and the Guarantor jointly and severally represent and warrant to the Franchisor that Schedule "F" is an accurate list of all of the registered and beneficial shareholders of the Franchisee, showing the number and class of shares held by them. The Franchisee will advise the Franchisor of any changes to Schedule "F" which must be in conformity with the provisions of this Section and of this Agreement.

12.4. Death or Permanent Disability

(a) If any Franchise Owner (defined below):

(i) dies; or

(ii) becomes permanently disabled as defined in Section 12.5;

then within thirty (30) days after either event, the Franchisee (or its legal representative) must hire and maintain a replacement satisfactory to the Franchisor to perform such obligations.

(b) Within six months of the permanent disability or death of any of the following individuals, such individual's estate must transfer his or her interests in the Franchisee (or in any of the Franchisee's owners) or in this Agreement in accordance with the terms of this Article 12:

(i) any individual who holds a 25% or greater voting or ownership interest in the Franchisee (or in any of the Franchisee's owners); or

(ii) any individual who is the Franchisee.

For the purposes of this Section 12.4, **"Franchise Owner"** means the Franchisee if the Franchisee is an individual or the shareholder designated as Manager under Section 6.2

12.5. Deemed Disability

For the purposes of this Article 12, the Franchise Owner shall be deemed to be permanently disabled if his usual day to day participation in the Business (as required by the terms of this Agreement) is for any reason impaired or he is otherwise unable to perform his or her obligations under this Agreement by reason of mental or physical disability for a cumulative period of forty-five (45) days in any twelve (12) month period.

12.6. Right to Manage

Upon the death or permanent disability of the Franchisee or of the Manager, if the Franchisee does not timely comply with Section 12.4(a), the Franchisor shall have the right (but without obligation) to operate and manage the Business for the account of the Franchisee. If the Franchisor so operates and manages the Business, (i) the Franchisor shall make a complete accounting to and return the net income from such operation (being revenues less all applicable expenses and charges incurred in the operation of the Business inclusive of amounts sufficient to reimburse the Franchisor for its reasonable expenses in connection therewith and a reasonable management fee) to the Franchisee; and (ii) in no event shall the Franchisor be liable for other than gross negligence in the operation and management of the Business. Notwithstanding anything in this Section 12.6 to the contrary, the primary obligation to operate and manage the Business shall, at all times be upon the Franchisee, and the Franchisor makes no representation or warranty whatever that the operation or management or any part thereof by or on behalf of the Franchisor shall succeed in returning or maintaining a profit.

12.7. Franchisor's Right to Terminate

If any disposition of shares or assets required under Section 12.4 has not taken place within six (6) months as required by Section 12.4(b) or if the Manager shall not have been replaced as required by section 12.4(a), the Franchisor shall thereafter have the continuing right, exercisable upon ten (10) days' notice to the Franchisee, to terminate this Agreement and all the Franchisee's rights hereunder, including the franchise hereby granted. In such event and if the Franchisor so elects, then the provisions of Sections 10.4 to 10.13 inclusive shall thereupon become applicable.

12.8. Option to Purchase

Without in any way derogating from the Franchisor's right to reject a Transfer pursuant to Section 12.2, if at any time during the Term of this Agreement the Franchisee or any shareholder or partner, as the case may be, obtains a bona fide offer (**"Offer"**) to acquire the whole or any part of its or his interest in this Agreement, in the Lease for the Premises, in any assets of the Business (other than in the ordinary course of business) or in any ownership interest in the Franchisee which the Franchisee or the shareholder or partner, as the case may be, wishes to accept, then the Franchisee or shareholder or partner, as the case may be, shall promptly deliver to the Franchisor written notice of and a true copy of such Offer. Upon receipt of the notice, the Franchisor shall have the option of purchasing the property forming the subject matter thereof upon the same terms and conditions as those set out in the Offer, except (i) that there shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the (other) offeree, (ii) the Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and if the cash amount cannot be agreed upon within ten (10) days, the question shall be referred to an arbitrator who shall be chosen in accordance with the provisions of Article 14 hereof, (iii) the Franchisor shall have the further right to pay in full the entire purchase price at the time of closing (with an appropriate reduction of the purchase price applicable to the present value of paying in cash should the Franchisor elect so to do) and (iv) any and all monies due the Franchisor or any supplier to the Business shall be deducted from the purchase price and applied or paid by the Franchisor. In the case of a sale of assets to which bulk sales laws apply, the Franchisee shall comply with such laws in a manner which will permit the Franchisor to pay the entire purchase price to the Franchisee at closing. The Franchisor may exercise its option at any time within thirty (30) days after receipt of the notice and copy of the Offer by giving notice of acceptance to the Franchisee or the shareholder or partner, as the case may be. If the Franchisor declines to exercise such option and if such transfer is otherwise approved by the Franchisor, the Franchisee or the shareholder or partner, as the case may be, shall be at liberty to complete the transfer to the third party purchaser in accordance with the terms of the Offer, but always pursuant to the provisions of this Agreement, except that notwithstanding the terms of the Offer such transaction must be completed within thirty (30) days of the date on which the Franchisor notifies the Franchisee or the shareholder or partner, as the case may be, of its approval of such transaction. If the transaction is not completed within such thirty (30) day period then the foregoing provisions of this Section shall apply again in respect of the Transfer and so on from time to time.

12.9. No Security

In the event of a sale of the Business, no interest (including any security interest or lien) in this Agreement, in the Lease of the Premises, in any assets of the Business or in any shares in the capital of the Franchisee may be retained or reserved by the Franchisee or by any Guarantor as security for the payment of any obligations that may arise by reason of any Transfer pursuant to the provisions of this Article.

13. GENERAL CONTRACT PROVISIONS

13.1. Security

As security for all the Franchisee's and its Affiliates' monetary and other obligations to the Franchisor or its Affiliates arising under or relating to this Agreement or any other Contract, the Franchisee grants to the Franchisor a first-priority security interest in all the Franchisee's assets, including all personal and fixture property of every kind and nature wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof, including all goods (including inventory, equipment, and accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, deposit accounts, letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles). The Franchisee shall execute such financing statements, continuation statements, notices of lien, assignments or other documents as may be required in order to perfect and maintain the Franchisor's security interest, including a UCC-1 Financing Statement in substantially the same form attached as Schedule G. The Franchisee authorizes the Franchisor to execute, on behalf of either or both of the parties, any of the documents described in the prior sentence. The Franchisee shall pay all filing fees and costs for perfecting the Franchisor's security interest. The provisions of this paragraph constitute a security agreement under the Uniform Commercial Code; the parties need not enter any further agreement for the Franchisor's security interest to attach to the collateral described above. Notwithstanding the foregoing sentence, if the Franchisor requests the Franchisee to enter its then standard-form security agreement to more fully document the terms of the security interest granted above, the Franchisee shall immediately do so.

13.2. Indemnity

The Franchisee and the Guarantor agree, during and after the term of this Agreement, to, jointly and severally, indemnify and save the Franchisor and its Affiliates harmless against all liability, losses, damages, costs and expenses (including legal fees whether relating to pre-trial, trial, post-trial, appellate, or bankruptcy proceedings) that may be incurred, suffered or sustained by the Franchisor or any of its Affiliates or any of their respective officers, directors, shareholders or owners, employees, representatives, or agents, as a result of the Franchisee's ownership or operation of the Business, any violation of this Agreement by the Franchisee or the Guarantor, or as a result of any act or omission of the Franchisee or the Guarantor or any of its or their Affiliates or their respective officers, directors, shareholders or owners, employees, representatives, or agents or other persons for whom they are at law or pursuant to this Agreement responsible. The within indemnity obligation shall survive any act of bankruptcy or insolvency of any party and shall be enforceable at the instance of the Franchisor against any party.

13.3. Independent Contractor

The Franchisee acknowledges that it is not an agent or employee of the Franchisor but is an independent contractor completely separate from the Franchisor and any of Franchisor's Affiliates, and that it has no authority to bind or attempt to bind the Franchisor or any of Franchisor's Affiliates in any manner or form whatsoever or to assume or to incur any obligation or responsibility, express or implied, on behalf of or in the name of the Franchisor. This Agreement shall not be construed so as to constitute the Franchisee a partner, joint venturer, agent, employee or representative of the Franchisor for any purpose whatever. The Franchisee shall use its own name in obtaining or executing contracts and making purchases, so that the transaction indicates that the Franchisee is acting on its own behalf and not for the Franchisor. The Franchisee shall prominently display on the Premises, and on any other item the Franchisor may from time to time require (including menus and stationary), a notice indicating that it is an independent business operating as a franchisee of the Manchu WOK Restaurant System.

13.4. Interest

Except a provided in section 8.3 hereof, all monies due and owing to the Franchisor or its Affiliates from time to time by the Franchisee pursuant to this Agreement shall bear interest after the due date until paid in full at a rate equal to the prime rate of interest charged by the Franchisor's banker to its best commercial customers ("**Bank Prime**") plus five (5%) percent (but in no event higher than the maximum interest rate permitted by law to be charged to

Franchisee). The acceptance of any principal or interest payment shall not be construed as a waiver by the Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to the Franchisor's right to terminate this agreement in respect of such default. The failure of the Franchisor to charge interest on any amount due at the time such payment shall first become due, shall not constitute a waiver of its right to charge interest at the rate set out in this Agreement on any or all outstanding amounts, from the date such amounts first become due and payable to the Franchisor pursuant to this Agreement.

13.5. Dishonored Payment

Should any payment be made to the Franchisor by any check or other financial instrument including electronic funds transfer and such payment be dishonored for any reason, the Franchisee shall pay to the Franchisor, together with the replacement of such dishonored payment, a fee (**"Dishonored Check Fee"**) in the amount of One Hundred Dollars ($100) or the amount charged to the Franchisor by its banker on account of such dishonored check or financial instrument, whichever shall be the greater amount.

13.6. Taxes

The Franchisee agrees to promptly pay when due all taxes levied or assessed by reason of its performance hereunder or by reason of the operation or ownership of the Franchised Business, including any sales or use tax on Equipment and Furnishings purchased or leased, and including, without limitation, its municipal taxes and/or business taxes and any taxes imposed on Franchisor based upon any payments due from Franchisee to the Franchisor whether levied directly or indirectly. If there is a bona fide dispute as to the liability for any tax assessed against the Franchisee, the Franchisee shall have the right to contest the validity of the assessment or the amount of tax owing in accordance with the procedures of the relevant taxing authority, provided there is no cost or expense to the Franchisor or Landlord as a result of such contesting and provided that the Franchisee shall first have paid to the Franchisor the full amount of any sums in dispute, which monies shall be disbursed by the Franchisor when the dispute is resolved in accordance with the decision of the taxing authority or agreement of all relevant parties. Notwithstanding the foregoing, the Franchisee shall in no event permit a tax sale procedure by levy of execution or otherwise to occur against the Premises, the Business or any of the assets thereof.

13.7. Right of Set-Off

Notwithstanding any other provision of this Agreement, upon the failure of the Franchisee to pay to the Franchisor or any of its Affiliates or any approved supplier as and when due any amount owing to them, the Franchisor may, at its election, deduct such unpaid amount from any monies or credit held by the Franchisor or any of its Affiliates for the account of the Franchisee and pay such amounts to the payee thereof.

13.8. Survival

All covenants, agreements, representations and warranties made in this Agreement by the Franchisee and the Guarantor (including those set forth in Section 13.2 and ARTICLES 10, 11, 14, and 15) shall continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or sooner termination and until they are satisfied or by their nature expire.

13.9. Waiver of Obligations

The Franchisor's failure or delay at any time to require performance by the Franchisee or the Guarantor of any provision of this Agreement, even if known, or of any other franchisee or guarantor, or under any custom or practice of the parties at variance with the terms of this Agreement shall not affect the Franchisor's right to require performance of that provision or to exercise any right, power or remedy hereunder, including without limitation, the Guarantor's personal guarantee of the Franchisee's obligations to the Franchisor. The Franchisor's waiver of any breach of any provision of this Agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement. No notice to or demand on any party in any case shall, of itself, entitle such party to any other or further notice or demand in similar or other circumstances. The Franchisor, however, may by written instrument unilaterally waive any obligation of or restriction upon the Franchisee under this Agreement.

13.10. No Withholding

The Franchisee and the Guarantor agree that they will not, on grounds of the alleged non-performance by the Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any administration fee or any other fee or amounts due hereunder (including without limitation Royalty or Marketing fee or contribution) or otherwise to the Franchisor or any of its Affiliates.

13.11. Rights Cumulative

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy shall preclude the exercise or enforcement by the Franchisor of any other right or remedy, either hereunder or which the Franchisor is otherwise entitled by law to enforce.

