FRANCHISE DISCLOSURE DOCUMENT

TONCHIN

TONCHIN HOSPITALITY LLC
A Delaware limited liability company
16192 COASTAL HWY
LEWES, DELAWARE 19958
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TONCHIN HOSPITALITY LLC grants franchises for the operation of retail stores specializing in Japanese Ramen Foods under the Marks "TONCHIN" ("**Store**").

The total investment necessary to begin operation of a single franchised Store is $1,396,000 to $2,703,000. This includes an Initial Fee of $40,000 for each Store, and a Training fee of $15,000 per Store that must be paid to us or our affiliates. In addition, if we determine that our services are not needed for your second and any subsequent Stores, you will not be charged by us or our affiliates a Training Fee of $15,000 per Store.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Takao Shishido at 13W 36th St., New York, NY 10018, e-mail address info@tonchinhospitality.com, telephone number 646-692-9912 (We recommend that you contact us via e-mail because of time difference).

The terms of your contract will govern your franchise relationship. Do not 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 (the "**FTC**"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: December 30, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20, Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Tonchin Store in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Tonchin Store franchisee?	Exhibit C is a list of current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area developer agreement require you to resolve disputes with the franchisor by arbitration only in New York. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in New York than in your own state.

2. **General Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

3. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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

Franchisor

TONCHIN HOSPITALITY LLC is referred to in this Disclosure Document as "**TONCHIN HOSPITALITY**", "**we**", "**us**" or "**Franchisor**". The food service franchise offered and sold by us is referred to in this Disclosure Document as the "**Store**." "**You**" means the person or entity who buys the franchise from us. If the franchise is purchased by a corporation, limited liability company, partnership or other entity, then "**you**" may also mean the shareholders, members, partners or other owners of that entity.

TONCHIN HOSPITALITY LLC is a Delaware limited liability company formed December 15, 2023, and does business under its entity name and no other name. Our principal business address is 16192 Coastal Hwy12, Lewes, Delaware 19958. We began offering franchises for a Tonchin Hospitality Store on April 8, 2024. We have never offered franchises in any other line of business. We have never operated a business similar to the Tonchin Hospitality Store described in this Disclosure Document, but We may do so in the future.

Our agent for service of process in Delaware is Harvard Business Services, Inc., 16192 Coastal Hwy12, Lewes, Delaware 19958. The agents for service of process for other states are listed in the State Agency/Agents for Service of Process exhibit attached to this Disclosure Document (**Exhibit E**).

Predecessors and Affiliates

Our sole parent company is FOODEX US HOLDINGS INC ("**FUHI**"), a corporation incorporated in accordance with the laws of Delaware on April 7, 2021, and located at 16192 Coastal Highway, Lewes, DE 19958. FUHI is owned by FOODEX HOLDINGS Co., Ltd. ("**FHCL**"),a corporation incorporated in accordance with the laws of Japan on March 6th, 2002, and located at 1-48-5 Sekiguchi, Bunkyo-ku, Tokyo 112-0014, Japan. FHCL has been developed and operated TONCHIN store and owns the Marks (as defined below) and the intellectual property and franchise system in Worldwide. FHCL operates a directly managed TONCHIN stores in Japan. FHCL grants the license rights of TONCHIN for the US area to FUHI.

Our affiliates are as follows;

FOODEX NEW YORK INC ("**FNYI**"), a corporation incorporated in accordance with the laws of New York on March 22, 2016, and located at 31-15 41st Street, Suite 2R City of Astoria, County of Queens, NY, 100 percent owned by FUHI. FNYI operates a directly managed TONCHIN store in New York.

FOODEX BROOKLYN LLC ("**FBL**"), a corporation incorporated in accordance with the laws of New York on March 30th, 2021, and located at 13 West 36 Street c/o Foodex New York Inc., New York, NY 10018, 100 percent owned by FUHI. FBL operates a directly managed TONCHIN store in New York.

FOODEX CALIFORNIA LLC ("**FCL**"), a corporation incorporated in accordance with the laws of Delaware on September 2, 2021, and located at 16192 Coastal Highway, Lewes, DE 19958, is 100 percent owned by FUHI. FBL operates a directly managed TONCHIN store in California.

