FRANCHISE DISCLOSURE DOCUMENT

PAIK'S NOODLE

NOODLE J-1, INC.

FRANCHISE DISCLOSURE DOCUMENT

NOODLE J-1, INC., A California Corporation
3470 W. 6th Street, #11
Los Angeles, CA 90020
(213) 389-0410

You will operate a Paik's Noodle restaurant. Paik's Noodle restaurants are quick casual restaurants featuring specialty Chinese noodle dishes and complementary food and beverages.

The total investment necessary to begin operation of a Paik's Noodle franchised business is $334,000 to $455,000. This includes the initial franchise fee of $35,000 that must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your franchise agreement, development 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 other formats, contact Tae Heon Kim at 3470 W. 6th St., #11, Los Angeles, CA 90020 and 213-389-0410.

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 April 15, 2020.

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 1 for information about the franchisor, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more franchise brokers, sales agents or referral sources to assist us in selling our franchise. A franchise broker, sales agent or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates:

California:
Illinois:

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RECEIPT

ITEM 1
THE FRANCHISOR AND ANY PARENTS PREDECESSORS AND AFFILIATES

Terms

To simplify the language in this Disclosure Document, "we" or "us" means Noodle J-1, Inc., the franchisor. "You" means the individual or individuals or business entity buying the franchise. If the franchisee is a business entity, the term "you" does not include the owners of interests in the business entity. "Franchise Agreement" means our Franchise Agreement, a copy of which is included as Exhibit C to this Disclosure Document. "Paik's Noodle Restaurant" means the Restaurant we license you to operate, and "Single Unit Franchise" means the right to own and operate one Paik's Noodle Restaurant.

Our Business

We are in the business of selling franchises for a restaurant operating under the "Paik's Noodle" and related marks. A Paik's Noodle Restaurant ("Restaurant" or "Paik's Noodle Restaurant") specializes in the sale of specialty Chinese noodle dishes prepared using our proprietary sauces and complementary food and beverages that are located at locations approved by us, such as in strip shopping centers, shopping malls, and free-standing units.

Our agent for service of process in this state is listed in Exhibit A.

We, Our Parents, Predecessors and Affiliates

We are a California corporation formed on May 31, 2012. Our current principal corporate business address is 3470 W. 6th Street, #11, Los Angeles, California 90020. We do business under our corporate name Noodle J-1, Inc. and the name "Paik's Noodle." We do not do business under any other name. We have not offered franchises for any other line of business. We have no predecessors, and this is our first offering of franchises.

Our parent is The Born Korea Co., Ltd., a company incorporated in Korea on January 21, 1994 ("The Born Korea"). The Born Korea's principal address is Yusung Bldg. 4-6 Fls., Bongunsaro 1-gil, Kangnam-gu, Seoul, Korea. The Born Korea has never offered Paik's Noodle franchises or any franchises in any other line of business in the United States.

We do business under our corporate name Noodle J-1, Inc., and we operate restaurants under three other brand names, "Saemaeul," "Hanshin Pocha" and "Bornga." As to "Saemaeul," we received an approval of the franchise registration for the sale and offer for the franchise of "Saemaeul" restaurants from the State of California on October 27, 2015. As of the date of issuance of this Disclosure Document, there is only 1 Saemaeul restaurant currently in operation, which is a franchised outlet.

For "Hanshin Pocha," we received an approval of the franchise registration for the sale and offer of "Hanshin Pocha" restaurants from the State of California on September 5, 2019. As

of the date of issuance of this Disclosure Document, there is only 1 Hanshin Pocha restaurant currently in operation, which is a franchised outlet.

For "Bornga," we received an approval of the franchise registration for the sale and offer for the franchise of "Bornga" restaurants from the State of California on September 5, 2019. As of the date of issuance of this Disclosure Document, there is no Bornga restaurant currently in operation.

We currently have one affiliate, The Born America, Inc. ("TBA Inc."), a California corporation formed on February 2, 2011, having its principal business address at 3435 Wilshire Blvd., Suite 1990, Los Angeles, CA 90010. TBA Inc. supplies sauce items for the Hong Kong 0410 Restaurants, but it does not operate any Restaurants of the type you will operate and does not offer any franchises in this or any other line of business.

Government Regulation and Certain Factors Affecting the Restaurant Industry

You must comply with laws and regulations that apply to businesses generally, and to restaurants and businesses serving food. Generally applicable laws and regulations include tax rules, labor laws, business license requirements, laws on construction of business premises, zoning rules, requirements for parking and access, the Americans with Disabilities Act, export control laws pertaining to technology, and laws on storage, preparation, packaging, labeling and sale of food to the public.

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

Many places have laws against smoking inside restaurants. A new trend is state and local laws requiring posting and disclosure of nutritional information at restaurants. The Health Care Reform Bills that became law in March 2010 contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants. You should consult with your attorney about laws and regulations that may affect your Restaurant.

You should investigate all general laws in evaluating the franchise.

Competition and the Market

The market for restaurants is extremely well established. You will be in competition with a variety of quick and casual service shops, full-service restaurants and other dining establishments that offer Chinese food. The restaurant business is highly competitive with respect to concept, price, location, quality and service. The business is often affected by

economic and real estate conditions, political conditions, consumer tastes, population changes, the cost and availability of products and qualified labor and traffic patterns. Restaurants compete in each market with national and regional restaurant chains and locally-owned restaurants, some of which operate more shops and have longer operating histories than our restaurants. There also is active competition for suitable commercial real estate sites and personnel, including management personnel. You are advised to investigate and research the retail coffee service market as well as the laws, regulations and ordinances applicable to your franchised business further.

ITEM 2
BUSINESS EXPERIENCE

Director: Tae Heon Kim. Mr. Kim has been our Director since September 2018 in charge of our U.S. operations. Prior to joining us, Mr. Kim served as President of Branson Machinery, LLC in Rome, GA from March 2009 to July 2017. He was inactive and was not affiliated with any business-related activity for the period August 2017 to August 2018 for personal reasons.

Training Manager: Kyung Dae Baek. Mr. Baek has served as our Training Manager since June 2017. Prior to joining Noodle J-1, Inc., he worked for The Born Korea Co., Ltd. In Seoul, Korea, as the Team Leader for Training and Education Team from January 2015 to May 2017. Mr. Baek also served as the Strategic Planning & Managing Director for Procut Co., Ltd. in Seoul, Korea since Feb. 2006.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Fee

You must pay us an Initial Franchise Fee of $35,000 when you sign your Franchise Agreement. If you sign a Franchise Agreement and you do not have a location for your Restaurant that is accepted by us ("Accepted Location"), your Franchise Agreement will identify a trade area that you and we negotiate in which you must locate an Accepted Location.

We may offer to waive the Initial Franchise Fee or reduce it under certain circumstances. In

addition, we may allow a new franchisee to apply part of their Initial Franchise Fee to the cost of needed improvements or equipment. We will make the decision on the amount of any waiver or reduction based on the condition of the premises and any special incentives that we may consider appropriate. We also may offer to waive or reduce the Initial Franchise Fee, for the following reasons: (i) as an inducement for existing operators to open additional Restaurants, (ii) as an inducement for someone to reopen a closed Restaurant or to convert from an existing "Hong Kong 0410" Restaurant; (iii) as an inducement for someone to take over an operating franchised Restaurant; (iv) as an inducement for a professional multi-unit operator to open several Restaurants; or (v) to allow a franchisee to have additional money to spend on store improvements and marketing during the first 12 months of operation. We will make the decision on the amount of any waiver or reduction on an individual basis depending on the condition of the premises, the need for upgrades and remodeling, the need for special incentives and/or other considerations. In certain rare circumstances, we may permit installment payments of the Initial Franchise Fee on terms negotiated with the franchisee.

Except as provided above or in this Disclosure Document, we will not refund any part of the Initial Franchise Fee paid under the Franchise Agreement.

Application Process

You must complete a comprehensive franchise application. We ask for preliminary financial and biographic information, which you are required to furnish accurately and completely. We evaluate your application and decide if more discussion with you may be productive. If we accept your franchise application and we send you the notice of acceptance, you must sign the Franchise Agreement and pay the Initial Franchise Fee on or prior to the execution of your Franchise Agreement.

Payment Security Deposit

To secure your future payment obligations for any equipment, products and food ingredients that you purchase from us and/or our affiliates as well as any other amounts due to us and/or our affiliates from you, you are required to deposit $10,000 with us on signing your lease. We can apply all or portions of this deposit to pay amounts not paid as and when due from you. We can also deduct fees from this deposit for any damages we incur from your breach of any agreements signed with us. If we deduct any amount from your deposit, we will promptly notify you in writing at which time you must replenish the deposit back to $10,000. The balance of the payment security deposit is refundable without any interest at the termination or expiration of your franchise agreement.

ITEM 6
OTHER FEES

Type of fee	Amount	Due Date	Remarks
Royalty Fee	3.0% of Net Sales	Payable on or before Tuesday each week based	"Net Sales" means all revenues generated by your Restaurant or

		on the Net Sales during the prior Monday – Sunday (or on any other basis stated in the Manuals or in our written notice to you) We require payment by electronic funds transfer ("EFT").	from activities conducted on, from or with respect to the Restaurant, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Net Sales includes without limitation monies, gift card redemptions or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services or activities performed from or at the Restaurant, including off-premises services such as catering and delivery, or on-premises activities, third-party advertising (e.g., on menus), or other activities that use either Paik's Noodle brand, the System, Proprietary Marks or products that are the same as or similar to Products. Net Sales do not include the initial sales or reloading of gift cards, coupon discounts, the sale of food or merchandise for which refunds have been made in good faith to customers, employee meals, the sale of equipment used in the operation of the Restaurant.
Advertising Contribution	1% of Net Sales (to be spent directly by the Ad Fund)	Same as Royalty Fee	This fee is due and payable at the same time and in the same manner as Royalty Fee. We may increase at any time at our discretion the amount of the Advertising Contribution up to a total 2% of Net Sales on 30 days written notice.
Local Advertising Fee	1% of Net Sales (to be spent directly by you for local advertising activities)	To be used by you on a monthly basis	You must spend this amount for promoting marketing and sales in your local area in addition to the Marketing Fees.
Security Deposit	$10,000 (deposit)	On Request.	You are required to deposit this amount with us as partial security for payment of amounts due to us or our affiliates. If we apply all or

			portions, we will notice you in writing and you must then replenish the deposit back to $10,000. Refundable upon termination or expiration of the franchise agreement without interest less any deductions for payments owed to us.
Promotions	Costs to purchase, lease and install (and periodically replace) all materials necessary to promotional campaigns, including counter cards, posters, banners, signs, photographs, give-away items and gift cards. We may charge you our costs plus a reasonable administrative fee.	As incurred	You will participate at your own cost in promotional programs that are applicable to the System as a whole or to specific advertising market areas. You also will participate in promotional programs your Local Advertising Group (defined below) establishes, if applicable.
Replacement Manager Initial Training Fee	Presently $300 per day; amount is based on current rate.	Before attending training	You pay this fee only if you hire additional managers after your Restaurant opens
On-Site Training and Assistance	$50 per hour plus trainers' Expenses	On Invoice	At any time, you can request on-site training and assistance above that which we must provide. This is provided on as-available basis, and we have no obligation to provide on-site training or assistance.
Adulteration, Dilution or Failure of Sanitation Inspection	Our expenses, including attorneys' fees, and inspection fees of up to	On Invoice	If we inspect your Restaurant and find a violation, and we find the same violation at another inspection within one year, then you must pay the inspection fee and our expenses

Fee	$3,000 per visit		of correcting the violation, like travel expenses, cost of product sample analysis, and any attorneys' fees, For purposes of charging this fee, we currently only charge for major violations that jeopardize health, safety and/or the brand.
Interest	1% per month or maximum legal interest rate	On Invoice	You must pay us or our affiliates interest on any amounts past due to us or our affiliates
Transfer Fee	50% of the then-current initial franchise fee	At least 30 days before transfer	Franchise Agreement defines what events constitute "transfer" requiring payment of a fee.
Renewal Fee	25% of the then-current initial franchise fee	Before we sign renewal Franchise Agreement	To qualify for renewal, you must: (i) at all times during the Term have been in substantial compliance with the Franchise Agreement and (ii) agree in writing that, before the new term renewal begins, you will make the necessary capital expenditures necessary to materially remodel, refurbish, and renovate the Restaurant, including without limitation the Restaurant's internal and external construction, design, furniture, fixtures, equipment (including point-of-sale hardware and related software), and décor, so that the Restaurant reflects our then-current Standards.
Relocation Fee	$3,000	Upon our approval of the relocation plans submitted by you	
Supplier Evaluation Fee	Based on our actual cost	When approval of an alternate supplier is requested by you.	If you recommend new suppliers, products and/or services to us, you must pay us this fee in connection with evaluating, testing and inspecting. This covers the costs of testing new products or inspecting new suppliers you propose.
Indemnification	Will vary under circumstances	As incurred	You indemnify us from certain losses and expenses under the Franchise Agreement.

Attorneys' Fees	Will vary under circumstances	As incurred	If we become a party to a proceeding on an agreement between us and you, and we win, or if we become a party to litigation or insolvency proceedings for your franchise, then you must pay our reasonable attorneys' fees and court costs. If we terminate the Franchise Agreement for your default, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees.
Audit	Cost of audit	On invoice	If we audit you and find that you understated Net Sales by 2.0% or more, you must reimburse us all reasonable expenses connected to the audit, review or examination (including any reasonable accounting and attorneys' fees).
Updating or reconstruction of your Restaurant	Amount varies and is based on the extent of reconstruction or costs associated with updating, relocation and outfitting of new premises for your Restaurant. We estimate the amount may range from $10,000 to $100,000 but could be higher depending on the age, condition and size of your Restaurant.	As needed	Paid to contractors or to us, as applicable. See Item 9. You must extensively renovate your Restaurant to our then-current standards if we direct you to, but not more than once every 7 years. You must pay the cost of the goods and services.
Updating and Maintaining computer systems;	We estimate the cost of computer hardware and software	As needed.	Paid to contractors, or us, as applicable. You must purchase and install computers and software to keep pace with technology and our

Systems Fee	maintenance to be $1,500 to $2,000 per year. The amount for upgrades varies based on the extent of the upgrade or services provided.		requirements. We may charge a reasonable systems fee for modifications and enhancements and other maintenance and support services.
EFT NSF Fee	$100 plus reimbursement of charge a financial or other institution imposes on us, for each dishonored or unsuccessful check, ACH debit, electronic funds transfer, credit or wire transfer or other form of payment that in any way is not honored or completed.	On notice following a dishonor or other incompletion of a payment instrument or debit or other payment procedure	You reimburse the amount we are charged by our financial institution, and you pay us $75 to compensate our time and administrative attention to the dishonored item.

*Except as specifically described in this Item 6, all fees and payments are not refundable.

ITEM 7
ESTIMATED INITIAL INVESTMENT

The following chart provides an estimate of your initial investment for one Restaurant located in an in-line/in-cap location in a shopping or retail center, with approximately 1,500 to 3,000 square feet for the Restaurant.

Type of Expenditure	Amount of Expenditure		Method of Payment	When Due	To Whom Payment Made
	Low	High			
Initial Franchise Fee	$35,000	$35,000	Lump sum	At signing of Franchise	Franchisor

				Agreement	
Real Property/Site Lease[1]	$7,000	$15,000	As arranged	When Incurred	Lessors
Leasehold Improvements[2]	$150,000	$200,000	As arranged	When Incurred	Suppliers
Equipment & Furniture[3]	$70,000	$70,000	As arranged	When Incurred	Suppliers
Opening Inventory [4]	$5,000	$5,000	As arranged	When Incurred	Suppliers and Franchisor
Insurance[5]	$7,000	$10,000	As arranged	When Incurred	Insurance Provider
Signage, Menu Board[6]	$15,000	$20,000	As arranged	When Incurred	Suppliers
Grand Opening Promotion[7]	$5,000	$5,000	As arranged	When Incurred	Suppliers
Cash Registers (POS) /Other Office Equipment[8]	$5,000	$15,000	As arranged	When Incurred	Suppliers
Additional Funds – 3 months[9]	$35,000	$80,000	As arranged	When Incurred	Employees and Suppliers
TOTAL BASIC PACKAGE[10]	$334,000	$455,000			

The amounts shown for the Initial Franchise Fee are actual; all other amounts represent estimates, based on our and our predecessors' experience as franchisors of the System and in the restaurant industry. These costs vary significantly from locale to locale, and your initial cash outlay will depend on whether you choose to purchase or lease the site for your Restaurant, whether you choose to do an inline, endcap or free standing Restaurant and whether you use one of our standard designs or choose to build a larger or smaller Restaurant. The amounts shown in the above chart are estimates only. You may have additional or greater expenses starting your business. In particular, the amount of cash reserves you will need will depend on factors such as your management skill, how well you follow our System, your experience and business expertise, economic conditions, the local market for your business, competition and the performance of your Restaurant. You should review this information, including the footnotes, carefully, conduct your own investigation and seek the help of qualified advisors before making any decision about an initial investment in a Restaurant.

None of these fees or payments are refundable unless otherwise noted below.

NOTES:

1. The total estimated initial investment estimate does not include real estate. The cost of leasing or purchasing real estate will vary, depending on location and other factors, and we cannot accurately project this cost. If you purchase the land and the building, your cost will be substantially higher and will vary depending on the market for real estate in your area.

2. The cost of leasehold improvements depends on the type and size of Restaurant you will operate, the condition and size of the site, the local cost of contract work, and the geographic location of the Restaurant. Restaurants are typically inline, end cap or free standing locations ranging in size from 1,500 square feet to 3,000 square feet. Factors that may reduce your costs within or outside of the estimated ranges include your ability to negotiate higher landlord improvement allowances or the location is already in suitable operating condition immediately on your taking possession. Except for certain non-traditional venues, we do not generally recommend building a Restaurant smaller than 1,500 square feet. Factors that may increase your costs within or outside of the estimated range include building a larger Restaurant where the square footage is more than 3,000, lower landlord improvement allowances, straight ground lease acquisition and buildout and/or the need to do extensive remodeling to walls, ceilings, floors, HVAC and plumbing and other additional construction, including electrical and carpentry work and site work.

3. The equipment and furniture will vary, depending on the size and seating capacity of the Restaurant and the products you offer at the Restaurant. You must use a standard interior decor style and standard equipment (including standard computer hardware and software).

4. This includes food and beverage products, paper products, utensils, cleaning supplies, and printing and other supplies, including without limitation uniforms.

5. You must obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, type of policies, nature and value of physical assets, gross revenue, the number of employees, square footage, location, business contents, and other factors bearing on risk exposure.

6. The costs for these items will vary depending on whether you build an inline, endcap or stand-alone and whether you have architectural, municipal or lease restrictions on the signs you can use at your Restaurant building and premises. You must use the menu board that meets with our specifications.

7. This money covers your Grand Opening promotion and first 3 months of marketing. Your expenditures will be in the areas of newspaper, direct mail advertising as well as in promotional items and food, such as menu brochures, coupons and promotional flyers.

8. This includes POS system, printer, DVR (includes PC), and other office equipment.

9. This item estimates funds that may be required during the first 3 months of operation to cover Restaurant operating expenses, including wages, inventory, initial setup and monthly bookkeeper costs, Advertising Contributions, royalty payments, controllable expenses, computer hardware and software maintenance contracts and support services payments and facility expenses not expressly covered elsewhere in this chart. Your costs will depend on factors such as how closely you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, prevailing wage rates, competition, the time of year in which you open and the sales level reached during the initial period.

10. We have relied on our experiences in developing and operating the Restaurants to compile these estimates. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. We do not provide direct or indirect financing to our franchisees.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications and Operations

The goal of uniform operations is part of the Paik's Noodle System. To achieve this, our Operations Manual contains mandatory specifications pertaining to all aspects of Restaurant operations.

Obligations to Purchase Items and Services from Designated Suppliers

The Franchise Agreement requires you to purchase the Proprietary Products and Non-Proprietary Products ("Products") from us or from suppliers and/or distributors we designate or approve. "Proprietary Products" include all products, services, and equipment that now comprise, or in the future may comprise, a part of our System and that are proprietary to us including, without limitation, ingredients, certain food items, uniforms, signs, menu boards, materials, supplies, paper goods and packaging. "Non-Proprietary Products" include all non-proprietary ingredients, flavorings, components, and other edible items sold as part of the products offered at Restaurants. You must buy all printed paper, paper products, and plastic products bearing our Proprietary Marks (including, for example, dishes, containers, cartons, bags, napkins, and packaging supplies) from us or distributors, manufacturers and/or suppliers that we designate or approve. Before obtaining any of these items from a supplier other than us or our authorized distributor or manufacturer, you must obtain our written approval, as described below.

We will sell or make available to you directly or indirectly through authorized distributors or manufacturers, your entire requirements of the Proprietary Products and Non-Proprietary Products. If we sell the Proprietary Products, Non-Proprietary Products, or any other products, supplies and equipment to you in the future, we will do so at the same price we charge other similarly-situated franchisees.

We may enter into various agreements with distributors regarding the purchase, sale, pricing and/or delivery of products for the Restaurants with the intent to benefit the System; these arrangements may affect your Restaurant differently than other Restaurants. We may change our distribution arrangements in the future.

You must purchase exterior trademarked signs for your Restaurant that meet our specifications and from a vendor that we approve in writing. We will provide you with a sample layout and specifications for Restaurant. You must hire an architect that we approve in writing to prepare your plans and make any necessary changes to our standard layout and specifications. Our approval of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance. Before we accept your final architectural renderings, plans, and specifications for a Restaurant, your architect or you must certify to us that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities. On completion of construction and before opening, your architect and your general contractor or you must provide us with a certificate stating that the as-built plans comply with the ADA; the architectural guidelines under the ADA; all applicable state and local codes for accessible facilities; and all other applicable federal, state, and local laws, rules, or regulations. We inspect each Restaurant when construction is finished to make sure that it meets all of our standards and requirements.

You must hire a general contractor that we accept in writing to complete the build-out of your Restaurant. Our acceptance of your general contractor will not in any way be our endorsement of your general contractor or render us liable for your general contractor's performance.

You must purchase certain items of machinery and equipment, some of which are Proprietary Products, from sources we approve. Our approval of your equipment source will not in any way be our endorsement of your equipment source or render us liable for your equipment source's performance. You must purchase certain equipment for the opening of your Restaurant through vendors that we have approved. Purchases made directly from vendors will be handled by each vendor.

You must maintain internet service that allows you an unlimited internet connection, email and online communication abilities as we require. Periodically, we will conduct market research and testing to determine consumer trends and the salability of new food or non-food products and services. You must participate in any market research programs or test marketing of new products and services in your Restaurant, and provide us with timely reports and any other relevant information we request for the market research. You must purchase for your Restaurant a reasonable quantity of the test products, and you must effectively promote and make a reasonable effort to sell test products.

None of our officers own any interest in any of the approved suppliers for the System.

Specifications and Standards

The goal of uniform operations is part of the Paik's Noodle System. To achieve this, our Operations Manual contains mandatory specifications and standards pertaining to all aspects of Restaurant operations.

We have specifications for all food and beverage products sold at our Restaurants, cooking equipment, food preparation methods, recipes and ingredients. We state all specifications, and we will identify designated suppliers in the Operations Manual, where applicable. We may revise the specifications and designated suppliers through written bulletins or supplements to the Operations Manual at any time.

After you sign the Franchise Agreement, we will furnish you a list of designated and recommended suppliers. Except for items we identify by designated supplier, you may purchase all goods, services, equipment, supplies, fixtures, furnishings and inventory that we require you to have to operate your Restaurant from any supplier we recommend or from any alternative supplier whom you propose and which we approve in writing following the procedures we specify below.

Procedure for Approving Alternate Suppliers

If you wish to purchase from another supplier, you must first obtain our approval using the following procedures: (i) you must submit a written request to us for approval of the supplier; (ii) the supplier must demonstrate that it is able to supply the item to you according to our standards including our standards as to the artwork and text on the items; (iii) if the supplier is to receive access to any of our confidential information, trade secrets or logos, the supplier must sign our standard form confidentiality agreement or our standard form license agreement; (iv) the supplier pays our then-current supplier evaluation fee; and (v) the supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services. Under the Franchise Agreement, we have the right to test, at your expense, the product or service of any supplier you propose. We will give you notice of our approval or disapproval within a reasonable time, not to exceed 90 days. If we revoke approval of any supplier, we will give you written notice.

Payments and Other Consideration from Approved or Designated Supplies

We and/or our affiliates may receive fees and commissions from certain manufacturers and distributors of Proprietary Products and Non-Proprietary Products for their sales to authorized distributors and to franchisees. We and/or our affiliates also may receive profits as a mark-up when we sell items directly to you or to an authorized distributor who then sells the items to you. We and/or our affiliates have the right to receive payments from any supplier to you or to other franchisees within our franchise system and to use these monies without restriction and as we deem appropriate. This includes fees received from vendors that participate in our national accounts program and those vendors that we designate as approved. Presently, there are no such considerations paid to us from any suppliers of services or products, and we have no revenues derived from such payments.

We presently have no plans to sell any required purchases to franchisees. Our affiliate, The Born America, Inc. ("TBA Inc."), will serve as the supplier of sauces and dumplings to all Restaurants. For the fiscal year ended December 31, 2019, TBA Inc. had a total revenue of $181,924.40 from the sales of sauces and dumplings to an authorized distributor, which makes up 100% of its revenues. We estimate that the required purchases bought from this company will represent approximately 15-20% of your overall purchases in operating your store.

Estimated Proportion of Required Purchases

We estimate that your purchases from approved suppliers, from suppliers that we designate, and otherwise under our standards will be about 70% of the total purchases and lease of products and services needed to establish the Restaurant and about 75% of the total purchases and leases of products and services needed to operate a Restaurant.

Additional Disclosures re: Purchasing Arrangements.

No other purchasing or distribution cooperative arrangements exist at this time. We will notify you of changes we make to our purchasing programs and any new purchasing arrangements that we offer franchisees by written bulletins or supplements to the Operations Manual.

Although we are not required to, we do, on occasion, negotiate purchase arrangements with various suppliers, including equipment and food product manufacturers, some of which operate on a large-scale basis. The negotiated purchasing arrangements may include special contract pricing and volume discounts that result in lower prices than regular wholesale and/or retail prices. These benefits are typically passed on to our franchisees. There can be no assurance that special pricing or terms will be available; any negotiated arrangements may be discontinued at any time.

We provide you with no material benefits (like renewal or granting additional franchises) based on your use of designated or approved sources.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Article/Section in Franchise Agreement	Item(s) in Disclosure Document
a. Site selection and acquisition/lease	Section 6	Items 5, 6, 7, 8, 11 and 12

b.	Pre-opening purchases/ leases	Sections 6, 7 and 8	Items 5, 7, 8, 11 and 12
c.	Site development and other pre-opening requirements	Sections 6, 7 and 8	Items 7, 8, 11 and 12
d.	Initial and ongoing training	Section 13	Item 11
e.	Opening	Sections 1.5, 7.3, 15.3 and Schedule A	Item 11
f.	Fees	Sections 3.2.B, 4, 6.6.B, 13.2, 15.6, 16.1, 19.3, 21.2, 21.3, 21.4 and 22.4	Item 5 and 6
g.	Compliance with standards and policies/Operating Manual	Sections 8, 9 and 15.1	Item 8, 11, 15 and 16
h.	Trademarks and proprietary information	Sections 1.4 and 11	Item 13 and 14
i.	Restrictions on products/ services offered	Section 8	Items 8 and 16
j.	Warranty and customer service requirements	None	None
k.	Territorial development and sales quotas	None	None
l.	Ongoing product/service purchases	Sections 8 and 15.13	Items 6 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 3.2.A, 7 and 15.8	item 11
n.	Insurance	Section 16	Item 7
o.	Advertising	Section 12	Items 6 and 11
p.	Indemnification	Sections 11.3 and 16	Item 6
q.	Owner's participation/ management/staffing	Section 15.9	Item 15
r.	Records/reports	Section 17	Item 6
s.	Inspection/audits	Sections 7.3, 8.2, 14.2, 15.3, 15.4, 15.5, 15.6 and 17	Item 6
t.	Transfer	Section 19	Items 6 and 17

u.	Renewal	Section 3	Items 6 and 17
v.	Post-termination obligations	Section 21	Item 17
w.	Non-competition covenants	Section 18	Item 17
x.	Dispute resolution	Section 22 and 25.4	Items 6 and 17

ITEM 10
FINANCING

We do not provide, directly or indirectly, any financing to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of financing. We do not guarantee your notes, leases or other obligations.

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

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

Pre-Opening Obligations

Before you open your Restaurant,

1. We will review and accept the location you select for your Restaurant (Franchise Agreement, Section 6.1) after evaluating the following factors: population density and demographics, traffic flow, pedestrian counts, visibility, parking, access, household income, and local competition, including other Restaurants. We expect you to retain an independent expert to evaluate the suitability of a proposed site. We may help you select a site, but we do not warrant or represent that the selected site is suitable. We disclaim any responsibility for the suitability of the site. Our acceptance of the site is based on the site satisfying our minimum site selection criteria only, and will not be construed as a representation or warranty that the Restaurant located at the site will be successful.

If your site is not identified by the time that you sign your Franchise Agreement, you will have 150 days after signing the Franchise Agreement to (i) identify and obtain our acceptance of a site and (ii) sign any documentation required to document our acceptance of the site, and (iii) obtain a fully signed Lease that complies with our lease requirements. If you and we cannot

agree on a site or you fail to complete all the requirements discussed in the previous sentence in the 150 day period, we may terminate your Franchise Agreement. If we terminate your Franchise Agreement for this reason, we will not refund the Initial Franchise Fee. (Franchise Agreement, Section 6.3)

2. We will provide a sample layout and specifications for the Restaurant. You must hire an architect that we approve in writing to prepare your plans and make any necessary changes to our standard layout and specifications. Our approval of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance. We inspect each Restaurant when construction is finished to make sure that it meets all of our standards and requirements. (Franchise Agreement, Section 7.2).

3. We will make all Non-Proprietary Products and Proprietary Products available to you through independent distributors or manufacturers unless an act of God, governmental restriction, labor difficulty, or similar event prevents us from doing so. (Franchise Agreement, Sections 8.1 and 8.3).