13.12. Force Majeure

No party shall be responsible to another for non-performance or delay in performance occasioned by any causes beyond its reasonable control, including, without limitation, acts or omissions of the other party, acts of civil or military authority, labor disputes, strikes, lockouts, unusual delay by common carrier, unavailability of supplies, embargoes, insurrections or acts of God, provided that inability of a party to obtain funds shall be deemed to be a cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, as long as the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay. Notwithstanding the foregoing, nothing shall excuse late payments, or extend the due date, of amounts owed to the Franchisor.

13.13. Notices

All notices, requests, demands, consents and other communications required or permitted under this Agreement to any party shall be effective only when delivered in writing (including facsimile, telex and telegraphic communication) and must be (as elected by the person giving such notice) hand delivered by messenger or courier service, telecommunicated, faxed or mailed (airmail if other than local) by registered or certified mail (postage prepaid), return receipt requested, addressed to the appropriate party or parties at their respective addresses set forth above (and, if to the Franchisor, must be addressed to its President and C.E.O.) or to such other address as each such party may designate by notice complying with the terms of this Section. Each such notice is deemed delivered:

(a) on the date delivered if by personal delivery;

(b) on the date of transmission, with confirmed answer back if by fax or other telegraphic method; or

(c) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities or courier service as not deliverable, as the case may be, if mailed or couriered.

The Manual, any revisions to the Manual, and/or any written instructions that Franchisor furnishes to Franchisee relating to operational matters shall not be deemed as "Notices" for the purposes of the delivery requirements of this Section 13.13.

13.14 Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties.

13.4.1 Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement.

13.4.2 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment ("**Reasonable Business Judgment**") in making a decision or exercising a right. Franchisor's decisions or actions will be deemed to be the result of

Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

14. DISPUTE RESOLUTION

14.1. Arbitration

(a) Except as otherwise provided in this Section, any controversy or dispute arising out of, or relating to the franchise or this Agreement including, but not limited to, any claim by the Franchisee, any Guarantor or any person in privity with or claiming through, on behalf of or in the right of the Franchisee, concerning the entry into, performance under, or termination of this Agreement or any other agreement entered into by the Franchisor, or its subsidiaries or affiliates, and the Franchisee, any claim against a past or present employee, officer, director or agent of the Franchisor, any claim of breach of this Agreement and any claims arising under State or Federal laws, except for claims brought pursuant to the Lanham Act, 15 U.S.C. Sections 1051 *et seq.*, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute.

(b) Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost.

(c) Persons in privity with or claiming through, on behalf of or in the right of the Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns.

(d) Subject to this Section 16.14, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the *Federal Arbitration Act*, 9 U.S.C. § 1 *et seq.*, as amended, and arbitration shall take place according to the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed.

(e) The arbitration shall be held in Phoenix, Arizona and conducted entirely in the English language. However, arbitration will not be used for any dispute which involves the Franchisee's continued usage of any of the Marks or the System, business concept or any issue involving injunctive relief against the Franchisee, all of which issues will be submitted to a court within the State of Arizona. The parties expressly consent to personal jurisdiction in the State of Arizona and agree that the state and federal court(s) will have exclusive jurisdiction over any such issues not subject to arbitration.

(f) Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by the National Franchise Mediation Program of the CPR Institute for Dispute Resolution (located at New York, NY) and the arbitrator shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The prevailing party shall be entitled to actual costs and attorneys' fees incurred in any such arbitration. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state of Arizona. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

(g) Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person, other than the Franchisee and Guarantor, in privity with or claiming through, in the right of or on behalf of the Franchisee or the Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and the Franchisee or any person in privity with or claiming through, in the right of or on behalf of the Franchisee or the Franchisor.

(h) The parties waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which either party may have against the other arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a claim or other proceeding contemplated by this Agreement, recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

14.2. Waiver of Jury Trial

In the event that any state or federal court asserts jurisdiction over a dispute between Franchisor and Franchisee or any Guarantor of Franchisee, Franchisor, Franchisee, and Guarantor each waive their right to a trial by jury. Franchisee, Guarantor, and Franchisor acknowledge that the parties' waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement or any aspect of the parties' relationship. Franchisee, Guarantor, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

14.3. Remedies

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

14.4. Legal Fees

If Franchisee is in default under this Agreement, then Franchisee shall pay Franchisor all damages, costs, and expenses (including legal fees) that Franchisor incurs as a result of Franchisee's default under this Agreement or any other agreement between Franchisee (and its affiliates) and Franchisor (and our affiliates).

14.5. Reduced Time Within Which to Commence Actions

ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISOR AND FRANCHISEE, OR FRANCHISEE'S OPERATION OF THE RESTAURANT, BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER SHALL BE COMMENCED WITHIN TWO (2) YEARS FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE FOREVER BARRED.

15. GENERAL PROVISIONS

15.1. Time

All date and time measurements under this Agreement shall refer to the date and time at Franchisor's headquarters in Markham, Ontario.

15.2. Dollars

All payments required under this Agreement shall be made in U.S. Dollars.

15.3. Independent Investigation

The Franchisee and the Guarantor acknowledge that they have conducted an independent investigation of the Business franchised hereunder, recognize that the business venture contemplated by this agreement involves business risks and also recognize that its success will be largely dependent upon the ability of the Franchisee and Guarantor as independent business persons. The Franchisee and the Guarantor acknowledge that the Franchisor has not made, save as may have been set out in the appropriate Disclosure Document if any, any representation as to current or future sales, income, costs, or profits or to Franchisee's proposed business. The Franchisee and the Guarantor acknowledge that they have not received from the Franchisor or any other person on behalf of the Franchisor any representation, warranty or guarantee, express or implied, with respect to the above described matters or as to success of the business venture contemplated by this Agreement.

15.4. Independent Advice

The Franchisee and the Guarantor acknowledge that they have received, have had an ample time to read and have read this Agreement and fully understand its provisions. The Franchisee and the Guarantor further acknowledge that they have had an adequate opportunity to be advised by advisors of their own choosing (including without limitation their own lawyers, accountants, and bankers) regarding all pertinent aspects of this franchise and the franchise relationship created hereby and that they have done so with the full understanding and knowledge of all of the terms hereof.

16. REPRESENTATIONS AND WARRANTIES

16.1. No Reliance

Except as expressly provided to the contrary in this Agreement, the Franchisor makes no representations, warranties, or guarantees upon which the Franchisee may rely. Nor does the Franchisor assume any liability or obligation to the Franchisee by providing any waiver, approval, consent, or suggestion to the Franchisee in connection with this Agreement; or by reason of any neglect, delay, or denial of any request therefore unless such conduct would otherwise constitute a breach of an express obligation of the Franchisor under this Agreement. However, nothing in this Agreement or in any related agreement is intended, however, to disclaim the representations we made in the franchise disclosure document that we furnished to you.

THE FRANCHISOR MAKES NO WARRANTY AS TO THE FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS IS TO BE OPERATED. THE FRANCHISEE ITSELF MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY WITH

RESPECT TO THIS ISSUE. IF LAWS OR REGULATIONS PROMULGATED, BY ANY GOVERNMENTAL BODY PREVENTS THE FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, THE FRANCHISOR SHALL NOT BE LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY THE FRANCHISEE IN ANY MANNER WHATSOEVER NOR TO RETURN ANY MONIES RECEIVED FROM THE FRANCHISEE.

16.2. The Franchisee's Representations

The Franchisee and Guarantor(s) represent and warrant to Franchisor, and agree, that:

(a) The Franchisee is not obtaining this Franchise for speculative or investment purposes. The Franchisee has no present intention to sell or transfer or attempt to sell or transfer this Agreement or the Business in whole or in part.

(b) Copies of all documents the Franchisee, any of its owners, and the Guarantor must furnish to the Franchisor in connection with obtaining the Franchise, and as required in the future, have been and will be true and complete copies of such documents (including all amendments or modifications thereof) and contain no misleading or incorrect statements or material omissions.

(c) The Franchisee has received from the Franchisor a Franchise Disclosure Document (**"FDD"**) for the state where the Business will be located and, if different, the state where the Franchisee resides (with all exhibits and supplements thereto), at least 14 calendar days prior to:

(i) executing this Agreement and every other agreement imposing a binding obligation on the Franchisee in connection with the sale of the Franchise; and

(ii) the Franchisee's paying any consideration in connection with the sale, or proposed sale, of the Franchise.

(d) No material changes to the Franchise Agreement or any other agreement that Franchisee is signing with the Franchisor or any affiliate of the Franchisor has been made within the seven calendar days immediately prior to the date that Franchisee executes the Franchise Agreement.

(e) Franchisor expressly disclaims the making of any guarantee, express or implied, and Franchisee acknowledges that it has not received or relied upon any representations of revenue, as to potential volume profits or success of the business venture contemplated by this Agreement, including any statement regarding the profits or existing franchised or company-owned Manchu WOK Restaurant.

16.3. Acknowledgement of Risk

The Franchisee acknowledges and agrees to the following:

(a) THE FRANCHISEE'S SUCCESS IN OWNING AND OPERATING THE FRANCHISED BUSINESS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS. SUCH FACTORS INCLUDE, TO A LARGE EXTENT, THE FRANCHISEE'S INDEPENDENT BUSINESS ABILITY. EXCEPT AS SPECIFICALLY INCLUDED IN THIS AGREEMENT, NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY THE FRANCHISOR OR ANY EMPLOYEE, BROKER, OR REPRESENTATIVE OF THE FRANCHISOR, TO INDUCE THE FRANCHISEE TO ENTER INTO THIS AGREEMENT. NO EMPLOYEE, OFFICER, DIRECTOR, BROKER OR REPRESENTATIVE IS AUTHORIZED TO DO OTHERWISE.

(b) IN ALL OF THE FRANCHISEE'S DEALINGS WITH THE FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, SUCH INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. THE FRANCHISEE FURTHER ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN THE FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN THE FRANCHISEE AND THE FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, SUCH BROKER SHALL BE SOLELY LIABLE FOR ITS CONDUCT IN CONNECTION WITH THE FRANCHISEE EXCEPT THAT FRANCHISOR SHALL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT REGARDING ENGAGING SUCH BROKER.

16.4. Business Opportunity Disclaimers

The Franchisor makes no representation, warranty, or guaranty—express or implied—concerning any of the following matters:

(a) that it will purchase any products made, produced, fabricated, or modified by the Franchisee using supplies or services sold to the Franchisee; or

(b) that the Franchisee will derive income from the Franchise that exceeds the price paid for it; or that the Franchisor will refund all or part of the purchase price for the Franchise, or repurchase any of the products, equipment, or supplies provided by the Franchisor, if the Franchisee is unsatisfied with the Franchise.

17. GENERAL PROVISIONS

17.1. Release of Prior Claims

By executing this Agreement, the Franchisee (and all of its owners, including the Guarantor) and each of its/his/her successors under this Agreement, forever releases and discharges the Franchisor and its affiliates, its designees, franchise sales brokers, if any, and other agents, and their respective officers, directors, representatives, employees and agents, from any and all claims of any kind, in law or in equity, that may exist as of the date of this Agreement relating to this Agreement or any other agreement between the parties, or relating in any other way to the conduct of the Franchisor, its affiliates, its designees, franchise sales brokers, if any, or other agents, and their respective officers, directors, representatives, employees and agents before the date of this Agreement, including any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

17.2. Amendments

The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by the party as to whom enforcement of any such amendment, supplement, waiver, or modification is sought and making specific reference to this Agreement.

17.3. Binding Effect

All of the terms and provisions of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors, and permitted assigns.

17.4. Severability

(a) If any provision of this Agreement, or any other agreement entered into under or in connection with this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, such provision is inapplicable and deemed omitted to the extent so contrary, prohibited, or invalid, but the remainder of this Agreement is not invalidated thereby and must be given full force and effect so far as possible. If any provision of this Agreement may be construed in two or more ways, any of which would render the provision invalid or otherwise voidable or unenforceable and another of which would render the provision valid and enforceable, such provision has the meaning that renders it valid and enforceable.

(b) If any applicable law of any jurisdiction requires greater prior notice of termination or non-renewal of this Agreement than is required hereunder or the taking of some action not required under this Agreement, the greater prior notice and/or other action required by such law must be substituted for its counterpart under this Agreement. If, under any applicable law of any appropriate jurisdiction, any provision of this

Agreement or any requirement prescribed by the Franchisor is invalid or unenforceable, the Franchisor may, in its sole discretion, modify such invalid or unenforceable requirement to the extent required to be valid and enforceable. Unless the Franchisor elects to give them greater applicability, the foregoing substitutions and modifications to this Agreement are effective only in the jurisdiction in which they are required. In all other jurisdictions, this Agreement must be enforced as originally made and entered.

17.5. Effectiveness - Counterparts

This Agreement is not effective or binding or enforceable against the Franchisor until it is accepted by the Franchisor at its home office in Markham, Ontario, Canada. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telecopy or fax transmission (or other mutually-acceptable electronic exchange of signature pages) of a facsimile signature page is binding upon any party to such confirmation.

17.6. Interpretation

Each of the parties has been or has had the opportunity to have been represented by their own counsel throughout the negotiations, as well as at the execution of this Agreement and all the other documents executed incidental to this Agreement. Therefore, either while this Agreement is effective or after its expiration or sooner termination, none of the parties may claim or assert that any provision of this Agreement or of the other documents should be construed against the drafter thereof.

17.7. Entire Agreement

This Agreement (together with its Exhibits, and all other written agreements related to this Agreement that are expressly referenced herein) represents the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings, and representations, if any, made by and between the parties. No representation, inducement, promise, or agreement, oral or otherwise not embodied in this Agreement, its Exhibits, or other written agreement related to this Agreement and expressly referenced herein shall have any force or effect. However, nothing in this Agreement or in any related agreement is intended, however, to disclaim the representations we made in the franchise disclosure document that we furnished to you.

17.8. Liability of Multiple Franchisees

If the Franchisee consists of more than one person, all such persons are jointly and severally liable for the Franchisee's liabilities and obligations under this Agreement.

17.9. Third Parties

Except as expressly provided in this Agreement to the contrary with respect to any affiliates of the Franchisor, nothing in this Agreement whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other Manchu WOK franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns.

17.10. Guarantee

All the Franchisee's legal and beneficial owners must sign the guarantee in the form attached as Schedule H to this Agreement. By doing so, each of such owners agrees that he or she is bound by all the terms of this Agreement as if he or she were the Franchisee thereunder and agrees that he or she is jointly and severally liable with the other owners and the Franchisee for all the Franchisee's obligations under this Agreement.

17.11. Designated Franchisee Spokesperson

Franchisee and Franchisor recognize that more than one individual may have a legal or equitable ownership interest in Franchisee ("Owners"). For this reason, and in order to (i) streamline communications between Franchisor and Franchisee; and (ii) protect and insulate Franchisor from potential claims from or liability to any Owner that may arise as a result of actions or inactions taken by Franchisor after having received conflicting advice and/or instructions from Owners, the parties appoint the individual whose name appears on the signature page of this Agreement as the Designated Spokesperson pursuant to this Section 17.11. The Designated Spokesperson shall have full authority to speak on behalf of, as well as bind and commit, Franchisee with respect to all rights, obligations and performance pursuant to this Agreement. The Designated Spokesperson shall not be changed without the prior written consent of both Franchisor and Franchisee.

17.12. Franchisor's Business Judgment

Whenever Franchisor exercises a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests. "Best interests" includes what Franchisor believes to be the best interests of the System at the time the decision is made or the right or discretion is exercised even though (a) there may have been other alternative decisions or actions that could have been taken; (b) Franchisor's decision or action taken promotes Franchisor's financial or other individual interest; or (c) Franchisor's decision or the action it takes may apply differently to different franchisees or any company-owned or affiliate-owned Restaurants. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. The exercise of the right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions or take/refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

MTY FRANCHISING USA, INC.

By: ________________________________
Name:
Title:
I have authority to bind the Corporation

FRANCHISEE

By: ________________________________
Name: ___________________
Title:
I have authority to bind the legal entity

GUARANTOR

By: ________________________________
Name: ______________________________
Date of Birth: ___________________________

GUARANTOR

By: ________________________________
Name: ______________________________
Date of Birth: ___________________________

GUARANTOR

By: ________________________________
Name: ______________________________
Date of Birth: ___________________________

Schedule "A"

Trademarks

Manchu WOK
Manchu WOK Fast & Fresh Chinese Cuisine

Schedule "B"

Premises and Lease Description

The "**Manchu WOK Restaurant**" shall only be the following street address:

____
____
____
____

The Lease commencement date is __________________________.

The Lease Expiration Date is ______________________________.

The Designated Manager is ______________________________.

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Schedule "C"

Trade Area
(if applicable)

Schedule "D"

Lease Addendum (Section 4.2(a) (i))

MANCHU WOK LEASE ADDENDUM

THIS LEASE ADDENDUM (the "**Addendum**") has been executed as of _________, 2014, by and between _______________________ ("**Franchisee**") and ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein ("**Lease**") dated as of , 2014 for the premises located at ____________, (address) in the State of _______________________("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("Franchise Agreement") with MTY Franchising USA, Inc. ("Franchisor") for the development and operation of a "Manchu WOK" restaurant at the Premises. As a condition to obtaining Franchisor's approval of the Lease, the Lease must contain the provisions of this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. The Premises may be used solely for the operation of a "Manchu WOK" business. Franchisee, as the tenant under the Lease, shall have the right to display and use the "Manchu WOK" marks and signs in the manner required by the Franchisor, provided that such signs comply with applicable sign ordinances.

2. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

3. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to this Addendum. The parties also agree that by signing this Addendum, Franchisor has not guaranteed Franchisee's obligations to Landlord.

4. Franchisee and Landlord agree that they will not modify, amend, supplement, and/or extend, nor (in the case of Franchisee) assign the Lease rights, without Franchisor's prior written consent, which shall not be unreasonably withheld. (The parties acknowledge that it would be reasonable for Franchisor not to consent to an assignment of Franchisee's rights to another operator specializing in the sale of oriental-style food, or another similar competitor.) Landlord and Franchisee acknowledge and agree that under the Franchise Agreement, Franchisee has agreed to assign to Franchisor all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless and until: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its Option to Purchase under the Franchise

Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

5. Landlord agrees to deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

6. Franchisor shall have the right, but not the obligation, to cure any breach of the Lease upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder. If Franchisor assumes the Lease as provided above, Franchisor may, with Landlord's prior written consent, which shall not be unreasonably withheld, further assign the Lease to another franchisee of Franchisor to operate a "Manchu WOK" restaurant at the Premises. Landlord and Franchisee agree to execute such further documentation to confirm Landlord's consent to the assignment permitted under this Addendum as Franchisor or Landlord may reasonably request for that purpose. Upon such assignment, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

7. Landlord and Franchisee acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord agrees not to interfere with or prevent such entry. Landlord and Franchisee further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, then Franchisee has an obligation under the Franchise Agreement to take certain steps to properly de-identify the Premises as a "Manchu WOK" restaurant (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor shall provide at least five (5) days' notice to Landlord before entering the site and shall bear the expense of repairing any damage to the Premises as a result thereof.

8. Landlord and Franchisee agree that the terms in this Addendum shall supersede any terms to the contrary set forth in the Lease.

9. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, shall also be sent to Franchisor at 8150 Transcanada, Suite 200, St-Laurent, Quebec, H4S 1M4 Canada (attention President), or to such other address as Franchisor may specify by giving written notice to Landlord.

--- Signatures on following page --

The parties to this Addendum have signed and delivered this Addendum as of the date(s) noted below.

Landlord:	*MTY Franchising USA, Inc. **	*Franchisee:*
____________________	____________________	____________________
Date:	Date:	Date:
____________________	____________________	____________________
Subscribed and sworn to before me this ____ day of ________, 201______.	Subscribed and sworn to before me this ____ day of ________, 201______.	Subscribed and sworn to before me this ____ day of ________, 201______.
____________________	____________________	____________________
Notary Public	Notary Public	Notary Public
My Commission expires:	My Commission expires:	My Commission expires:
______	______	______
	** The Franchisor has signed this lease addendum only to acknowledge its terms and not to accept any obligations under the lease.*	

Franchisee:

____

Date:

____

Subscribed and sworn to before me this ____ day of ________, 201______.

____

Notary Public

My Commission expires:

______

Subscribed and sworn to before me this ___ day of

Schedule "E"

Development Obligations (Section 4.3)

Schedule "F"

List of Persons With a Legal and/or Beneficial Ownership Interest in Franchisee (Section 12.3)

Name of Franchisee:____

Persons:

Name	**Ownership Interest Percentage**
1.______________________________	______%
2.______________________________	______%
3.______________________________	______%
4.______________________________	______%

Schedule "G"

UCC-1 and Rider (Section 13.1)

Schedule "H"

Guarantee, Indemnification, and Acknowledgment

As an inducement to MTY Franchising USA, Inc. ("**Franchisor**") to execute and deliver the MTY Franchising USA, Inc. Franchise Agreement between Franchisor and ______________________________ ("**Franchisee**") dated ________________________, 201_____ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned will immediately make each payment required of Franchisee under the Agreement (including but not limited to payments Franchisee is required to make to Franchisor and its affiliates). The undersigned hereby waive any right to require Franchisor to: ***(a)*** proceed against Franchisee for any payment required under the Agreement; ***(b)*** proceed against or exhaust any security from Franchisee; or ***(c)*** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement execute and delivered by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the promises contained in the following Sections of the Agreement: Article 9 (with respect to trademarks); Article 10 (with respect to obligations after termination of the Agreement); Article 11 (with respect to confidentiality and covenants against competition); and Article 12 (with respect to transfers of interests in Franchisee).

The undersigned acknowledge and agree that: (a) this Guarantee does not grant the undersigned any right to use any of Franchisor's marks (including but not limited to the "Manchu WOK" marks) or the system licensed to Franchisee under the Agreement; (b) that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and (c) that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Article 14 of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within two years, and agreement not to engage in class or common actions). This Guarantee shall be interpreted and construed exclusively under the laws of the State of Arizona. In the event of any conflict of law, the laws of the State of Arizona shall prevail (without regard to, and without giving effect to, the application of Arizona conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

______________________	______________________	______________________
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed Name:__________	Printed Name:__________	Printed Name:__________
Date:__________	Date:__________	Date:__________
Home Address:	Home Address:	Home Address:
______________________	______________________	______________________
______________________	______________________	______________________

FAST & FRESH CHINESE CUISINE

EXHIBIT D

Manchu WOK

SUBLEASE AGREEMENT

S U B L E A S E

DATED THIS ______ DAY OF ______________, 201__ FOR A TERM COMMENCING THE ______ DAY OF ______________, 201__

BETWEEN:

MTY FRANCHISING USA, INC., a corporation incorporated under the laws of the State of Delaware (hereinafter referred to as the "**Lessee**" or "**Franchisor**"), whose principal offices are located at 9311 East Via de Ventura, Scottsdale, AZ 85258.

AND:

Franchisee Company or Franchisee a corporation incorporated under the laws of the State of ______________ (hereinafter referred to as the "Sublessee"), whose principal offices are located at ____

____

AND:

Guarantors

*both/an individual residing in the State of ________ (hereinafter (collectively) referred to as the "Guarantor"), whose principal residence(s) is/are located at ______________________________

____

PREAMBLE

WHEREAS by Lease dated the _____ day of ______, 201__, a copy of which has been reviewed by the Sublessee and is attached hereto as **Schedule "A"** (hereinafter referred to as the "**Lease**") ***LANDLORD NAME*** (hereinafter referred to as the "**Lessor**") leased to **MTY FRANCHISING USA, INC.**, (the Lessee or Franchisor) certain premises situated at address of restaurant (hereinafter referred to as the "**Premises**"), for a term of ___ (#) years, the whole as more fully set out and described in the said Lease;

and **WHEREAS MTY FRANCHISING USA, INC.** and the Sublessee have entered into a Franchise Agreement of even date for a term commencing the _____ day of __________________, 201__ (hereinafter referred to as the "**Franchise Agreement**"), a copy of which each party hereto acknowledges having received;

and WHEREAS the Lessee and Sublessee wish to execute this Sublease (the "**Sublease**"); in respect of the Premises;

NOW, THEREFORE, IN CONSIDERATION OF THE RENTS, COVENANTS AND AGREEMENTS HEREINAFTER SET FORTH AND THE SUM OF TEN DOLLARS

($10.00) PAID BY EACH OF THE PARTIES HERETO TO THE OTHER, THE RECEIPT AND SUFFICIENCY WHEREOF IS HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

SECTION I - SUBLEASE AND TERM

1.1 The Lessee hereby subleases the Premises to the Sublessee in accordance with and subject to the terms and conditions of this Sublease, for a term commencing on the _____ day of _______________, 201__, and terminating, without notice or demand, on the date of expiration of the Lease, less one (1) day. The Lessee excepts from the term of this Sublease the last day of the term of the Lease, each party acknowledging and agreeing this Sublease is, and is intended to be, a Sublease of the Premises and that this Sublease shall not operate as an assignment of the Lease to the Sublessee.

SECTION II - NET SUBLEASE

2.1 It is the express intent of the parties that this Sublease is to be an absolutely net Lease to the Lessee during the term hereof, free and clear of all payments, charges, taxes and obligations of any nature whatsoever with respect to the Premises, the contents thereof or the use or occupancy thereof, except as may be expressly set forth in this Sublease.

SECTION III - MINIMUM AND ADDITIONAL RENT

3.1 The Sublessee covenants to pay minimum or basic rent in accordance with the minimum or basic rent provisions of the Lease.