4. We will use reasonable efforts to fulfill or cause distributors or manufacturers to fulfill your orders for Non-Proprietary Products and Proprietary Products on a timely basis. If we, our distributors or our manufacturers cannot supply customers (including yourself and other franchisees) with the quantity and type of Non-Proprietary Products or Proprietary Products that they request, as a result of the causes described above or other causes beyond our or our suppliers' control, then we will try to allocate the available quantities and types of Non-Proprietary Products or Proprietary Products on an equitable basis among businesses selling Paik's Noodle products. If you do not receive Non-Proprietary Products or Proprietary Products from us, our distributors or our manufacturers because of any of the above reasons, this will not be our breach of the Franchise Agreement, nor will we, our distributors or manufacturers be liable to you for this. (Franchise Agreement, Section 8.1.C.)

5. We will share with you our know-how in operating a Restaurant featuring premium Chinese noodle and complementary food and beverages, and grant you electronic or other access to our Manuals containing the information, methods, techniques, and specifications for the operation of a Restaurant. You must strictly comply with the Manuals in operating your business. We can change the Manuals, and you must comply with these changes when we post them, but they will not materially alter your rights and obligations under the Franchise Agreement. We may provide to you the Manuals and any supplements to the Manuals in hard copy or electronically by diskette, CD ROM, electronic mail, the internet or other electronic format. (Franchise Agreement, Sections 9 and 10).

6. We will approve or disapprove all signs, posters, and displays in writing before installation or display. (Franchise Agreement, Sections 7.4 and 12.2).

7. We will furnish you with any specifications for required products and services. (Franchise Agreement, Section 8.3).

8. We will approve or disapprove, in writing, any advertising, direct mail, identification, and promotional materials and programs you propose. (Franchise Agreement, Section 12.2).

9. We will suggest prices for your services. Any schedule of prices contains only non-mandatory recommendations. You need not accept any of our advice about prices. We do not claim that our suggestions will increase your revenues or profitability. (Franchise Agreement, Section 14.4).

Time to Open

It is our standard procedure to have you search, identify and select the site for the Restaurant. Our site acceptance is based on residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. We must approve any site selected, but our consent will not be unreasonably withheld.

We estimate that the typical time between signing the Franchise Agreement and opening your Restaurant is 3 to 12 months. Factors affecting time include attendance at, and satisfactory completion of, the applicable training program, obtaining the lease, obtaining all necessary permits, completion of construction, and delivery and installation of equipment and supplies. You must (i) obtain our acceptance of the Accepted Location, submit site plans and architectural plans to us, and obtain a signed Lease (that complies with our lease requirements) within 150 days after we sign the Franchise Agreement, (ii) begin construction at the Accepted Location within 240 days after we sign the Franchise Agreement, and (iii) open your Restaurant within 360 days after we sign the Franchise Agreement.

Obligations During Franchise Operation

During the operation of your Restaurant,

1. We will provide assistance and supervision during the initial opening and at the Grand Opening of the Restaurant.

2. We will make all Non-Proprietary Products and Proprietary Products available to you through us, independent distributors or manufacturers, unless an act of God, governmental restriction, labor difficulty, or similar event prevents us from doing so, (Franchise Agreement, Sections 8.1 and 8.3).

3. We will furnish you with any specifications for required products and services. (Franchise Agreement, Section 8.3.A).

4. We will review and approve or disapprove any advertising, direct mail, identification, and promotional materials and programs you propose. (Franchise Agreement, Section 12.2).

5. We will furnish you with those support services we consider advisable. We may provide these services on-site, off-site, by telephone, or through other means. Timing will depend on the availability of our personnel. (Franchise Agreement, Section 14.3)

6. We will provide ongoing initial training program, and we will also offer advanced and refresher training for managers.

7. We will update periodically the Operations Manual, as needed, to incorporate new developments and changes in the System, and will provide you a copy of all updates.

Advertising Fund

We will establish an Advertising Fund ("Ad Fund"). You must make advertising contributions to the Ad Fund (the "Advertising Contribution") of 1.0% of Net Sales. We can spend the contributions to the Ad Fund in any manner we choose to promote the Paik's Noodle brand and products. We will direct all advertising programs and control the creative concepts, materials and media used, media placement, and allocation for the Ad Fund. The Ad Fund may be used to meet all costs of administering, directing, preparing, placing, and paying for national, regional, or local advertising. This includes the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaigns, and other public relations activities and the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees. We can use the Ad Fund for our reasonable administrative costs and overhead that we incur in activities reasonably related to the administration or direction of advertising and promotional programs and new product development and research, including conducting market research; preparing marketing and advertising materials; working with public relations firms, advertising agencies, advertising placement services, and creative talent; preparing and maintaining, and paying third parties for the preparation and maintenance of, World Wide Web pages and sites; other activities for advertising and promotion on the Internet and other public computer networks; collecting and accounting for franchisee advertising contributions; and other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales (including combos, crew incentives, franchisee incentive and/or promotional programs, customized materials, quality assurance and food safety programs, and mystery shop and shoppers programs).

We intend our advertising and promotional activities to further general public recognition and acceptance of the Proprietary Marks for the benefit of the System. We will not spend Ad Funds in a manner that (i) exclusively benefits our licensees that manufacture and sell Paik's Noodles products, if any, or (ii) is principally a solicitation for the sale of franchises. We have no obligation to make expenditures for the Ad Fund that are equivalent or proportionate to your contributions, to ensure that you benefit directly or proportionately from the placement of advertising, or to ensure that any advertising impacts or penetrates your area.

The Ad Fund will be accounted for separately from our other funds. We will provide you

with an annual summary of the expenditures for the Ad Fund within a reasonable time after we receive your written request for a summary. Since the Ad Fund is not yet established as of the effective date of this Franchise Disclosure Document, no money has been collected or spent by the Ad Fund.

Any amounts collected but not spent within the fiscal year are carried over and spent in the next fiscal year. Any amounts that we spend on advertising in excess of the amounts then available in the Ad Fund also will be carried over as a loan from us to the Ad Fund and will be reimbursed to us in the next fiscal year. We intend for the Ad Fund to be perpetual; however, after all of the Ad Fund contributions have been spent for the purposes described above, we may terminate the Ad Fund. Other franchisees and our company-owned Paik's Noodle restaurants contribute to the Ad Fund in the same manner that you will contribute.

Local Advertising. You must spend at least 1% of your monthly Net Sales on local advertising. All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. You must submit to us, in the form and manner we prescribe, for prior approval, samples of all advertising and promotional materials not prepared or previously approved by us, including materials you wish to present on a website. If you do not receive written or oral disapproval within 10 days from the date of our receipt of such materials, we will be deemed to have approved the submitted materials. You may not use any advertising or promotional materials that we have not approved, have disapproved or that do not include the copyright registration notices and trademark registration notices we designate. As a condition of approval, you must assign your copyright and any trademark or service mark rights in any materials you create to us, without compensation. You must permit us, the Ad Fund and other Paik's Noodle franchisees we authorize, to use these materials without compensation. You are not permitted to advertise on the Internet or World Wide Web without our prior written consent.

Cooperatives ("Local Advertising Groups")

We have the power to require local or regional advertising groups to be formed, changed, dissolved or merged. We have the right to designate certain geographic areas or to group together areas or Restaurants having similar characteristics and similar advertising and marketing needs for purposes of establishing local advertising groups ("LAG") to assist with local and regional advertising and marketing programs. You must become a member of the LAG designated for the location of your Restaurant, if any, even if you are the sole member. The members of each LAG will adopt governing rules and voting procedures and determine procedures for assessing members. You must participate in promotional programs your LAG establishes that may require you to make expenditures. We may contribute to a LAG, including monies from advertising contributions we collect for the Ad Fund and vendor contributions we receive, but we are not required to. Your LAG will determine the amount of any contribution that you must make directly to the LAG. We have the right to direct the creation of LAGs and to direct a LAG to modify its governing documents, cease operations, modify its geographic area or merge or dissolve. We may require LAGs to prepare annual or periodic financial and other reports that may be made available for you

for review. We also must approve advertising materials the LAG uses. We will make the final decision on marketing and advertising by the LAGs.

At this time, we do not require franchisees to participate in a LAG or any advertising cooperative. No local or regional advertising cooperative exists in our System at this time.

Information System/Cash Register/Computer System

The Point-of-Sale (POS") system is an electronic cash register system. Its principal function is to manage financial records of sales transactions at your Restaurant efficiently and in line with our System. You must purchase, use, maintain and update your software, computer and other POS systems that meet our specifications and requirements. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. You must comply with our then-current terms of use policies and any other requirements regarding any inter/intranet sites we establish for Restaurants. We have presently approved UP Solution Company as the supplier for this system, and they are located at 4311 Wilshire Blvd., Suite 100, Los Angeles, California 90010, and they can be contacted at 800-260-3388. We reserve the right to replace the above supplier and appoint a new supplier or suppliers as we deem necessary at our discretion.

The cost of purchasing the required system is estimated to range between $5,000-$15,000. The estimated annual cost of optional or required maintenance, updating, upgrading or support contracts is approximately $1,500-$2,000. There are no contractual limitations on the frequency or cost of upgrades or changes in the computer systems we may impose.

You must obtain and maintain at your own expense accounting, sales, reporting and records retention systems conforming to the requirements set by us. We reserve the right to use, and to have full access to, all your cash registers, computers and any other systems, and the information and data they contain. We may charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in connection with any of the systems.

We may introduce to the System additional computer software and hardware (including POS and additional back office systems) which you must purchase, use, maintain and update at your expense, as specifications and requirements may be modified over time. In some cases, these components may only be available through us or approved vendors. You will be responsible for paying all supplier and/or licensor (which may include us) charges for use, maintenance, support and/or updates to any future required systems. We do not have a contractual obligation under the Franchise Agreement to provide any maintenance, repairs, upgrades, or updates on any software or hardware.

You will use the computer for basic accounting practices, receiving and responding to emails, submitting monthly reports. We will have access to all data captured by these computers. There is no contractual limitation on our use of the data, although any use by us shall be for

reasonable business purposes.

We do not warrant or have any responsibility for the software or hardware you must obtain. Any warranty you may have on equipment or software will be limited to that provided by the applicable manufacturer or licensor.

Operating Manual

For the duration of the Franchise Agreement, we will grant you electronic access to the Operating Manual or make them available to you by paper or electronically by diskette, CD ROM, electronic mail, the Internet or other electronic format. The Operating Manual contains mandatory and suggested specifications, standards and operating procedures. It is confidential and remains our property. We may revise the Operating Manual from time to time by posting the revisions electronically or by letter, memorandum, bulletin, videotape, audiotape, diskette, CD ROM, electronic mail or by other written or electronic communication, including the internet. You must abide by all revisions, but the revisions will not materially alter your status and rights under your Franchise Agreement. We will give you an opportunity to view the Manuals before you purchase a franchise if you so request.

Attached as Exhibit D is a copy of the table of contents of our current Operating Manual, which indicates the number of pages devoted to each topic and the total number of pages in the Operating Manual.

Training Program

Within 90 days prior to opening your Restaurant, you must complete our new franchisee training program ("Initial Training Program"). Our Initial Training Program consists of ten (10) days of instruction by our current management team concerning all aspects of the operation and management of the Restaurant and its business. The training includes review and discussion of the Operations Manual and all aspects of the operation of your business. The training should be scheduled near the time of the completion of the construction of your Restaurant and after hiring your key employees.

The training will take place at our business located in Los Angeles, California, or at another location or locations as we may designate, and will be conducted by our certified instructors. We may require that you and/or your designated manager(s) attend such further training programs as we shall from time to time reasonably prescribe and complete the programs to our satisfaction. A person who has successfully completed our new franchisee training program must at all times actively supervise the operation of your Restaurant.

For all required initial training courses, we will provide, at no charge to you, instructors and training materials. You will be responsible for all other expenses which you or your employees incur for the purpose of this training, including the cost of transportation, lodging, meals and wages. If you need to replace your designated manager, the replacement manager must attend and

complete the initial training program to our satisfaction as soon as is practicable. For this training, we charge a supplemental training fee to train the replacement designated manager, which is currently $300.00 per day. The fee will be primarily to compensate the personnel who teach the courses and to defray the expenses of such courses.

You are responsible for the recruitment and hiring of all of your employees. You are also responsible for the training of all Restaurant employees. For your Restaurant, one of our representatives will advise and assist you in opening the Restaurant by coordinating your pre-opening activities and being available to assist with your operations for up to seven (7) days for the opening of your Restaurant.

We will be available to consult with you and/or your designated manager by telephone, Monday through Friday 9:00 a.m. to 6:00 p.m. (Los Angeles, California time), with respect to all aspects of starting and operating your Restaurant. Listed below is a chart showing our tentative training schedule, the principal instructors, the instructional material you will use, and the location of the training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation	2	1	Certified Training Facility Corporate Training Facility
Concept, History, Business Model	1	-	Corporate Training Facility
Human Resources Management	2	2	Certified Training Facility Corporate Training Facility
Customer Service and Sales Techniques	2	10	Certified Training Facility Corporate Training Facility
Food Preparation	2	10	Certified Training Facility Corporate Training Facility
Menu/Plate Presentation	2	10	Certified Training Facility Corporate Training Facility
Product Ordering –Specifications and Inventory Control	1	2	Certified Training Facility Corporate Training Facility
Equipment Usage and Maintenance	2	1	Certified Training Facility Corporate Training Facility

Marketing and Advertising	2	-	Certified Training Facility
Quality Standards and Store Sanitation	2	10	Certified Training Facility Corporate Training Facility
General Store Operation	1	10	Certified Training Facility Corporate Training Facility
Total	17	56	

All aspects of training are integrated. There are no definitive starting and stopping times. The curriculum of the Initial Training Program is subject to change. Instructional materials for training include the Operation Manuals, standardized forms and employee manuals. Tae Heon Kim, our Director in charge of U.S. Operations, whose experience is described in Item 2 of this Disclosure Document, supervises and manages the training programs and the training staff. Trainers do not specialize in any subject. Other members of our staff and of our Parent's staffs may assist in training.

We can also require that you and/or your designated manager attend additional and/or refresher training programs, as we may reasonably require, to correct, improve and enhance your operations, the System, and its members at our corporate headquarters, with durations not longer than 3 days and not more than 2 times in any given year. You will be responsible for all travel, living, incidental and other expenses for you and your personnel attending optional or mandatory training programs, seminars or meetings.

ITEM 12
TERRITORY

You will receive an exclusive trade area as described in this Item. The following describes how trade areas ("Areas of Protection") are determined, and the rights that you and we have under the Franchise Agreement.

You and we may negotiate your Area of Protection if the Accepted Location is known at the time you sign the Franchise Agreement. The size and scope of the Area of Protection will be determined on a case-by-case basis and set forth specifically in the Franchise Agreement, but will be an area of about 0.25 of one mile from your Restaurant if located within a Central Business District, which is an area concentrated with commercial businesses to be designated by us at our sole discretion. For locations outside of the Central Business District, your Area of Protection will be an area measuring approximately 1 mile from your Restaurant. The factors that we consider in determining the size of an Area of Protection include current and projected market demand, demographics and population, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Restaurants, our future

development plans and other market conditions. We typically define the Area of Protection by the market area for the Restaurant. If your Restaurant is located in a neighborhood, suburban or urban location, your Area of Protection will likely be defined by either consumer population around your Restaurant or drive time to reach your Restaurant. If the Accepted Location is not known when you sign the Franchise Agreement, we will designate the Area of Protection once we authorize a location for the Restaurant and the Accepted Location, and Area of Protection will be documented when we accept the location. If the Accepted Location is known when you sign the Franchise Agreement, the Franchise Agreement will specify the Accepted Location for your Restaurant and the Area of Protection.

During the term of the Franchise Agreement, we will not own, acquire, establish and/or operate, nor license and/or franchise any other person to establish or operate a Restaurant in the Area of Protection except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Area of Protection may be altered before expiration or termination of the Franchise Agreement. Your territorial protection is not dependent on achievement of a certain sales volume, market penetration or other factors, other than compliance with the Franchise Agreement. You will have no right of first refusal and you will not have any similar rights to acquire additional franchises or establish additional Restaurants.

You may only sell Paik's Noodle products and services at retail from your Restaurant, and you may not engage in the wholesale sale or distribution of any Paik's Noodle product, service, equipment, or other component, or any related product or service, without first obtaining our written consent. You may not sell thru the Internet or using any channel of distribution other than your Restaurant without first obtaining our written consent. We grant you a franchise for a specific location, which we must approve according to site selection procedures, and relocation of your Restaurant requires our prior written approval.

Our Reserved Rights

Under the Franchise Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

1. We may produce and sell Products, or any other products or services, and authorize others to produce and sell Products or any other products or services, to any party, in any location, through any channel of distribution including without limitation to and through supermarkets, convenience stores, club stores, and other retail stores not dedicated to the sale of the Products, or any other channel including mail order sales and sales through the internet, using the Proprietary Marks, the System and any other marks and/or systems, we desire, without providing any rights or compensation to you,

2. We may open and operate, and franchise others to open and operate, retail outlets at any location within or outside the Area of Protection, including near your Accepted Location and

Restaurant, using the Proprietary Marks and selling the Products at limited access and captive audience facilities, separate areas, concession departments and other types of institutional accounts (which include airports, bus and railroad terminals, other public transportation facilities, sports arenas and stadiums, highway rest stops, gasoline service stations, amusement centers, museums, supermarkets, convenience stores, department stores, enclosed malls, food courts, hospitals and other health care facilities, parks, universities and education facilities, theaters, schools, art centers, convention centers, casinos, military bases, office buildings, business complexes, apartment buildings, condominiums, dormitories, other high density locations and other similar non-restaurant locations) (collectively, "Non-Traditional Outlets"), without providing any rights or compensation to you.

3. We may acquire or be acquired by another business, and the other business may open and operate, and franchise others to open and operate, businesses similar to the Restaurant: (i) at any location outside the Area of Protection or at Non-Traditional Outlets in the Area of Protection (including near your Accepted Location) using the Proprietary Marks and selling the Products, through restaurants that are the same as or similar to Restaurants, without providing any rights or compensation to you; and (ii) at any location in the Area of Protection using marks other than the Proprietary Marks and selling products similar to the Products, through restaurants that are the same as or similar to Restaurants, without providing any rights or compensation to you.

4. There may already be company-owned or franchised Restaurants near your Restaurant that will continue to operate. We may open or franchise new Restaurants near your Restaurant (but outside your Area of Protection) without consulting you or giving you the first right to open them. These Restaurants may compete directly with you,

5. Other Restaurants near your Restaurant that are already in existence or opened later under Franchise Agreements also may (i) compete directly with you, (ii) provide services in close proximity to your Restaurant without compensating you, and (iii) possibly adversely affect the operation of your Restaurant.

6. As of the effective date of this Disclosure Document, we or our affiliates have no plans to franchise or operate any business similar to that of a Restaurant under different trademarks.

ITEM 13
TRADEMARKS

The following trademark has been filed with the United States Patent and Trademark Office ("USPTO"):

TRADEMARK	REGISTRATION (APPLICATION) NUMBER	STATUS

Paik's noodle	4623775 Registration Date October 21, 2014	Registered on October 21, 2014
백종원의 홍콩반점0410 PAIK's NOODLE	4782951 Registration Date July 28, 2015	Registered on July 28, 2015

*The Born Korea Co., Ltd., our parent company, is the owner of the marks identified above and has granted us the exclusive license to use and license the above trademarks, and we in turn will grant you a non-exclusive right to use all of the trademarks, service marks, trade names and commercial symbols used in connection with the operation of the Restaurant (collectively, the "Proprietary Marks"). The Proprietary Marks may only be used at the location we approve for your Restaurant and for the sale of products and services we authorize under the Franchise Agreement. We update the Manuals periodically, and add or delete Proprietary Marks on a continuing basis.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You will only use the Proprietary Marks to identify your Restaurant except as we authorize. You have no right to apply for registration of any Proprietary Mark. In using the Proprietary Marks, you must strictly follow our standards, specifications, requirements, and instructions. All goodwill associated with the Proprietary Marks will remain our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any other way not explicitly authorized by the Franchise Agreement or that we otherwise approve. When your Franchise Agreement expires or terminates, all rights to use the Proprietary Marks will revert to us automatically without any payment or compensation to you and you will keep no rights in the Proprietary Marks. You may not take any action to question or contest our rights or interest in the Proprietary Marks and the goodwill in the Proprietary Marks.

Any required affidavits relating to the Proprietary Marks have been filed. There are presently no effective determinations of the USPTO, any trademark trial and appeal board, the Trademark Administrator of any state or any court, any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving any of the Proprietary Marks that is relevant to your use. There are no currently effective agreements that significantly limit our rights to use or franchise the Proprietary Marks in any way that is material to the franchise.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims

about the Proprietary Marks. You may not settle or compromise any of these claims without our written consent. We have the right to defend and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

You must comply with our instructions to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Proprietary Marks. We will not be liable to you for any resulting expenses. You promise in the Franchise Agreement not to start or join any proceeding against us for any resulting expenses.

There are presently no infringing uses known to us that could materially affect your use of the Proprietary Marks listed above in the state in which your Restaurant will be located.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents material to the franchise. We claim copyrights on certain forms, advertisements, promotional materials, and other written materials, and in some instances we may choose to obtain federal copyright registrations for some of these materials. We also claim copyrights and other proprietary rights in the Manuals (and the modifications we make to it periodically). We also claim copyrights in our building designs and any artwork used thereon.

There are no agreements currently in effect that significantly limit your right to use any of our copyrights. Also, there are no currently-effective determinations of the USPTO, Copyright Office (Library of Congress) or any court involving any of our copyrights discussed above. We are unaware of any infringing uses of or superior prior rights to any of our copyrights that could materially affect your use of them in the state in which your Restaurant will be located.

Your obligations and ours to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13.

Confidential Information

Our Operating Manual, other manuals, training material, merchandise and vendor lists and updates, action plans, and other directives contain material which we consider to be trade secrets. We claim trade secret and copyright protection for these materials. You have to follow our direction in protecting the manuals and other trade secret materials from unauthorized disclosure. You must use our proprietary materials only as we direct. You may not, during the initial term or any renewal term of the Franchise Agreement, or after the Franchise Agreement expires or is terminated, reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to

a third party except as we authorize. All persons affiliated with you must sign our Personal Covenants Agreement (Schedule B to the Franchise Agreement).

Our confidential information includes products, services, equipment, technologies, and procedures for the retail sale of food and non-food products under the System; systems and techniques for the production, distribution, merchandising, and sale of food and non-food products; systems and techniques for food preparation and storage; menus; recipes and ingredients; special techniques for packaging, display, merchandising, and marketing of food products; operating procedures for sanitation and maintenance; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements, and specifications that are part of the System; plans, layouts, designs and specification for a prototypical Restaurant, the Operating Manual; methods of advertising and promotion; instructional materials; and other matters.

You must irrevocably license to us all products, services, equipment, and programs you develop for the System and the food and non-food products sold under the System. We will not be liable to you in any way because of this license.

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

You must personally supervise the operation of your Restaurant(s), unless we otherwise permit in writing. You must devote the necessary time and your best efforts for the proper and effective operation of your Restaurant. If we license you to operate more than one Restaurant, you must devote the time necessary for the proper and effective operation of all your Restaurants. You must employ one certified manager for each Restaurant.

If you are an individual, you must either serve as or designate a certified manager. An entity franchisee must designate a certified manager. The certified manager, who will have day-to-day management responsibility for your Restaurant, will exercise on-premises supervision and personally participate in the direct operation of the Restaurant. We do not require that your Restaurant certified manager must own any equity interest in the franchise if the franchisee is a business entity, but your certified manager must complete the Initial Training Program to our satisfaction. If your certified manager is unable to work for any reason, you must immediately notify us, and you must designate a successor or acting certified manager within 30 days. If you fail to do so after receiving from us a default notice with a cure period, we can terminate the Franchise Agreement.

All persons affiliated with you must sign our Personal Covenants Agreement (Schedule B to the Franchise Agreement) and keep our confidential or proprietary information confidential (see Item 14).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all services, products, and programs that we require you to sell and that are part of the System, or that we incorporate into the System in the future. We may add to, delete from, or modify the services, products, and programs that you can and must offer. You must abide by any additions, deletions, and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement.

You may not sell any menu item, product, service, or program that is not a part of the System without our prior written approval. You may not use the Paik's Noodle name or Proprietary Marks for any other business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Restaurant without first obtaining our written consent. There are no restrictions on the customers to whom you can sell the products at your Restaurant.

You may only sell Paik's Noodle products and services at retail from your Restaurant, and you may not engage in the wholesale sale or distribution of any Paik's Noodle products, service, equipment, or other component, or any related product or service, without first obtaining our written consent. You may not sell any products thru the Internet or using any channel of distribution other than your Restaurant without first obtaining our written consent. We will permit you to use a website page that (i) is located on our website, (ii) we have approved, and (iii) complies with the Operating Manual for marketing catering and delivery services.

You may not sell, barter, or exchange the Proprietary Products or other proprietary items at wholesale or retail under any condition. If you engage in any wholesale or retail sale, barter, or exchange of any quantity of Proprietary Products or other proprietary items to a Paik's Noodle franchisee that is not in good standing with us or to any other person or entity, we can terminate the Franchise Agreement immediately on notice to you. You may sell out-of-stock Proprietary Products or other proprietary items to a Paik's Noodle franchisee that is in good standing with us but any sale under these circumstances must be in accordance with all applicable food handling laws and regulations.

In preparing, dispensing, and selling Paik's Noodle products, you may use only product components, ingredients, flavoring, and garnishes that meet our then-current requirements and specifications. You must prepare all Paik's Noodle products in strict accordance with our standards, specifications, techniques and procedures. In dispensing Paik's Noodle products, you may use only containers, cartons, bags, boxes, napkins, and other paper goods and packaging bearing our then-currently approved text and designs, and that otherwise meet our then-current requirements, specifications, and quality standards.