3.2 The Sublessee covenants to pay all other amounts required to be paid by the Lessee, whether to the Lessor or otherwise, pursuant to the Lease including, if applicable but without limitation, percentage rent, operating expenses, merchant association dues, advertising and promotion fund payments, public utility charges, business taxes in respect of the business carried on in the Premises or the improvements, equipment and facilities thereon, as well as the real estate taxes, rates, duties and assessments as may be levied, charged or assessed against or in respect of the Premises or the building in which they are situated, and any and all taxes, whether of the same nature or not, which may in the future be levied in addition to or in lieu of such taxes, whether any such taxes, rates, duties or assessments are charged by any federal, municipal, state, school or other governmental body; provided that all such amounts payable pursuant to the Lease shall be calculated and payable in accordance with the provisions of the Lease.

3.3 Notwithstanding the provisions of section 3.4 below, Sublessee shall pay to the Lessee a one-time fee equal to $__________ ("**Lease Administration Fee**") to compensate Lessee for entering into the sublease agreement.

3.4 All payments required to be made by the Sublessee hereunder shall, unless otherwise specified by the Lessee herein or otherwise by notice in writing to the Sublessee, be made by the Sublessee directly to the Lessor. Furthermore, all payments shall be made without the necessity of any demand therefor, without any deduction or abatement and regardless of any claim, set off or compensation which may be asserted by the Sublessee.

3.5 Except as otherwise expressly provided under this Sublease, all amounts required to be paid by the Sublessee hereunder shall be deemed to be rent and collectable by the Lessee as rent, with all rights and remedies as reserved to the Lessee as it has under this Sublease and at law in respect of rent in arrears.

3.6 The Lessee acknowledges receipt from the Sublessee of advance rent in the amount specified in the Schedule forming part of this Sublease, to be held without interest by the Lessee and applied on account of the rent payable for the first complete calendar month of the term hereof.

3.7 If required by the terms of the Lease, the Sublessee shall present to the Lessee at the beginning of each year of the term of this Sublease a series of twelve monthly post-dated checks to cover the payment of minimum or basic rent and all additional rent due and payable hereunder and under the Lease, for each year of the term of the Sublease. The Sublessee agrees to deliver the said post-dated checks to the Lessee not later than ten (10) days prior to the commencement of each year of the term of this Sublease, except with respect to the first year of the term, in which case the Sublessee shall deliver the required post-dated checks on the execution of this Sublease. The Lessee also reserves the right if required by the Lease, to require the Sublessee to make the payments of minimum or basic rent and all additional rent due and payable hereunder by automatic bank transfer on the terms of, and following the procedure provided for in Section 6.15 of the Franchise Agreement.

SECTION IV - SUBLESSEE COVENANTS

4.1 The Sublessee covenants and agrees with the Lessee:

4.1.1 to perform all of the obligations of the tenant/lessee under the Lease and to be bound by the terms of the Lease, as such obligations and/or terms may be qualified by another provision of this Sublease, and in each case as if named therein as tenant/lessee with each reference therein to the Landlord/lessor being deemed to include both the Lessor and Lessee and with each reference therein to the tenant/lessee being deemed to mean the Sublessee;

4.1.2 to maintain and keep in first class order, condition and repair the Premises and all equipment, fixtures, chattels and improvements herein or thereon, and upon notice in writing from the Lessee, to repair the Premises as the Lessee or Lessor may so require;

4.1.3 to use the Premises only as a ***MANCHU WOK RESTAURANT*** ("**Restaurant**") (as defined in the Franchise Agreement) and for no other purpose and, from the commencement of the term of this Sublease and thereafter, continuously operate the Restaurant at the times and in the manner required under the provisions of the Lease and the Franchise Agreement;

4.1.4 to take out and maintain at all times during the term hereof in the names of the Sublessee and the Lessee (as an additional insured) the insurance required to be maintained by the tenant/lessee under the Lease and by the Franchisee under the Franchise Agreement, including (notwithstanding the terms of the Lease) business interruption and /or loss of profit insurance in such amounts as Lessee must consent to in writing;

4.1.5 not to permit any work, renovation, or alteration to be carried out with respect to the Premises unless any such work, renovation or alteration is in accordance with the terms of the Lease, all applicable governmental by-laws and other legal requirements, moreover, no such work, renovation or alteration shall be commenced without the prior written consent of the Lessee and, if required, the Lessor. All such work shall be subject to inspection by and reasonable supervision of the Lessee (the Lessee's reasonable costs of which shall be paid by the Sublessee on demand) and shall be performed in accordance with any reasonable conditions or regulations imposed by the Lessee; and

4.1.6 at the expiration or sooner termination of the term hereof, to peaceably surrender and yield unto the Lessee the Premises with all appurtenances thereto in first class order, repair and condition and to surrender all keys for the Premises to the Lessee at the place then fixed for the payment of rent and to inform the Lessee of all combinations and all locks, safes and bolts, if any, in the Premises. The Sublessee's obligation to observe and perform the provisions of this subsection shall survive the expiration or sooner termination of this Sublease.

SECTION V - SECURITY DEPOSIT

5.1 The Lessee acknowledges receipt of a security deposit in the amount specified in the attached Schedule A, to be held by the Lessee without interest throughout the term hereof as security for the faithful performance by the Sublessee of all of the terms, covenants and conditions of this Sublease and for any lease adjustments made pursuant to this Sublease or the Head Lease subsequent to the end of the term. Provided that the Sublessee has maintained all its obligations under this Sublease, the aforesaid security deposit, or any balance then remaining shall be returned to the Sublessee within 30 days of the receipt of the final lease adjustments by the Lessee. If at any time, the security deposit or any part thereof is applied by the Lessee to remedy any default pursuant to this Sublease, or to repair or maintain the Premises or applied for any other purpose permitted under this Section 5.1 or elsewhere in this Sublease, then the Sublessee shall, upon written demand of the Lessee, forthwith remit to Lessee a sufficient amount to restore the security deposit to the original sum deposited.

SECTION VI - RECORDS AND STATUS STATEMENT

6.1 The Sublessee shall maintain and deliver to the Lessee all statements, reports, financial statements and any other records required to be delivered by: (i) the Franchisee to the Franchisor pursuant to the Franchise Agreement and, (ii) the tenant/Lessee to the Lessor pursuant to the Lease, and shall permit the Lessor and Lessee, their respective officers, agents or auditors to have the same access to the records of the Sublessee as granted to the Lessor by the Lessee in respect of the Lessee's records under the Lease.

6.2 Within ten (10) days after the Lessee requests it from the Sublessee (or such shorter period of time as may be required under the Lease for such statements and/or certificates), the

Sublessee will deliver to the Lessee, on a form supplied by the Lessee, a status statement or certificate to the Lessee and/or any proposed mortgagee, purchaser or other transferee of part or all of the Premises stating;

6.2.1 that this Sublease is in full force and effect, except only for any modifications that are set out in the statement of certificate;

6.2.2 the commencement and expiration dates of the Sublease;

6.2.3 the date to which rent has been paid under the Sublease and the amount of any prepaid rent or any deposits held by the Lessee or Lessor;

6.2.4 that there is not any uncured default on the part of the Sublessee, Lessee or Lessor or if there is a default, a certificate which states the particulars of such default; and that no event has occurred, nor does any condition exist, that with notice or the passage of time, or both, would constitute a default hereunder or under the Lease;

6.2.5 whether there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed by the Sublessee or Lessee under this Sublease;

6.2.6 with reasonable particularly, details concerning the Sublessee and any indemnitor's financial standing and corporate organization; and

6.2.7 any other information or statement that a proposed mortgagee, purchaser, or transferee may reasonably require.

SECTION VII - ASSIGNMENT OR SUBLET

7.1 Notwithstanding anything to the contrary, the Sublessee hereby agrees that it shall not assign or transfer its rights in this Sublease nor sublet the Premises or any part thereof, nor permit the use or occupation of all or any part of the Premises by any other, nor mortgage or encumber this Sublease, the Sublessee's interest herein, the Premises or any equipment, fixtures or furniture therein or thereon, without obtaining, in each instance, the previous written consent of the Lessor (if required under the Lease) as well as the Lessee, and such consent by the Lessee may, notwithstanding any statutory provision to the contrary, be arbitrarily or unreasonably withheld. Without in any way limiting the right of the Lessee to arbitrarily or unreasonably withhold its consent to any assignment or subletting, as aforesaid, the Sublessee acknowledges and agrees that the Lessee, in determining whether to grant its consent, shall be entitled (in addition to any other tests or requirements which the Lessee may consider, at law or otherwise) require the proposed sublessee or assignee to fully comply with all of the requirements and conditions set out in the Franchise Agreement. Notwithstanding any assignment or sublease, the Sublessee and the Guarantor shall remain jointly and severally liable with any assignee or subtenant for all obligation of the Sublessee under this Sublease and shall not be released from performing any of the terms, covenants and conditions of this Sublease or the Franchise Agreement. Further, any consent granted by the Lessee shall be conditional upon and subject to the Sublessee causing any such assignee, sublessee or other occupant of the Premises to enter into an agreement directly with the Lessee in writing whereby such assignee or sublessee or other occupant covenants and agrees (i) to assume and continue to perform and be bound by all of the terms, covenants and conditions contained in this Sublease and the obligations of the Lessee contained in the Lease; and (ii) to assume and continue to perform and be bound by all the terms and conditions contained in the Franchise Agreement. The Sublessee and the Guarantor and any such assignee, sublessee or other occupant shall jointly and severally indemnify the Lessee and save it harmless from any costs including legal and administrative charges incurred by the Lessee in connection with such assignment, sublease or other agreement and in providing consent thereto.

7.2 If the Sublessee is a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription from time to time, of all or any part of the legal or beneficial ownership of the corporate shares of the Sublessee or of an affiliate, or by any manner of corporate reorganization, which results in any change from the date hereof in the effective voting control of, or ownership of the economic interests in, the Sublessee shall be deemed to be an assignment hereunder.

SECTION VIII - LESSEE COVENANTS

8.1 Subject to the rights of the Lessor and the due performance by the Sublessee of its obligations under this Sublease and the Franchise Agreement, the Lessee covenants and agrees with the Sublessee as follows:

8.1.1 that the Sublessee shall peaceably and quietly hold and enjoy the Premises during the term hereof without hindrance or interruption by the Lessee, subject nevertheless to the terms and conditions of this Sublease and the Lease;

8.1.2 that if the Lessor shall fail to observe or perform any of the obligations on the part of the Lessor contained in the Lease, then the Lessee shall give such notice to the Lessor and take such reasonable action as may be necessary to enforce such obligations against the Lessor, provided that the Lessee shall not be obligated to give such notice or to take such action unless

(a) the same has been requested in writing by the Sublessee;

(b) the Sublessee agrees to reimburse the Lessee for all its costs and expenses in giving such notice or taking such action and, if required by the Lessee, pay to the Lessee in advance an amount equal to the Lessee's reasonable estimate of such costs and expenses; and

(c) such notice or action shall subject the Lease to risk or forfeiture or termination.

The Lessee's sole obligations under this Sublease are those expressly stated herein. The Lessee shall not be liable for any failure on the part of the Lessor to observe and perform the covenants and agreements contained on the part of the Lessor under the Lease nor shall the Lessee be required to perform any of the Lessor's obligations under the Lease.

SECTION IX - LOSS OR DAMAGE AND INDEMNIFICATION

9.1 The Lessee shall not, for any reason whatsoever, including, without limitation, if same results from the fault, nonfeasance, or negligence of the Lessor, the Lessee, or their respective agents, employees or other persons for whom it may be in law responsible, be responsible for damages suffered by the Sublessee or any other person by reason of the manner of operation of, defect in or want of repair of the Premises or the building in which they are contained or any part thereof. Without restricting the generality of the foregoing, there shall be no abatement or reduction of rent, or any other monies, due hereunder nor shall the Sublessee be entitled to damages or losses from the Lessee on account of partial or total failure or lessening of the supply of air-conditioning, electrical or any other service, nor on account of anything coming through or leaking from the roof, windows or otherwise whereby steam, water, snow, smoke or gas, may leak or flow into the Premises nor on account of any damage or annoyance occasioned by the condition or any damage or annoyance arising from any acts, omissions or negligence of co-tenants or other occupants of the building wherein the Premises are located, or the owners or occupants of adjacent properties, nor on account of the making of any repairs, alterations, improvements, additions or structural changes to the said building or any part thereof or any property adjacent thereto. Neither shall the Lessee be responsible for any damage to or loss of any property, nor injury to any person or interruption of the Lessee's business, which occurs in, on or about the Premises, howsoever occurring.

9.2 The Sublessee shall indemnify and save the Lessee fully harmless from and against any claim, suit, liability or demand, and from any and all loss, cost, damage or expense arising out of or in respect of any failure by the Sublessee to observe or perform any of the covenants or obligations of the Lessee under this Sublease or the Lease and for all loss, cost, damage, expense and liability caused to or suffered by the Lessee by reason of any act or omission of the Sublessee or any of its employees or agents. Furthermore, the Sublessee shall indemnify and save the Lessee fully harmless from all claims and demands of every kind and nature made by any person to or against the Lessee for all costs, damages or expenses incurred by or injury or damage to such person or his, her or their property, if such claims or demands arise out of, or relate in any manner to, the use and occupation of the Premises by the Sublessee or any such person or from anything occurring in or about the Premises or in connection with this Sublease and from all costs, attorney's fees, expenses and liabilities incurred in connection with any such claims or any action or proceeding brought in respect thereto.

SECTION X - DEFAULT

10.1 In the event:

10.1.1 the Sublessee fails to pay any amounts due hereunder on the day or dates appointed for the payment thereof and fails to remedy such default within five (5) days after Lessee delivers Notice of Default (or such shorter period of time, if any, provided under the Lease to cure such default);

10.1.2 the Sublessee fails to observe or perform any other of the covenants agreements, provisions or conditions of this Sublease to be observed or performed by the Sublessee, (other than the terms, covenants and conditions set out below in subparagraphs 10.1.3 to 10.1.11 inclusive, for which no notice shall be required or, except as expressly provided otherwise in this Section 10.1, opportunity to cure granted) the Sublessee fails to cure such default within ten (10) days notice thereof (or such shorter period of time, if any, provided under the Lease to cure such default);

10.1.3 the Sublessee commits an act of bankruptcy or becomes insolvent , seeks, consents to or acquiesces in the appointment of any trustee, receiver or liquidator of the Sublessee, or takes or attempts to take the benefit of any act now or hereafter in force for bankrupt or insolvent debtors or files any proposal or makes any assignment for the benefit of creditors or any proceeding for a composition with creditors under any federal or state law is instituted by or against the Sublessee or a petition shall be filed against the Sublessee and not be discharged or bona fide disputed within seven (7) days from the filing thereof. The Sublessee acknowledges and agrees that, to the maximum extent permitted by law, it waives any rights it may have for itself or a trustee in bankruptcy under any bankruptcy or landlord-tenant law or any other applicable legislation to elect to retain the unexpired term of the Sublease, in the event of any bankruptcy or insolvency by the Sublessee;

10.1.4 the Sublessee sells or disposes of the goods, merchandise and/or chattels of the Sublessee or removes them from the Premises other than in the ordinary course of business;

10.1.5 the Sublessee abandons the Premises or fails to continually operate its Manchu Wok Restaurant business in the Premises in accordance with the provisions of this Sublease and the Franchise Agreement;

10.1.6 the Sublease or any of the goods and chattels of Sublease shall be at any time seized or taken in execution or attachment by any creditor of the Sublessee;

10.1.7 a receiving order is made against the Sublessee, or a receiver is appointed by private instrument or by any court of competent jurisdiction for all or a portion of the Sublessee's property;

10.1.8 the Sublessee Subleases the Premises or any part thereof to a third party or assigns or transfers this Sublease to a third party or permits a third party the use or occupation of the Premises or grants any security or encumbrance on this Sublease, the Premises or any of its property located on the Premises other than in accordance with Section VII;

10.1.9 the Sublessee or any agent of the Sublessee falsifies any report required to be furnished to the Lessee pursuant to the terms of this Sublease or the Franchise Agreement, however, inadvertent or human error is excluded;

10.1.10 the Franchise Agreement is terminated or the Sublessee is in default or in breach of any provision contained in the Franchise Agreement and has not cured such default within the time period (if any) specified in the Franchise Agreement to cure such default or is in default or in breach of any other agreement entered into with the Lessee or with any affiliate of the Lessee;

10.1.11 the Sublessee, within any twelve-consecutive-month period, commits three or more defaults under this Sublease or the Lease, whether or not such defaults are cured; then, in every such case, at the option of the Lessee, the then current month's and the next ensuing three (3) months' basic or minimum rent hereunder and all additional rent then due and owing hereunder shall immediately become due and payable and the Lessee may, at its option, terminate this Sublease and the term hereof shall then be considered to have reached its conclusion, in which event the Lessee may re-enter the Premises and take possession thereof and upon such re-entry the Lessee may remove all persons or property from the Premises and such property so removed shall be stored in a public warehouse or elsewhere at the cost of and for the account of the Sublessee, all without service of notice or resort to legal process and without the Lessee being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

10.2 If the Lessee at any time terminates this Sublease for any breach, in addition to any of the remedies it may have, it may recover from the Sublessee all damages it incurs by reason of such breach, including the costs of recovering the Premises, attorney's fees and the worth at the time of such termination of the excess, if any, of the rent reserved in this Sublease for the remainder of the stated term hereof over the then reasonable rental value of the Premises for the remainder of the stated term hereof, all of which amounts shall be immediately due and payable by the Sublessee to the Lessee.

10.3 If the Lessee does not exercise its option to terminate this Sublease pursuant to Section 10.1 hereof, the Lessee may at its option, without additional notice to the Sublessee and without effecting the termination, as agent of the Sublessee, take possession of the Premises together with all property therein, and, sublet all or part of the Premises together with all or any of such improvements, fixtures and furnishings located therein on whatever terms the Lessee may deem appropriate. The Sublessee hereby grants the Lessee an irrevocable mandate and power (coupled with an interest) to effect the foregoing (and to undertake all such acts, and make, execute, and deliver all such instruments, documents, and agreements, as it deems appropriate or advisable to consummate such taking of possession and subletting of the Premises), and in addition thereto, to make such alterations or repairs as are necessary in order to sublet the Premises. In such case, the Sublessee shall continue to be liable for the performance of all its obligations under this Sublease, including the payment of rent and all other amounts payable hereunder. The Lessee shall be entitled to enforce all of the obligations of the Sublessee against any such subtenant, to collect and receive all rent and other amounts payable by such subtenant and apply them against all indebtedness of the Sublessee to the Lessee from time to time existing. All deficiencies shall be payable by the Sublessee to the Lessee as and when and from time to time demanded. If the Lessee sublets without terminating as hereinabove provided, it may at any time thereafter elect to terminate this Sublease for any previous default of the Sublessee.

10.4 Without in any way creating an obligation on the Lessee, if the Sublessee shall fail to make any payments required to be made pursuant to the provisions of this Sublease or the Lease, as the case may be, then the Lessee, may, at its option, make all such payments on behalf of the Sublessee who shall forthwith reimburse the Lessee for all costs and expenses so incurred upon demand. If the Sublessee shall fail to observe or perform any of its other obligations under this Sublease, the Lessee may attempt to remedy such default and may enter the Premises for such purpose without thereby terminating this Sublease and the Sublessee shall reimburse the Lessee for its costs and expenses in so doing (plus an administration fee equal to fifteen percent (15%) of such costs and expenses). The Lessee shall not be liable for anything done or omitted to be done by the Lessee in attempting to remedy such default.

10.5 All arrears of rent and other amounts to be paid by the Sublessee to the Lessee shall bear interest from the date due at the rate per annum equal to the lesser of (i) 18% or (ii) the greatest legal rate.

10.6 If the Sublessee shall fail to perform any of its obligations herein, the Lessor shall have, without limiting the foregoing, all of the rights, remedies, privileges, protections and indemnities against the Sublessee which the Lessor has under the Lease for a breach of the obligations of the tenant/lessee thereunder.

10.7 Mention in this Sublease of any particular remedy or remedies of the Lessee in respect of any default by the Sublessee does not preclude the Lessee from exercising any other remedy in respect thereof, whether pursuant to this Sublease, the Lease or pursuant to law. No remedy shall be exclusive or dependent upon any other remedy, but the Lessee may, from time to time, exercise any one or more remedies independently or in combination, such remedies being cumulative and not alternative.

SECTION XI – LESSOR CONSENT

11.1 If required pursuant to the provisions of the Lease, the parties acknowledge that, this Sublease is subject to the Lessee obtaining the written consent of the Lessor to this Sublease. In the event that the said consent is not obtained, this Sublease shall be null and void and have no further effect, without any recourse one party against the other.

SECTION XII - TERMINATION OF LEASE

12.1 The Sublessee acknowledges and agrees that it has no greater interest in the Premises than the Lessee under the Lease and that, if the Lease is terminated for any reason whatsoever, this Sublease shall thereupon terminate forthwith.

12.2 The Sublessee acknowledges and agrees that it waives for itself and any trustee in bankruptcy, any rights it may have under any applicable state or federal landlord and tenant act, bankruptcy act, or any other applicable legislation, to elect to retain the unexpired term of the Sublease or to obtain any right to enter into any Lease or other agreement directly with the Lessor, if in the event of any bankruptcy or insolvency by the Sublessee, the Lessor terminates the Lease.

SECTION XIII – intentionally deleted

SECTION XIV - GENERAL PROVISIONS

14.1 The Sublessee agrees that it will not register or record this Sublease. Any registration or recording of this Sublease is void ab initio. Breach of this provision shall entitle the Lessee, at its option, to immediately terminate the Sublease.

14.2 Save and except as may be otherwise provided in this Sublease, all of the covenants, terms, agreements and conditions contained in the Lease are hereby incorporated mutatis mutandis into this Sublease as if the Lessee were the Landlord/lessor in the Lease and the Sublessee were the tenant/lessee in the Lease. If any term or condition of this Sublease is inconsistent with or at variance with any term or condition of the Lease, then the term or condition of this Sublease shall prevail.

14.3 The exercise by the Lessor of any of its rights contained in the Lease shall, upon written notice by the Lessor to the Sublessee of such exercise, be binding upon the Sublessee. The Lessee may also exercise its rights under this Sublease and at law notwithstanding the exercise by the Lessor of any of its rights contained in the Lease.

14.4 This Sublease, the Franchise Agreement and any agreements contemplated or referred to herein or thereby, including any schedules annexed, constitute the entire agreement between the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

14.5 The parties acknowledge and agree that:

14.5.1 the preamble hereof forms an integral part of this Sublease;

14.5.2 no amendment or other modification to this Sublease shall be valid or binding upon the parties unless the same is in writing and signed by the party as to whom enforcement of such amendment or modification is sought and such writing specifically refers to this Sublease;

14.5.3 the failure of the Lessee to insist upon the strict performance of any of the terms, covenants and conditions hereof shall not be deemed a waiver of any of the rights or be deemed a waiver of subsequent breach or default of any of such terms, covenants or conditions. The subsequent acceptance of rent or other payments hereunder by the Lessee shall not be deemed to be a waiver of any preceding breach by the Sublessee of any term, covenant or condition of this Sublease, regardless of the Lessee's knowledge of such preceding breach at the time of the acceptance of such rent or other monetary payment;

14.5.4 all notices, requests, demands, consents and other communications required or permitted under this Sublease must be in writing (including telex and telegraphic communication) and must be (as elected by the person giving such notice) hand delivered by messenger or courier service, telecommunicated, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to the appropriate party or parties at their respective addresses set forth above (and, if to the Franchisor, must be addressed to its President and C.E.O.) or to such other address as each such party may designate by notice complying with the terms of this Section; each such notice is deemed delivered:

a. on the date delivered if by personal delivery;

b. on the date of transmission, with confirmed answer back if by telefax or other telegraphic method; or

c. on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities or courier service as not deliverable, as the case may be, if mailed or couriered.

14.5.5 if there shall be any inconsistencies or conflicts between the terms of this Sublease and any of the provisions contained in the Franchise Agreement, the parties hereto acknowledge, agree and confirm that the provisions of the Franchise Agreement shall be read in priority to and shall supercede any of the provisions contained in this Sublease;

14.5.6 time shall be of the essence of this Sublease and every part hereof;

14.5.7 whenever a personal pronoun is used herein, it is understood that such usage shall include both singular and plural, masculine, feminine and neuter, and refer in appropriate cases to corporations or other legal entities as well as individuals;

14.5.8 the captions contained herein are for reference only and in no way affect this Sublease;

14.5.9 each obligation of any party hereof, even though not expressed as a covenant, is considered for all purposes to be a covenant;

14.5.10 if any covenant, obligation or agreement or part thereof or the application thereof to any person or circumstances shall be found to be invalid or unenforceable then such covenant, obligation or agreement or part thereof shall be deemed to be severable and shall not affect the validity or enforceability of any other provisions or covenant hereof;

14.5.11 each party shall from time to time hereafter and upon any reasonable request of the other party, execute, make or cause to be made, all such further acts, deeds, assurances, certificates and things as may be required to more effectively implement the true intent of this Sublease;

14.5.12 all rights and liabilities herein given to or imposed upon the respective parties hereto shall extend to and bind the several respective permitted heirs, executors, administrators, successors and assigns of the said parties. No rights, however, shall enure to the benefit of any assignee or subtenant of the Sublessee unless such assignment or subletting has been approved by the Lessee in writing pursuant to the provisions of this Sublease; and

SECTION XV - JOINDER

All the Sublessee's legal and beneficial owners must enter the Joinder agreement set forth below. By doing so, each of such owners agrees that he or she is bound by all the terms of this Sublease as if he or she were the Sublessee thereunder and agrees that he or she is jointly and severally liable with the other owners and the Sublessee for all the Sublessee's obligations under this Sublease.