ITEM 17
RENEWAL, TERMINATION, TRANSFER
AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement, Development Agreement and related agreements on renewal, termination, transfer, and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section 3.1	10 Years
b. Renewal or extension of the term	Section 3.2	One additional term of 10 years
c. Requirements for you to renew or extend	Section 3.2	You must satisfy these requirements to renew: a. Timely request renewal b. Have been in substantial compliance with Franchise Agreement c. Remodel, refurbish and renovate the Restaurant, if required d. Sign and return your Renewal Franchise Agreement (then-current) e. Pay the renewal fee f. Sign a general lease
d. Termination by you	Section 20.1	The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you under applicable law, including material breach by Franchisor.
e. Termination by us without cause	None	None
f. Termination by us with cause	Section 2	We may terminate only if you default.
g. "Cause" defined – defaults which can be cured	Section 20.3	You have 24 hours to cure if: a. You refuse us permission to inspect or audit. b. A threat or danger to public health or safety results from your continued operation of the Restaurant. c. Any dilution or adulteration of products at the Restaurant, or any misrepresentation, substitution, or palming off from the Restaurant operated under

		the Franchise Agreement. d. You fail to comply fully with all laws. You have 5 days to cure if: a. You sell, barter, or exchange the Proprietary Products or other proprietary items at wholesale or retail. b. You fail to secure a Accepted Location within the required time limits and procedures or fail to open on time. c. You fail to comply with the in-term covenant not to compete. You have 10 days to cure if: a. You fail to pay any of your debts to us, our affiliates or others b. You do not obtain personal covenants required under the Franchise Agreement. c. You have an uncured default in any other agreement, including a mortgage or lease for the Restaurant. d. You default under your lease or lose possession of the Accepted Location. You have 30 days to cure if: a. You do not maintain the required financial records. b. You breach any other provision of your Franchise Agreement.
h. "Cause" defined – defaults which cannot be cured	Section 20.2	On notice to you: a. You violate restrictions on use of Confidential Information, or fail to obtain the required additional covenants. b. You copy or permit anyone else to copy any part of the Manuals. c. You (or any principal of a corporation, partnership, or proprietorship franchisee) are convicted of a felony, fraud, etc. d. You abandon the Restaurant. e. After curing a default, you commit the same or similar default again within 12 months. f. You become insolvent, become subject to bankruptcy, make an assignment for creditors, subject to a receiver, have unpaid judgments, subject to attachment proceedings or execution of levy, or un-dismissed foreclosure. g. Your (or any principals of a corporation,

		partnership, or proprietorship franchisee) assets, property, or interests are blocked under any law, ordinance or regulation related to terrorist activities or you (or any principal of a corporation, partnership, or proprietorship franchisee) violate any regulation law, or ordinance related to terrorist activities.
i. Your obligations on termination/non-renewal	Section 21	a. Stop using our Proprietary Marks, confidential information, trade secrets, and Manuals. b. Immediately deliver to us all materials related to the System and your copies of any of the Manuals. c. Immediately cancel all assumed name registrations. d. Within 5 days, pay all sums owing to us and our affiliates. e. Immediately de-identify the Restaurant as our franchisee or former franchisee. f. Immediately comply with non-competition covenants in the Franchise Agreement. g. Stop using the telephone numbers listed in directories under the name "Paik's Noodle" or any confusingly similar name. h. Immediately sign agreements necessary for termination. i. Pay all liquidated damages due us. j. If we choose not to take over (or to have another franchisee take over) the Restaurant, redecorate and remodel it to distinguish it from Restaurants under the System. k. In 15 days, arrange with us for an inventory by us, at our cost, of personal property, fixtures, equipment, inventory and supplies. We will have the option for 30 days after termination or expiration to buy these at the fair market value (exclusive of goodwill). l. If we terminate for cause, we can take possession of the Restaurant and require that you assign to us or our designee your interest in the lease for the Restaurant. If you dispute the termination, then we can operate the business until final court determination. If the court decides termination was invalid, we must make a complete accounting for the time when we operated the business.
j. Assignment of contract by us	Section 19.6	We can assign if the assignee is capable of performing our obligations under the Franchise Agreement, and agrees to perform these obligations.
k. "Transfer" by you – definition	Section 19.1	Any assignment, subfranchising, sublicensing, sale, transfer or share of: (i) your rights under or interest in

			the Franchise Agreement; (ii) the Restaurant or any interest in it; (iii) the Franchisee, if an entity; (iv) any interest in a Franchisee entity; or (v) any interest in any entity that directly or indirectly controls a Franchisee entity.
l.	Our approval of transfer by you	Sections 19.1 and 19.3	Neither you nor other owners of the interests described in (k) above can transfer without first obtaining our written approval.
m.	Conditions for our approval of transfer	Section 19.3 and 19.4	Third Party Transfers: a. You must pay all amounts you owe us and our affiliates. b. You have not been in default under the Franchise Agreement or any other agreement during the Term. c. Transferee and proposed Restaurant Manager must attend and successfully complete training before transfer, at transferee's expense. d. Transferee must meet our then-current requirements for new franchisees. e. Transferee agrees to upgrade and remodel Restaurant to conform to our then-current standards for quality and appearance and trade dress. f. Transferee must sign our then-current Franchise Agreement. The term of new Franchise Agreement will expire on the date of expiration of your Franchise Agreement. g. You must sign a general release. h. You must give us a copy of the signed assignment contract. i. You pay us a transfer fee equal to 50% of the then-current initial franchise fee. j. You must comply with our right of first refusal. Related Party Transfers a. You give us prior written notice of the transfer. b. The related party assumes in writing the Franchise Agreement. c. You may not be in default under the Franchise Agreement. d. You must sign a general release.
n.	Our right of first refusal to acquire your business	Section 19.5	We can match any offer for your Restaurant; the Franchisee, if an entity; any interest in a Franchisee entity; or any interest in an entity controlling a Franchisee entity.
o.	Our option to	Section 21.4	We may purchase your personal property, fixtures,

	purchase your business		equipment, inventory, and supplies for the Restaurant at the fair market value (exclusive of goodwill).
p.	Your death or disability	Section 19.2	Upon 1 year from your death or permanent incapacity you must transfer all rights and interests to buyer that we approve provided each person obtaining interest: (i) is capable of conducting the obligations under the Franchise Agreement; (ii) signs form personal covenants agreement; and (iii) signs form personal guaranty.
q.	Non-competition covenants during the term of the franchise	Section 18	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	Section 18.4.B	No involvement in competing business for 12 months within 3 miles of any Restaurant (including your Restaurant).
s.	Modification of the agreement	Sections 10.2 and 25.2	No oral modifications, but we can change the Operating Manual.
t.	Integration/ merger clause	Section 25.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 22.1	Most disputes must be resolved by arbitration.
v.	Choice of forum	Section 22.1	Subject to state law, currently, arbitration or lawsuit must be in California.
w.	Choice of law	Section 25.4	Subject to state law, California law applies.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about actual or

potential financial performance of its franchised and/or franchiser-owned outlets, if there is a reasonable basis for the information, and 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, affiliate-owned or franchised Restaurants. We do not authorize our employees or representatives to make any such representations either orally or in writing. But if you are purchasing an existing Restaurant from us or an affiliate of ours, we may provide you the actual records of that Restaurant. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Mr. Tae Heon Kim, Director of Noodle J-1, Inc. at 3470 W. 6th Street, #11, Los Angeles, California 90020, (213) 389-0410, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Item 20(1) Table –
Systemwide Outlet Summary
For years 2017 to 2019

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2017	9	11	+2
	2018	11	10	-1
	2019	10	11	+1
Company or Affiliate-Owned	2017	1	1	0
	2018	1	1	0
	2019	1	1	0
Total Outlets	2017	10	12	+2
	2018	12	11	-1
	2019	11	1	12

Item 20(2) Table –
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2017 to 2019

State	Year	Number of Transfers
California	2017	1
	2018	0
	2019	0
Total	2017	1
	2018	0
	2019	0

Item 20(3) Table –
Status of Franchised Outlets
For years 2017 to 2019

State	Year	Outlets at Start of Year	Outlet Opened	Termi-nation	Non-Renewal	Re-acquired by Franchi-sor	Ceased Opera-tions-Other Reasons	Outlets at the end of Year
CA	2017	7	0	0	0	0	0	7
	2018	7	0	0	0	0	0	7
	2019	7	0	0	0	0	0	7
TX	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
IL	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
NY	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
AZ	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
VA	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
Totals	2017	10	3	0	0	0	1	12
	2018	12	0	0	0	0	1	11
	2019	11	0	0	0	0	0	11

Item 20(4) Table –
Status of Company or Affiliate Owned Outlets
For years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at the end of Year
CA	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Totals	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1

Item 20(5) Table –
Projected Openings As of Dec. 31, 2020

Ste	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
California	0	1	0
Total	0	1	0

If you buy a Paik's Noodle franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Attached to this Franchise Disclosure Document as Exhibit E is a list of names of all current franchisees and the address and telephone number of each of their outlets. Exhibit F provides a list of name, city and state, and the last known telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to agree to maintain all information that the former franchisee has about us confidential. In some instances current and former franchisees sign provisions restricting their ability to speak openly about their experiences with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees

will be able to communicate with you.

There are no independent trademark specific franchisee organizations for Paik's Noodle brand

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ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G is our combined audited financial statements as of December 31, 2017 and December 31, 2018 and December 31, 2019. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

All agreements proposed for use in this State are attached to this Franchise Disclosure Document as follows:

EXHIBIT C - Franchise Agreement

ITEM 23
RECEIPT

The last page of this Disclosure Document contains a detachable Receipt form which you must date, sign, and return to us immediately upon your receipt of this Disclosure.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Business Oversight
Suite 750
320 West 4th Street
Los Angeles, CA 90013
(213) 576-7500
Toll Free No.: 1 866 275 2677

Agent: California Commissioner of Business Oversight

HAWAII

Securities Examiner
1010 Richards Street
Honolulu, Hawaii 96813
(808) 548-2021

Agent: Director of Hawaii Department of Commerce and Consumer Affairs

ILLINOIS

Franchise Division
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Agent: Illinois Attorney General

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Agent: Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7177

Agent: Michigan Department of Commerce
Corporations and Securities Bureau

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-4026

Agent: Minnesota Commissioner of Commerce

INDIANA

Franchise Section
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Agent: Indiana Secretary of State
Indiana Securities Division
201 State House
Indianapolis, IN 46204

NEW YORK

Bureau of Investor Protection and Securities
New York State Department of Law
23rd Floor
120 Broadway
New York, New York 10271
(212) 416-8211

Agent: New York Secretary of State

NORTH DAKOTA

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 328-2910

Agent: North Dakota Securities Commissioner

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Agent: Director of Oregon Department
of Insurance and Finance

NEBRASKA

Nebraska Department of
Banking and Finance
1200 N Street
P.O. Box 95006
Lincoln, Nebraska 68509-5006

SOUTH DAKOTA

Division of Securities
c/o 118 West Capitol
Pierre, South Dakota 57501
(605) 773-4013

Agent: Director of South Dakota Division
Securities

TEXAS

Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA

State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Agent: Clerk of the State Corporation
Commission

RHODE ISLAND

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 222-3048

Agent: Director of Rhode Island Department of Business Regulation

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
P.O. Box 1768
Madison, Wisconsin 53703
(608) 266-8559

Agent: Wisconsin Commissioner of Securities

WASHINGTON

Director
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360) 902-8760

Agent: Securities Administrator, Director of Department of Financial Institutions

EXHIBIT B

STATE SPECIFIC ADDENDUM

California

Neither the franchisor nor any person identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling the person from membership in the association or exchange.

California Business and Professions Code §§ 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.A. Sec. 101 et seq.) The Franchise Agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a Franchise Agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Section 31125 of the California Corporations Code requires us give you a disclosure document, in a form containing the information that the commissioner may rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

The franchise agreement requires binding arbitration. The arbitration will occur at Los Angeles, and the arbitrators have the discretion to assess the costs of arbitration, including reasonable arbitrators' and attorneys' fees in proportions as the arbitrators may determine. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

ALTHOUGH WE PLAN TO SOON, WE PRESENTLY DO NOT HAVE A WEBSITE. IF ANDWHEN WE HAVE OUR WEBSITE IN OPERATION, PLEASE NOTE THAT OUR WEBSITE WOULD NOT HAVE BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR FUTURE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Illinois

Many states have status concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute (915 ILCS 705/19 and 705/20).

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

The Franchise Agreement includes a choice of law clause designating another state's law as the governing law. Under Illinois law, a Franchise Agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 17 w. is amended to state "none" under the heading for "Summary." The Franchise Agreement is amended to omit Section XXV.

The Franchise Agreement requires franchisee to sign a release of claims as a condition for transfer or renewal of the franchise. Under the law of Illinois, any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise disclosure law of Illinois is void. Accordingly, insofar as the Franchise Agreement requires franchisee to waive franchisee's rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring franchisee to sign a release of claims as part of a negotiated settlement of a dispute.

Maryland

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

The Franchise Agreement says that franchisor may require franchisee to sign a release of claims, other than claims that may not be waived in advance under applicable law, as a condition of renewal or transfer of your franchise. Under Maryland law, the release will not apply to any liability under the Maryland Franchise Registration and Disclosure law.

Under the Franchise Agreement, franchisee must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland franchise law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the franchise is granted.

Michigan

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:

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (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 six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

A FRANCHISE SHALL NOT BE SOLD IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST TEN (10) BUSINESS DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR AT LEAST TEN (10) BUSINESS DAYS BEFORE THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE STATEMENT DESCRIBED IN THIS STATUTE.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The Franchise Agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

With respect to franchises governed by Minnesota law, the franchisor 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.

The Franchise Agreement requires you to sign a release of claims as a condition of renewing or transferring a franchise. Minnesota Rule Part 2860.4400J prohibits franchisor from requiring franchisee to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

The Franchise Agreement provides that franchisor is entitled to a temporary injunction or decree of specific performance. The Franchise Agreement is amended to provide that we are entitled to seek a temporary injunction or decree of specific

performance if we can demonstrate to a court of competent jurisdiction that there is substantial likelihood of franchisee's breach or threatened breach of any of the terms of the Franchise Agreement, not that franchisor is necessarily entitled to obtain this relief.

Under Minnesota law, any claim arising under §80C may be brought within three years after the cause of action accrues. The Franchise Agreement is amended to provide for a three-year period within which to bring any Minnesota claims.

New York

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH FRANCHISEE ABOUT ITEMS COVERED IN THIS 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 PROSPECTUS.

Except as stated in Item 3 of this Disclosure Document, neither the franchisor, its predecessor or predecessors nor any person or sales agent identified in Item 2 of this Disclosure Document: (i) has pending any administrative, criminal, or material civil action (or a significant number of civil actions irrespective of materiality) alleging a felony, violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; (ii) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; (iii) is subject to any injunctive or restrictive order or decree relating to franchises or under Federal or State franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

Neither the franchisor, its affiliate, its predecessor, officers, nor general partner 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.

The introduction to Item 17 is amended to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

The Summary column of Item 17d is amended to read: "You may terminate upon any grounds permitted by law."

The Summary column of Item 17j is amended to read: "We may assign only to a financially responsible assignee that we reasonably believe is capable of performing its obligations under the franchise agreement and which expressly assumes these obligations in writing."

The Summary column in Item 17w is amended to add the following: "The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

North Dakota

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 17c is revised to omit any requirement that a general release be signed as a condition of renewal.

Item 17r is amended to add the following: "To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota."

Item 17u is amended to omit any reference to the location or mediation or arbitration.

Item 17w is amended to state "None."

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

South Dakota

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that trademark issues are to be under the Landham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cur the default prior to termination. Under SDL 37-5A-86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter, or any rule or order is avoid.

An acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

Washington

The State of Washington has a statute, RCW 19.100.180, that 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 the franchise.

In Washington, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

The Franchise Agreement requires application of the laws of a state other than Washington. If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chap. 19.100 RCW, will prevail.

The Franchise Agreement requires franchisee to sign a release of claims as a condition of renewing or transferring the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act.

Under Washington law, transfer fees may be collected only to the extent that they reflect the franchisor's reasonable estimated or actual costs in connection with the transfer.

EXHIBIT C

PAIK'S NOODLE

FRANCHISE AGREEMENT

PAIK'S NOODLE FRANCHISE AGREEMENT

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EXHIBITS:

Schedule A - Area of Protection and Ownership Information
Schedule B - Personal Covenants
Schedule C - Guaranty of Payment and Performance
Schedule D - Authorization to Honor Checks Drawn by and Payable to Noodle J-1, Inc., Including Electronic Transfers

PAIK'S NOODLE FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT, ("Agreement") is made and entered as of _____, 20__, between NOODLE J-1, INC., a California corporation whose principal address is 3470 W. 6th St. #11, Los Angeles, CA 90020 ("Franchisor"), and _____ having the principal address at _____ _____ ("Franchisee").

1. DEFINITIONS

In addition to the terms that are defined in other parts of this Agreement, the following terms have the indicated meanings:

1.1 Accepted Location means the premises located at _____ _____ or as approved by Franchisor pursuant to Section 6.

1.2 Agreement means this Franchise Agreement.

1.3 Area of Protection means the area stated in Schedule A.

1.4 Franchised Restaurant or Restaurant means the Paik's Noodle restaurant to be developed and operated by Franchisee at the Accepted Location pursuant to this Agreement.

1.5 Operating Manuals or Manuals means Franchisor's standard operating procedures manuals, which Franchisor may add to, delete from, or modify from time to time.

1.6 Mark or Marks means the Paik's Noodle trademarks and trade names together with related logo(s) and designs that Franchisor permits Franchisee to use at the Accepted Location and in advertising for the Accepted Location, and any other additional or substituted trademarks, trade names, service marks or logos that Franchisor later adopts and authorizes to use in writing.

1.7 Opening Date means the date Franchisee begins selling Products from Franchisee's Franchised Restaurant after receiving Franchisor's approval to do so.

1.8 Principal Owner means a person or entity owning a 20% or greater equity interest in Franchisee entity.

1.9 Products mean any and all food products and beverages and related services approved by Franchisor for the Franchised Restaurant and includes Proprietary Products and Non-Proprietary Products.

1.10 Standards mean Franchisor's guidelines, standards, specifications, rules, requirements, and directives, including without limitation the standards and specifications as to recipes, ingredients, food preparation, food storage, interior and exterior design and décor, sanitation,

maintenance, and equipment for the Franchised Restaurant. Franchisor may add to, delete from, or modify the Standards from time to time and in any manner.

1.11 System means Franchisor's special techniques and trade secrets for preparing, packaging, displaying, merchandising, and marketing of food products; the methods of operating a Restaurant and advertising and marketing programs and materials; Franchisor's operations and administrative systems and training programs; and the Marks. Franchisor may add to, delete from, or modify the System from time to time and in any manner.

2. GRANT OF FRANCHISE

Subject to the terms of this Agreement, Franchisor grants to Franchisee, and Franchisee accepts, a non-exclusive franchise to operate one Paik's Noodle Restaurant (the "Restaurant") only at the Accepted Location using the Marks, under the System (collectively, "Franchised Restaurant").

3. TERM AND RENEWAL

3.1 Initial Term. This Agreement commences on the Effective Date and will end 10 years after the Opening Date (the "Term"), subject to earlier termination pursuant to the terms of this Agreement.

3.2 Renewal. Franchisor may grant renewal of this Agreement for an additional 10-year term (the "Renewal Term"). To obtain the Renewal Term, Franchisee must submit a written request for a renewal no earlier than 12 months but no later than 6 months before the expiration of the Term.

A. To qualify for renewal, Franchisee must: (i) at all times during the Term have been in substantial compliance with this Agreement and (ii) agree in writing that, before the Renewal Term begins, Franchisee shall make the necessary capital expenditures necessary to materially remodel, refurbish, and renovate (collectively, "Remodel") the Restaurant, including without limitation the Restaurant's internal and external construction, design, furniture, fixtures, equipment (including point-of-sale hardware and related software), and décor, so that the Restaurant reflects Franchisor's then-current Standards.

B. If Franchisor grants Franchisee’s request for renewal, Franchisee must:

(1) Sign and return Franchisor's then-current form of franchise agreement (the "Renewal Agreement") within 30 days after Franchisor delivers it to Franchisee and pay a renewal fee equal to 25% of the amount of the then-current initial franchisee fee. Franchisee agrees that the Renewal Franchise Agreement may contain terms that differ materially from this Agreement.

(2) Sign a general release in a form Franchisor prepare, releasing Franchisor and Franchisor's directors, officers, shareholders, employees, agents, and attorneys, and Franchisor's affiliates and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and Franchisor's successors and assigns and the successors and assigns of any of them (collectively, the "Affiliated Parties"), from any and all claims Franchisee may

have against the Affiliated Parties as of the date of the Renewal Agreement.

C. If Franchisee does not timely notify Franchisor and deliver all of the notices and documents required under this Section, Franchisee shall not be entitled to the Renewal Term, and the renewal provisions in this Section will expire automatically and without further notice to Franchisee. Franchisee agrees that this Agreement does not grant Franchisee any automatic renewal rights, and that the sole basis for any extension of Franchisee's franchise rights beyond the Term is in **this** Section.

4. FEES

4.1 Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee of $35,000 (the "Initial Franchise Fee"), which is fully earned and nonrefundable upon execution of this Agreement by both parties.

4.2 Royalties; Advertising Contribution.

A. Franchisee must pay a recurring, non-refundable royalty fee of 3.0% of Net Sales (the "Royalty") of the Franchised Restaurant during the term of this Agreement, payable on Monday of each week for the immediately preceding week (or on any other basis stated in the Manuals or in Franchisor's written notice to Franchisee). Franchisee must also submit to Franchisor any reports or statements required to be submitted in this Agreement, Manuals or in Franchisor's written notice to Franchisee.

B. Franchisee must pay a recurring, non-refundable advertising contribution (the "Advertising Contribution") payable on Monday of each week for the immediately preceding week (or on any other basis stated in the Manuals or in Franchisor's written notice to Franchisee). The Advertising Contribution is currently 1.0% of the Net Sales of the Franchised Restaurant. Franchisor reserves the right to increase the Advertising Contribution up to an additional 1.0% by providing Franchisee a 30-day written notice at any time.

C. For the purposes of this Agreement, the term “Net Sales" shall mean all revenues generated by the Franchised Restaurant or from activities conducted on, from or with respect to the Franchised Restaurant, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Net Sales includes without limitation monies, gift card redemptions or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services or activities performed from or at the Franchised Restaurant, including off-premises services such as catering and delivery, or on-premises activities, third-party advertising (e.g., on menus), or other activities that use either the Marks or products that are the same as or similar to Products. Net Sales do not include the initial sales or reloading of gift cards, coupon discounts, the sale of food or merchandise for which refunds have been made in good faith to customers, employee meals, the sale of equipment used in the operation of the Restaurant and any tax directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by Franchisee.)

4.3 Payment Security Deposit. To secure Franchisee’s future payment obligations for equipment, products and/or materials that Franchisee purchases from Franchisor or

Franchisor's affiliates as well as any other amounts due to Franchisor or Franchisor's affiliates, Franchisee is required to deposit $10,000 with Franchisor on signing the lease. Franchisee acknowledges that Franchisor can, at its sole discretion, apply all or portions of this deposit to pay amounts not paid as and when due from Franchisee. Franchisor is also authorized to deduct fees from this deposit for any damages Franchisor incurs from Franchisee's breach of any agreement signed with Franchisor. If Franchisor actually deducts any amount from this deposit, Franchisor shall promptly notify Franchisee in writing at which time Franchisee must replenish the deposit back to $10,000. Franchisor shall refund the balance of any payment security deposit, without any interest, within seven (7) days from the termination or expiration of this Agreement.

4.4 Means of Payment. Franchisee must pay all amounts owed to Franchisor by electronic funds draft by complying with the procedures established by Franchisor and/or to perform such acts and deliver and execute the Authorization to Honor Charges Drawn By and Payable To Noodle J-1, Inc. including Checks and Electronic Funds Transfers (Schedule D) and any other documents as may be necessary to assist in or accomplish such electronic method of payment. Franchisor reserves the right to require Franchisee to deliver these payments to another party or location, or through any other means of delivery Franchisor specifies, including without limitation, by check, electronic bank draft, wire transfer or other forms of funds transfer. Franchisor also reserve the right to change the frequency of the due dates of the amounts that Franchisee owe under this Agreement. Franchisor will notify Franchisee when Franchisor changes the location for payments or the required payment delivery method or the frequency of the due dates for payments. Franchisee must comply with any new or additional procedures as Franchisor may specify in the Manuals or otherwise, in writing, and/or perform any acts and sign and deliver any documents Franchisor designate as necessary to assist in accomplishing payment by the method provided for in this Section within 30 days of Franchisor's notice.

If there are insufficient funds in Franchisee's account to cover Franchisor's draft, Franchisor will charge Franchisee return costs and an administrative fee. The written authorizations and documents that Franchisee must sign as provided under this Section may give Franchisor the right to initiate debit entries and/or credit corrections entries. Franchisor may make bank drafts based on the reports required under Section 17 and/or the data of the point-of-sale system and other equipment provided for in Section 15.10. If Franchisee fails to pay any fees or release funds to Franchisor, Franchisor shall have the right to make bank transfers or drafts for Royalty and Advertising Contribution based on Franchisor's reasonable estimate of the amounts for the Restaurant and/or the data of the point-of-sale system and other equipment provided for in Section 15.10.

4.5 Interest. Franchisee will pay an interest on amounts not paid on time at the rate of 1.0% per month or portion of a month, but not more than the maximum interest rate permitted by applicable laws.

4.6 Application of Funds; Withholding of Payments. If Franchisee is late in paying any obligation owed to Franchisor or Franchisor's affiliates, Franchisor or Franchisor's affiliates may apply any payment Franchisee make to any obligation Franchisee owes to Franchisor or Franchisor's affiliates, whether or not Franchisee makes any designation to the contrary. Franchisee will not withhold or set off payment of any amount Franchisee owed to Franchisor or Franchisor's affiliates on grounds of alleged non-performance of any obligation owed to

Franchisee by Franchisor or Franchisor's affiliates.

5. AREA OF PROTECTION AND RESTAURANT LOCATION

5.1 Area of Protection. Except as otherwise provided in this Agreement, during the Term of this Agreement, Franchisor will not establish or operate, nor license any other person to establish or operate a new Paik's Noodle Restaurant selling the Products at any location within the Area of Protection. Franchisor retains the following rights, among others, on any terms Franchisor deem advisable, and without granting Franchisee any rights:

A. Franchisor may produce and sell Products, or any other products or services, and authorize others to produce and sell Products or any other products or services, to any party, in any location, through any channel of distribution including without limitation to and through supermarkets, convenience stores, club stores, and other retail stores not dedicated to the sale of the Products, or any other channel including mail order sales and sales through the Internet, using the Marks, the System and any other marks and/or systems, Franchisor desire, without providing any rights or compensation to Franchisee.

B. Franchisor may open and operate, and franchise others to open and operate, retail outlets at any location within or outside the Area of Protection, including near Franchisee's Accepted Location, using the Marks and selling the Products at limited access and captive audience facilities, separate areas, concession departments and other types of institutional accounts (which may include, without limitation, airports, bus and railroad terminals, other public transportation facilities, sports arenas and stadiums, highway rest stops, gasoline service stations, amusement centers, museums, supermarkets, convenience stores, department stores, enclosed malls, food courts, hospitals and other health care facilities, parks, universities and education facilities, theaters, schools, art centers, convention centers, casinos, military bases, office buildings, business complexes, apartment buildings, condominiums, dormitories, other high density locations and other similar non-restaurant locations) (collectively, "Non-Traditional Outlets"), without providing any rights or compensation to Franchisee.

C. Franchisor may acquire or be acquired by another business, and the other business may open and operate, and franchise others to open and operate, businesses similar to the Franchised Restaurant: (i) at any location outside the Area of Protection or at Non-Traditional Outlets in the Area of Protection (including near the Accepted Location) using the Marks and selling the Products, through restaurants that are the same as or similar to Restaurants, without providing any rights or compensation to Franchisee; and (ii) at any location in the Area of Protection using marks other than the Marks and selling products similar to the Products, through restaurants that are the same as or similar to Restaurants, without providing any rights or compensation to Franchisee.

D. Except as provided in this Section 5, this Agreement does not grant Franchisee any other area, market, territorial, franchise, or other rights. Franchisor reserve all rights related to the System that Franchisor does not expressly grant Franchisee in this Agreement.

5.2 Subject to the terms of this Section 5, Franchisee agrees that: (i) nothing in this Agreement grants Franchisee any marketing exclusivity as to particular customers; (ii)

Franchisor and other Paik's Noodle franchisees may solicit customers in, and service customers who are from, any geographic location desire, including those from the Area of Protection and (iii) the size and scope of Franchisee's Area of Protection will not necessarily be the same as other franchisee's area of protection as they are decided on a case by case basis considering various factors, including but not limited to demographics, market size, traffic flow and population in the area and determined by Franchisor at its sole discretion.

5.3 Catering and Delivery Services. Franchisee must provide catering and delivery services within a reasonable distance from the Accepted Location, within or outside the Area of Protection, if Franchisor decides to offer such services at its sole discretion. Franchisee must provide catering and delivery services in accordance with the term of the Manuals and this Agreement. Franchisee may provide catering and delivery services in the territories of other Paik's Noodle franchisees, and other Paik's Noodle franchisees may provide the same services in the Area of Protection. Franchisor retains the right to revise and/or make exceptions to these policies as they apply to all Paik's Noodle franchisees, including Franchisee.

6. SITE SELECTION REQUIREMENTS

6.1 Accepted Location. Franchisee must establish and operate the Restaurant only at the Accepted Location. Franchisee will not conduct, and Franchisee will not permit the conduct of, any business from the Restaurant other than the Franchised Restaurant. Franchisee must comply with all Standards for the type of Restaurant franchised under this Agreement, as stated in the Manuals described in Section 10 of this Agreement or otherwise.

6.2 Franchisor'sAssistance. Franchisor may assist Franchisee in selecting a proposed site for the Restaurant (a "Proposed Site"), but Franchisor is not obligated to do so. Franchisor's acceptance of any Proposed Site is Franchisor's agreement that the Proposed Site satisfies Franchisor's minimum site selection criteria only, and will not be construed as a representation or warranty that the Restaurant located at the Proposed Site will be successful.

6.3 Location Not Accepted at Time of Signing. If Franchisee and Franchisor have not agreed on an Accepted Location at the time Franchisor signs this Agreement, Franchisee will select a proposed location ("Proposed Location") that complies with Franchisor's site selection criteria. Franchisee must provide all materials and information Franchisor requests to evaluate the suitability of the Proposed Location along with a site plan. Franchisor will provide Franchisee with Franchisor's acceptance or non-acceptance of the Proposed Location within 15 days after Franchisee submits the last item of all materials and information requested by Franchisor, and Franchisor's determination will be final. If Franchisor accepts the Proposed Location as the Accepted Location, Franchisor will designate, in Franchisor's sole discretion, the Area of Protection for the Restaurant that will operate at the Accepted Location and Franchisee must sign documentation Franchisor prepares to document the Accepted Location and Area of Protection. Franchisee must sign the lease, sublease, or other rental agreement for the location (the "Lease"). Franchisee will have 150 days following the Effective Date to identify the Accepted Location and sign any documentation Franchisor requires to document the Accepted Location and Area of Protection, obtain Franchisor's acceptance of the Accepted Location, and to obtain a fully signed Lease that complies with the requirements in Section 6.4.B. below. If Franchisee does not secure

an Accepted Location within the time limits and as stated in this Section, Franchisor, at its sole discretion, may terminate this Agreement or modify the time limits to allow Franchisee additional time to develop the Accepted Location, provided that Franchisee has been diligent in proceeding to secure a Accepted Location.

6.4 Accepted Location Lease. If Franchisee leases the Accepted Location, Franchisor will have the right to approve the Lease prior to Franchisee's execution of the Lease based on the Lease meeting the requirements in this Section 6.4., which approval will not be unreasonably withheld. Franchisee must deliver to Franchisor a copy the final draft of the Lease, with all material terns shown, and any other additional documents Franchisee is required to sign with the Lease. Franchisor's acceptance of any Lease will not be construed as a representation or warranty that the Lease is reasonable or on terms favorable to Franchisee.

A. If Franchisee seeks to lease or sublease the Accepted Location: (i) Franchisee may not create any obligations on Franchisor's behalf, grant any rights against Franchisor, or agree to any other term that is inconsistent with any term of this Agreement; (ii) Franchisee shall duly and timely perform all terms under the Lease; and (iii) except as otherwise provided in this Agreement, Franchisee shall not assign, encumber, or transfer the Lease, or sublet all or any part of the Accepted Location, without Franchisor's prior written approval.

B. Franchisee agrees that all Leases or other agreements Franchisee enter into to secure the Accepted Location shall include the following:

(1) A provision which requires the landlord concurrently to provide Franchisor with a copy of any written notice of breach or default under the Lease sent to Franchisee.

(2) A provision which grants to Franchisor the right (but not the obligation) to cure any breach or default under the Lease, should Franchisee fail to do so, within 15 days after the expiration of the period in which Franchisee may cure the breach or default.

(3) A provision that provides that upon Franchisee's default under the Lease or under this Agreement, Franchisor will, without the landlord's further consent, have a continuing right, but not the obligation, (i) to enter into the Restaurant, (ii) to operate the Restaurant at the Accepted Location, (iii) to assume Franchisee's interests under the existing terms, conditions and covenants of the Lease, and (iv) in the event Franchisor assumes Franchisee's position under the Lease, to assign the Lease or sublet the premises to a third party which will operate a Paik's Noodle Restaurant at the Accepted Location.

(4) A provision that provides that the Lease may not be modified or amended without Franchisor's written consent which will not unreasonably be withheld, conditioned or delayed.

(5) A provision that provides that if Franchisor assumes Franchisee's obligations and replaces Franchisee as the lessee under the Lease or sign a new lease, and Franchisor later reassigns the Lease or new lease to another Paik's Noodle franchisee, Franchisor will not remain liable for any obligations to landlord under the Lease or new lease after the reassignment.

6.5 Governmental Approvals and Licenses. Franchisee must promptly seek and obtain all governmental approvals and licenses required to open and operate the Restaurant.

6.6 Relocation of the Restaurant.

A. Franchisee may request to relocate the Restaurant. If Franchisor approves Franchisee's request and obtains Franchisor's written acceptance for the new location, Franchisee may relocate the Restaurant upon payment of the Relocation Fee of $3,000. If Franchisee relocates the Restaurant in compliance with this Section, the new location will be the "Accepted Location" as used in this Agreement, and Franchisor will specify an Area of Protection for the new location. All Leases and other agreements Franchisee enters into to secure the substitute location must comply with Section 6 of this Agreement.