[signature page follows]

IN WITNESS WHEREOF each of the parties have signed and sealed this Sublease effective as of the day hereinabove indicated.

Date Signed:______________201_

MTY FRANCHISING USA, INC.
("Lessee")

per:______________________________

____
WITNESS

____
WITNESS

Date Signed:__________________201 _

____
(**"Sublessee"**)

per______________________________

per______________________________

Date Signed:__________________201 _

____
Name (Guarantor)

____
Name (Guarantor)

JOINDER

The parties signing below constitute all the Sublessee's beneficial and legal owners. Each of such parties agrees that he or she is jointly and severally liable with the each other and the Sublessee for all the Sublessee's obligations under this Sublease and is bound by all the terms thereof as if he or she were the Sublessee thereunder.

____
Print Name:

Ownership Percentage:_______________%

____
Print Name:

Ownership Percentage:_______________%

____
Print Name:

Ownership Percentage:_______________%

____
Print Name:

Ownership Percentage:_______________%

SCHEDULE "A"

1.	Amount pursuant to Section 3.6 (first month's rent)	$________________
2.	Amount pursuant to Section 5.1 (security deposit)	$________________

GUARANTEE

In consideration of MTY Franchising USA, Inc. ("**Lessor**") entering into the attached Sublease with ________________ (name of Sublessee) ("**Sublessee**") and in consideration of the sum of ten dollars ($10.00) paid to each of the undersigned, the receipt and sufficiency of which is hereby by each of the undersigned acknowledged, (each of)_____ (and) _____ undersigned, as Guarantor(s) of the provisions of the attached Sublease:

(a.) does hereby jointly and severally, irrevocably and unconditionally guarantee payment, observance and performance to the Lessee of all present and future obligations of any nature at any time owing by the Sublessee to the Lessee under the Sublease, whether direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred, and whether the Sublessee is bound alone or with others and whether as principal or as surety (such obligations being herein after called the "**Obligations**"). This guarantee is a continuing guarantee of all of the Obligations and is a guaranty of payment, not collection. The Lessee shall not be bound to exercise or exhaust its recourse against the Sublessee or any other person, or against any other guaranties or any security it may at any time hold, before being entitled to full payment, observance and performance from the Guarantors of the Obligations. The Guarantors' liability to make payment, observance and performance of the Obligations under this guarantee shall arise upon the Lessee making demand in writing of any Guarantor, and such demand shall be deemed to have been effectively made when an envelope containing such demand addressed to a Guarantor at his address last known to the Franchisor is posted, postage prepaid or delivered by prepaid courier otherwise delivered to the Guarantor.

(b.) Without in any way lessening the liability of the under this guarantee, and without obtaining the consent of or giving notice to the Guarantor, the Lessee may discontinue, reduce, increase or otherwise vary the credit of the Sublessee, may grant renewals, extensions, indulgences and releases to, and may accept compromises from or otherwise deal with the Sublessee and others in such manner as the Lessee may see fit, and the Lessee may apply all monies received from the Sublessee or others or from securities or guaranties toward such part of the Obligations as the Lessee may see fit. The Obligations of the Guarantor under this guarantee shall not be released, discharged or in any way be affected by any change, alteration or modification of this or any other agreement, or by the bankruptcy or insolvency of the Sublessee or of any Guarantor, or by any other loss of capacity of the Sublessee or any other Guarantor, or by any other act or proceeding in relation to the Sublessee or this or any other agreement, or by any other thing whereby the Guarantor might otherwise be released.

(c.) Until payment, observance and performance in full of the Obligations, the Guarantor shall not claim any set-off or counterclaim against the Sublessee in respect of any liability of the Sublessee to the Guarantor, nor claim or prove in any bankruptcy or insolvency of the Sublessee in competition with the Lessee, nor have any right to be subrogated to the Lessee. All present and future debts and liabilities of the Sublessee to the Guarantor are hereby postponed to the Obligations, and all monies received by any Guarantor in respect thereof shall be received in trust for the Lessee and shall be paid over to the Lessee upon demand, the whole without in any way lessening or limiting the liability of the Guarantor under this guarantee. This postponement is independent of the guarantee herein and shall remain in full force and effect until payment, observance and performance in full to the Franchisor of all of the Obligations is made, notwithstanding that the liability of the Guarantor under this guarantee may have been terminated.

(d.) The Lessee is not bound by any representations, warranties, promises or other inducements made by the Sublessee to the Guarantor or any of them and execution of this agreement by the Guarantor shall be conclusive evidence against the Guarantor that this agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been met. This guarantee shall not be discharged or affected by the death, disability, insolvency, or bankruptcy of any Guarantor.

The undersigned Guarantor(s) acknowledge that they have received, have had an ample time to read and have read this Agreement and fully understand its provisions. The undersigned Guarantor(s) further acknowledge that they have had an adequate opportunity to be advised by advisors of their own choosing (including without limitation their own lawyers, accountants, and bankers) regarding all pertinent aspects of the Sublease and the relationship created by the Sublease and that they have done so with the full understanding and knowledge of all of the terms of the Sublease.

In witness whereof the Guarantors have signed this ___day of____, 201__

______________________________	______________________________
(witness)	type name **(Guarantor)**
______________________________	______________________________
(witness)	type name **(Guarantor)**

EXHIBIT E

Manchu WOK

Table of Contents of Operating Manual

EXHIBIT F

Manchu WOK

List of Current Franchisees of
The Franchisor, MTY Franchising USA, Inc.
As of November 30, 2015

CURRENT STORE LIST IN USA - MANCHU WOK

(As of November 30, 2015)

Store No.	Location Code	Address	Franchise Owner	Location Phone
		ALABAMA		
2021	WOK094	2009 Riverchase # D Birmingham, ALABAMA 35244	Chheu Lim Phou	205-985-3145
2022	WOK095	900 Commons Drive Suite 405 # 27 Dothan, ALABAMA 36303	Chen Chong Lee (John Lee)	334-793-0320
		FLORIDA		
2247	WOK127	2nd Level, Concourse D, Miami International Airport, North Terminal, # D10A Miami , FLORIDA 33123	Global Miami Joint Venture Dale Robinson, VP/Director	305-876-0630
2286	WOK160	MacDill AFB 3108 N. Boundary Road, Bldg. 926 FLORIDA 33608	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
2294	WOK168	4200 NW 21 Street, Concourse D - 2 level # B104 Miami FLORIDA 33122	Global Miami Joint Venture Dale Robinson, VP/Director	305-876-0630
2307	WOK178	Airside 3 9702 Jeff Fuqua Blvd. Orlando, FLORIDA 32827	Tony Sirica Pancho's Spanish Bakery & Deli, LLC	407-825-4125
		GEORGIA		
2278	WOK152	Fort Benning PX Food Court, 9220 Marne Road GEORGIA 31905	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
		HAWAII		
2276	WOK150	Schofield Barrack Bldg. 694, Cadet Sheridan & McCormack Rd HAWAII 96857	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	

Store No.	Location Code	Address	Franchise Owner	Location Phone
		ILLINOIS		
2097	WOK102	3333 West Touhy Avenue Lincolnwood, ILLINOIS 60712	Hsiu Ling Liu	847-677-4967
2099	WOK103	3340 Mall Loop Drive # FC5 Joliet, ILLINOIS 60431	Houv Pheng	815-436-5217
2258	WOK136	Fast Lane Food Court # T6 Chicago, ILLINOIS 60666	Monte and Taro Kushida O'Hare Venture Limited Partnership	773-686-2713
2259	WOK137	Rotunda Building, c/o Main Street Food Court # R3 Chicago, ILLINOIS 60666	Monte and Taro Kushida O'Hare Venture Limited Partnership	773-686-2714
2260	WOK138	H/K Terminal Food Court, Bldg. 6, O'Hare Field Chicago, ILLINOIS 60666	Monte and Taro Kushida O'Hare Venture Limited Partnership	773-686-2715
		KANSAS		
2289	WOK163	Ft. Riley Ft. Riley Food Court 2, Bldg. 2210 Trooper Drive KANSAS 66442	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
		KENTUCKY		
2256	WOK134	Fort Campbell Bldg. #2840, Bastogna/Pennsylvania Avenue KENTUCKY 42223	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
		MARYLAND		
2277	WOK151	Concourse D, Space D14, P.O. Box 8753 Baltimore, MARYLAND 21240	Tyler Pitman HMS Host International	410-684-3913
		MINNESOTA		
2023	WOK096	210 Apache Mall Rochester, MINNESOTA 55902	Corporate Store	
		MISSISSIPPI		
2295	WOK169	Keesler AFB Keesler Food Court, 506 Larcher Blvd., Bldg. 2306 MISSISSIPPI 39534	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492	

Store No.	Location Code	Address	Franchise Owner	Location Phone
			Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
		MISSOURI		
2267	WOK143	Ft. Leonard Wood Replacement Avenue Bldg. 487 MISSOURI 65473	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
		NEVADA		
2262	WOK139	5691 Rickenbacker Rd, Bldg 431 Nelllis, NEVADA 89191	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
2274	WOK148	Monte Carlo Casino 3370 S. Las Vegas Boulevard Las Vegas, NEVADA 89109	Ted Buban Food Court of Nevada Contact Phone No. 702-733-7220	702-262-1988
		NEW JERSEY		
2306	WOK177	Terminal A Food Court # A6C Newark, NEW JERSEY 07114	The Grove, Inc. Michelle Dukler, President Contact Phone No. 708-409-3214	973-504-8400
		NEW YORK		
2280	WOK154	Ft. Drum Bldg. P 10730A, Memorial Drive NEW YORK 13602	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	

Store No.	Location Code	Address	Franchise Owner	Location Phone
NORTH CAROLINA				
2284	WOK158	Ft. Bragg Bldg.4 Mini Mall Food Court NORTH CAROLINA 28307	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
2287	WOK161	Ft. Bragg 1017 Canopy Lane, Bldg. 23252 NORTH CAROLINA 28390	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
OHIO				
2234	WOK123	46402 Middleridge Road Amherst, OHIO 44001	Robin Titchenell HMS Host or HMS Host International	440-985-5500
TEXAS				
2041	WOK097	3852 Irving Mall # VC-17 Irving, TEXAS 75062	Peh Kiang Chia	972-570-5681
2052	WOK098	1500 Harvey Road # 4032 College Station, TEXAS 77840	Li Zhang & Xufan Chen	979-693-5994
2157	WOK112	Terminal C Gate 22 DFW Airport, TX, U.S.A. Dallas, TEXAS 75261	Corporate Store	
2250	WOK130	Fort Bliss Building 1611 Marshall Road TEXAS 79916	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
2288	WOK162	Lackland AFB 2180 Reese Street Bldg. 1385 TEXAS 78236	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
2308	WOK179	Love Field Airport Terminal Bldg Space P13-C2186 8008 Cedar Springs Road,	The Grove, Inc. Michelle Dukler, President Contact Phone No. 708-409-3214	214-358-8692

Store No.	Location Code	Address	Franchise Owner	Location Phone
		# P13-C2186 Dallas TEXAS 75235		
		UTAH		
2300	WOK173	776 North Terminal Drive Space IB-2, Terminal Unit One, # 250 Salt Lake City UTAH 84122	Wassim Hojeij Hojeij Branded Foods Contact Phone No. 770-953-3300	801-322-6309
		VIRGINIA		
2084	WOK100	4238 Wilson Blvd. # C122 Arlington, VIRGINIA 22203	Scott J. Lang	703-522-0854
2285	WOK159	EXCHANGE Main Food Court #2 1605 Shop Road Ft. Lee VIRGINIA 23801	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
		WASHINGTON		
2246	WOK126	Building 5280 41st Division Drive Fort Lewis WASHINGTON 98433	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	
2249	WOK129	Space CA-4A, Concourse - A Seattle WASHINGTON 98168	Sandy Sun, Nancy Lin Sin Sun's Inc. Contact Phone No. 206-484-5888	206-248-2800
2255	WOK133	Bldg. #504 - A Street McChord AFB WASHINGTON 98438	EXCHANGE Ron J. Tremontozzi, Asst Director of Rest. Development Contact Phone No. 214-312-3452 or Pamella Hutto, Rest. Program Mgr. Contact Phone No. 214-312-6492 Karen Brown, Contracting Officer Contact Phone No. 214-312-3470	

EXHIBIT G

Manchu WOK

Former Franchisees of the Franchisor

The names and last known addresses and telephone numbers of franchisees of the Franchisor, MTY Franchising USA, Inc., who have left the Manchu WOK® franchise system during the fiscal year ended November 30, 2015 or have not communicated with the Franchisor within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Store No.	Address	Location Phone
2251	650 Skymaster Drive P.O. BOX 1505, Bldg.6 Fairfield, CALIFORNIA 94535	(707) 437-4490
2291	Fort Wainwright 3703B Oak Street ALASKA 99703	(907) 356-1973
2265	Tinker AFB Army & Air Force Exchange Service 3360 N. Avenue Bldg. 685 OKLAHOMA 73145	(405) 610-1001
2270	Fort Jackson EXCHANGE Main Street Food Court 4110 Moseby Street SOUTH CAROLINA 29207	(803) 790-1645
2302	1 Hudson Place Hoboken, NEW JERSEY 07030	(201) 216-9996
2129	1073 Spring Hill Mall # 15 West Dundee, ILLINOIS 60118	(847) 426-8479
2269	Fort Hood Main Food Court Bldg. 50004 Clear Creek Road TEXAS 76544	(254) 532-7293
2257	Sodexho OPS 2, 2657G Old Annapolis Rd Hanover, MARYLAND 21076	(301) 688-8858
2298	Fort Carson Building 1534 1804 Prussman Blvd. COLORADO 80913	(719) 226-1269
2271	5800 Westover Avenue Anchorage, ALASKA 99506	(907) 382-2294
2282	McGuire AFB Bldg. 3452 Broidy Avenue NEW JERSEY 08641	(609) 723-6100 x174

COMPANY STORES

Store No.	Address	Location Phone
2116	6170 W. Grand Avenue # 237 Gurnee, ILLINOIS 60031	(847) 855-9244

EXHIBIT H

Manchu WOK

State-Specific Disclosures
and
State-Specific Agreement Amendments

California Disclosure
Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for MTY Franchising USA, Inc. in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. Our website, www.manchuwok.com, has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of the website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

2. Item 3, "Litigation," shall be amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

3. Item 5, "Initial Fees" shall be amended by the addition of the following:

"Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business."

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph(s) at the conclusion of the Item:

The following notice is required to be inserted in this disclosure document by the state of California whenever an applicable provision is included in a Franchise Agreement.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

California Corporations Code § 31125, requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, before soliciting a proposed material modification of an existing franchise.

The Franchise Agreement requires the application of the laws of the State of New York. This provision may not be enforceable under California law.

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

6. Section 3.1 of the Franchise Agreement, "Initial Franchise Fee" shall be amended by the addition of the following:

"Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

Illinois Disclosure

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 and, more generally, Illinois law, the Disclosure Document for MTY Franchising USA, Inc. for use in the State of Illinois shall be amended as follows:

1. The "Summary" section of Item 17 (v), entitled Choice of Forum, is amended by adding the following language:

> However, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois.

2. The "Summary" section of Item 17 (w), entitled Choice of Law, is amended by adding the following language:

> However, except for federal law, Illinois law applies if the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act, and, more generally, Illinois law, are met independently, without reference to this addendum.

Illinois Amendment to the Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, and, more generally, Illinois law, the parties to the attached MTY Franchising USA, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2 of the Agreement, under the heading "Renewal," shall be supplemented by the addition of the following new paragraph, which shall be considered an integral part of the Agreement:

> If any of the provisions of this Section 2.2 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act shall apply. If Franchisor refuses to renew this Agreement, Franchisor shall compensate Franchisee if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

2. Article 10 of the Agreement, under the heading "Default and Termination of Franchise," shall be supplemented by the addition of the following new paragraph 10.13, which shall be considered an integral part of the Agreement:

> 10.13 If any of the provisions of this Article 10 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law shall apply.

3. Sections 14.1(c) and 14.1(d) of the Agreement are deleted.

4. Section 14.4 of the Agreement, under the heading "Dispute Resolution," shall be deleted in its entirety, and shall have no force or effect; and the following new paragraph shall be substituted in lieu thereof:

> 14.4 Reduced Time Within Which to Commence Actions
>
> ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISOR AND FRANCHISEE, OR FRANCHISEE'S OPERATION OF THE RESTAURANT, BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER SHALL BE COMMENCED WITHIN THREE (3) YEARS FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE FOREVER BARRED.

5. Article 14 of the Agreement, under the heading "Dispute Resolution," shall be supplemented by the addition of the following new Section 14.5, which shall be considered an integral part of the Agreement:

> 14.5 Nothing contained in this Article 14 shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

6. The Agreement shall be amended by the addition of the following language:

Nothing contained in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement dated the _____ day of __________________, 20__, and of the Franchise Disclosure Document.

MTY FRANCHISING USA, INC.:

By: ____________________________________

Name: ____________________________________

Title: ____________________________________

Date: ____________________________________

FRANCHISEE:

By: ____________________________________

Date: ____________________________________

GUARANTOR:

By: ____________________________________

Date: ____________________________________

Maryland Addendum to Franchise Disclosure Document and Franchise Agreement

The Franchise Agreement and Compliance Certification are amended to specifically state "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

ITEM 5 of the Franchise Disclosure Document, and the appropriate sections of the Franchise Agreement are amended to state "All initial fees and payments shall be deferred until such time as the Franchisor completes its pre-opening obligations under the Franchise Agreement."

ITEM 17 of the Franchise Disclosure Document, and the appropriate sections of the Franchise Agreement are amended to provide that the general release required, as a condition of renewal, sale and/or assignment transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document and Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

ITEM 17 of the Franchise Disclosure Document and Franchise Agreement are amended to state that any limitation of claims provision will not act to reduce the amount of time afforded a franchise for bringing claims under the Maryland Franchise Registration and Disclosure Law.

[SIGNATURE PAGE FOLLOWS]

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement dated the _____ day of ___________________, 20__, and of the Franchise Disclosure Document.

MTY FRANCHISING USA, INC.:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Date: ______________________________

GUARANTOR:

By: ______________________________

Date: ______________________________

Michigan Disclosure

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

1. A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

2. A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

3. A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

4. A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

5. A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

6. A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

7. A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

   A. THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

   B. THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

   C. THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

   D. THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

8. A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

9. A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Disclosure Document for MTY Franchising USA, Inc. for use in the State of Minnesota shall be amended to include the following:

1. Item 13, "Trademarks," shall be amended by the addition of the following paragraph at the end of the Item:

> Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights which you have to use our proprietary marks.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

> With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.
>
> Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.
>
> Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

Minnesota Amendment to the Franchise Agreement

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached MTY Franchising USA, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2 (g) of the Agreement, under the heading "Renewal," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in lieu thereof:

> 2.2 (g) Franchisee (and all of its owners, including the Guarantor) shall each have executed a general release, in form and substance satisfactory to Franchisor, of any and all claims, demands, actions and causes of action that they may have or have had against Franchisor, its Affiliates or any of their respective officers, directors, shareholders, employees, agents or legal counsel, in their corporate or individual capacities, arising in connection with the execution or performance of the Agreement or any Contract; excluding only such claims as Franchisee may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 2.2 of the Agreement, under the heading "Renewal," shall be supplemented by the addition of the following new paragraph:

> Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days' notice of non-renewal of the Franchise Agreement.

3. Section 9.1 of the Agreement, under the heading "Marks," shall be amended by the addition of the following new paragraph:

> Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), Franchisor is required to protect any rights Franchisee may have to Franchisor Proprietary Marks.

4. Section 12.2 (c) of the Agreement, under the heading "Assignment or Transfer by Franchisee," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in lieu thereof:

> 12.2 (c) the Franchisee (and all of its owners, including Guarantor) shall have delivered to the Franchisor a complete release of its/their claims against the Franchisor, its Affiliates and their respective directors and officers, in form and substance satisfactory to the Franchisor; excluding only such claims as the Franchisee may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce;

5. Article 12 of the Agreement, under the heading "Assignment and Transfer," shall be supplemented by the addition of the following new paragraph 12.10:

12.10 Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

6. Article 10 of the Agreement, under the heading "Default and Termination of Franchise," shall be supplemented by the following new paragraph 10.13:

> 10.13 Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

7. Sections 14.1(f.) and (g.) of the Agreement, under the heading "Dispute Resolution," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in lieu thereof:

> (f.) Nothing contained in this Agreement may bar or delay Franchisor's right to seek injunctive relief against threatened or actual conduct that may cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Franchisor need not prove actual or irreparable damages. No bond or other security is required to be posted (or if required, the sum of one thousand dollars [$1000.00] is deemed sufficient). Nothing contained in this Agreement may be construed to limit or to preclude Franchisor from joining with any action for injunctive or provisional relief any monetary claims that Franchisor may have against the Franchisee or the Guarantor that arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief.
>
> (g.) Without limiting the generality of Section 14.1(f) above, the Franchisee and the Guarantor agree that the Franchisor may seek injunctive relief in addition to such other relief as may be available to it at equity or at law for any dispute involving the proprietary marks, termination of this Agreement, or enforcement of the confidentiality provisions set forth in this Agreement, and any dispute involving enforcement of the covenants set out in Section 12 of this Agreement. The Franchisees' (and Guarantors') only remedy if an injunction is entered against any or all of them will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

8. Article 14 of the Agreement, under the heading "Dispute Resolution", shall be amended by the addition of the following paragraph 14.5, which shall be considered an integral part of the Agreement:

> 14.5 Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of the Franchisee's or Guarantor's rights as provided for in Minnesota Statutes, Chapter

80C, or any rights to jury trial, any procedure, forum, or remedies provided as may be for by the laws of the jurisdiction.

9. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement dated the _____ day of __________________, 20__, and of the Franchise Disclosure Document.

MTY FRANCHISING USA, INC.:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Date: ______________________________

GUARANTOR:

By: ______________________________

Date: ______________________________

New York Disclosure

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN **EXHIBIT A** OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for MTY Franchising USA, Inc. for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," the following Item 3 shall be added:

Neither the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations including pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Accordingly, no litigation is required to be disclosed in this disclosure document.

2. Item 4, "Bankruptcy," shall be deleted in its entirety, and the following Item 4 shall be substituted in lieu thereof:

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5, "Initial Fees," the following Item 5 shall be added:

Proceeds from the Initial Franchise Fee will be used to cover our expenses associated with things such as:

(1) Providing you with initial training;

(2) Protection and enforcement of all trademarks, trade names and commercial symbols associated with our System:

(3) Legal and accounting fees and compliance with state and federal laws;

(4) Administrative expenses; and

(5) Provision of an operations manual.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting "d" "j" "w" and the following new "d." "j." "w" shall be substituted in lieu thereof:

	Provision	Selection in Franchise Agreement	Summary
d.	Termination by you	None	The franchisee may terminate the agreement on any grounds available by law.
j.	Assignment of contract by us	12.1	However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the Franchisor's obligations under the franchise agreement.
w.	Choice of law	14.1	The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or upon the franchisee under article 33 of the General Business law of the state of New York.

New York Amendment to the Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached MTY Franchising USA, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2 (g) of the Agreement, under the heading "Renewal," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 2.2 (g) the Franchisee (and all of its owners, including Guarantor) shall each have executed a general release, in form and substance satisfactory to Franchisor, of any and all claims, demands, actions and causes of action that they may have or have had against Franchisor, its Affiliates or any of their respective officers, directors, shareholders, employees, agents or legal counsel, in their corporate or individual capacities, arising in connection with the execution or performance of the Agreement or any Contract; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied; and

2. Section 12.2(c) of the Agreement, under the heading "Assignment or Transfer by Franchisee," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 12.2(c) the Franchisee (and all of its owners, including Guarantor) shall have delivered to the Franchisor a complete release of its/their claims against the Franchisor, its Affiliates and their respective directors and officers, in form and substance satisfactory to the Franchisor; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

3. Sections 14.1(f) and (g) of the Agreement, under the heading "Dispute Resolution," shall be deleted in their entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> (f.) Nothing contained in this Agreement may bar or delay Franchisor's right to seek injunctive relief against threatened or actual conduct that may cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Franchisor need not prove actual or irreparable damages. No bond or other security is required to be posted (or if required, the sum of one thousand dollars [$1000.00] is deemed sufficient). Nothing contained in this Agreement may be construed to limit or to preclude Franchisor from joining with any action for injunctive or

provisional relief any monetary claims that Franchisor may have against the Franchisee or the Guarantor that arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief.