B. This Agreement shall continue to apply to the new “Accepted Location” and new Area of Protection until the expiration of this Agreement, and all of the terms of this Agreement, including without limitation, the Royalty and Advertising Contribution, will continue to apply.

7. LEASEHOLD IMPROVEMENTS

7.1 Leasehold Improvements. Franchisee must hire a general contractor to complete the build-out of the Restaurant. Franchisor's acceptance of Franchisee’s general contractor will not in any way be deemed as Franchisor's endorsement of Franchisee’s general contractor or render Franchisor liable for the performance of Franchisee’s general contractor's performance. With the exception of certain equipment that Franchisee must purchase from suppliers Franchisor designates or approves, Franchisee may purchase the required items from any source, if Franchisor determines that the items comply with Franchisor's Standards. Franchisee must purchase certain items of machinery and equipment from Franchisor's designated supplier or as Franchisor otherwise directs.

7.2 Architectural Plans. Franchisor will provide Franchisee with a sample laFranchiseet for the interior of a typical Paik’s Noodle Restaurant and specifications for furniture, fixtures, equipment, and décor. Franchisee must, at its expense, employ architects, designers, and others as necessary to prepare the required plans, modify or complete the laFranchiseets, renderings, plans, and specifications, which must include interior and exterior elevations of the Accepted Location (the "Architectural Plans"). Franchisor's approval of Franchisee’s architect will not in any way be deemed as Franchisor's endorsement of Franchisee’s architect or render Franchisor liable for Franchisee’s architect's performance or Franchisee’s architect’s compliance with professional design standards or adherence to local codes.

A. Franchisee shall submit to Franchisor, within 150 days after the Effective Date, a complete set of final Architectural Plans. Franchisor will promptly review the Architectural Plans and will either approve the Architectural Plans or provide comments to Franchisee on changes Franchisor requires. Franchisee will not begin construction of the Restaurant until Franchisor has approved the final Architectural Plans in writing.

B. Franchisee shall, before Franchisor approves the Architectural Plans, certify to

Franchisor that the Architectural Plans comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all other federal, state, and local statutes, rules, regulations, ordinances, and codes that apply to the Restaurant.

7.3 Construction, Inspection, and Opening. Franchisee must begin the construction and equipping of the Restaurant ("Construction Start") within 240 days after the Effective Date. Franchisee must use a licensed general contractor to perform construction work at the Restaurant, and Franchisee must furnish Franchisor with all documents Franchisor requests related to construction. Franchisee must obtain Franchisor's written approval of any changes to the Architectural Plans before Franchisee implements the changes. Franchisor will have access to the Restaurant while work is in progress and on its completion. On completion of construction and before the Opening Date, Franchisee or any architect and general contractor Franchisee employs will provide Franchisor with a certificate stating that the as-built plans for the Restaurant comply with the ADA, the architectural guidelines under the ADA, and all other federal, state, and local statutes, rules, regulations, ordinances, and codes that apply to the Restaurant. Franchisee will make any modifications Franchisor reasonably deem necessary to bring the Restaurant into compliance with the Architectural Plans, and Franchisee will promptly make these modifications. Franchisor will not allow the Restaurant to open if it does not conform to the final Architectural Plans and changes Franchisor approved.

7.4 Signage. All exterior and interior signage Franchisee uses for the Restaurant must conform to Franchisor's Standards, including Franchisor's Standards as to type, color, size, design, and location. Franchisor may require Franchisee to use Franchisor's designated sign vendor to ensure proper use of Franchisor's Standards. Franchisee must obtain Franchisor's written approval before Franchisee installs or displays any signage.

8. PROPRIETARY PRODUCTS AND NON-PROPRIETARY PRODUCTS

8.1 Proprietary Products and Non-Proprietary Products. The "Proprietary Products" are all Products, ingredients, flavorings, and other products, services, and equipment that now comprise, or that in the future may comprise, a part of Franchisor's System that Franchisor developed, are proprietary to Franchisor, or Franchisor maintains as secret. The "Non-Proprietary Products" includes all non-Proprietary ingredients, flavorings, components, and other edible items sold as part of the end products System offers for consumption to the retail purchaser. A list of the Proprietary Products and Non-Proprietary Products is included in the Manuals.

A. Franchise must purchase from Franchisor or Franchisor's designated supplier and/or distributor, the entire requirement of the Proprietary Products and Non-Proprietary Products. If Franchisor sells the Proprietary Products or Non-Proprietary Products, Franchisor will do so at the same price as Franchisor charge similarly-situated franchisees. If Franchisor arranges for manufacturers to sell the Proprietary Products or Non-Proprietary Products directly to Franchisee or to Franchisor's designated suppliers who then sell them to Franchisee, then Franchisor will have the right to receive compensation or other consideration from the manufacturers for these sales.

B. If Franchisee is in default under this Agreement, then any and all obligations Franchisor and Franchisor's designated suppliers may have to sell Proprietary Products,

Non-Proprietary Products, or other products, services, or equipment to Franchisee will extinguish, and Franchisee will not, as a result, have a defense at law or equity based on impossibility of performance or any claim against Franchisor or Franchisor's designated suppliers.

C. If Franchisor or Franchisor's designated suppliers are unable to supply Franchisee with the quantity and type of Proprietary Products or Non-Proprietary Products requested by Franchisee, Franchisor will exert reasonable commercial efforts to allocate, or to cause Franchisor's designated suppliers to allocate, the Proprietary Products and Non-Proprietary Products available on an equitable basis among the businesses that seek to purchase Proprietary Products or Non-Proprietary Products.

8.2 Requirements Concerning Proprietary Products and Non-Proprietary Products.

A. Franchisee shall purchase the Proprietary Products and Non-Proprietary Products, and certain other products, services, and equipment for the operation of the Franchised Restaurant Franchisor specifies only from Franchisor, from suppliers Franchisor designate in writing or from suppliers Franchisee selects and Franchisor approves.

B. Franchisor will exercise Franchisor's approval of suppliers reasonably, in accordance with the following procedures; (i) Franchisee must submit a written request to Franchisor for approval of the supplier; (ii) the supplier must demonstrate that it is able to supply the item to Franchisee in accordance with Franchisor's Standards including Franchisor's standards as to the artwork and text on the items; (iii) if the supplier is to receive access to any of Franchisor's confidential information, trade secrets or logos, the supplier must sign a confidentiality agreement or Franchisor's standard form license agreement; (iv) Franchisee must pay Franchisor's then-current supplier evaluation fee which will not be higher than Franchisor's reasonable expenses in evaluating the proposed supplier; and (v) the supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services. For the protection of Franchisor's trade secrets, the specifications for Proprietary Products will not be disclosed to other third parties. Franchisor reserves the right to test, analyze, inspect, or sample the product, service, or equipment of any supplier Franchisee proposes using at Franchisee’s expense, whether Franchisor approves or rejects the supplier. Franchisor will give Franchisee a notice of Franchisor's approval or rejection within a reasonable time. If Franchisor revokes the approval of any supplier, Franchisor will give Franchisee a written notice thereof.

8.3 Non-Proprietary Products.

A. Franchisor may designate certain Non-Proprietary Products, services, or equipment that Franchisee may obtain from suppliers other than Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers, and Franchisor will establish Standards governing the minimum specifications for these Non-Proprietary Products, services or equipment.

B. Franchisee may purchase certain paper and plastic products bearing the Marks, such as dishes, cartons, bags, napkins, and packaging supplies, from Franchisor or a supplier Franchisor authorizes, or from another supplier, if Franchisor has approved the supplier pursuant to the procedure described in Section 8.2 of this Agreement.

8.4 Products Sold by Franchisee. Franchisee will sell all Products Franchisor specifies, including without limitation all menu items and other products and services that Franchisor requires Franchisee to sell, as stated in the Manuals or otherwise, and that are part of the System. Franchisee will not produce or sell any Products or other products or services: (i) that Franchisor does not authorize Franchisee to produce or sell; or (ii) that Franchisor directs Franchisee not to produce or sell. Franchisee must prepare all Products Franchisee produces and sells in compliance with Franchisor's Standards.

8.5 Limitations. Franchisee will only engage in the sale of Products under the System from the Restaurant to the ultimate consumer. Franchisee will not offer for sale, sell, or deliver any Proprietary Product, Non-Proprietary Product, or supply, or any constituent part of any Proprietary Product, Non-Proprietary Product, or supply to a third party for resale, retail sale, or further distribution without Franchisor's prior written consent. Franchisee may not sell Products thru the Internet or using any channel of distribution other than Franchisee's Restaurant. This Section does not preclude Franchisee from using a website page that (i) is located on Franchisor's website, (ii) Franchisor has approved, and (iii) complies with the Manuals for marketing, catering and delivery services.

8.6 Items Franchisee Develop. Franchisee licenses to Franchisor, permanently and irrevocably, for incorporation into the System and for any other use Franchisor decides, full rights to all of the following if developed by Franchisee or for Franchisee's benefit and use during the Term, without payment of any compensation to Franchisee: (i) noodles and other food and non-food products sold at the Restaurant; (ii) equipment related to clause (i); and (iii) sales, marketing, and promotional materials, programs and campaigns related to clause (i).

8.7 Disclaimer of Warranties. **FRANCHISOR EXPRESSLY EXCLUDES AND DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL PROPRIETARY PRODUCTS, NON-PROPRIETARY PRODUCTS, AND OTHER PRODUCTS, SUPPLIES, SERVICES, AND EQUIPMENT FRANCHISOR OFFERS, SELLS, OR REQUIRES FOR THE FRANCHISED RESTAURANT. FRANCHISEE'S EXCLUSIVE REMEDY AND FRANCHISOR'S EXCLUSIVE LIABILITY FOR ALL CLAIMS AS TO ANY PROPRIETARY PRODUCTS, NON-PROPRIETARY PRODUCTS, AND OTHER PRODUCTS, SUPPLIES, SERVICES, AND EQUIPMENT IS (I) LIMITED TO FRANCHISEE'S REMEDIES AGAINST THE GIVEN THIRD PARTY SUPPLIER OR MANUFACTURER FOR ANY OF THE ABOVE ITEMS SUCH THIRD PARTY PROVIDES; AND (II) FOR ANY OF THE ABOVE ITEMS THAT FRANCHISOR PROVIDES, LIMITED TO THE PURCHASE PRICE THEREFOR, PLUS SHIPPING COSTS, IF ANY, PAID BY FRANCHISEE; OR, AT FRANCHISOR'S OPTION, THE REPLACEMENT THEREOF. FRANCHISOR WILL NOT BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER OR NOT CAUSED BY OR RESULTING FROM FRANCHISOR'S NEGLIGENCE, FOR ANY MATTER STATED IN THIS SECTION.** This disclaimer of warranties does not affect any claims Franchisee may have against third party manufacturers or distributors of any Proprietary Products, Non-Proprietary Products, or other products, supplies, services, and equipment.

9. COMPLIANCE WITH STANDARDS

9.1 Compliance with Standards. Franchisee must comply with Franchisor's Standards. All references herein to the Agreement and the System include the Standards.

9.2 Changes to the Standards. Franchisor will communicate changes in the Standards in writing or electronically to Franchisee, as Franchisor deems appropriate. Changes in the Standards may obligate Franchisee to invest additional capital in the Franchised Restaurant and incur higher operating costs; provided, however, they will not: (i) materially and unreasonably increase Franchisee's investment under this Agreement; or (ii) materially alter Franchisee's fundamental rights under this Agreement.

9.3 Variances. Franchisee agree that complete uniformity under many varying geographic and other conditions, and over extended spans of time, is not practical and may be detrimental to the System, and that as a result: (i) Franchisor may vary the Standards for any franchisee as Franchisor deems necessary; (ii) Franchisor may grant franchises using the System under terns that may differ materially from the terms of this Agreement; and (iii) Franchisor's obligations and rights with respect to Franchisor's various franchisees may differ materially from Franchisor's obligations and rights with respect to Franchisee, without in any way affecting Franchisor's rights with respect to Franchisee. Franchisee will have no right to require that Franchisor disclose any variation to Franchisee or that Franchisor grant Franchisee the same or a similar variation.

10. STANDARD OPERATING PROCEDURES MANUALS

10.1 Manuals. Franchisor owns the Manuals for the System. Franchisor will provide the Manuals, and any Supplements to the Manuals, as defined below, to Franchisee in hard copy or electronically via diskette, CD ROM, electronic mail, the internet or other electronic format.

10.2 Supplements to the Manuals. Franchisor may make additions to, deletions from, and modifications to the Manuals from time to time in any form or fashion (the "Supplements to the Manuals"). All Supplements to the Manuals are binding on Franchisee. All references in this Agreement or otherwise to the Manuals will include Supplements to the Manuals.

10.3 Operation. Franchisee will operate the Restaurant in compliance with the Manuals, including without limitation all operational systems, procedures, policies, methods, and requirements in the Manuals from time to time applicable to the type of Restaurant franchised under this Agreement. Franchisee will immediately adopt and use any Supplements to the Manuals. The Manuals and Supplements to the Manuals will not materially alter Franchisee's fundamental rights and obligations under this Agreement.

10.4 Master Copy. Franchisee will ensure at all times that Franchisee's copy of the Manuals is current and up-to-date. If there is any dispute as to Franchisee's compliance with the Manuals, the master copy of the Manuals Franchisor maintain will control.

10.5 Ownership. Franchisee agrees that Franchisor owns all proprietary rights in and to the System and the Manuals. The Manuals will at all times remain Franchisor's property, and

Franchisee and all Franchisee's directors, officers, shareholders, partners, members, employees, agents, independent contractors, and others who gain access to the Manuals and the information contained in the Manuals will treat the Manuals and the information in the Manuals as Franchisor's confidential information.

11. PROPRIETARY MARKS

11.1 Non-Ownership. Franchisee will neither contest Franchisor's rights to the current or future System and Marks nor Franchisor's right to grant to others use of the Marks or of any other marks that Franchisor owns. Franchisee understands that the Marks are and will remain Franchisor's property, and that Franchisee's use of the Marks inures to Franchisor's benefit. Franchisee will immediately assign to Franchisor on Franchisor's request any rights to the Marks that Franchisee may gain through Franchisee's use of the Marks.

11.2 Use of Marks. Franchisee will use the Marks as the sole identification of the Franchised Restaurant. Franchisee will not use the Marks in connection with any business other than the Franchised Restaurant. Franchisee will not use any Mark as part of Franchisee's business name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, and Franchisee will not use any Mark in connection with any product or service, or in any place, or in any manner, that Franchisor has not authorized in writing. Franchisee will give notices of trademark and service mark registrations related to the Marks as Franchisor specifies. Franchisee will conspicuously identify itself and the Restaurant, in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent franchisee, in the fashion that Franchisor specifies. Franchisor may enter the Restaurant, at any reasonable time and without causing any undue business disruption, to correct or terminate any unauthorized use of the Marks.

11.3 Defense of Marks. Franchisee must promptly notify Franchisor of any suit filed or demand made against Franchisee challenging the validity of any of the Marks ("Mark Claim"). Using Franchisor's attorneys, Franchisor agrees to protect and defend Franchisee against a Mark Claim, and to defend and indemnify Franchisee against any loss, cost or expense related to the Mark Claim, except where the Mark Claim arose because Franchisee used the Marks in violation of this Agreement. Franchisee may not settle or compromise a Mark Claim without Franchisor's prior written consent, and Franchisee agrees to cooperate fully with Franchisor in defending against a Mark Claim.

11.4 Internet Use. Franchisee will not (a) register a domain name, or (b) establish a web site on the Internet using any domain name, that contains the Marks or anything similar to these words without Franchisor's prior written consent. If Franchisor consents, Franchisor will register all domain names that contain the Marks or any words or designations similar to the Marks, and then license use of the registered domain name back to Franchisee under a separate agreement. Franchisee must pay all costs due for registration, maintenance and renewal of domain name(s) and web site(s). Franchisor retains the right to pre-approve Franchisee's use of linking and framing between Franchisee's web pages and all other web sites.

12. ADVERTISING AND PROMOTION

12.1 Advertising Standards. Franchisee will use only advertising and promotional materials that Franchisor has furnished or approved in writing in advance. Franchisee will conform all advertising to Franchisor's Standards.

12.2 Submission of Proposed Materials. Except for advertising or promotional materials Franchisor provides to Franchisee, Franchisee must submit to Franchisor for Franchisor's written approval, before use, copies of all proposed advertising and promotional materials, including without limitation business cards, signs, displays, press releases, leaflets, and mailouts.

12.3 Grand Opening Advertising. Franchisee must spend at least $5,000 in grand opening advertising promoting the opening of Franchisee's Restaurant within 4 weeks before Franchisee opens the Restaurant and within 3 months after Franchisee opens the Restaurant (the "Grand Opening Obligation"). All materials Franchisee uses for the Grand Opening Obligation and the media in which Franchisee use them are subject to Franchisor's approval. The Grand Opening Obligation will not be required if the Restaurant is located in a captive audience location including, but not limited to, an enclosed mall, a travel facility, an airport, a train station, a bus terminal, a highway travel plaza, a port facility, a sports facility, an entertainment facility, a stadium, an arena, an amphitheater, a theme park, an amusement park, a zoo, a concert venue, or a drive-in or theater (collectively, "Captive Audience Location").

12.4 Computer Network Advertising. Franchisee will use only materials that Franchisor has approved. If Franchisor grants Franchisee approval for an Internet Site: (i) Franchisee will not use any Mark on the Internet Site except as Franchisor expressly permits; and (ii) Franchisee will list on the Internet Site any internet site Franchisor maintains and any other information Franchisor requires. If Franchisee wishes to modify Franchisee's approved Internet Site, Franchisee must submit all proposed modifications to Franchisor for Franchisor's prior written approval.

12.5 Franchisor Advertising. Franchisee will pay the Advertising Contributions to Franchisor to contribute to Franchisor's cost of advertising and promoting the System.

A. Franchisee agrees that Franchisor undertakes no obligation to make expenditures on Franchisee's behalf that are equivalent or proportionate to Franchisee's contributions, to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising, or to ensure that any advertising impacts or penetrates Franchisee's area.

B. Franchisor reserves the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales Franchisor deems appropriate. Franchisor have sole authority to direct all advertising programs and promotions with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. Franchisor may use Franchisee's Advertising Contributions to meet the costs of administering, preparing, and conducting advertising programs, including without limitation the cost of preparing and conducting television, radio, magazine, newspaper advertising campaigns and other public relations activities, employing

public relations firms and advertising agencies to assist in these activities and other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, such as combos, crew incentives, franchisee incentive and/or promotional programs, customized materials (e.g., cups), up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, and mystery shop and shoppers programs. Franchisor may use Franchisee's Advertising Contributions to compensate Franchisor for the reasonable administrative costs and overhead Franchisor incur in activities related to advertising and promotional programs, including without limitation new product development, market research, preparing advertising and promotional materials, working with public relations firms and advertising agencies, and compensating third parties for preparing and maintaining Franchisor's internet sites. Franchisor agree that Franchisor will not spend Franchisee's Advertising Contributions in a manner that (i) exclusively benefits Franchisor's licensees that manufacture and sell Paik's Noodle branded products, if any, or (ii) is principally a solicitation for the sale of franchises. Franchisor will provide Franchisee with an annual summary of the expenditures of the Advertising Contributions on Franchisee's reasonable request.

12.6 Local Advertising Group ("LAG"). Franchisor has the right, in Franchisor's sole discretion, to designate geographic areas (that may be television markets) or to group together areas or Restaurants having similar characteristics and similar advertising and marketing needs in order to establish advertising cooperatives ("LAGs") to assist with local and regional advertising and marketing programs. Franchisee will become a member of the LAG designated for the location of the Restaurant, if any, even if Franchisee is the only member. Each LAG will be organized and governed in a form and manner, and will begin operations on a date Franchisor approve in advance in writing. Franchisee will comply with the rules and procedures for Franchisee's LAG, including participating in any promotional program required by majority vote of the members of the LAG ("Member Contributions"). Franchisee must comply with the rules and procedures for Franchisee's LAG to receive and/or use the LAG funds. Franchisor will have the right to direct a LAG to modify its governing documents, to cease operations, and to modify the geographic area of a LAG or require a LAG to merge with another LAG. Franchisor will not dissolve a LAG until all of its monies have been spent. Franchisor may make voluntary contributions to LAGs, from the Advertising Contributions or other sources, in Franchisor's sole discretion. LAGs must submit to Franchisor for Franchisor's approval, before use, copies of all proposed advertising and promotional materials. Franchisor may manage a LAG's funds, either at the given LAG's request, or if Franchisor otherwise requires.

12.7 Promotions. From time to time, Franchisor may establish temporary or permanent promotional campaigns (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) applicable to the System as a whole or to specific advertising market areas. Franchisee's LAG also may establish promotional campaigns. Franchisee will participate in these promotional programs at Franchisee's own cost, including the costs to purchase, lease and install all materials necessary to the promotional campaigns, including but not limited to counter cards, posters, banners, signs, photographs, give-away items and gift cards.

12.8 No Proportionate Benefit; No Right to Withhold Contribution. The advertising and promotion that Franchisor conducts is intended to maximize general public recognition and

patronage of the System generally in the manner that Franchisor determines to be most effective. Franchisor is not obligated to insure that the expenditures from the Advertising Contributions are proportionate or equivalent to Franchisee's contributions or that the Restaurant or any Paik's Noodle restaurants will benefit directly or pro rata or in any amount from the placement of advertising. Franchisee will spend and/or contribute all advertising contributions and Advertising Contributions provided for in this Agreement without reduction regardless of Franchisee's perceived benefit to the Restaurant or the amount of contribution by other franchisees operating Paik's Noodle restaurants or the default of these advertising obligations by any other franchisees.

12.9 Local Advertising Fee. Franchisee will need to aggressively advertise, market and promote Franchisee's business locally. For this purpose, Franchisee must spend at least one percent (1%) of Franchisee's annual Net Sales on local advertising and marketing activities. Franchisee must submit to Franchisor, for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials Franchisor provided. All materials containing the Marks must include the designation trademark ™, registered trademark ®, service mark SM, copyright ©, or any other designation Franchisor specifies. If Franchisee does not receive written or oral disapproval of any materials submitted within ten (10) days from the date Franchisor receives the materials, the materials are deemed approved. Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. Upon request by Franchisor, Franchisee shall promptly furnish proof of the use of the Local Advertising Fee pursuant to this Section.

13. TRAINING

13.1 Initial Training Program. If Franchisee is an individual and will act as the full-time manager of Franchisee's Restaurant (the "Restaurant Manager") or if this will be Franchisee's first Restaurant, Franchisee and any other persons Franchisor designates must attend and successfully complete the initial training program for a Paik's Noodle restaurant (the "Initial Training Program"). Franchisor will provide the Initial Training Program at no additional charge, but Franchisee must pay each attendee's travel expenses (including airfare, car expense, lodging, meals, etc). If Franchisee is an individual but will not act as Restaurant Manager and Franchisee has previously successfully completed Franchisor's Initial Training Program, or if Franchisee is a corporation, partnership, limited liability company, or other entity, Franchisee's Restaurant Manager and any other persons Franchisor designates must attend and successfully complete the Initial Training Program. All training attendees must be over the age of 18 years. Franchisor will provide Franchisee with a list of Franchisor's scheduled dates for the Initial Training Program that occurs within 90 days before Franchisee's scheduled Opening Date and Franchisee must choose which program Franchisee will attend. Franchisee must attend and successfully complete the Initial Training Program before the Opening Date. If, within the last 2 years, Franchisee, Franchisee's Restaurant Manager or any attendees Franchisor designates (collectively, the "Participants") have previously attended and completed Franchisor's Initial Training Program for another Paik's Noodle restaurant and have not defaulted under any other franchise agreement with Franchisor, then Franchisor will not require the person so trained to attend the Initial Training Program.

A. If Franchisor reasonably concludes that any Participant has failed to

successfully complete the Initial Training Program, that person must re-enroll in Franchisor's next scheduled applicable Initial Training Program at no additional charge. Franchisor will have the right to terminate this Agreement if, following the Initial Training Program and re-enrollment training, if any, no Participant from the Restaurant has successfully completed the Initial Training Program.

B. Any Restaurant Managers Franchisee hires or appoints after the opening of the Restaurant, and any other persons Franchisor designates, must attend and successfully complete Franchisor's the Replacement Manager Training Program. The fee for the Replacement Manager Training Program is based on the then-current rate and is required to be paid prior to the start of the Replacement Manager Training Program.

13.2 On-Site Training. Franchisee may request that Franchisor provide Franchisee with on-site training or consultation (the "On-Site Training"). Franchisor may agree to provide On-Site Training, but will not be obligated to do so. Franchisor may charge Franchisee a reasonable fee for On-Site Training.

13.3 Conventions; Other Required Training. Franchisor may from time to time conduct conferences, conventions, programs or training sessions on any matters related to the System. Franchisee or Franchisee's Restaurant Manager and other personnel Franchisor designate must attend each meeting, program or session. Franchisor may charge Franchisee a reasonable fee to attend.

13.4 Expenses; Compensation; Content. Franchisee will pay all expenses Franchisee's personnel incur for training, including without limitation their travel, food, lodging, compensation, and benefit expenses. Franchisor will not pay any compensation for any services Franchisee's personnel perform in any training program.

14. FRANCHISOR'S OBLIGATIONS

The following obligations are in addition to Franchisor's other obligations stated in this Agreement:

14.1 Access to Manuals. Grant Franchisee a copy (hard, electronic or otherwise) of the current Manuals.

14.2 Inspections. Periodically visit the Restaurant, evaluate Franchisee's compliance with this Agreement and the Standards, and advise Franchisee on changes necessary to bring the Restaurant into System compliance.

14.3 Additional Services. After Franchisee opens Franchisee's Restaurant, Franchisor may furnish Franchisee with support services as Franchisor deems appropriate. Franchisor also may offer Franchisee on-site services that are greater in scope than Franchisor's standard support services, and may charge Franchisee a reasonable fee for these services. On-site services are subject to availability.

14.4 Prices. Franchisor may from time to time offer Franchisee advice on the price of Products Franchisee charged to customers. Franchisee will not be obligated to accept this

advice, and Franchisee will have the sole right to set the prices at Franchisee's Restaurant.

14.5 Test Marketing. Franchisor may from time to time conduct test marketing to determine consumer trends and the salability of new food or non-food products and services.

15. FRANCHISEE'S OBLIGATIONS

The following obligations are in addition to Franchisee's other obligations in this Agreement:

15.1 Compliance with System. Franchisee agrees that: (i) every component of the System is important to Franchisor, to Franchisee's Restaurant, and to the Paik's Noodle restaurants and Franchised Restaurants operated by Franchisor's other franchisees; and (ii) Franchisee's compliance with the System is of the essence to this Agreement. Franchisee therefore agrees that Franchisee will conduct all activities and operations of Franchisee's Restaurant and Franchised Restaurant in strict compliance with the System, including without limitation the Standards and the Manuals, as though specifically stated in this Agreement.

15.2 Fictitious Name. Franchisee will file for and maintain a Certificate of Fictitious Name that includes the Mark "Paik's Noodle" if required by the jurisdiction where the Restaurant is located.

15.3 Opening Date. Franchisee's Opening Date must occur within 360 days after the Effective Date. Franchisee must notify Franchisor of Franchisee's proposed beginning date at least 30 days in advance. Franchisor have the right to inspect Franchisee's Restaurant and take other measures Franchisor deems appropriate to determine whether Franchisee is ready to begin operations. Franchisee will not begin operations until Franchisor authorizes Franchisee to do so in writing.

15.4 Compliance with Laws. Franchisee will operate the Restaurant and the Franchised Restaurant in compliance with all applicable federal, state, and local statutes, regulations, ordinances, codes, and case law (collectively, the "Laws"), including without limitation, all Laws related to labor, health and safety. Franchisee will promptly furnish to Franchisor copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency that assert any failure to comply strictly with any Law.

15.5 Inspections and Audits. Franchisor or any of Franchisor's authorized agents may at any time during normal business hours (including pre-opening and post-closing) enter the Restaurant or any other place where the Franchised Restaurant is operated and: (i) conduct an operational audit to determine Franchisee's material compliance, as Franchisor determines, with this Agreement; (ii) examine, analyze, and inspect the Restaurant, the Proprietary Products and Non-Proprietary Products at the Restaurant, and the Proprietary Products and Non-Proprietary Products produced and sold at or from the Restaurant; (iii) take reasonable samples of any Proprietary Products and Non-Proprietary Products and the Proprietary Products and Non-Proprietary Products produced and sold at or from the Restaurant, without charge or liability therefor; (iv) inspect Franchisee's employees; (v) confer with Franchisee's employees and customers; and (vi) audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise, at Franchisor's expense, Franchisee's books, records, accounts, and tax returns related to the Franchised

Restaurant. Franchisee will provide Franchisor with full cooperation in the course of any inspection or audit Franchisor conduct under this Section. If any such inspection, audit, review or examination reveals that Net Sales have been understated in any report to Franchisor, Franchisee must immediately pay to Franchisor the Royalty and Advertising Contribution due with respect to the amount understated on demand, in addition to interest provided for under this Agreement. If any understatement exceeds 2% of Net Sales as stated in the report, Franchisee must also, on demand, reimburse Franchisor for all reasonable expenses connected with the audit, review or examination (including, without limitation, reasonable accounting and attorneys' fees). These remedies are in addition to any other rights and remedies of Franchisor.

15.6 Adulterated Product. If: (i) any Product Franchisee produces or sells evidences dilution or adulteration from the Standards; (ii) any Product Franchisee produces or sells is contaminated or is otherwise in violation of applicable Law; or (iii) Franchisee fails to maintain the Restaurant in compliance with applicable Law, Franchisee must immediately cease operations, search out and destroy any adulterated, diluted, or contaminated Products, eliminate their source, and remedy all unsanitary conditions present. Franchisee will not resume operation of the Restaurant until Franchisor's laboratory analysis of Franchisee's Products or inspection of Franchisee's Restaurant, as applicable, demonstrates compliance with all applicable Laws and Franchisor's Standards. Franchisee's obligations under this Section do not alter Franchisor's right to terminate this Agreement under Section 20.3.C., if Franchisor instead chooses to terminate this Agreement. If: (i) Franchisor determines that a violation of this Agreement has occurred and that Franchisee has committed a similar violation within the one-year period before the date of the inspection and audit; (ii) Franchisee fails or refuses to comply with any or all of the remedial measures in this Section; (iii) Franchisee fails to provide Franchisor with full cooperation in the course of any inspection or audit Franchisor conducts; or (iv) Franchisor determines that there has been any repetition during the Term of any occurrence under this Section, then Franchisee will pay Franchisor a fee for the inspection or audit in the amount of $5,000; plus the travel expenses of the inspector, the cost of any analyses Franchisor makes, and any other expenses Franchisor incurs in connection with this Section. The remedies stated in this Section are in addition to and not in substitution of any other remedies stated elsewhere in this Agreement, including Franchisor's right to terminate this Agreement under Section 20.3.C, if Franchisor instead chooses to terminate this Agreement.

15.7 Continuing Maintenance. Franchisee will continuously maintain the interior and exterior of the Restaurant (including but not limited to the parking lot and landscaping that is part of the Accepted Location), and all furniture, fixtures, equipment, décor and signage in or at the Restaurant in a clean, orderly condition and in excellent repair (including any periodic repainting or replacement of damaged or obsolete furniture, fixtures, equipment, décor, and signage as Franchisor may reasonably require). Franchisee will not make any material alteration to the interior or exterior of the Restaurant without Franchisor's prior written consent.

15.8 Restaurant Remodeling. Prior to renewal of this Agreement, Franchisee will undertake remodeling of the Restaurant, including without limitation the Restaurant's internal and external construction, design, furniture, fixtures, equipment, and décor, so that the Restaurant reflects Franchisor's then-current Standards as to image and quality. Franchisee

will perform all remodeling in compliance with the Standards, using a general contractor Franchisor reasonably accepts in writing. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of Franchisee's general contractor or render Franchisor liable for Franchisee's general contractor's performance. All replacement designs, furniture, fixtures, equipment, and décor must be approved by Franchisor in writing; must conform to Franchisor's then-current Standards; and, where Franchisor so requires, must be purchased from suppliers Franchisor designates or approves in writing. Franchisee must complete all remodeling within a reasonable time after its start, but in no event longer than 6 months after Franchisee commences remodeling. The requirements of this Section are in addition to the requirements for ongoing maintenance.

15.9 Franchisee's Participation; Restaurant Manager. Franchisee will devote Franchisee's best efforts to the proper and effective operation of the Restaurant. In addition, Franchisee's Restaurant will have at least one Restaurant Manager. If Franchisee is an individual, Franchisee may serve as Restaurant Manager or Franchisee may designate a Restaurant Manager. If Franchisee is a corporation, partnership, limited liability company, or other entity, Franchisee will designate a Restaurant Manager. Franchisee will inform Franchisor in writing of the identity of the Restaurant Manager and any successor Restaurant Manager. If Franchisee operates more than one Paik's Noodle restaurant, Franchisee will employ at least one Restaurant Manager for each Restaurant. Franchisee will notify Franchisor immediately on the death, disability, or termination of employment of any of Franchisee's Restaurant Managers and will designate a successor or acting Restaurant Manager within 30 days after the death, disability, or termination of the predecessor Restaurant Manager. Each Restaurant Manager must be approved by Franchisor, possess the credentials Franchisor requires, successfully complete the Initial Training Program, and complete Additional Training and On-Site Training as Franchisor may specify from time to time.

15.10 Computerized Point of Sale System. Franchisee will promptly install at the Restaurant the computerized point of sale system, software, associated computer hardware, telephone lines, and other equipment that Franchisor requires from time to time, all of which Franchisee will keep in good maintenance and repair. Franchisor also can require Franchisee to purchase a computer system including hardware, software, communications equipment, telephone lines, high speed internet access (e.g. DSL, web access lines) and other equipment. Franchisor has the right to retrieve all data from Franchisee's computerized point of sale and/or computer system that Franchisor deems appropriate; provided, however, Franchisor will bear the telephone call cost of this retrieval if done by telephone.

15.11 Test Marketing. Franchisee will participate in any test marketing Franchisor performs by providing Franchisor with timely reports and other relevant information as Franchisor may request. In connection with test marketing, Franchisee will purchase for the Restaurant the reasonable quantity of test products Franchisor specifies and will use Franchisee's best efforts to promote and sell test products.

15.12 Hours of Operation. Franchisee will continuously operate the Restaurant on the days and during the minimum hours Franchisor specifies. Franchisee may establish days and hours of operation in excess of the required minimum days and hours. If Franchisee wishes to operate the Restaurant for less than the minimum days and hours Franchisor specifies, Franchisee must obtain Franchisor's prior written approval, which will not be unreasonably

withheld. If the Restaurant is located in a Captive Audience Location and the hours of operation required by the landlord of the Captive Audience Location are different than Franchisor's specifications, Franchisee may operate the Restaurant in accordance with the landlord's requirements.

15.13 Purchasing Cooperatives. Franchisor has the right to form purchasing cooperatives at any time. Franchisee's participation in any cooperative will be voluntary unless, if at any time, 2/3 of the then open and operating Paik's Noodle franchisees vote to approve mandatory participation, then Franchisor will have the right to require Franchisee to join any purchasing cooperative for the purchasing of Proprietary Products and Non-Proprietary Products. If Franchisor forms purchasing cooperatives and 2/3 of the then open and operating Paik's Noodle franchisees approve mandatory participation, Franchisee must (i) become a member, before opening the Franchised Restaurant, of any purchasing association or cooperatives, if any, that Franchisor designates and/or establishes for the System, (ii) remain a member in good standing thereof throughout the term of this Agreement and (iii) pay all reasonable membership fees assessed by any purchasing association or cooperative. Franchisor will endeavor to include a franchisee as a member of any purchasing cooperative board.

16. INDEMNIFICATION; INSURANCE

16.1 Indemnification. Franchisee will defend, indemnify, and hold harmless the Affiliated Parties (see Section 3.2.B.(2) for definition) from and against all loss, expense, liability, or damage, including attorneys' fees, related to the Franchised Restaurant or this Agreement, within 5 days after demand for defense or indemnification. Notwithstanding the foregoing, Franchisee will not be required to indemnify an Affiliated Party for any liability arising out of the gross negligence or intentionally wrongful conduct of the Affiliated Party, except to the extent that Franchisee is jointly responsible for the conduct, in which event the indemnification provided by this Section will not extend to the percentage of the Affiliated Party's responsibility, as a court or arbitrator of competent jurisdiction determines. Franchisee will notify Franchisor immediately when Franchisee learns of any demand, suit, or proceeding related to the Franchised Restaurant or this Agreement (a "Claim"). Franchisor may, at Franchisee's expense and risk: (i) assume the defense of any Claim; or (ii) settle or take any other action Franchisor deems appropriate with respect to the Claim if, in Franchisor's sole judgment, there are reasonable grounds to believe that any of the acts or omissions on which the Claim is based in fact occurred. Franchisor will seek Franchisee's advice and will keep Franchisee informed with regard to any proposed or contemplated settlement. Any failure to pursue recovery from third parties or to mitigate any losses will in no way reduce the amounts the Affiliated Parties may recover from Franchisee.

16.2 Required Insurance. Franchisee will obtain and maintain during the Term, at Franchisee's expense, insurance calculated initially as follows:

A. Broad form comprehensive general liability coverage of at least $2,000,000 per person or event.

B. Fire and Extended Coverage Insurance on Franchisee's Restaurant and property in an amount adequate to replace them in case of a loss.

C. Business interruption insurance in an amount sufficient to cover Franchisee's average profit margins and Franchisee's fixed expenses for six months.

D. Workers' compensation insurance, employer's liability insurance, unemployment compensation insurance, and state disability insurance, as required by Law,

16.3 Carrier; Proof of Insurance. All insurance policies required under of this Agreement will: (i) be issued by an insurance carrier rated "A" or better by Alfred M. Best and Company, Inc., or its successor; (ii) insure Franchisee and name Franchisor, Franchisor's affiliates and subsidiaries and the officers, directors, agents and employees, Franchisor's affiliates and Franchisor's subsidiaries as additional insureds; and (iii) stipulate that the insurer will deliver 30 days' written notice to Franchisor before any cancellation or modification. Franchisee's obligation to maintain this insurance will not be limited in any way by reason of any insurance that Franchisor may maintain, nor will it relieve Franchisee of Franchisee's indemnity obligations stated in Section 16.1. Franchisee will deliver proof of Franchisee's compliance with this Section to Franchisor so that Franchisor receives proof: (a) before Franchisee begins operations at the Restaurant; (b) on each renewal or replacement of each policy; and (c) within 10 days after Franchisor makes any demand therefor. Franchisor may from time to time increase, decrease, add to, delete from, or modify the mandatory insurance coverages Franchisor requires in accordance with reasonable and customary changes in the industry.

17. RIGHT TO ACCESS; RECORDS; REPORTING

17.1 Right to Access. Franchisor has the right, at any time during regular business hours (including any pre-opening and post-closing period), without notice, to enter the Restaurant or any other place where the Franchised Restaurant is conducted to inspect, audit, and make copies of all Franchisee's books, records, and files related to the Franchised Restaurant. Franchisee will immediately, on Franchisor's request,: (i) make all materials requested by Franchisor available to Franchisor; and (ii) provide Franchisor with full cooperation for the inspection, audit, or copying. If Franchisee's books, records and files related to the Restaurant are not kept at the Restaurant, Franchisee must, within a reasonable time of Franchisor's request (not to exceed 30 days): (a) make the requested materials available to Franchisor; and (b) provide Franchisor with full cooperation for the inspection, audit, or copying.

17.2 Systems and Reports. Franchisee will: (i) comply with all Franchisor's Standards on accounting systems, procedures, and formats, if any; (ii) timely submit to Franchisor complete and accurate financial, operational, and other reports Franchisor requires (including weekly reports detailing the Gross Sales and Net Sales during the preceding week); and (iii) use all forms Franchisor specifies. Franchisee must submit any report by mail, telephone, electronic means, or any other means Franchisor may designate. For purposes of reporting to Franchisor, "Gross Sales" means Net Sales, plus revenues from initial sales and reloading of gift cards, and discounts from redemptions of coupons, and other reductions made to calculate Net Sales.

17.3 Financial Statements. No later than 90 days following the end of each fiscal year, Franchisee will furnish to Franchisor a statement of the profit and loss of the Franchised Restaurant for the last fiscal year and a balance sheet as of the end of the last fiscal year, prepared in accordance with generally accepted accounting principles, including all disclosures

required under those principles, on a compilation basis and certified by Franchisee to be true and correct. Franchisor shall have the right to incorporate information derived from Franchisee's financial statements in Franchisor's Franchise Disclosure Document and other promotional materials, but not so as to individually identify Franchisee or Franchisee's Restaurant.

17.4 Tax Returns. No later than 90 days following Franchisor's request, Franchisee will furnish to Franchisor exact copies of all tax returns, including federal, state, and any local income tax returns, Franchisee were required to file.

17.5 Financial Records. Franchisee will accurately and completely record all revenues the Franchised Restaurant receives or is entitled to receive. Franchisee will keep and maintain accurate and complete records of revenues, and will maintain and preserve accurate and complete books, records, and tax returns, including related supporting material, such as cash receipts and credit and charge records, for the Franchised Restaurant for at least 3 years. Franchisee will keep and preserve for 3 years the types and classes of records that Franchisor requires, and all business, personnel, financial, and operating records related to the Franchised Restaurant.

17.6 Research. Franchisee will inform Franchisor from time to time on Franchisor's request of: (i) all prices Franchisee charge for Products Franchisee sells at the Franchised Restaurant; and (ii) the prices Franchisee's competitors charge in the area.

18. CONFIDENTIAL INFORMATION; RESTRICTIVE COVENANTS

18.1 Definitions. As used in this Agreement:

A. "Confidential Information" means any information related to the System that Franchisor discloses to Franchisee that Franchisor designates as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of "Confidential Information," all the following will be conclusively presumed to be Confidential Information whether or not Franchisor designates them as such: (i) the Standards and Manuals; (ii) pricing information; (iii) materials describing Franchisor's franchise network and System; (iv) plans, layouts, designs and specifications for a prototypical Paik's Noodle restaurant; (v) Franchisor's methods of preparing and serving Products, including recipes; (vi) Franchisor's training materials; (vii) Franchisor's marketing plans; (viii) other information Franchisor furnishes to Franchisee in confidence, except where such information is a Trade Secret; and (ix) this Agreement.

B. "Trade Secrets" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of "Trade Secrets," all the following will be conclusively presumed to be Trade Secrets whether or not Franchisor designates them as such: (i) the composition of Franchisor's Proprietary Products and Non-Proprietary Products; (ii) Franchisor's advertising, marketing, and public relations strategies; and (iii) Franchisor's marketing analyses.

C. The terms "Confidential Information" and "Trade Secrets" do not include: (i) information generally known to the public at the time Franchisor disclose it to Franchisee; (ii) information that becomes known to the public after Franchisor disclose it to Franchisee, unless it becomes known due to Franchisee's breach of this Agreement or someone else's breach of a duty to maintain confidentiality; or (iii) information Franchisee can prove was already known to Franchisee at the time Franchisor disclosed it to Franchisee.

18.2 Protection of Confidential Information and Trade Secrets. Franchisee agrees that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade, that they are beyond Franchisee's present skill and experience, and that for Franchisee to develop the Confidential Information and Trade Secrets on Franchisee's own would be expensive, time-consuming, and difficult. Franchisee agrees that the Confidential Information and Trade Secrets provide Franchisee with a significant competitive advantage, that they will be economically valuable to Franchisee in the development of Franchisee's Franchised Restaurant, and that gaining access to Confidential Information and Trade Secrets is therefore a primary reason why Franchisee is entering into this Agreement. Accordingly, in consideration of Franchisor's disclosure of the Confidential Information and Trade Secrets, Franchisee agrees that:

A. Franchisee will not, during the Term: (i) appropriate or use any Confidential information or any Trade Secret for any purpose other than in accordance with this Agreement; (ii) disclose or reveal any portion of the Confidential Information or any Trade Secret to any person, other than to Franchisee's directors, officers, Principal Owners, management employees, or others who have a legitimate business need to know of it to operate Franchisee's Franchised Restaurant; or (iii) divulge or use any Confidential Information or any Trade Secret for the benefit of any other person or entity except as Franchisor expressly authorize.

B. Franchisee will not, for 2 years after the termination or expiration of this Agreement for any reason: (i) use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

C. Franchisee will not at any time after the termination or expiration of this Agreement: (i) use any Trade Secret for any purpose; or (ii) divulge or use any Trade Secret for the benefit of any other person or entity.

D. Franchisee will not copy, duplicate, record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part, including the restaurant Confidential Information or Trade Secrets maintained in a computer retrieval or data base, or otherwise make Confidential Information or Trade Secrets available to any third party, except as Franchisor authorize in this Agreement.

E. Franchisee will make all reasonable efforts and take all appropriate precautions to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets; which precautions will include, but not be limited to, restricting access to Confidential Information and Trade Secrets on a "need to know" basis.

18.3 Unfair Competition. Franchisee's breach of this Section will constitute unfair competition. Franchisee agree that Sections 18.1 and 18.2 are a reasonable effort under the

circumstances to maintain the confidentiality of Franchisor's Confidential Information and the secrecy of Franchisor's Trade Secrets.

18.4 Restrictive Covenant. For the purposes of this Agreement, "Covenanting Personnel" means Franchisee's Principal Owners and Franchisee's directors and officers, as added to, deleted from, or replaced from time to time. Franchisee agrees that Franchisee will require all Covenanting Personnel to sign the Personal Covenants in Schedule B. Franchisee agrees that Franchisee will comply with the following restrictions, which Franchisee agrees are reasonable and necessary to protect Franchisor's legitimate interests, the interests of Franchisor's other franchisees, and integrity of the System:

A. During the Term, neither Franchisee nor any of Franchisee's Covenanting Personnel, nor any person or entity controlling, controlled by, or under common control with Franchisee or them, will individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any person or entity: (i) own, maintain, operate, engage in, or have any interest in, any business that is engaged in the retail or wholesale production or sale of products or services that are the same as or similar to any of the Products or that is similar in any material respect to any Paik's Noodle restaurant that offers or sells any other product or service that now comprises, or that may in the future comprise, a part of the System, or any product or service confusingly similar thereto (a "Competing Activity"), other than the Franchised Restaurant or another business Franchisee operates under an agreement with Franchisor, without Franchisor's prior written consent; (ii) act as a director, officer, partner, member, employee, independent contractor, consultant, principal, agent, landlord or proprietor, or participate or assist in the control of, any business engaged in a Competing Activity; or (iii) divert or attempt to divert any business from the Franchised Restaurant.

B. Beginning at the expiration or termination of this Agreement and for 12 months thereafter or 12 months after a court or arbitrator of competent jurisdiction enters an order enforcing this Section of this Agreement, whichever occurs last, within 3 miles of any Paik's Noodle Restaurant (including the Accepted Location), neither Franchisee nor any of Franchisee's Covenanting Personnel, nor any person or entity controlling, controlled by, or under common control with Franchisee, will individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any person or entity: (i) own, maintain, operate, engage in, or have any interest in, any business engaged in a Competing Activity, without Franchisor's prior written consent, except under another agreement with us; (ii) act as a director, officer, partner, member, employee, independent contractor, consultant, principal, agent, landlord or proprietor, or participate in the control of, any business engaged in a Competing Activity; or (iii) divert or attempt to divert any purchaser or prospective purchaser of any Product.

C. Nothing in this Section will prevent Franchisee from owning for investment purposes the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as Franchisee does not control the company in question.

18.5 Remedies. This Section is a primary inducement to Franchisor to enter into this Agreement, and on any breach of this Section, Franchisee agrees that Franchisor would be

irreparably injured and without adequate remedy at law. Therefore, on a breach or a threatened or attempted breach of this Section, Franchisee agrees that Franchisor is entitled, in addition to any other remedies Franchisor may have under this Agreement or at law or in equity (including the right to terminate this Agreement), to a preliminary and permanent injunction and a decree for specific performance of the terms of this Section without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.

18.6 Modification. If any term in this Section must be interpreted by a court or an arbitrator of competent jurisdiction, Franchisee expressly agrees that: (i) the terms of this Section are made freely and voluntarily by Franchisee and Franchisor, as two independent businesses, together with Franchisee's Covenanting Personnel to whom Franchisor delivered due consideration, in an arms-length commercial transaction between experienced business operators; (ii) in no event should the terms be construed in the same manner or under the same body of law as analogous terms in a contract of employment; (iii) if a court or arbitrator finds that any term in this Section is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable, and the modification will be deemed to have been a part of this Agreement as of the Effective Date; and (iv) the court or arbitrator should strictly construe these terms in favor of enforcement. Any dispute between Franchisee and Franchisor arising out of or related to Section 18.4, regardless of the forum in which the dispute is litigated, arbitrated, or otherwise addressed for purposes of resolving the dispute, will be governed by and construed and enforced in accordance of the laws of the state in which Franchisee's Accepted Location is located, which laws will prevail in the event of any conflict of law. Franchisee specifically agrees that these restrictions must be enforced even before Franchisee opens the Restaurant, since Franchisee will receive valuable information and training about the System and the operation of the Restaurant before Franchisee begins operations. Accordingly, Franchisee agrees that Franchisor may enforce these restrictions even if Franchisee does not open the Restaurant as this Agreement requires.

19. TRANSFER

19.1 General. This Agreement is personal to Franchisee, and Franchisee will not, nor will Franchisee attempt to, sell, assign, delegate, transfer, or encumber ("Transfer") any of Franchisee's rights or obligations under this Agreement, without Franchisor's prior written consent. Franchisor may void any purported Transfer in violation of this Section. If Franchisee is a corporation, partnership, limited liability company, or other entity: (i) Franchisee will give Franchisor prompt notice of any additions to, deletions from, or changes to equityholders or interests; and (ii) the terms of this Section will be deemed violated on any purported Transfer of more than 25% in the aggregate of the equity in Franchisee or a share of the equity in Franchisee sufficient to cause a change in control over Franchisee. In addition, if Franchisee is a partnership, the terms of this Section will be deemed violated on any removal or addition of any general partner. The identity of Franchisee's owners shall be identified in Schedule A, and Franchisee must immediately furnish Franchisor with an update to the information contained in Schedule A upon any change, provided that furnishing such update will not waive or otherwise limit any of the other requirements under this Section 19 regarding Transfers.

19.2 Death or Disability. On the death, disability, or permanent incapacity of a shareholder, partner, or member of Franchisee that results in a change in control over Franchisee or the Franchised Restaurant, all of the interest of the deceased, disabled or incapacitated person must be transferred to a buyer Franchisor approves within 1 year after the date that person dies or becomes disabled, provided that each person obtaining the interest: (i) is capable of conducting the Franchised Restaurant in accordance with this Agreement; (ii) signs the form of Personal Covenants attached as Schedule B to this Agreement; and (iii) signs the form of Guaranty of Payment and Performance attached as Schedule C to this Agreement; without all of which Franchisor may terminate this Agreement.

19.3 Conditions for Franchisee's Transfer. Franchisee agree that the restrictions on transfer in this Agreement are reasonable and necessary to protect the System and Franchisor's reputation and goodwill. Franchisor will not unreasonably withhold Franchisor's consent to Franchisee's sale, assignment, or transfer of the Franchised Restaurant; provided, however, that Franchisor may refuse to consent to the transfer unless:

A. All sums Franchisee owes Franchisor and Franchisor's affiliates are paid.

B. Franchisee is not, and has not been during the Term, in default in any material respect under this Agreement or any other agreement with Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated suppliers.

C. The transferee and its proposed directors, officers, shareholders, partners, and members, as applicable, and its Restaurant Manager and any other personnel Franchisor designate, who will be responsible for operating and managing the Restaurant, satisfactorily complete before the date of transfer Franchisor's then-current training required of new franchisees.

D. The transferee and its directors, officers, shareholders, partners, and members, as applicable, meet Franchisor's requirements for new franchisees.

E. Notwithstanding when the Restaurant was last remodeled, the transferee agrees in writing that it will, at its expense, upgrade and remodel the Restaurant to conform to Franchisor's then-current Standards for quality and appearance and trade dress within the time Franchisor reasonably specifies; provided, however, if the Restaurant conforms to Franchisor's then-current Standards for appearance, the transferee will only address all items identified in the last quality assurance inspection, within the time Franchisor reasonably states.

F. The transferee signs Franchisor's then-current form of franchise agreement and all other then-current related agreements as Franchisor requires of new franchisees generally; provided, however, the transferee will not be required to pay the initial franchise fee stated in the new franchise agreement and the term of the new franchise agreement will expire on the expiration date of the Term of this Agreement.

G. Franchisee, all Franchisee's individual owners, the transferee, and all individual owners of the transferee, deliver to Franchisor a written and duly signed: (i) general release, in a form that Franchisor will prepare, of all claims against the Affiliated Parties; and (ii) indemnity protecting the Affiliated Parties against any statements, representations, or

warranties that Franchisee may have made or given to the proposed transferee.

H. Franchisor receives a fully-signed copy of all transfer documents.

I. Franchisee pays Franchisor a transfer fee of 50% of the amount of the then-current initial franchise fee.

19.4 Related Party Transfer. Notwithstanding anything to the contrary in paragraph 19.3 of the Agreement, Franchisee may transfer cumulatively up to a 49% (100% on Franchisee's death or disability) interest in this Agreement to Franchisee's spouse, Franchisee's parent or Franchisee's child, or up to a 100% interest in this Agreement to any of the original guarantors to this Agreement (a "Related Party"), subject to the following conditions:

A. Franchisee gives Franchisor prior written notice of the transfer;

B. The Related Party assumes this Agreement in writing;

C. Franchisee may not be in default under this Agreement;

D. Franchisee must sign and deliver to Franchisor a general release of all claims Franchisee may have against Franchisor.

19.5 Right of First Refusal. If Franchisee receives and wants to accept a *bona fide* written offer from a third party to purchase the Franchised Restaurant or substantially all the interests in Franchisee (collectively, the "Interest"), Franchisee must give us: (i) prompt written notice of the offer, stating the name and address of the prospective purchaser and the price and terms of the offer; and (ii) copies of all written documents and other information reasonably related to the offer provided by or to the prospective purchaser. For 30 days after Franchisor receives the information required by this Section (the "Option Period"), Franchisor will have the option to purchase the Interest on the same terms as offered by the third party. In order for Franchisor to have sufficient information to decide whether to exercise Franchisor's option, Franchisee must promptly deliver to Franchisor any additional information and materials requested by Franchisor about the Franchised Restaurant not otherwise called for by this Agreement. If Franchisee complies with this Section and Franchisor does not exercise Franchisor's right of first refusal within the Option Period, Franchisee may, within 30 days after the expiration of the Option Period, sell, assign, and transfer the Interest to the third party specified in Franchisee's notice, provided that the conditions of Section 19.3 are met. Any material change in the terms of the offer before closing of the sale to the third party will constitute a new offer, subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Franchisor's failure to exercise Franchisor's option under this Section will not be waiver of any other provision of this Agreement.

19.6 Franchisor's Transfer. Franchisor may transfer all of Franchisor's rights and obligations under this Agreement, provided that: (i) Franchisor determines that the transferee under the Transfer is able to perform Franchisor's obligations under this Agreement; and (ii) the transferee agrees, in writing, to perform Franchisor's obligations under this Agreement. Franchisor is not required to obtain Franchisee's consent for Franchisor's Transfer. Following the effective date of the Transfer, Franchisee will look solely to the transferee, and

not to Franchisor, for the performance of all Franchisor obligations in this Agreement.

20. DEFAULT AND TERMINATION

20.1 Franchisee's Termination and Notice of Franchisor's Breach. If Franchisor is in material breach of this Agreement, Franchisee must provide Franchisor with a written notice describing in detail any alleged material breach and give Franchisor 60 days within which to cure the breach or any additional time as reasonably required by Franchisor if the nature of the alleged material breach is such that it cannot reasonably be cured within said 60 days, provided Franchisor promptly commences and continues diligently to cure such alleged breach. Franchisor's failure to cure the alleged material breach shall entitle Franchisee to terminate this Agreement.

20.2 Franchisor's Termination: No Opportunity to Cure. Franchisor has the right to terminate this Agreement without affording Franchisee any opportunity to cure the default, effective on Franchisor's sending of notice of termination to Franchisee (or the earliest date permitted by applicable law) if:

A. Franchisee violates the restrictions related to the use of Confidential Information or Trade Secrets in Section 18 of this Agreement or any of Franchisee's Covenanting Personnel violates the Personal Covenants.

B. Franchisee copies or permits others to copy any portion of the Manuals, except for forms and similar items included in them for the express purpose of copying, or fail to take all necessary precautions to ensure that the Manuals are kept free from theft, unauthorized copying, unauthorized access, fire, or other acts that may jeopardize the confidentiality of its contents.

C. Franchisee or any of Franchisee's Covenanting Personnel: (i) is convicted of or plead no contest to a felony or a crime involving fraud or moral turpitude; (ii) is convicted of or plead no contest to any other offense or crime or engage in other conduct that Franchisor deems likely to reflect materially and unfavorably on the goodwill or reputation of the System; (iii) commits fraud in relation to the Franchised Restaurant or its customers, or otherwise engages in conduct that, in Franchisor's determination, materially impairs the goodwill related to the System; (iv) makes, or has made, any material misrepresentation to Franchisor related to the Franchised Restaurant or this Agreement; or (v) knowingly maintains false books or records, or submits any false reports to Franchisor related to the Franchised Restaurant.

D. Franchisee abandons the Franchised Restaurant or Restaurant.

E. Franchisor issues Franchisee 2 or more written notices of default under this Agreement for the same or a similar cause or reason in any consecutive 12 month period, whether or not cured.

F. Franchisee: (i) becomes insolvent by reason of an inability to pay debts as they come due; (ii) is adjudicated bankrupt; (iii) files a petition for bankruptcy protection; (iv) is the debtor in an involuntary bankruptcy petition that is not dismissed within 60 days; (v) is the debtor in an assignment for the benefit of creditors that is not dismissed within 60 days; (vi) is

the subject of a voluntary or involuntary petition for reorganization or similar proceeding that is not dismissed within 60 days; (vii) is the subject of a petition for appointment of a receiver, permanent or temporary, that is not dismissed within 60 days; (viii) is are the judgment debtor in any final judgment of $10,000 or more and the judgment remains unsatisfied of record for more than 60 days, unless Franchisee obtains an appeal bond covering the amount of Franchisee's liability; (ix) has Franchisee's bank accounts, property, or receivables attached and the attachment proceedings are not dismissed within 60 days; (x) has an execution levied against Franchisee's business or property and the execution is not dismissed within 60 days; or (xi) is the subject of any suit to foreclose any lien or mortgage related to the Franchised Restaurant or the property thereof, and the suit is not dismissed within 60 days.

G. Franchisee's or any of Franchisee's owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of Franchisee's owners otherwise violate any such law, ordinance, or regulation.

20.3 Termination by Us: Opportunity to Cure Within Cure Period. Franchisor has the right to terminate this Agreement for any of the defaults in this Section after Franchisor sends Franchisee a notice of default, if Franchisee fails to cure the default to Franchisor's reasonable satisfaction within the time specified below (or the earliest date permitted by applicable law), without further notice or opportunity to cure if:

A. If 24 hours after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default for failing to grant Franchisor immediate access to Franchisee's Restaurant or any other place where the Franchised Restaurant is conducted to perform any of the inspections, audits, or copying described in this Agreement; or if in the course of an inspection, audit, or copying Franchisee fails to make the materials Franchisor requests available to Franchisor or to provide Franchisor with full cooperation in the course of the inspections, audits, or copying.

B. If 24 hours after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default for the operation of Franchisee's Franchised Restaurant in a manner that poses a threat or danger to public health or safety.

C. If 24 hours after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to any dilution or adulteration of Proprietary Products or Non-Proprietary Products, or any misrepresentation, substitution, or palming off of non-Paik's Noodle products from the Restaurant.