(g.) Without limiting the generality of Section 14.1(f)) above, the Franchisee and the Guarantor agree that the Franchisor may seek injunctive relief in addition to such other relief as may be available to it at equity or at law for any dispute involving the proprietary marks, termination of this Agreement, or enforcement of the confidentiality provisions set forth in this Agreement, and any dispute involving enforcement of the covenants set out in Section 12 of this Agreement. The Franchisees' (and Guarantors') only remedy if an injunction is entered against any or all of them will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

4. Article 14 of the Agreement, under the heading "Dispute Resolution," shall be supplemented by the addition of Section 14.5:

14.5 Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

5. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[signature page follows]

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement dated the _____ day of ___________________, 20__, and of the Franchise Disclosure Document.

MTY FRANCHISING USA, INC.:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Date: ______________________________

GUARANTOR:

By: ______________________________

Date: ______________________________

North Dakota Amendment to the FDD and Franchise Agreement

ITEM 5 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement are amended by the addition of the following language to the original language:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement contains a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of trial by jury, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

Virginia Disclosure

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for MTY Franchising USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. Item 17. The following statement is added to Item 17.h. of the table:

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Washington Disclosure

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for MTY Franchising USA, Inc. in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

> The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
>
> A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting "d" and the following new "d." shall be substituted in lieu thereof:

	Provision	Selection in Franchise Agreement	Summary
d.	Termination by you	None	Pursuant to Washington State Law, the franchisee may terminate the Agreement upon any grounds available by law.

3. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the disclosure document.

Washington Amendment to the Franchise Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached MTY Franchising USA, Inc. Franchise Agreement agree as follows:

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

ITEM 5 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement are amended by the addition of the following language to the original language:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

[signature page follows]

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement dated the _____ day of __________________, 20__, and of the Franchise Disclosure Document.

MTY FRANCHISING USA, INC.:

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

FRANCHISEE:

By: ________________________________

Date: ________________________________

GUARANTOR:

By: ________________________________

Date: ________________________________

EXHIBIT I

Manchu WOK

Compliance Certification

EXHIBIT I

MTY FRANCHISING USA, INC.

COMPLIANCE CERTIFICATION

(Mall and Non-Traditional Restaurants)

As you know, MTY Franchising USA, Inc. ("Manchu WOK") and you are preparing to enter into a business relationship. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed all of the agreements that you will be signing today?

   Yes ______No______

2. Do you understand the rights and obligations you and we will have under these agreements?

   Yes ______No______

   If not, what questions do you have?

   ____

   ____

   ____

   ____

3. Have you received and personally reviewed the Manchu WOK Franchise Disclosure Document ("**FDD**")

   Yes ______No______

4. Did you receive the FDD at least 14 calendar days before today?

   Yes ______No______

5. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

   Yes ______No______

   If not, what parts of the FDD and/or Addendum do you not understand?

   ____

   ____

   ____

   ____

6. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a Manchu WOK Restaurant as well as your rights and obligations under each agreement that you will be signing today?

Yes ______No______

If not, do you wish to have more time to do so?

Yes ______No______

7. Do you understand that the success or failure of your business will depend in large part upon your own skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ______No______

8. Except for financial performance representations that appear in our FDD, has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Restaurant?

Yes ______No______

9. Except for financial performance representations that appear in our FDD, has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Restaurant?

Yes ______No______

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Restaurant?

Yes ______No______

11. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support, service or assistance that we or any of our affiliates will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes ______No______

12. Have you entered into any binding agreement with or paid money to Manchu WOK concerning the grant of franchise rights prior to today?

Yes ______No______

13. Has Manchu WOK made any material change to any agreement you are signing today that you have no yet seen or agreed to at least seven calendar days before today?

Yes ______No______

14. With respect to the agreements being signed today, has any employee or other person speaking on behalf of Manchu WOK made a statement or promise or agreement concerning (i) the rights or obligations which either Manchu WOK will have to do or you will have to do under these agreements; or (ii) any terms of conditions of these agreements, that in either circumstance, are not specifically stated in the agreements?

Yes ______No______

15. Do you understand that Manchu WOK has the right to franchise and operate restaurants that use the same trademarks and system, and which can be located adjacent to the Trade Area granted to your Restaurant and, thus, compete with your Restaurant?

Yes ______No______

16. Do you understand that other affiliates of Manchu WOK also franchise and/or operate restaurants that offer similar products and that such restaurants can be located in the same geographic area as your Restaurant, and, thus, compete with your Restaurant?

Yes ______No______

17. Do you understand that nearly all of the suppliers of your Restaurant's products, supplies, goods, equipment and services will be restricted to Manchu WOK and its affiliates or third parties designated or approved by Manchu WOK, and that Manchu WOK and its affiliates will derive revenues from markups or commissions as a result of these purchases?

Yes ______No______

18. Do you understand the fact that Franchise Agreement Sections 14.2, 14.3 and 14.4 provide that both Manchu WOK and you have agreed to (i) waive a jury trial for any dispute, as well as the right to seek punitive or exemplary damages against the other; and (ii) significantly reduce the time within which to assert a claim against the other in any adjudicatory forum?

Yes ______No______

19. If you have answered "Yes" to any one of questions 8-14, or "No" to any one of questions 15 - 19, please provide a full explanation of each "Yes" or "No" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

____
____
____
____

21. During my negotiations and evaluations leading up to my decision to buy a Manchu WOK franchise, I communicated with the following individuals from Manchu WOK or its affiliates:

Name Address

1. ____

2. ____

3. ____

4. ____

[Insert additional names and addresses below if needed]

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Compliance Certification, you are representing that you have responded truthfully to all of the above questions.

____

APPLICANT

DATED: ____________________, 201__

EXHIBIT J

Manchu WOK

Deposit and Application Agreement

EXHIBIT J

DEPOSIT AND APPLICATION AGREEMENT

("APPLICATION")

This Application is entered into this ____ day of ____________, 20__, by and between MTY Franchising USA, Inc. doing business as "MANCHU WOK® Restaurant(s)" (hereinafter "**We**" or "**Us**"), and ______________________________________ (hereinafter "**You**" or "**Your**"). You hereby acknowledge and agree as follows:

1. You have made application or expressed a desire to purchase a Manchu WOK® Franchise ("**Franchise**") and you have had an opportunity to review our disclosure documentation that we provided to you more than ten (10) business days prior to the date of this Application ("**Disclosure Documentation**").

2. We hereby acknowledge receipt of the sum of ten thousand dollars $10,000 ("**Deposit**") that you have deposited with us as an indication of your *bona fide* intent to enter into a franchise agreement ("**Franchise Agreement**") with us on such terms and conditions as are generally contained in our standard form of Franchise Agreement.

3. You understand that, in reliance upon this Application, we may exert a substantial amount of time and expense in assisting you with locating, surveying and securing a location suitable for a Manchu WOK® Franchise and in undertaking various other steps before granting you a Franchise.

4. If you enter into a Franchise Agreement with us, the entire amount of the Deposit without any interest or deduction whatsoever will be applied towards the Initial Franchise Fee and will be governed thereafter in accordance with the terms and conditions of the Franchise Agreement.

5. If you wish to cancel this Application or if we, in our absolute discretion, elect not to grant a Franchise to you, and provided that you return all materials provided by us, and execute a release in a form reasonably prescribed by us, the Deposit shall be returned less three thousand five hundred dollars ($3,500) required to help us cover expenses incurred and the time expended in reliance upon this Application.

6. You understand that, prior to executing the Franchise Agreement, we or our subsidiaries or affiliates or our franchisees ("**Franchisees**") have furnished, disclosed or otherwise imparted to you information and material pertaining to us, our methods of operation, techniques, know how, promotion, and publicity, including, without limitation, the Disclosure Documentation (collectively the "**System Information**"). You acknowledge that the System Information is of a proprietary and confidential nature constituting our trade secrets and having immeasurable value. Accordingly, in recognition of the foregoing and in consideration thereof, you agree to hold in confidence and keep secret the System Information that is disclosed or made known to you in the course of your discussions with us, the Franchisees, and our subsidiaries and affiliates, and you will not impart or make known any of the same or anything relating to the same to any person,

firm, or corporation unless we authorize you to do so in writing or unless otherwise required by law.

7. You agree that you will retain and receive all the System Information for use only in connection with the business to be operated pursuant to the Manchu WOK® Franchise applied for herein and will not use, directly or indirectly, the System Information for any other purpose without our prior written consent.

8. Upon termination of this Application for any reason whatsoever, you shall promptly return the System Information to us, together with any copies thereof. Upon our request, you shall execute a document in the form reasonably prescribed by us stating that all of the System Information has been returned and that any further System Information in your possession shall be returned if discovered.

9. You acknowledge that consumer credit reports containing personal information are being or may be referred to in connection with this Application for a Manchu WOK® Franchise and you hereby consent to the disclosure of credit or personal information to any credit reporting agency or to any person with whom you have or propose to have financial relations. You agree to provide us with a copy of your social security number, or if you are a business entity, your employer identification number, or proof of citizenship, in order to enable us to verify your registered name for the purposes of properly conducting any such inquiries.

10. If you are a business entity, you agree to provide us with a copy of the articles of incorporation and bylaws, or your articles of organization and operating agreement, or your partnership agreement, as well as any other business documents we may reasonably request.

Dated at ____________________, this _____ day of _________________, 20__.

WITNESS: Name of Applicant

By: ______________________________

Its: ______________________________

MTY Franchising USA, Inc. hereby acknowledges the foregoing together with the receipt of the amount of the Deposit and agrees to consider you as a candidate for an ______________ Franchise.

Dated at ____________________, this _____ day of ________________, 20___.

MTY FRANCHISING USA, INC.

By: ________________________________

Its: ________________________________

EXHIBIT K
RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MTY Franchising USA, Inc. offers you a franchise, it must provide this Disclosure Document to you (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) Under New York and Rhode Island law at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship, or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If MTY Franchising USA, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in **Exhibit A**.

The franchisor is MTY Franchising USA, Inc., located at 8150 Transcanada, Suite 200, St-Laurent, Quebec, H4S 1M4 Canada. Its telephone number is (905) 764-7066.

Issuance date: **February 25, 2016 as amended June 21, 2016 and July 28, 2016~~.~~ and October 6, 2016.**

The franchise seller is Mr. Robert Cook, Director of Business Development for MTY Franchising USA, Inc., 8150 Transcanada, Suite 200, St-Laurent, Quebec, H4S 1M4 Canada (tel. (905) 764-7066 ext. 604). A list of any additional franchise sellers, if any, will be attached to this Receipt at the time of sale.

MTY Franchising USA, Inc. authorizes the respective state agencies identified on **Exhibit** A to receive service of process for it in the particular state.

I received a Franchise Disclosure Document dated **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016** (and with effective dates of state registration as listed in the State Effective Dates page) that included the following Exhibits:

A List of State Regulators/Agents for Service of Process
B Financial Statements
C Franchise Agreement
D Sublease Agreement (subject to amendment to accommodate local laws)
E Table of Contents of Operating Manual
F Current Franchisees of MTY Franchising USA, Inc.
G Former Franchisees of MTY Franchising USA
H State-Specific Disclosure and State-Specific Agreement Amendments
I Compliance Certification
J Deposit and Application Agreement
K Receipt

________________	________________
Date Received	Prospective Franchisee
	________________
	Name (Please print)
	________________
	________________
	Address

(Retain this copy)

EXHIBIT K
RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MTY Franchising USA, Inc. offers you a franchise, it must provide this Disclosure Document to you (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) Under New York and Rhode Island law at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship, or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If MTY Franchising USA, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in **Exhibit A**.

The franchisor is MTY Franchising USA, Inc., located at 8150 Transcanada, Suite 200, St-Laurent, Quebec, H4S 1M4 Canada. Its telephone number is (905) 764-7066.

Issuance date: **February 25, 2016 as amended June 21, 2016 and July 28, 2016~~.~~ and October 6, 2016.**

The franchise seller is Mr. Robert Cook, Director of Business Development for MTY Franchising USA, Inc., 8150 Transcanada, Suite 200, St-Laurent, Quebec, H4S 1M4 Canada (tel. (905) 764-7066 ext. 604). A list of any additional franchise sellers, if any, will be attached to this Receipt at the time of sale.

MTY Franchising USA, Inc. authorizes the respective state agencies identified on **Exhibit A** to receive service of process for it in the particular state.

I received a Franchise Disclosure Document dated **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016** (and with effective dates of state registration as listed in the State Effective Dates page) that included the following Exhibits:

A List of State Regulators/Agents for Service of Process
B Financial Statements
C Franchise Agreement
D Sublease Agreement (subject to amendment to accommodate local laws)
E Table of Contents of Operating Manual
F Current Franchisees of MTY Franchising USA, Inc.
G Former Franchisees of MTY Franchising USA
H State-Specific Disclosure and State-Specific Agreement Amendments
I Compliance Certification
J Deposit and Application Agreement
K Receipt

Date Received ______________________

Prospective Franchisee ______________________

Name (Please print) ______________________

Address ______________________

(Return to MTY Franchising USA)