D. If 24 hours after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to complying fully with all Laws, unless there is a bona fide dispute as to the violation or legality of a Law and Franchisee promptly resorts to a court or other appropriate forum having jurisdiction to contest the violation or illegality.

E. If 5 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to selling, bartering, or exchanging, or attempting to sell, barter, or exchange, any Proprietary Product or supply at wholesale or retail, except as contemplated by this Agreement.

F. If 5 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to (i) opening the Restaurant within 360 days after the Effective Date of this Agreement; or (ii) without Franchisor's prior written consent, ceasing operation of the Franchised Restaurant for a period of 5 consecutive days or any shorter period that indicates Franchisee's intent to discontinue operation of the Franchised Restaurant, except for a period of not more than 180 days as a result of a Force Majeure, as defined in Section 23.4 of this Agreement.

G. If 5 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to complying with the restrictive covenant in Section 18 of this Agreement during the Term.

H. If 10 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default for failing to pay promptly when due all debts Franchisee owes Franchisor or Franchisor's affiliates, all undisputed debts Franchisee owes Franchisor's designated suppliers, and all taxes and other obligations Franchisee owes for the Franchised Restaurant; including, without limitation, all federal, state, and local taxes, and all accounts payable of any nature.

I. If 10 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default relating to obtain the signing of the Personal Covenants required in Section 18.4 of this Agreement.

J. If 10 calendar days after Franchisor sends Franchisee a notice of default, Franchisee and/or Franchisee's affiliates fails to cure a default of Franchisee or Franchisee's affiliates materially breach any other agreement with Franchisor or Franchisor's affiliates, or any mortgage, deed of trust or lease covering the Franchised Restaurant, unless cured within any applicable notice or grace periods contained in those documents.

K. If 10 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default under any lease or sublease of the Accepted Location or lose the right to possession thereof. If loss of possession is the result of governmental exercise of eminent domain, Franchisee may, within 360 days of the loss of possession, relocate the Restaurant to some other premises, subject to Franchisor's acceptance of the Proposed Site and compliance with the Restaurant opening criteria stated in this Agreement.

L. If 30 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default relating to maintaining accurate books of account and business and accounting records as required by this Agreement.

M. If 30 calendar days after Franchisor sends Franchisee a notice of default, Franchisee breaches any of Franchisee's other obligations to Franchisor under this Agreement (including for a quality assurance inspection failure).

20.4 Suspension of Rights and Access to System. If Franchisee is in default of any obligation under this Agreement or Franchisor's Standards, then Franchisor may, in addition to Franchisor's other remedies, temporarily suspend, until Franchisee fully cures the default, Franchisee's (i) access and use of the System, Franchisor's website (including Franchisee's

access or use of web site pages) and Franchisor's internet sites, and (ii) ability to purchase Proprietary Products, Non-Proprietary Products, and other products, services, or equipment used in connection with operating under the System. No such suspension shall constitute a waiver or election of remedies, and Franchisor reserves Franchisor's right to terminate this Agreement in accordance with its provisions. All Royalties, Advertising Contributions, Local Advertising Fees and all other fees due under this Agreement will continue to accrue during the suspension period. Franchisor's consent, approval or acceptance may be withheld if needed while Franchisee is in default under this Agreement or may be conditioned on the cure of all Franchisee's defaults.

21. OBLIGATIONS ON TERMINATION

21.1 General Obligations. On expiration or termination of this Agreement for any reason, Franchisee will:

A. Immediately cease using the System, including the Marks and any confusingly similar names, marks, commercial symbols, systems, insignia, symbols, color schemes, trade dress, designs, procedures, and methods (including on any web page that Franchisee operates or has used for marketing).

B. Immediately return to us: (i) all hard copies and electronic copies (capable of being returned) of the Standards and the Manuals, together with all copies of any of them; and (ii) all other manuals, records, files, instructions, correspondence and other materials relating to the operation of the Franchised Restaurant ("Other Materials"). If Franchisee has on Franchisee's computer systems or in Franchisee's e-mail accounts copies of the Standards, the Manuals and/or Other Materials, Franchisee must immediately delete these copies from Franchisee's computer system and/or e-mail account.

C. Immediately cancel all assumed name registrations.

D. Within 5 days after expiration or termination, pay Franchisor and Franchisor's affiliates the full amount Franchisee owes Franchisor and them.

E. Immediately stop identifying Franchisee in any way as Franchisor's franchisee.

F. Immediately comply with the restrictive covenants in Section 18 of this Agreement.

G. Immediately cease using the Restaurant's telephone numbers; and, on Franchisor's written demand, direct the telephone company to transfer the telephone numbers for the Restaurant to Franchisor or to any other person and location that Franchisor specifies. If Franchisee does not promptly direct the telephone company to do so, Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to direct the telephone company to do so.

H. Promptly sign all documents and take all other actions as Franchisor deems necessary to effect the intent and provisions of this Section.

21.2 Reinstatement. If this Agreement is terminated under Section 20.3.B, Franchisor will permit Franchisee to apply for reinstatement of this Agreement within 7 days of the effective date of termination, after the first termination only. Franchisor's approval of reinstatement will not be unreasonably withheld, and will be subject to the following conditions. Franchisee must:

A. Cure the default that led to the termination of this Agreement;

B. Pay Franchisor all fees due Franchisor, including Royalty and Advertising Contributions;

C. Pay Franchisor the amount of Royalty for the time period between the date of termination of this Agreement and the date of reinstatement of this Agreement, to compensate Franchisor for Franchisee's continued use of the Marks during the period of termination;

D. Pay Franchisor a reinstatement fee of 10% of the amount of the then-current initial franchise fee; and

E. Sign and return Franchisor's general release of all claims Franchisee may have against Franchisor and Franchisor's affiliates, and commit to a reinstatement plan agreed by both parties.

21.3 Liquidated Damages. Franchisee agrees that:

A. Any termination of this Agreement before the expiration of the initial Term will deprive Franchisor of the benefit of the bargain Franchisor is entitled to receive under this Agreement. As a result, if this Agreement is terminated after the Opening Date, Franchisee will pay Franchisor, as liquidated damages for the loss of the benefit of the bargain Franchisor is entitled to receive, and not as a penalty, a lump-sum payment equal to the average monthly Royalty Franchisee owed Franchisor during the 24 months before the termination date times the lesser of the remainder of the Term or 24 months. If less than 24 months have lapsed between the Opening Date and the termination date, the liquidated damages will be the average monthly Royalty during the time between the Opening Date and the termination date, times 24 months. If the termination occurs before the Opening Date, Franchisee will forfeit the Initial Franchise Fee paid and will not owe Franchisor any liquidated damages.

B. Franchisee will pay all amounts stated in this Section within 30 days after the termination of this Agreement. Franchisee agrees, and Franchisee directs any party construing this Agreement to conclusively presume, that the damages stated in this Section: (i) are true liquidated damages; (ii) are intended to compensate Franchisor for the harm Franchisor will suffer; (iii) are not a penalty; (iv) are a reasonable estimate of Franchisor's probable loss resulting from Franchisee's defaults, viewed as of the Effective Date; and (v) will be in addition to all other rights Franchisor have to obtain legal or equitable relief.

21.4 Additional Obligations. The following obligations are in addition to the General Obligations and the liquidated damages stated above.

A. If Franchisor terminates this Agreement under Section 20, Franchisor will have

the right immediately to enter and take possession of Franchisee's Restaurant to maintain continuous operation of the previously-Franchised Restaurant, provide for orderly change of management and disposition of personal property, and otherwise protect Franchisor's interests. If Franchisor exercises this right, Franchisee will vacate the Restaurant promptly and completely, rendering all necessary assistance to Franchisor to enable Franchisor to take prompt possession. If Franchisee disputes the validity of Franchisor's termination of this Agreement, Franchisor will nevertheless have the option, which Franchisee irrevocably grants, to operate the business pending the final, unappealed determination of the dispute under this Agreement. If a court or an arbitrator of competent jurisdiction makes a final, unappealed determination that the termination was not valid, Franchisor will make a full and complete accounting for the period during which Franchisor operated the business.

B. If Franchisor terminates this Agreement under Section 20, Franchisee will, at Franchisor's option, assign to Franchisor, or another franchisee Franchisor designates, Franchisee's interest in any Lease for the Accepted Location, and will vacate the Restaurant promptly and completely, rendering all necessary assistance to Franchisor or the other franchisee to enable it to take prompt possession.

C. If Franchisor exercises Franchisor's option to assume Franchisee's interest in any Lease for the Accepted Location under Section 21.4.B., above, within 15 days after Franchisor's notice to Franchisee of this election, Franchisee will arrange with Franchisor for an inventory to be made by Franchisor, at Franchisor's cost, of all Franchisee's personal property, fixtures, signs, equipment, Products, inventory, and supplies related to the Restaurant, including without limitation all items bearing the Marks. Franchisor will have the option, to be exercised within 30 days after Franchisor's receipt of the final appraisal, to purchase from Franchisee any or all of these items at the actual fair market value (exclusive of goodwill) (the "Purchase Value"). If Franchisor elects not to purchase Franchisee's personal property, fixtures, signs, equipment, Products, inventory, and supplies related to the Restaurant, Franchisor can retract Franchisor's exercise of Franchisor's option to assume Franchisee's lease under Section 21.4.8, above. If the parties cannot agree on a Purchase Value within a reasonable time, the Purchase Value will be determined by three independent appraisers chosen in the following manner: Franchisee will designate one appraiser and Franchisor will designate one appraiser, and the two appraisers that Franchisee and Franchisor designate will select a third appraiser. The majority determination of the three appraisers will be binding. Each party will pay the appraiser's fee for the appraiser designated by that party. Franchisee and Franchisor will each pay 50% of the third appraiser's fee. If Franchisor elects to exercise this option to purchase, Franchisor may set off all amounts Franchisee owes Franchisor or Franchisor's affiliates under this Agreement against any payments for the purchase. At the closing, Franchisee will deliver to Franchisor, in a form satisfactory to Franchisor, good and merchantable title to the assets purchased, free and clear of any encumbrances, together with all licenses or permits that may be assigned or transferred. Franchisee will be responsible for all sales and other transfer taxes.

22. DISPUTE RESOLUTION

22.1 Resolution of Disputes.

A. Except as stated in Section 22.1.D of this Agreement, all disputes between

Franchisee and Franchisor, including without limitation any disputes related to this Agreement or the making of it, will be resolved by binding arbitration. One arbitrator will conduct the arbitration. **EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 16.1, NEITHER PARTY WILL BE ENTITLED TO RECOVER SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES.** Neither party may join any arbitration proceeding with any arbitration proceeding or other action brought by any other person or entity. Any arbitration under this Section will be conducted under the then-current Commercial Arbitration Rules of the American Arbitration Association (the "AAA") and any arbitration proceeding will be held at the offices of Franchisor's franchise headquarters at the time of institution. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.).

B. Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and Franchisor's affiliates respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

C. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, except as expressly provided in Section 22.1.A. above, award any special, consequential, exemplary, or punitive damages against either party (Franchisor and Franchisee hereby waive to the fullest extent permitted by law, except as expressly provided in Section 22.1.A. above, any right to or claim for any special, consequential, exemplary, or punitive damages against the other).

D. The following disputes will not be resolved through arbitration unless Franchisor consents to arbitration: (i) disputes that arise under or are related to the Lanham Act, as now or later amended; (ii) disputes that otherwise relate to the ownership or validity of any of the Marks; or (iii) disputes that involve enforcement of Franchisor's intellectual property rights.

22.2 Injunctive Relief. In addition to any other relief available at law or equity, Franchisor will have the right to obtain restraining orders or temporary or permanent injunctions to: (i) enforce, among other matters, the provisions of this Agreement related to the System; (ii) enforce Franchisee's obligations on termination or expiration of this Agreement; and (iii) prohibit any act or omission by Franchisee or Franchisee's employees that is a violation of applicable Law or that threatens the Marks.

22.3 Cumulative Rights and Remedies. Except as otherwise stated in this Agreement, all rights and remedies in this Agreement are cumulative and may be exercised or enforced concurrently, and none will exclude any other right or remedy allowed at law or in equity.

22.4 Attorneys' Fees. In any arbitration or litigation involving this Agreement, including any arbitration or litigation involving the making of this Agreement, the non-prevailing party

will pay the prevailing party its costs, including its reasonable attorneys' fees and costs of appeal, all of which will be taxed as costs, so that the prevailing party actually receives payment therefor within 5 days after demand for payment.

22.5 Limitation of Claims. **EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN 12 MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.**

22.6 Waiver of Jury Trial. **FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE.**

23. MISCELLANEOUS

23.1 Relationship of Parties. Franchisee is an independent contractor. Nothing in this Agreement is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. All employees or agents Franchisee hires or engages, or who work for Franchisee, are only Franchisee's employees or agents, and are not for any purpose be deemed Franchisor's employees or agents, or subject to Franchisor's control or right of control.

23.2 No Liability; No Warranties.

A. Franchisee will not use the Marks in signing any contract, instrument, application for any license or permit, or legal obligation, or in a manner that may result in liability to Franchisor for Franchisee's obligations, except as this Agreement expressly authorizes. Except as this Agreement expressly authorizes, neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between Franchisee and Franchisor as other than that of franchisor and franchisee.

B. Except when another entity guarantees Franchisor's obligations under this Agreement as provided for in the guaranty in Franchisor's Franchise Disclosure Document (the "Guaranteeing Entity"), Franchisee agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor (other than the Guaranteeing Entity but only to the extent of the terms of the guaranty) will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

23.3 General Release and Covenant Not To Sue. In consideration of Franchisor's agreement to enter into this Agreement, Franchisee, for Franchisee and, if Franchisee is a corporation, partnership, limited liability company, or other entity, for Franchisee's directors, officers, shareholders, partners, members, employees, agents, and attorneys, and for Franchisee's affiliates and their directors, officers shareholders, partners, members, employees, agents, and attorneys, and for the successors and assigns of any of them, releases and forever discharges Franchisor and Franchisor's parents, subsidiaries, and affiliates and the respective officers, directors, stockholders, employees, agents, attorneys, contractors, legal successors, and assigns of each of the forgoing entities (in their corporate and individual capacities), of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, controversies, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or in equity, that Franchisee and/or Franchisee's officers, directors, stockholders, agents, heirs, executors, administrators, legal successors and assigns, ever had, now has, or that they hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the day of this Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

23.4 Force Majeure. On an act of God, terrorism, war, insurrection, civil commotion, strike, lockout, or embargo; or lack of water, materials, power, or telephone transmissions specified or reasonably necessary for the operation of Franchisee's Franchised Restaurant or Franchisor's business; or fire, hurricanes, or unavoidable casualties; and any other occurrence, event, or condition beyond Franchisee's or Franchisor's reasonable control, whichever is applicable (a "Force Majeure"), the party so affected will be relieved of its respective obligations to the extent that that party is necessarily prevented, or materially hindered or delayed, in performance during the period of the Force Majeure.

23.5 Notices. All notices required or permitted under this Agreement must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized courier service, to Franchisor at **Noodle J-1, Inc., 3470 W. 6th St. #11, Los Angeles, CA 90020, Attention: President,** and to Franchisee at _____ _____.
Either Franchisee or Franchisor may change the address by written notice to the other party. Any notice by registered or certified mail or by courier service is deemed given and received at the date and time of sending.

23.6 Compliance with Anti-Terrorism Laws. Franchisee and Franchisee's owners agree to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, or any blocking of Franchisee's or Franchisee's owners'

assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 20.2.G. above.

24. ACKNOWLEDGEMENTS

Franchisee agree that: (i) Franchisee has conducted an independent investigation of the business contemplated by this Agreement, recognizes that it involves business risks, and recognizes that making a success of a venture is largely dependent on Franchisee's own business abilities; (ii) no assurance or warranty, express or implied, has been given to Franchisee as to the potential success of any business contemplated by this Agreement or the profits that may be achieved; and (iii) there are no promises, commitments, options, rights of first refusal, or other deals, rights or obligations in connection with this Agreement except as expressly provided for in this Agreement.

25. CONSTRUCTION

25.1 Waiver or Delay. Except as otherwise stated in this Agreement, no waiver of, or delay in requiring strict compliance with any obligation of this Agreement, or the exercise of any right or remedy provided in this Agreement, and no custom or practice at variance with the requirements of this Agreement, will constitute a waiver or modification of any obligation, right, or remedy, or preclude the exercise of any right or remedy or the right to require strict compliance with any obligation stated in this Agreement, or will preclude, affect, or impair enforcement of any right or remedy provided in this Agreement with respect to any later default.

25.2 Entire Agreement; Amendments. The term "Agreement" as used in this Agreement includes all schedules attached to this Agreement and amendments to this Agreement, if any. This Agreement states the entire agreement between Franchisee and Franchisor related to the subject matter of this Agreement and fully replaces all prior agreements, representations, or understandings between Franchisee and Franchisor, whether oral or written, related to the subject matter of this Agreement. Except as otherwise expressly stated in this Agreement, this Agreement may be amended only by a written document signed by Franchisee and Franchisor. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor makes in Franchisor's disclosure document (including exhibits and amendments) delivered to Franchisee or Franchisee's representative.

25.3 Survival of Obligations. The obligations in this Agreement that by their terms require performance after the termination or expiration of this Agreement, or that by their nature would be expected to continue in effect after termination or expiration of this Agreement, will survive the termination or expiration of this Agreement and will be enforceable notwithstanding the termination or expiration of this Agreement for any reason.

25.4 Applicable Law. This Agreement, including the making of it, will be construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be entirely performed in California, which laws will prevail on any conflict of laws.

25.5 Severability. If any provision of this Agreement is determined to be invalid or

unenforceable for any reason, that provision will be severed from the other provisions of this Agreement, and the other provisions will remain in full force and effect.

25.6 Time. Time is of the essence to this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first set forth above.

FRANCHISOR	FRANCHISEE:
_____	_____
Name:	Name:
Title:	Title:

SCHEDULE A

AREA OF PROTECTION, OWNERSHIP INFORMATION

The Area of Protection for the Restaurant is:

_____

_____

_____

OWNERSHIP INFORMATION

Listed below is a complete breakdown of Franchisee's ownership structure, including the name, address and percentage of ownership in the Franchisee:

SCHEDULE B

PERSONAL COVENANTS

All Persons Having a 20% or Greater Equity Interest in Franchisee (or at least 4 largest shareholders or equityholders);
and All of Franchisee's Directors and Officers Must Sign

Each undersigned ("Each Franchisee") agrees that:

1. All capitalized terms used but not defined in these Personal Covenants will have the meaning stated in the Paik's Noodle Franchise Agreement entered into on _____ by and between Noodle J-1, Inc. ("Franchisor"), and each of the following individuals:
_____,
_____,
_____,
_____,
(the "Franchise Agreement").

2. Each Franchisee is the owner of a 20% or greater equity interest in the Franchisee, or if owning less than 20% of the equity in the Franchisee, Each Franchisee is nonetheless one of its four largest equityholders, or Each Franchisee is a director or officer; and as such Each Franchisee expects to or will gain a direct personal benefit from the Franchise Agreement.

3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits each Each Franchisee will derive from the Franchise Agreement, Each Franchisee agrees that: (i) Each Franchisee has read and understand all the provisions of Section 18 (Confidential Information; Restrictive Covenants) of the Franchise Agreement; (ii) Each Franchisee will be personally bound by all of the obligations and covenants of the Franchisee in Section 18 as if the obligations and covenants were made and given personally by Each Franchisee directly to Franchisor; and (iii) the obligations and covenants are fair and reasonable and will not deprive Each Franchisee of Each Franchisee's livelihood.

4. If any term in these Personal Covenants or in Section 18 of the Franchise Agreement must be interpreted by a court or an arbitrator of competent jurisdiction, Each Franchisee agrees that: (i) these Personal Covenants are made freely and voluntarily by Each Franchisee and Franchisor, as experienced businesspeople, in an arms-length commercial transaction; (ii) these Personal Covenants or Section 18 should not be construed in the same manner or under the same body of law as analogous terms in a contract of employment; (iii) if a court or arbitrator finds that any term in these Personal Covenants or Section 18 is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable, and the modification will be deemed to have been a

part of these Personal Covenants or Section 18 of the Franchise Agreement as of the date Each Franchisee signs these Personal Covenants or the Effective Date of the Franchise Agreement, whichever is later; (iv) the court or arbitrator should strictly construe these terms in favor of enforcement; and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid.

5. These Personal Covenants will be governed by the internal laws of the State of California.

Each Franchisee hereby signs and delivers this instrument of the date stated below their respective signatures:

_____
Name:
Date:

_____
Name:
Date:

_____
Name:
Date:

_____
Name:
Date:

SCHEDULE C

GUARANTY OF PAYMENT AND OBLIGATIONS

THIS GUARANTEE AGREEMENT ("Guarantee") entered into this _____ day of _____, 20__, by and between Noodle J-1, Inc., a California corporation ("Secured Party" or "Franchisor") and each of the undersigned persons (each a "Guarantor"), being all of the shareholders or members, partners, principals or other owners or controlling persons, as applicable, of the "Franchisee" or "Debtor" (as hereafter defined).

A. Franchisee has entered into a Franchise Agreement (and/or Area Development Agreement) dated _____, 20__ (collectively, the "Franchise Agreements") with the Secured Party.

B. Each Guarantor holds at least 20% of ownership interest in the Franchisee or other beneficial owner or controlling person, as applicable, in Debtor, and will benefit from the Franchise Agreements.

C. The Secured Party is willing to enter the Franchise Agreements with Debtor, only if Guarantor agrees, jointly and severally, to guarantee the full, prompt, complete and faithful performance of all the terms, covenants, conditions and obligation(s) on Debtor's part to be performed under the Franchise Agreements, and all other agreements and instruments ancillary to such agreements, and including any amendments or renewals thereof (collectively, the "Documents").

Guarantor agrees that:

1. Guarantor unconditionally guarantees the full, prompt, complete and faithful performance, payment, observance and fulfillment by Debtor of all of the terms, covenants and conditions and any obligation(s) under the Documents when due and any and all fees, royalties and other sums that may become due to the Secured Party from Debtor under the Documents ("Obligation(s)"). Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and legal expenses) incurred by the Secured Party in endeavoring to collect the Obligation(s), or any part thereof, or in securing the performance thereof, or in enforcing this Guarantee.

2. Guarantor hereby covenants and agrees unconditionally that in the event Debtor fails to make any payment due under the Obligations on the due date as set forth in the Documents, or an event of default occurs, as defined in the Documents ("Event of Default"), within ten (10) days of the receipt of written notice from or on behalf of the Secured Party to the effect that there exists such an Event of Default and of the amount or nature of the Obligation(s) which Debtor has failed to pay or perform, Guarantor will pay the entire unpaid amount thereof to the Secured Party at its office set forth on the signature page attached hereto. In the event that the Guarantor should fail or decline to pay any sums properly due to the Secured Party hereunder within ten (10) days following the Secured Party's request for the payment of any such sums, then said sums shall bear interest at annual interest rate equal to twelve percent (12%). Further,

if Guarantor shall fail to pay any amount or perform any Obligation(s) properly due to the Secured Party hereunder, the Secured Party may institute and pursue any action or proceeding to judgment or final decree and may enforce any such judgment or final decree against Guarantor and collect, in the manner provided by law, out of Guarantor's property, wherever situated, the monies adjudged or decreed to be payable.

3. This Guarantee shall not be limited to any particular period of time, but rather shall continue absolutely, unconditionally and irrevocably until all the terms, covenants and conditions of the Documents have been fully and completely performed by Debtor or otherwise discharged and/or released by the Secured Party, and Guarantor shall not be released from any duty, obligation or liability hereunder so long as there is any claim of the Secured Party against Debtor arising out of the Documents which have not been performed, settled or discharged in full.

4. The Secured Party shall give Guarantor notice in writing of an Event of Default or any event which might mature into an Event of Default known to Secured Party (but neither failure to give, nor defect in, any notice shall extinguish or in any way affect the Obligation(s) of Guarantor hereunder). Neither demand on, nor the pursuit of any remedies against, Debtor or any other guarantor of the Obligation(s) ("Obligor") shall be required as a condition precedent to, or neither the dependency nor the prior termination of any action, suit or proceeding against the Debtor or any Obligor (whether for the same or a different remedy) shall bar or prejudice the making of a demand on Guarantor by the Secured Party and the commencement against Guarantor after such demand of, any action, suit or proceeding, at law or in equity, for the specific performance of any covenant or agreement contained in the Documents or for the enforcement of any other appropriate legal or equitable remedy.

5. Guarantor's liability hereunder is primary, direct and immediate. Guarantor agrees that neither (i) the exercise or the failure to exercise by the Secured Party of any rights or remedies conferred on it under the Documents, hereunder or existing at law or otherwise, or against any collateral; (ii) the recovery of a judgment against Debtor or Obligor; (iii) the commencement of an action at law or the recovery of a judgment at law against Debtor or any Obligor and the enforcement thereof through levy or execution or otherwise; (iv) the taking or institution or any other action or proceeding against Debtor or any Obligor; nor (v) the delay in taking, pursuing or exercising any of the foregoing actions, rights, powers or remedies (even though requested by Guarantor) by the Secured Party shall extinguish or affect the Obligation(s) of Guarantor hereunder, but Guarantor shall be and remain liable for and until all Obligation(s) shall have been fully paid notwithstanding the previous discharge (total or partial) from further liability of Debtor or any Obligor or the existence of any bar (total, partial or temporary) to the pursuit by Guarantor of any right or claim to be subrogated to the right or claims of the Secured Party resulting from any action or failure or omission to act or delay in acting by the Secured Party, or anyone entitled to act in its place.

6. In case any of the Guarantor shall become insolvent or admit in writing his, her or its inability to pay his, her or its debts as they mature, or apply for, consent to or acquiesce in the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for either Guarantor, or any of his, her or its property; or, in the absence of such application, consent or acquiescence, a trustee, receiver, liquidator, assignee, sequestrator or other similar official is appointed for Guarantor, or for a substantial part of his, her or its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement or other proceeding under

any bankruptcy, admiralty or insolvency law or at common law or in equity is instituted by or against Guarantor, or remains for 60 days undismissed, then if any such event shall occur at a time when any of the Obligation(s) may not be then due and payable, Guarantor will pay to the Secured Party forthwith the whole unpaid amount under the Documents and Documents plus any other sums due under the Documents and other Documents, irrespective of whether any demand shall have been made on Guarantor, Debtor or any Obligor by intervention in or initiation of judicial proceedings relative to Guarantor, his, her or its creditors or his, her or its property. The Secured Party may file and prove a claim or claims for the whole unpaid amount or any portion thereof and for any other sums due under the Documents and other Documents and file such other papers or documents as may be necessary or advisable in order to have such claim allowed in such judicial proceedings and to collect and receive any monies or other property payable or deliverable on any such claim, and to distribute the same; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Secured Party.

7. The benefits, remedies and rights provided or intended to be provided hereby for the Secured Party are in addition to and without prejudice to any rights, benefits, remedies or security to which the Secured Party might otherwise be entitled.

8. Notwithstanding anything mentioned herein to the contrary, the Secured Party, from time to time, without notice to Guarantor, may take all or any of the following actions without in any manner affecting or impairing the liability of Guarantor hereunder: (i) obtain a security interest in any property to secure any of the Obligation(s) hereunder; (ii) retain or obtain the primary or secondary liability of any party or parties, in addition to Guarantor, with respect to any of the Obligation(s); (iii) extend the time for payment of the Documents or any installment thereof for any period; (iv) release or compromise any liability of Guarantor hereunder or any liability of any nature of any other party or parties with respect to the Obligation(s); (v) resort to Guarantor for payment of any Obligation(s), whether or not the Secured Party shall proceed against any other party primarily or secondarily liable on any of the Obligation(s); or (vi) agree to any amendments, modification or alteration of the Documents and exercise its rights to consent to any action or non-action of Debtor which may violate the covenants and agreements contained in the Documents with or without consideration, on such terms and conditions as may be acceptable to it.

9. Guarantor agrees that if at any time all or any part of any payment theretofore applied by the Secured Party to any of the Obligation(s) is or must be rescinded or returned by the Secured Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Debtor) such Obligation(s), for purposes of this Guarantee, to the extent that such payment is or must be rescinded or returned, shall be deemed to have continued in existence, notwithstanding such application by the Secured Party, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation(s), all as though such application by the Secured Party had not been made.

10. Guarantor represents and warrants to the Secured Party that: (i) this Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable against him, her or it in accordance with its terms; (ii) there is no action, litigation or other proceeding pending or threatened against Guarantor, before any court, arbitrator or administrative agency which may have a materially adverse effect on the

assets, businesses, or financial condition of Guarantor, or which would prevent, hinder or jeopardize his, her or its performance under this Guarantee; (iii) Guarantor is fully familiar with all of the covenants, terms and conditions of the Documents and the Documents; and (iv) the Guarantor is not party to any contract, agreement, indenture or instrument or subject to any restriction which might materially adversely affect his, her or its financial condition which would in any way jeopardize the ability of Guarantor to perform hereunder.

11. All the covenants, stipulations, promises and agreements contained in this Guarantee by or on behalf of Guarantor are for the benefit of the Secured Party, its successors or assigns and shall bind Guarantor and his, her or its heirs, executors, personal representative, successors and assigns.

12. Any notice or demand which by any provision of this Guarantee is required or permitted to be given by Secured Party to Guarantor shall be deemed to have been sufficiently given for all purposes if given by first-class mail, postage prepaid, to Guarantor at the address set forth after his, her or its signature below (until another address is filed by Guarantor with Secured Party for such purposes).

13. The Secured Party, without notice of any kind, may sell, assign or transfer the Documents, and in such event each and every immediate and successive assignee or transferee thereof may be given the right by the Secured Party to enforce this Guarantee in full, by suit or otherwise, for its own benefit. Guarantor hereby agrees for the benefit of any such assignee or transferee that his, her or its Obligation(s) hereunder shall not be subject to any reduction, abatement, defense, set-off, counterclaim or recoupment for any reason whatsoever.

14. Guarantor hereby expressly waives: (i) notice of the acceptance by the Secured Party of this Guarantee; (ii) notice of the existence, creation or non-payment of all or any of the Obligation(s); (iii) presentment, demand, notice or dishonor, protest and all other notices whatsoever; and (iv) all diligence in collection or protection of or realization on the Obligation(s) or any thereof hereunder, or any security for or guarantee of any of the foregoing.

15. No delay on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Guarantee be binding on the Secured Party except as expressly set forth in writing, duly signed and delivered on behalf of the Secured Party.

16. This Guarantee shall in all respects be governed by and construed and enforced in accordance with the laws of the State of California and the parties hereto submit to the non-exclusive jurisdiction of the courts of Los Angeles County, California and all courts competent to hear appeals therefrom.

17. Any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and no such prohibition or unenforceability shall invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Guarantee as of the date first written above.

FRANCHISOR

_____
Name:
Title:

GUARANTORS

_____
Name:
Address:

_____
Name:
Address:

_____
Name:
Address:

_____
Name:
Address:

SCHEDULE D

AUTHORIZATION TO HONOR CHECKS DRAWN BY AND PAYABLE TO NOODLE J-1, INC. ("PAYEE"), INCLUDING ELECTRONIC TRANSFERS

Full Name of Bank and Bank Address:	Bank Account in the name of:	Bank Account Number:

To The Bank Designated:

You are hereby requested and authorized to honor and to charge to the account described checks drawn on such account which are payable to the above named Payee (including establishment of electronic transfers to said Payee). The name(s) of the depositor(s) on such checks will be printed by standard business machines. It is agreed that your rights with respect to each such check shall be the same as if it bore a signature authorized for such account. It is further agreed that if any such check is not honored, whether with or without cause you shall be under no liability whatsoever. This authorization shall continue in force until revocation in writing is received by you.

Date: _____ Name of Franchisee (please print)

_____
Name:
Title:

Indemnification Agreement

To The Bank Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee agrees with respect to any such action:

(1) To indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any check, draft or order, whether or not genuine, purporting to be executed by the Payee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
(2) To indemnify you for any loss arising in the event that any such check, draft or order shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
(3) To defend at our own cost and expense any action which might be brought by any depositor or any other persons because of your actions taken pursuant to the foregoing request, or in any manner arising by reason of your participation.

NOTICE TO FRANCHISEE:
1. ATTACH ONE VOIDED CHECK HERE.
2. BE SURE ALL SPACES SHOWN ABOVE ARE COMPLETED.
3. RETURN ALL THREE COPIES IMMEDIATELY.

PAIK'S NOODLE

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PAIK'S NOODLE

EXHIBIT E

LIST OF CURRENT FRANCHISEES

City	Franchisee	Address	Telephone Number
Mesa, AZ	Suk Joon Bae	1135 S. Dobson Rd., Mesa, AZ 85202	480-292-0001
Buena Park, CA	Seung Hee Lee	5151 E. Beach Blvd. #E, Buena Park, CA 90621	714-522-0410
Fullerton, CA	Seung Hee Lee	1701 W. Orangethorne Ave. #107, Fullerton, CA 92833	714-773-5050
Irvine, CA	Roy Moon	4800 Irvine Blvd, Irvine, CA 92620	657-720-1225
Los Angeles, CA	An Jung Park	2716 W. Olympic Blvd., #107, Los Angeles, CA 90006	213-387-0410
San Diego, CA	Jong In Lim	7655 Claremont Mesa Blvd. Suite 402, San Diego, CA 92111	858-541-0410
San Jose, CA	Ki Duk Ko	1520 Kiely Blvd., Santa Clara, CA 95051	408-244-0410
Valencia, CA	Bong Suk Lee	28126 Newhall Ranch Rd., Santa Clarita, CA 91355	661-678-0870
Chicago, IL	Myung Joo Shin	1615 Mlwaukee Ave. #105, Glenview, IL 60025	224-257-4942
Dallas, TX	Little Tree Learning Tree, Inc.	2625 Old Denton Rd. #106, Carrollton, TX 75007	972-245-6596
Houston, TX	Jung Woo Lee	9355 Long Point Rd., Houston, TX 77055	858-717-2178

PAIK'S NOODLE

EXHIBIT F

LIST OF FRANCHISEES WHO HAVE

LEFT THE SYSTEM

Franchisee	Address	Telephone Number	Reasons
JW F&B	7655 Claremont Mesa Blvd. Suite 402, San Diego, CA 92111	858-541-0410	Transferred to new franchisee
Joon Ho Moon	2 W. 32nd St., 2nd Fl., New York, NY 10001	212-695-7272	Ceased operations
Yong Sung Kim	14504 Rainer Heights Ct., Haymarket, VA 20169	703-501-5575	Ceased operations

PAIK'S NOODLE

EXHIBIT G

FINANCIAL STATEMENTS

NOODLE J-1, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOODLE J-1, INC.
(A CALIFORNIA CORPORATION)

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KIM & LEE ACCOUNTING, INC.
3470 Wilshire Blvd., Suite 900
Los Angeles California 90010
Tel (213) 386-1255•Fax (213) 385-2049

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Noodle J-1, Inc.
(A California Corporation)
Los Angeles, California

We have audited the accompanying financial statements of Noodle J-1, Inc. (A California Corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations and retained earnings, and cash flows for the years 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 theses 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 assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Noodle J-1, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary information with Schedule A is not required part of the basic financial statements but is supplementary information for analysis purposes and have been subjected to the required audit procedures. Accordingly, this supplementary information is, in our opinion, free from material misstatement.

Kim & Lee Accounting, INC.

Los Angeles, California
January 29, 2020

NOODLE J-1, INC
BALANCE SHEETS
AS OF DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash (Note B)	$ 555,121	$ 265,729
Accounts receivable (Note C)	81,952	61,852
Interest receivables (Note G)	-	4,329
Inventories (Note A)	5,989	5,756
Total current assets	643,062	337,666
PROPERTY AND EQUIPMENT (Notes A & D)		
Properties, equipments, improvements	397,532	395,163
Less: Accumulated depreciation	(361,673)	(301,414)
Total net property and equipment	35,859	93,749
OTHER ASSETS		
Loan Receivable (Note G)	-	140,000
Intangible asset (Note A)	136,010	136,010
Security deposits	19,572	19,572
Total other assets	155,582	295,582
TOTAL ASSETS	$ 834,503	$ 726,997

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 40,900	$ 29,462
Deferred franchise fees-current portion (Note E)	77,708	37,000
Payroll tax payable	5,584	5,257
Sales tax payable	8,762	7,608
Total current liabilities	132,954	79,327
LONG-TERM LIABILITIES		
Deferred franchise fees-net of current portion (Note E)	382,446	271,861
Security deposits (Note B)	140,000	100,000
Total long-term liabilities	522,446	371,861
TOTAL LIABILITIES	655,400	451,188
STOCKHOLDERS' EQUITY		
Common stock with par value of $0.70 per share; 2,000,000 shares authorized 1,180,000 issued and outstanding	826,000	826,000
Accumulated deficit	(646,897)	(550,191)
TOTAL STOCKHOLDERS' EQUITY	179,103	275,809
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 834,503	$ 726,997

See accompanying notes to financial statements

NOODLE J-1, INC
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUES		
Sales by Company-operated restaurant	$ 876,762	$ 733,922
Revenues from franchised restaurants (Note A)	493,131	531,723
TOTAL REVENUES	1,369,893	1,265,645
COST OF GOOD SOLD	302,646	317,129
GROSS PROFIT	1,067,247	948,516
OPERATING EXPENSES		
Selling, general and administrative - Schedule A	988,993	840,869
Depreciation expense (Notes A & D)	60,259	63,143
TOTAL OPERATING EXPENSES	1,049,252	904,012
INCOME (LOSS) FROM OPERATIONS	17,995	44,504
OTHER INCOME AND (EXPENSES)		
Interest income	583	1,381
Interest expense	(43)	-
Bad debt	(114,441)	-
Loss on disposal of fixed asset	-	(110)
TOTAL OTHER INCOME (EXPENSES)	(113,901)	1,271
INCOME (LOSS) BEFORE INCOME TAX PROVISION	(95,906)	45,775
PROVISION FOR INCOME TAXES (Note A)		
State income tax	800	800
NET INCOME (LOSS)	(96,706)	44,975
Retained earnings at beginning of year	(550,191)	(595,166)
RETAINED EARNINGS AT ENDING OF YEAR	$ (646,897)	$ (550,191)

See accompanying notes to financial statements

NOODLE J-1, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (96,706)	$ 44,975
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	60,259	63,143
Loss on disposal of fixed assets	-	110
(Increase) Decrease in accounts receivable	(20,100)	60,705
(Increase) Decrease in interest receivables	4,329	(1,381)
(Increase) Decrease in inventories	(233)	1,384
(Increase) Decrease in prepaid expenses	-	4,107
Increase (Decrease) in accounts payable	11,438	3,124
Increase (Decrease) in deferred franchise fees	151,293	(201,487)
Increase (Decrease) in payroll tax payable	327	(5,235)
Increase (Decrease) in sales tax payable	1,154	2,539
Increase (Decrease) in security deposits payable	40,000	(20,000)
Net cash provided by (used in) operating activities	151,761	(48,016)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) Decrease in loan receivable	140,000	9,581
Purchase of fixed assets	(2,369)	(5,868)
Net cash provided by (used in) investing activities	137,631	3,713
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
NET INCREASE (DECREASE) IN CASH	289,392	(44,303)
Cash at beginning of the year	265,729	310,032
CASH AT END OF THE YEAR	$ 555,121	$ 265,729
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest paid	$ 43	$ -
Income tax paid	$ 800	$ 800

See accompanying notes to financial statements

NOODLE J-1, INC
(A CALIFORNIA CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note A – Summary of Significant Accounting Policies

This summary of significant accounting policies of Noodle J-1, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles in accordance with US generally accepted accounting principles and have been consistently applied in the presentation of the financial statements.

Description of business

Noodle J-1 Inc. is a California Corporation, which was incorporated on May 31, 2012. The Company is not only engaged in the business of operating a restaurant in Los Angeles, but also is established franchise of Hong Kong Ban Jum, a Chinese noodle restaurant, and Saemaeul Restaurant, a Korean BBQ restaurant, Hanshin Pocha, a Korean Pub/Bar, and BornGa BBQ, a traditional Korean Cuisine in the United States of America. The Company is in the business of selling franchises for a restaurant operating under the "Noodle J-1, Inc." and related trademarks. The Noodle J-1, Inc. specializes in the preparation and sale of specialty Chinese noodle dishes and complementary food and beverages that are located at locations approved by the Company, such as in strip shopping centers, shopping malls, and free-standing units. The Company, as a franchisor ordinarily establishes a single initial franchise fee as consideration for the franchise rights and the initial services to be performed by the Company. Continuing franchise fees, such as royalties and advertisements will be become receivable from the franchisees.

The Company is wholly owned subsidiary of The Born Korea Co., Ltd in Korea ("The Born").

Basis of accounting

The Company follows accounting principles in accordance with US generally accepted accounting principles and applies the going concern basis in preparing its financial statements. Historical cost is used as the measurement basis unless otherwise indicated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company evaluates its estimates on an ongoing basis. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Note A – Summary of Significant Accounting Policies (Continued)

Concentration of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash. The Company places cash in high credit quality financial institutions, which limits the amount of credit exposure. The Company's management does not believe significant credit risk as of December 31, 2018.

Codification Standards

In April 2015, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (the ASC). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States (GAAP) recognized by the GASB in the preparation of consolidated financial statements. The Company adopted the ASC as of May 31, 2012. The ASC does not change GAAP and did not have an effect on the Company's financial position, results of operations or cash flows.

Cash and cash equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Included as cash are funds restricted as to their use, regardless of liquidity, such as franchisee security deposits. The Company considers short-term investments with original maturity of three months or less to be cash equivalents. Bank overdrafts are included in other payable to banks in current liabilities.

Inventories

Inventories consist of various types of food ingredients for operating a restaurant and franchise uniforms for a business of franchise. The inventories are stated at cost or net realizable value, whichever is lower.

Property and equipment

Property and equipment are stated at cost. The cost of property and equipment are charged against income over their useful lives, using the straight-line method of depreciation. Major additions and improvements that extend the economic useful lives of the related assets are capitalized. Repairs and maintenance, which are not considered betterment and do not extend the useful life of property and equipment, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the account, and any resulting gain or loss is included in income for the year.

Property and equipment are depreciated over 5 to 7 years under the straight-line method. Leasehold improvements are amortized using the straight-line method over estimated useful lives or the lease term, whichever is shorter.

Note A – Summary of Significant Accounting Policies (Continued)

Property and equipment (Continued)

For tax purposes, accelerated methods are used to depreciate property, equipment, and improvement over their estimated useful lives.

Intangible assets

Intangible asset consists of goodwill. Goodwill arises upon the acquisition of a business and is measured as the excess of the fair value of the consideration paid less the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized in accordance with Statement of Financial Accounting Standards No. 142. US generally accepted accounting principles require that the unamortized value of purchased goodwill be evaluated annually to determine whether the amount reflected on the balance sheet as an asset has been impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The determination of fair value involves considerable estimation and judgment. Although the Company believes it has based the impairment testing on reasonable estimates and assumptions, the use of different estimates and assumptions could result in materially different results. In management's opinion, there has been no impairment to the value of recorded goodwill during the years ended December 31, 2018 and 2017. Goodwill is amortized for income tax purposes using the straight-line method over fifteen years.

Income taxes

The Company is a C corporation for federal and state income tax purpose. Accordingly, the Company federal income tax provision is provided for the amount equivalent to the percentage of taxable income attributable to the Company's taxable income.

According to Statement of Financial Accounting Standards No. 109, the Company's provision for income taxes is based on the asset and liability method of accounting whereby deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Significant accounting judgment is required in determining the provision for income taxes and related accruals, deferred tax assets, and liabilities. The Company believes its tax positons are consistent with applicable tax, but certain provisions may be challenged by tax authorities. Actual results could differ from these estimates although the Company believes its estimates are reasonable.

Note A – Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

In the fiscal year ended December 31, 2012, the Company adopted amendments to ASC 740, "Income Taxes", which clarify the accounting for uncertainty in tax positions recognized in the financial statements. ASC 740 prescribes a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax returns. Prior to recognizing the benefit of a tax position in the financial statements, the tax position must be more-likely-than-not of being sustained based solely on its technical merits. Once this recognition threshold has been met, tax positions are recognized at the largest amount that is more-likely-than-not to be sustained. ASC 740 also provides guidance on unrecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of these amendments did not have a material impact on the Company's financial statements.

Sales tax

The Company collects the sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from sales revenue and cost of goods sold.

Recently Adopted Accounting Pronouncements

We transitioned to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606") from ASC Topic 605, Revenue Recognition and ASC Topic 953-605, Franchisors - Revenue Recognition (together, the "Previous Standards") on January 1, 2019. Our transition to ASC 606 represents a change in accounting principle. ASC 606 eliminates industry-specific guidance and provides a single model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled for the exchange of those goods or services.

We adopted ASC 606 using the modified retrospective method applied to contracts that were not completed at January 1, 2019. Due to the short term nature of a significant portion of our contracts with customers, we have elected to apply the practical expedients under ASC 606 to: (1) not adjust the consideration for the effects of a significant financing component, (2) recognize incremental costs of obtaining a contract as expense when incurred and (3) not disclose the value of our unsatisfied performance obligations for contracts with an original expected duration of one year or less.

Recently Adopted Accounting Pronouncements (Continued)

The adoption of ASC 606 did not have an impact on the recognition of revenues from our primary source of revenue from our Company owned restaurants, revenues from our advertising fee or ongoing franchise royalty fees, which are based on a percentage of franchisee sales. The adoption did impact the recognition of initial franchise fee income.

The adoption of ASC 606 requires us to recognize initial franchise fee income on a straight-line basis over the term of the franchise agreement, which is usually 10 years. Historically, we have recognized initial franchise fee income over the term of the franchise agreement. Upon adoption of ASC 606, a portion of initial franchise fee income is recognized upon the opening of a franchised restaurant when we have completed all our material obligations and initial services.

Our financial statements reflect the application of ASC 606 beginning in fiscal year 2019, while our financial statements for prior periods were prepared under the guidance of the Previous Standards. The $20,000 cumulative effect of our adoption of ASC 606 is reflected as an increase to revenue from franchised restaurants.

New Accounting Pronouncements - "to be Adopted"

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). In January, July and December 2018, the FASB issued ASU 2018-01, 2018-10, 2018-11 and 2018-20, which were targeted improvements to ASU 2016-02 (collectively, with ASU 2016-02, "ASC 842") and provided entities with an additional (and optional) transition method to adopt the new lease standard. ASC 842 requires a lessee to recognize a liability to make lease payments and a corresponding right-of-use asset on the balance sheet, as well as provide additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. ASC 842 is effective for annual and interim periods beginning after December 15, 2018, which will require us to adopt the new standard in the first quarter of fiscal 2020. ASC 842 may be adopted using the modified retrospective method, which requires application to all comparative periods presented (the "comparative method") or alternatively, as of the effective date of initial application without restating comparative period financial statements (the "effective date method"). The new standard also provides several practical expedients and policies that companies may elect under either transition method. Based on a preliminary assessment, we expect that most of our operating lease commitments will be subject to the new standard and recognized as operating lease liabilities and right-of-use assets upon adoption, resulting in a significant increase in the assets and liabilities on our balance sheet. We are continuing our assessment of the impact of adoption, which may identify additional impacts to our financial statements. We have not yet determined the method we will use to adopt ASC 842.

Note B – Cash

Cash as of December 31, 2019 and 2018 were $555,121 and $265,729, respectively. The Company is required to receive security deposits of $10,000 from each franchisee when franchise agreements are signed to secure future payment obligations for any equipment, products and food ingredients in accordance with a franchise agreement. The franchisee security deposits are restricted and held by the Company's deposit accounts as in cash. The restricted cash as of December 31, 2019 and 2018 were $90,000 and $80,000, respectively.

Note C – Accounts Receivable

The amount in accounts receivable represents the deposits in transit amount of sales incurred and collected from customers, but not deposited to the main account for operating a restaurant. In addition, the amount in accounts receivable also represents royalties and advertisements receivable from franchisees. The Company collects royalties and advertisements from each franchisee based on a percentage of store gross sales. The Company recognizes royalties and advertisements as revenue when earned.

Accounts receivable is stated at cost, net of allowance for doubtful accounts, if any. On a periodic basis, the Company evaluates accounts receivable balances and establishes an allowance for doubtful account, based on history of past write-offs and collections. The Company considers all accounts receivable to be fully collectible as of December 31, 2019. Therefore, the Company did not provide for an allowance for doubtful accounts. For the years presented, the Company did not write off any account receivable as bad debts. The following table represents the total A/R, net of allowance as of December 31, 2019 and 2018:

	2019	2018
Credit cards at Restaurant	$ 3,057	$ 3,159
Advertising fee & Royalties from Franchisees	78,895	58,693
A/R, net of allowance	$ 81,952	$ 61,852

Note D – Property and Equipment

Property and Equipment consist of the following as of December 31, 2019 and 2018:

	2019	2018
Air Conditioner	$ 7,000	$ 7,000
Automobile	6,818	6,818
CCTV	3,865	3,865
Computer	3,654	3,654
Digital Display	9,630	9,630
Equipment	9,015	6,646
Furniture and Fixture	57,229	57,229
Furniture and Fixture:Furniture	5,280	5,280
Hood Unit	9,670	9,670
Noodle Machine	872	872
POS System	2,643	2,643
Leasehold Improvements	262,679	262,679
Saving Box	810	810
Sign	18,367	18,367
Total	397,532	395,163
Less: Accumulated Depreciation	(361,673)	(301,414)
Total, net of accumulated depreciation	$ 35,859	$ 93,749

Depreciation expenses for the years ended December 31, 2019 and 2018 were $60,259 and $63,143, respectively.

Note E – Deferred Franchise Fees

The Company collects initial franchise fees when franchise agreements are signed, and recognizes a portion of initial franchise fees as revenue when the franchise is open, which is when the Company has performed substantially all initial services required by the franchise agreement. The initial franchise fees collected from franchisees but not yet recognized as income are recorded as deferred revenue in the liability section of the balance sheet, and amortized over the life of the franchise.

Deferred franchise fees consist of the following as of December 31, 2019 and 2018:

Note E – Deferred Franchise Fees (Continued)

	2019	2018
Deferred franchise fees - current portion Current liabilities	$ 77,708	$ 37,000
Deferred franchise fees - net of current Long-term liabilities	382,446	271,861
Total Deferred Franchise Fees	$ 460,154	$ 308,861

Recognized franchise fees for the years ended December 31, 2019 and 2018 were $58,707 and $62,086, respectively.

Note F – Lease Commitments

The Company entered six years, and two and a half months lease agreement with YNKK Company, LLC, a California limited liability company on November 26, 2013 for the 2,500 rentable square feet of Unit #11 located at 3470 W Sixth Street, Los Angeles, CA 90020. The lease agreement commenced on January 16, 2014 and will expire on March 20, 2020.

Cho Sombati Burana, previous lessee in that certain lease dated March 24, 2010, which was executed by and between Chow Sombati Burana as lessee, and YNKK Company, LLC, as lessor, and covering the premises, did hereby assign all of their right, title, and interest in and to said lease together with the options and lease security as set forth therein, to the Company.

The Company entered three-year lease agreement with Central Plaza, LLC, a California limited liability company on September 22, 2016 for the 491 rentable square feet of Suite #840 located at 3470 Wilshire Blvd., Los Angeles, CA 90010. The lease agreement commenced on September 22, 2019 and will expire on September 21, 2022 per the second amendment to lease dated on August 15, 2019.

Rent expense for the years ended December 31, 2019 and 2018 was $160,581 and $159,794, respectively.

Future minimum annual lease payments for next five years and remaining lease period as of December 31, 2019 are as follows:

Note F – Lease Commitments (Continued)

Year ending December 31,	Restaurant 3470 W 6th St.	Office 3470 Wilshire Blvd.
2020	$ 32,893	$ 12,169
2021	-	12,534
2022	-	9,611
2023	-	-
2024	-	-
Thereafter	-	-
	$ 32,893	$ 34,314

Note G – Related Party Transaction

Loan receivable from the related party consists of the following as of December 31, 2019 and 2018:

	2019	2018
Loan Receivable from J&J F&B	$ -	$ 140,000
Total Loan Receivable from Related Party	$ -	$ 140,000

The Company received $29,438 and $1,033 from J&J F&B for principal and interest payback, respectively, and wrote off the rest of the loan and the accrued interest income from J&J F&B on May 31, 2019. As a result, $114,441 bad debt expense was recorded.

J&J F&B is a sister company of the Company. The accrued interest income for the year 2019 and 2018 were zero and $1,381, respectively.

Note H – Subsequent Events

The Company adopted the provisions of Statement of Financial Standards ("SFAS") No.165, "Subsequent Events" (ASC855), as of December 31, 2019. ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through January 29, 2020, the date on which the financial statements were available to be issued. The Company concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE A - Selling, General, and Administrative

NOODLE J-1, INC
SCHEDULE A - SELLING, GENERAL AND ADMINISTRATIVE
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Advertising and marketing	$ 57,765	$ 51,992
Alarm	330	390
Auto	16,041	11,150
Bank charges	145	159
Credit card fee	22,944	18,657
Delivery and freight	230	267
Employee benefits	-	90
Insurance	32,283	28,875
Legal and professional	45,730	33,628
Meals and entertainment	5,120	3,887
Office supplies	1,880	3,654
Outside services	15,225	-
Payroll taxes	46,485	37,320
Printing	586	-
Rent (Note F)	160,581	159,794
Repair and maintenance	4,650	6,668
Research and development	-	571
Restaurant supplies	3,254	17,054
Salaries and wages	526,246	413,032
Taxes and licenses	3,491	4,934
Telephone	3,991	3,884
Travel	14,843	20,810
Utilities	27,173	24,053
TOTAL SELLING, GENERAL AND ADMINISTRATIVE	**$ 988,993**	**$ 840,869**

See accompanying notes to financial statements

NOODLE J-1, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOODLE J-1, INC.
(A CALIFORNIA CORPORATION)

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KIM & LEE ACCOUNTING, INC.
3470 Wilshire Blvd., Suite 900
Los Angeles California 90010
Tel (213) 386-1255•Fax (213) 385-2049

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Noodle J-1, Inc.
(A California Corporation)
Los Angeles, California

We have audited the accompanying financial statements of Noodle J-1, Inc. (A California Corporation), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and retained earnings, and cash flows for the years 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 theses 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 assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Noodle J-1, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary information with Schedule A is not required part of the basic financial statements but is supplementary information for analysis purposes and have been subjected to the required audit procedures. Accordingly, this supplementary information is, in our opinion, free from material misstatement.

Kim & Lee Accounting, INC.

Los Angeles, California
January 18, 2019

NOODLE J-1, INC
BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash (Note B)	$ 265,729	$ 310,032
Accounts receivable (Note C)	61,852	122,557
Interest receivables (Note G)	4,329	2,948
Inventories (Note A)	5,756	7,140
Prepaid expenses	-	4,107
Loan Receivable (Note G)	-	6,252
Total current assets	337,666	453,036
PROPERTY AND EQUIPMENT (Notes A & D)		
Properties, equipments, improvements	395,163	390,167
Less: Accumulated depreciation	(301,414)	(239,033)
Total net property and equipment	93,749	151,134
OTHER ASSETS		
Loan Receivable (Note G)	140,000	143,329
Intangible asset (Note A)	136,010	136,010
Security deposits	19,572	19,572
Total other assets	295,582	298,911
TOTAL ASSETS	$ 726,997	$ 903,081

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 29,462	$ 26,338
Deferred franchise fees-current portion (Note E)	37,000	30,255
Payroll tax payable	5,257	10,492
Sales tax payable	7,608	5,069
Total current liabilities	79,327	72,154
LONG-TERM LIABILITIES		
Deferred franchise fees-net of current portion (Note E)	271,861	480,093
Security deposits (Note B)	100,000	120,000
Total long-term liabilities	371,861	600,093
TOTAL LIABILITIES	451,188	672,247
STOCKHOLDERS' EQUITY		
Common stock with par value of $0.70 per share; 2,000,000 shares authorized 1,180,000 issued and outstanding	826,000	826,000
Accumulated deficit	(550,191)	(595,166)
TOTAL STOCKHOLDERS' EQUITY	275,809	230,834
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 726,997	$ 903,081

See accompanying notes to financial statements

NOODLE J-1, INC
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUES		
Sales by Company-operated restaurant	$ 733,922	$ 649,997
Revenues from franchised restaurants	531,723	292,802
TOTAL REVENUES	1,265,645	942,799
COST OF GOOD SOLD	317,129	255,365
GROSS PROFIT	948,516	687,434
OPERATING EXPENSES		
Selling, general and administrative - Schedule A	840,869	758,030
Depreciation expense (Notes A & D)	63,143	61,902
TOTAL OPERATING EXPENSES	904,012	819,932
INCOME FROM OPERATIONS	44,504	(132,498)
OTHER INCOME AND (EXPENSES)		
Interest income	1,381	1,400
Loss on disposal of fixed asset	(110)	-
TOTAL OTHER INCOME	1,271	1,400
INCOME BEFORE INCOME TAX PROVISION	45,775	(131,098)
PROVISION FOR INCOME TAXES (Note A)		
State income tax	800	800
NET INCOME (LOSS)	44,975	(131,898)
Retained earnings at beginning of year	(595,166)	(463,268)
RETAINED EARNINGS AT ENDING OF YEAR	$ (550,191)	$ (595,166)

See accompanying notes to financial statements

NOODLE J-1, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ 44,975	$ (131,898)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	63,143	61,902
Loss on disposal of fixed assets	110	-
(Increase) Decrease in accounts receivable	60,705	(76,327)
(Increase) Decrease in interest receivables	(1,381)	(1,400)
(Increase) Decrease in other receivables	-	800
(Increase) Decrease in inventories	1,384	259
(Increase) Decrease in prepaid expenses	4,107	1,306
(Increase) Decrease in security deposits	-	(950)
Increase (Decrease) in accounts payable	3,124	10,168
Increase (Decrease) in deferred franchise fees	(201,487)	153,920
Increase (Decrease) in payroll tax payable	(5,235)	2,499
Increase (Decrease) in sales tax payable	2,539	731
Increase (Decrease) in security deposits payable	(20,000)	20,000
Net cash provided by (used in) operating activities	(48,016)	41,010
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) Decrease in loan receivable	9,581	919
Purchase of fixed assets	(5,868)	(8,921)
Net cash provided by (used in) investing activities	3,713	(8,002)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in loan from officer	-	(200)
Net cash provided by (used in) financing activities	-	(200)
NET INCREASE (DECREASE) IN CASH	(44,303)	32,808
Cash at beginning of the year	310,032	277,224
CASH AT END OF THE YEAR	$ 265,729	$ 310,032
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest paid	$ -	$ -
Income tax paid	$ 800	$ 800

See accompanying notes to financial statements

NOODLE J-1, INC
(A CALIFORNIA CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note A – Summary of Significant Accounting Policies

This summary of significant accounting policies of Noodle J-1, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles in accordance with US generally accepted accounting principles and have been consistently applied in the presentation of the financial statements.

Description of business

Noodle J-1 Inc. is a California Corporation, which was incorporated on May 31, 2012. The Company is not only engaged in the business of operating a restaurant in Los Angeles, but also is established franchise of Hong Kong Ban Jum, a Chinese noodle restaurant, and Saemaeul Restaurant, a Korean BBQ restaurant, in the United States of America. The Company is in the business of selling franchises for a restaurant operating under the "Noodle J-1, Inc." and related trademarks. The Noodle J-1, Inc. specializes in the preparation and sale of specialty Chinese noodle dishes and complementary food and beverages that are located at locations approved by the Company, such as in strip shopping centers, shopping malls, and free-standing units. The Company, as a franchisor ordinarily establishes a single initial franchise fee as consideration for the franchise rights and the initial services to be performed by the Company. Continuing franchise fees, such as royalties and advertisements will be become receivable from the franchisees.

The Company is wholly owned subsidiary of The Born Korea Co., Ltd in Korea ("The Born").

Basis of accounting

The Company follows accounting principles in accordance with US generally accepted accounting principles and applies the going concern basis in preparing its financial statements. Historical cost is used as the measurement basis unless otherwise indicated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company evaluates its estimates on an ongoing basis. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Note A – Summary of Significant Accounting Policies (Continued)

Concentration of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash. The Company places cash in high credit quality financial institutions, which limits the amount of credit exposure. The Company's management does not believe significant credit risk as of December 31, 2018.

Codification Standards

In April 2015, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (the ASC). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States (GAAP) recognized by the GASB in the preparation of consolidated financial statements. The Company adopted the ASC as of May 31, 2012. The ASC does not change GAAP and did not have an effect on the Company's financial position, results of operations or cash flows.

Cash and cash equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Included as cash are funds restricted as to their use, regardless of liquidity, such as franchisee security deposits. The Company considers short-term investments with original maturity of three months or less to be cash equivalents. Bank overdrafts are included in other payable to banks in current liabilities.

Inventories

Inventories consist of various types of food ingredients for operating a restaurant and franchise uniforms for a business of franchise. The inventories are stated at cost or net realizable value, whichever is lower.

Property and equipment

Property and equipment are stated at cost. The cost of property and equipment are charged against income over their useful lives, using the straight-line method of depreciation. Major additions and improvements that extend the economic useful lives of the related assets are capitalized. Repairs and maintenance, which are not considered betterment and do not extend the useful life of property and equipment, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the account, and any resulting gain or loss is included in income for the year.

Property and equipment are depreciated over 5 to 7 years under the straight-line method. Leasehold improvements are amortized using the straight-line method over estimated useful lives or the lease term, whichever is shorter.

Note A – Summary of Significant Accounting Policies (Continued)

Property and equipment (Continued)

For tax purposes, accelerated methods are used to depreciate property, equipment, and improvement over their estimated useful lives.

Intangible assets

Intangible asset consists of goodwill. Goodwill arises upon the acquisition of a business and is measured as the excess of the fair value of the consideration paid less the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized in accordance with Statement of Financial Accounting Standards No. 142. US generally accepted accounting principles require that the unamortized value of purchased goodwill be evaluated annually to determine whether the amount reflected on the balance sheet as an asset has been impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The determination of fair value involves considerable estimation and judgment. Although the Company believes it has based the impairment testing on reasonable estimates and assumptions, the use of different estimates and assumptions could result in materially different results. In management's opinion, there has been no impairment to the value of recorded goodwill during the years ended December 31, 2018 and 2017. Goodwill is amortized for income tax purposes using the straight-line method over fifteen years.

Income taxes

The Company is a C corporation for federal and state income tax purpose. Accordingly, the Company federal income tax provision is provided for the amount equivalent to the percentage of taxable income attributable to the Company's taxable income.

According to Statement of Financial Accounting Standards No. 109, the Company's provision for income taxes is based on the asset and liability method of accounting whereby deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Significant accounting judgment is required in determining the provision for income taxes and related accruals, deferred tax assets, and liabilities. The Company believes its tax positons are consistent with applicable tax, but certain provisions may be challenged by tax authorities. Actual results could differ from these estimates although the Company believes its estimates are reasonable.

Note A – Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

In the fiscal year ended December 31, 2012, the Company adopted amendments to ASC 740, "Income Taxes", which clarify the accounting for uncertainty in tax positions recognized in the financial statements. ASC 740 prescribes a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax returns. Prior to recognizing the benefit of a tax position in the financial statements, the tax position must be more-likely-than-not of being sustained based solely on its technical merits. Once this recognition threshold has been met, tax positions are recognized at the largest amount that is more-likely-than-not to be sustained. ASC 740 also provides guidance on unrecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of these amendments did not have a material impact on the Company's financial statements.

Sales tax

The Company collects the sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from sales revenue and cost of goods sold.

New accounting pronouncements

In May 2011, the FASB issued ASU 2011-04 "Fair Value Measurement (Topic 820)" to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). This authoritative guidance limits the highest-and-best-use measure to non-financial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. This authoritative guidance also expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance was effective for the Company in 2012. The implementation of this authoritative guidance did not have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued authoritative guidance on the presentation of comprehensive income (ASU 2011-05) to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive presentation of the statement of net income and other comprehensive income. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance was effective for the Company for the year 2012, and has been applied retrospectively. The implementation of this authoritative guidance did not

Note A – Summary of Significant Accounting Policies (Continued)

New accounting pronouncements (Continued)

change the presentation of comprehensive income. As a result of this application, the deferral of the date as per ASU 2011-12 was not relevant for the Company.

In December 2011, the FASB issued ASU 2011-11 "Disclosures about offsetting assets and liabilities". Under the new guidance entities must disclose both gross information and net information on instruments and transactions eligible of offset on the balance sheet in accordance with the offsetting guidance in ASC 210-20-45 or ASC 815-10-45, and instruments and transactions subject to an agreement similar to a master netting arrangement. The new guidance was effective for the Company beginning January 01, 2013. The Company did not expect this new guidance to have material impact on the Company's financial statements.

In July 2012, the FASB issue ASU 2012-02 "Testing indefinite-lived intangible assets for impairment". This ASU is an amendment on the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. This ASU was issued in response of feedback on ASU 2011-08. This new guidance was effective on impairment tests performed for fiscal years beginning after September 15, 2012. The ASU 2012-02 will not have any effect on the Company's financial statements.

In October 2012, the FASB issued ASU 2012-04 "Technical corrections and improvements". This ASU makes certain technical correction to the FASB Accounting Standards Codification. The new guidance was effective for fiscal years beginning after December 15, 2012. The Company did not expect this new guidance to have material impact on the Company's financial statements.

In January 2014, the FASB issued ASU 2014-02, "Intangibles-Goodwill and Other (Topic 350)". The amendments in this ASU will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The new guidance was effective for fiscal years beginning after December 15, 2014. The Company did not expect this guidance to have material impact on the Company's financial statements.

In August 2014, the FASB issued an accounting standard update which requires management to assess whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued. If substantial doubt exists, additional disclosures are required. This update was effective for the annual period ending after December 15, 2016. The adoption of the new standard did not have a material impact on the Company's financial statements.

Note B – Cash

Cash as of December 31, 2018 and 2017 were $265,729 and $310,032, respectively. The Company is required to receive security deposits of $10,000 from each franchisee when franchise agreements are signed to secure future payment obligations for any equipment, products and food ingredients in accordance with a franchise agreement. The franchisee security deposits are restricted and held by the Company's deposit accounts as in cash. The restricted cash as of December 31, 2018 and 2017 were $80,000 and $100,000, respectively.

Note C – Accounts Receivable

The amount in accounts receivable represents the deposits in transit amount of sales incurred and collected from customers, but not deposited to the main account for operating a restaurant. In addition, the amount in accounts receivable also represents royalties and advertisements receivable from franchisees. The Company collects royalties and advertisements from each franchisee based on a percentage of store gross sales. The Company recognizes royalties and advertisements as revenue when earned.

Accounts receivable is stated at cost, net of allowance for doubtful accounts, if any. On a periodic basis, the Company evaluates accounts receivable balances and establishes an allowance for doubtful account, based on history of past write-offs and collections. The Company considers all accounts receivable to be fully collectible as of December 31, 2018. Therefore, the Company did not provide for an allowance for doubtful accounts. For the years presented, the Company did not write off any account receivable as bad debts. The following table represents the total A/R, net of allowance as of December 31, 2018 and 2017:

	2018	2017
Credit cards at Restaurant	$ 3,159	$ 3,169
Advertising fee from Franchisees	15,042	3,036
Royalties from Franchisees	43,651	36,002
Franchise fee from Franchisees	-	50,000
Security Deposit from Franchisees	-	30,000
ABC License application fee refund	-	350
A/R, net of allowance	$ 61,852	$ 122,557

Note D – Property and Equipment

Property and Equipment consist of the following as of December 31, 2018 and 2017:

	2018	2017
Air Conditioner	$ 7,000	$ 7,000
Automobile	6,818	6,818
CCTV	3,865	3,865
Computer	3,654	3,654
Digital Display	9,630	9,630
Equipment	6,646	5,230
Furniture and Fixture	57,229	57,229
Furniture and Fixture:Furniture	5,280	1,700
Hood Unit	9,670	9,670
Noodle Machine	872	872
POS System	2,643	2,643
Leasehold Improvements	262,679	262,679
Saving Box	810	810
Sign	18,367	18,367
Total	395,163	390,167
Less: Accumulated Depreciation	(301,414)	(239,033)
Total, net of accumulated depreciation	$ 93,749	$ 151,134

Depreciation expenses for the years ended December 31, 2018 and 2017 were $63,143 and $61,902, respectively.

Note E – Deferred Franchise Fees

The Company collects initial franchise fees when franchise agreements are signed, and recognizes the initial franchise fees as revenue when the franchise is open, which is when the Company has performed substantially all initial services required by the franchise agreement. The initial franchise fees collected from franchisees but not yet recognized as income are recorded as deferred revenue in the liability section of the balance sheet, and amortized over the life of the franchise.

Deferred franchise fees consist of the following as of December 31, 2018 and 2017:

Note E – Deferred Franchise Fees (Continued)

	2018	2017
Deferred franchise fees - current portion Current liabilities	$ 37,000	$ 30,255
Deferred franchise fees - net of current Long-term liabilities	271,861	480,093
Total Deferred Franchise Fees	$ 308,861	$ 510,348

Recognized franchise fees for the years ended December 31, 2018 and 2017 were $62,086 and $24,892, respectively.

Note F – Lease Commitments

The Company entered six years, and two and a half months lease agreement with YNKK Company, LLC, a California limited liability company on November 26, 2013 for the 2,500 rentable square feet of Unit #11 located at 3470 W Sixth Street, Los Angeles, CA 90020. The lease agreement commenced on January 16, 2014 and will expire on March 20, 2020.

Cho Sombati Burana, previous lessee in that certain lease dated March 24, 2010, which was executed by and between Chow Sombati Burana as lessee, and YNKK Company, LLC, as lessor, and covering the premises, did hereby assign all of their right, title, and interest in and to said lease together with the options and lease security as set forth therein, to the Company.

The Company entered three-year lease agreement with Central Plaza, LLC, a California limited liability company on September 22, 2016 for the 491 rentable square feet of Suite #840 located at 3470 Wilshire Blvd., Los Angeles, CA 90010. The lease agreement commenced on September 22, 2016 and will expire on September 21, 2019.

Rent expense for the years ended December 31, 2018 and 2017 was $159,794 and $147,374, respectively.

Future minimum annual lease payments for next five years and remaining lease period as of December 31, 2018 are as follows:

Note F – Lease Commitments (Continued)

Year ending December 31,	Restaurant 3470 W 6th St.	Office 3470 Wilshire Blvd.
2019	$ 131,570	$ 7,292
2020	32,893	-
2021	-	-
2022	-	-
2023	-	-
Thereafter	-	-
	$ 164,463	$ 7,292

Note G – Related Party Transaction

Loan receivable from the related party consists of the following as of December 31, 2018 and 2017:

	2018	2017
Loan Receivable from Officer	$ -	$ 6,252
Loan Receivable from J&J F&B	140,000	140,000
Loan Receivable from The Born America, Inc.	-	3,329
Total Loan Receivable from Related Party	$ 140,000	$ 149,581

J&J F&B and The Born America, Inc. are sister companies of the Company. The accrued interest income for the year 2018 and 2017 were $1,381 and $1,400, respectively.

Note H – Subsequent Events

The Company adopted the provisions of Statement of Financial Standards ("SFAS") No.165, "Subsequent Events" (ASC855), as of December 31, 2018. ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through January 18, 2018, the date on which the financial statements were available to be issued. The Company concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE A - Selling, General, and Administrative

NOODLE J-1, INC
SCHEDULE A - SELLING, GENERAL AND ADMINISTRATIVE
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Advertising and marketing	$ 51,992	$ 38,470
Alarm	390	330
Auto	11,150	6,590
Bank charges	159	307
Bad debt	-	800
Credit card fee	18,657	15,801
Delivery and freight	267	183
Employee benefits	90	250
Insurance	28,875	19,092
Legal and professional	33,628	44,109
Meals and entertainment	3,887	-
Office supplies	3,654	2,839
Outside services	-	-
Payroll taxes	37,320	36,842
Printing	-	854
Rent (Note F)	159,794	147,374
Repair and maintenance	6,668	8,101
Research and development	571	-
Restaurant supplies	17,054	16,044
Salaries and wages	413,032	370,207
Taxes and licenses	4,934	2,921
Telephone	3,884	3,380
Travel	20,810	19,443
Utilities	24,053	24,093
TOTAL SELLING, GENERAL AND ADMINISTRATIVE	**$ 840,869**	**$ 758,030**

See accompanying notes to financial statements

NOODLE J-1, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOODLE J-1, INC.
(A CALIFORNIA CORPORATION)

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KIM & LEE ACCOUNTING, INC.
3470 Wilshire Blvd., Suite 900
Los Angeles California 90010
Tel (213) 386-1255•Fax (213) 385-2049

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Noodle J-1, Inc.
(A California Corporation)
Los Angeles, California

We have audited the accompanying financial statements of Noodle J-1, Inc. (A California Corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations and retained earnings, and cash flows for the years 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 theses 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 assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Noodle J-1, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary information with Schedule A is not required part of the basic financial statements but is supplementary information for analysis purposes and have been subjected to the required audit procedures. Accordingly, this supplementary information is, in our opinion, free from material misstatement.

Kim & Lee Accounty, INC

Los Angeles, California
February 15, 2018

NOODLE J-1, INC
BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash (Note B)	$ 310,032	$ 277,224
Accounts receivable (Note C)	122,557	46,230
Interest receivables (Note I)	2,948	1,548
Other receivables (Note D)	-	800
Inventories (Note A)	7,140	7,399
Prepaid expenses	4,107	5,413
Note receivable (Note E)	-	10,000
Loan Receivable (Note I)	6,252	-
Total current assets	453,036	348,614
PROPERTY AND EQUIPMENT (Notes A & F)		
Properties, equipments, improvements	390,167	381,246
Less: Accumulated depreciation	(239,033)	(177,131)
Total net property and equipment	151,134	204,115
OTHER ASSETS		
Loan Receivable (Note I)	143,329	140,500
Intangible asset (Note A)	136,010	136,010
Security deposits	19,572	18,622
Total other assets	298,911	295,132
TOTAL ASSETS	$ 903,081	$ 847,861

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 26,338	$ 16,170
Loan payable to officer	-	200
Deferred franchise fees-current portion (Note G)	30,255	16,500
Payroll tax payable	10,492	7,993
Sales tax payable	5,069	4,338
Total current liabilities	72,154	45,201
LONG-TERM LIABILITIES		
Deferred franchise fees-net of current portion (Note G)	480,093	339,928
Security deposits (Note B)	120,000	100,000
Total long-term liabilities	600,093	439,928
TOTAL LIABILITIES	672,247	485,129
STOCKHOLDERS' EQUITY		
Common stock with par value of $0.70 per share; 2,000,000 shares authorized 1,180,000 issued and outstanding	826,000	826,000
Accumulated deficit	(595,166)	(463,268)
TOTAL STOCKHOLDERS' EQUITY	230,834	362,732
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 903,081	$ 847,861

See accompanying notes to financial statements

NOODLE J-1, INC
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUES		
Sales by Company-operated restaurant	$ 649,997	$ 584,287
Revenues from franchised restaurants	292,802	189,453
TOTAL REVENUES	942,799	773,740
COST OF GOOD SOLD	255,365	226,306
GROSS PROFIT	687,434	547,434
OPERATING EXPENSES		
Selling, general and administrative - Schedule A	758,030	646,705
Depreciation expense (Notes A & F)	61,902	60,838
TOTAL OPERATING EXPENSES	819,932	707,543
INCOME FROM OPERATIONS	(132,498)	(160,109)
OTHER INCOME AND (EXPENSES)		
Interest income	1,400	1,548
Commission income	-	553
TOTAL OTHER INCOME	1,400	2,101
INCOME BEFORE INCOME TAX PROVISION	(131,098)	(158,008)
PROVISION FOR INCOME TAXES (Note A)		
State income tax	800	800
NET INCOME	(131,898)	(158,808)
Retained earnings at beginning of year	(463,268)	(304,460)
RETAINED EARNINGS AT ENDING OF YEAR	$ (595,166)	$ (463,268)

See accompanying notes to financial statements

NOODLE J-1, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (131,898)	$ (158,808)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	61,902	60,838
(Increase) Decrease in accounts receivable	(76,327)	(28,301)
(Increase) Decrease in interest receivables	(1,400)	(1,548)
(Increase) Decrease in other receivables	800	-
(Increase) Decrease in inventories	259	(2,854)
(Increase) Decrease in prepaid expenses	1,306	(368)
(Increase) Decrease in security deposits	(950)	-
Increase (Decrease) in accounts payable	10,168	(7,714)
Increase (Decrease) in deferred franchise fees	153,920	229,366
Increase (Decrease) in payroll tax payable	2,499	1,357
Increase (Decrease) in sales tax payable	731	(929)
Increase (Decrease) in security deposits payable	20,000	60,000
Net cash provided by (used in) operating activities	41,010	151,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) Decrease in loan receivable	919	(56,500)
Purchase of fixed assets	(8,921)	(2,473)
Net cash provided by (used in) investing activities	(8,002)	(58,973)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in loan from officer	(200)	200
Net cash provided by (used in) financing activities	(200)	200
NET INCREASE IN CASH	32,808	92,266
Cash at beginning of the year	277,224	184,958
CASH AT END OF THE YEAR	$ 310,032	$ 277,224
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest paid	$ -	$ -
Income tax paid	$ 800	$ 800

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Inventories consist of various types of food ingredients for operating a restaurant and franchise uniforms for a business of franchise. The inventories are stated at cost or net realizable value, whichever is lower.

Property and equipment

Property and equipment are stated at cost. The cost of property and equipment are charged against income over their useful lives, using the straight-line method of depreciation. Major additions and improvements that extend the economic useful lives of the related assets are capitalized. Repairs and maintenance, which are not considered betterment and do not extend the useful life of property and equipment, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the account, and any resulting gain or loss is included in income for the year.

Property and equipment are depreciated over 5 to 7 years under the straight-line method. Leasehold improvements are amortized using the straight-line method over estimated useful lives or the lease term, whichever is shorter.

Note A – Summary of Significant Accounting Policies (Continued)

Property and equipment (Continued)

For tax purposes, accelerated methods are used to depreciate property, equipment, and improvement over their estimated useful lives.

Intangible assets

Intangible asset consists of goodwill. Goodwill arises upon the acquisition of a business and is measured as the excess of the fair value of the consideration paid less the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized in accordance with Statement of Financial Accounting Standards No. 142. US generally accepted accounting principles require that the unamortized value of purchased goodwill be evaluated annually to determine whether the amount reflected on the balance sheet as an asset has been impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The determination of fair value involves considerable estimation and judgment. Although the Company believes it has based the impairment testing on reasonable estimates and assumptions, the use of different estimates and assumptions could result in materially different results. In management's opinion, there has been no impairment to the value of recorded goodwill during the years ended December 31, 2017 and 2016. Goodwill is amortized for income tax purposes using the straight-line method over fifteen years.

Income taxes

The Company is a C corporation for federal and state income tax purpose. Accordingly, the Company federal income tax provision is provided for the amount equivalent to the percentage of taxable income attributable to the Company's taxable income.

According to Statement of Financial Accounting Standards No. 109, the Company's provision for income taxes is based on the asset and liability method of accounting whereby deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Significant accounting judgment is required in determining the provision for income taxes and related accruals, deferred tax assets, and liabilities. The Company believes its tax positons are consistent with applicable tax, but certain provisions may be challenged by tax authorities. Actual results could differ from these estimates although the Company believes its estimates are reasonable.

Note A – Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

In the fiscal year ended December 31, 2012, the Company adopted amendments to ASC 740, "Income Taxes", which clarify the accounting for uncertainty in tax positions recognized in the financial statements. ASC 740 prescribes a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax returns. Prior to recognizing the benefit of a tax position in the financial statements, the tax position must be more-likely-than-not of being sustained based solely on its technical merits. Once this recognition threshold has been met, tax positions are recognized at the largest amount that is more-likely-than-not to be sustained. ASC 740 also provides guidance on unrecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of these amendments did not have a material impact on the Company's financial statements.

Sales tax

The Company collects the sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from sales revenue and cost of goods sold.

New accounting pronouncements

In May 2011, the FASB issued ASU 2011-04 "Fair Value Measurement (Topic 820)" to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). This authoritative guidance limits the highest-and-best-use measure to non-financial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. This authoritative guidance also expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance was effective for the Company in 2012. The implementation of this authoritative guidance did not have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued authoritative guidance on the presentation of comprehensive income (ASU 2011-05) to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive presentation of the statement of net income and other comprehensive income. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance was effective for the Company for the year 2012, and has been applied retrospectively. The implementation of this authoritative guidance did not

Note A – Summary of Significant Accounting Policies (Continued)

New accounting pronouncements (Continued)

change the presentation of comprehensive income. As a result of this application, the deferral of the date as per ASU 2011-12 was not relevant for the Company.

In December 2011, the FASB issued ASU 2011-11 "Disclosures about offsetting assets and liabilities". Under the new guidance entities must disclose both gross information and net information on instruments and transactions eligible of offset on the balance sheet in accordance with the offsetting guidance in ASC 210-20-45 or ASC 815-10-45, and instruments and transactions subject to an agreement similar to a master netting arrangement. The new guidance was effective for the Company beginning January 01, 2013. The Company did not expect this new guidance to have material impact on the Company's financial statements.

In July 2012, the FASB issue ASU 2012-02 "Testing indefinite-lived intangible assets for impairment". This ASU is an amendment on the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. This ASU was issued in response of feedback on ASU 2011-08. This new guidance was effective on impairment tests performed for fiscal years beginning after September 15, 2012. The ASU 2012-02 will not have any effect on the Company's financial statements.

In October 2012, the FASB issued ASU 2012-04 "Technical corrections and improvements". This ASU makes certain technical correction to the FASB Accounting Standards Codification. The new guidance was effective for fiscal years beginning after December 15, 2012. The Company did not expect this new guidance to have material impact on the Company's financial statements.

In January 2014, the FASB issued ASU 2014-02, "Intangibles-Goodwill and Other (Topic 350)". The amendments in this ASU will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The new guidance was effective for fiscal years beginning after December 15, 2014. The Company did not expect this guidance to have material impact on the Company's financial statements.

Note B – Cash

Cash as of December 31, 2017 and 2016 was $310,032 and $277,224, respectively. The Company is required to receive security deposits of $10,000 from each franchisee when franchise agreements are signed to secure future payment obligations for any equipment, products and food ingredients in accordance with a franchise agreement. The franchisee security deposits are restricted and held by the Company's deposit accounts as in cash. The restricted cash as of December 31, 2017 and 2016 were both $100,000.

Note C – Accounts Receivable

The amount in accounts receivable represents the deposits in transit amount of sales incurred and collected from customers, but not deposited to the main account for operating a restaurant. In addition, the amount in accounts receivable also represents royalties and advertisements receivable from franchisees. The Company collects royalties and advertisements from each franchisee based on a percentage of store gross sales. The Company recognizes royalties and advertisements as revenue when earned.

Accounts receivable is stated at cost, net of allowance for doubtful accounts, if any. On a periodic basis, the Company evaluates accounts receivable balances and establishes an allowance for doubtful account, based on history of past write-offs and collections. The Company considers all accounts receivable to be fully collectible as of December 31, 2017. Therefore, the Company did not provide for an allowance for doubtful accounts. For the years presented, the Company did not write off any account receivable as bad debts. The following table represents the total A/R, net of allowance as of December 31, 2017 and 2016:

	2017	2016
Credit cards at Restaurant	$ 3,169	$ 4,815
Advertising fee from Franchisees	3,036	9,446
Royalties from Franchisees	36,002	25,731
Franchise fee from Franchisees	50,000	-
Security Deposit from Franchisees	30,000	-
ABC License application fee refund	350	-
Workcomp insurance refund	-	6,238
A/R, net of allowance	$ 122,557	$ 46,230

Note D – Other Receivables

Other receivables consist of the following as of December 31, 2017 and 2016:

	2017	2016
Noodle J-1, LLC - FTB tax	$ -	$ 800
Total Other Receivables	$ -	$ 800

Note E – Note Receivable

Note receivable consists of the following as of December 31, 2017 and 2016:

	2017	2016
Note receivable - Jeong A Lee	$ -	$ 10,000
Total Note Receivable	$ -	$ 10,000

Note F – Property and Equipment

Property and Equipment consist of the following as of December 31, 2017 and 2016:

	2017	2016
Air Conditioner	$ 7,000	$ 7,000
Automobile	6,818	
CCTV	3,865	3,865
Computer	3,654	2,367
Digital Display	9,630	9,630
Equipment	5,230	4,415
Furniture and Fixture	57,229	57,229
Furniture and Fixture:Furniture	1,700	1,700
Hood Unit	9,670	9,670
Noodle Machine	872	872
POS System	2,643	2,643
Leasehold Improvements	262,679	262,679
Saving Box	810	810
Sign	18,367	18,367
Total	390,167	381,246
Less: Accumulated Depreciation	(239,033)	(177,131)
Total, net of accumulated depreciation	$ 151,134	$ 204,115

Depreciation expenses for the years ended December 31, 2017 and 2016 were $61,902 and $60,838, respectively.

Note G – Deferred Franchise Fees

The Company collects initial franchise fees when franchise agreements are signed, and recognizes the initial franchise fees as revenue when the franchise is open, which is when the Company has performed substantially all initial services required by the franchise agreement. The initial franchise fees collected from franchisees but not yet recognized as income are recorded as deferred revenue in the liability section of the balance sheet, and amortized over the life of the franchise.

Deferred franchise fees consist of the following as of December 31, 2017 and 2016:

	2017	2016
Deferred franchise fees - current portion Current liabilities	$ 30,255	$ 16,500
Deferred franchise fees - net of current Long-term liabilities	480,093	339,928
Total Deferred Franchise Fees	$ 510,348	$ 356,428

Recognized franchise fees for the years ended December 31, 2017 and 2016 were $24,892 and $10,634, respectively.

Note H – Lease Commitments

The Company entered six years, and two and a half months lease agreement with YNKK Company, LLC, a California limited liability company on November 26, 2013 for the 2,500 rentable square feet of Unit #11 located at 3470 W Sixth Street, Los Angeles, CA 90020. The lease agreement commenced on January 16, 2014 and will expire on March 20, 2020.

Cho Sombati Burana, previous lessee in that certain lease dated March 24, 2010, which was executed by and between Chow Sombati Burana as lessee, and YNKK Company, LLC, as lessor, and covering the premises, did hereby assign all of their right, title, and interest in and to said lease together with the options and lease security as set forth therein, to the Company.

The Company entered three-year lease agreement with Central Plaza, LLC, a California limited liability company on September 22, 2016 for the 491 rentable square feet of Suite #840 located at 3470 Wilshire Blvd., Los Angeles, CA 90010. The lease agreement commenced on September 22, 2016 and will expire on September 21, 2019.

Rent expense for the years ended December 31, 2017 and 2016 was $147,374 and $141,205, respectively.

Note H – Lease Commitments (Continued)

Future minimum annual lease payments for next five years and remaining lease period as of December 31, 2017 are as follows:

Year ending December 31,	Restaurant 3470 W 6th St.	Office 3470 Wilshire Blvd.
2018	$ 131,570	$ 9,722
2019	131,570	7,292
2020	32,893	-
2021	-	-
2022	-	-
Thereafter	-	-
	$ 296,033	$ 17,014

Note I – Related Party Transaction

Loan receivable from the related party consists of the following as of December 31, 2017 and 2016:

	2017	2016
Loan Receivable from Officer	$ 6,252	$ -
Loan Receivable from J&J F&B	140,000	140,000
Loan Receivable from Paik's F&B	-	500
Loan Receivable from The Born America, Inc.	3,329	-
Total Loan Receivable from Related Party	$ 149,581	$ 140,500

The Company has total loan receivable from related parties of $149,581 and $140,500 for the years ended December 31, 2017 and 2016, respectively. J&J F&B, Paik's F&B, and The Born America, Inc. are sister companies of the Company. The accrued interest income for the year 2017 and 2016 were $1,400 and $1,548, respectively.

Note J – Subsequent Events

The Company adopted the provisions of Statement of Financial Standards ("SFAS") No.165, "Subsequent Events" (ASC855), as of December 31, 2017. ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through February 15, 2018, the date on which the financial statements were available to be issued. The Company concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE A - Selling, General, and Administrative

NOODLE J-1, INC
SCHEDULE A - SELLING, GENERAL AND ADMINISTRATIVE
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Advertising and marketing	$ 38,470	$ 19,545
Alarm	330	390
Auto	6,590	8,974
Bank charges	307	288
Bad debt	800	-
Credit card fee	15,801	15,243
Delivery and freight	183	168
Employee benefits	250	308
Insurance	19,092	13,407
Legal and professional	44,109	40,510
Meals and entertainment	-	680
Office supplies	2,839	3,624
Outside services	-	132
Payroll taxes	36,842	29,973
Printing	854	-
Rent (Note H)	147,374	141,205
Repair and maintenance	8,101	17,696
Restaurant supplies	16,044	20,612
Salaries and wages	370,207	289,132
Taxes and licenses	2,921	3,514
Telephone	3,380	2,845
Travel	19,443	13,812
Utilities	24,093	24,647
TOTAL SELLING, GENERAL AND ADMINISTRATIVE	**$ 758,030**	**$ 646,705**

See accompanying notes to financial statements

RECEIPT

(RETURN ONE COPY TO US)

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 Noodle J-1, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Noodle J-1, 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 the state administrators listed in Exhibit 1.

The sellers of Paik's Noodle franchise are:

Noodle J-1, Inc.
Director: Tae Heon Kim
3470 W. 6th Street, #11
Los Angeles, CA 90020
(213) 389-0410

The name and address and phone number of the person authorized to receive service of process on behalf of the Franchisor is: Tae Heon Kim, 3470 W. 6th Street, #11 Los Angeles, CA 90020, (213) 389-0410.

Date of Issuance: April 15, 2020

I have received a disclosure document dated April 15, 2020 that included the following Exhibits:

A. State Administrators/Agents for Service of Process
B. State Specific Addendum
C. Franchise Agreement
D. Table of Contents of Confidential Operating Manual
E. List of Current Franchisees
F. List of Former Franchisees
G. Financial Statements

Dated:_____ Franchisee:_____

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Dated:_____ Franchisee:_____