FOODEX HAWAII LLC ("**FHL**"), a corporation incorporated in accordance with the laws of Delaware on November 16, 2021, and located at 16192 Coastal Highway, Lewes, DE 19958, is 100 percent owned by FUHI. FBL operates a directly managed TONCHIN store in Hawaii.

Kings Junction LLC ("**KJL**"), a corporation incorporated in accordance with the laws of California on February 22nd, 2022, and located at 1101 S. Winchester Blvd, San Jose, CA 95128, two-thirds interest is owned by Hu Ju INC. and one-third interest is owned by FUHI. KJL operates a directly managed TONCHIN store in Los Angels.

Shanghai Foodex Co., Ltd. ("**SFCL**"), a corporation incorporated in accordance with the laws of China on December 14th, 2010, and located at Room 301B, North Office, 3rd Floor, West Building, No. 88, Xianxia Road, Changning District, Shanghai, China, 100% owned by FHCL. SFCL operates a directly managed TONCHIN stores in China.

Taiwan Foodex Co., Ltd. ("**TFCL**"), a corporation incorporated in accordance with the laws of Taiwan on December 15th, 2010, and located at 3 F., No. 22, Ln. 91, Sec. 1, Neihu Rd., Neihu Dist., Taipei City , Taiwan (R.O.C.), 100% owned by FHCL. SFCL operates a directly managed TONCHIN stores in Taiwan.

Except as described above, we have no other parents, predecessors of affiliates that must be included in this section. Except as disclosed in this document, the Franchisor has not offered franchises in other lines of business.

Franchised Business

TONCHIN store was founded in 1992 by its founder, Mr. Katsuhiro Sugeno, who opened the first store in Ikebukuro, Tokyo (the main store). In 2002, Mr. Katsuhiro Sugeno established FHCL for managing and operating the TONCHIN store in Japan.

In 2011, FHCL expanded overseas with the establishment of a local subsidiary in China, the opening of its first store in China, the establishment of a local subsidiary in Taiwan, and the opening of its first store in Taiwan. In 2018, FHCL entered into a franchise agreement with a franchisee in Thailand and its first store was opened in September 2020 and now operating four stores.

In 2016, after establishing a U.S. subsidiary, our affiliate opened the first U.S. store (TONCHIN NEW YORK) in 2017, expanding into the U.S. and growing into a brand that earned the Michelin Bib Gourmand from 2019 to the latest edition.

We offer franchises for the operation of a Store that feature a proprietary system relating to the establishment, development and operation of distinctive restaurant stores specializing in the provision of high-quality specialty Japanese Ramen Foods and other complementary products (We have the right to determine which products will be provided to you.). Our ramen is a pork bone ramen where everything is handmade and freshly made, which is born in Ikebukuro, Tokyo. Stores use our Marks and proprietary system including our valuable know-how (We have the right to determine which know-how will be disclosed to you.), information, trade secrets, training methods, confidential operations manual ("**Manual**"), standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, and research and development connected with the operation and promotion of Stores ("**System**").

You will operate a single Store per our standard franchise agreement attached to this Disclosure Document as **Exhibit A** ("**Franchise Agreement**"). We also offer to qualified candidates, (subject to our approval which may be withheld in our sole determination), the opportunity to develop additional Stores. You must sign a separate Franchise Agreement, in the then-current form used by us, for each Store you develop. We have the right to approve the location for any other Store you desire to open. We also have the right to operate by ourselves or our affiliates and /or to approve the locations of other franchisees.

We retain the right, in our business judgment, to award or not award a Store franchise, to you regardless of the stage of the franchise process, costs expended by you or otherwise.

The Market and Competition

The food service business is highly competitive for pricing, service, locations, and quality, and is subject to changes in consumer taste, economic conditions, population and travel patterns. You will compete with locally owned food service businesses that offer Japanese foods and other similar products and other like items, grocery stores, and national and regional stores. Stores also compete for experienced management personnel, staff and lease sites suitable for food service businesses. The products sold in Stores may be seasonal, depending on the location of your Store.

Additionally, the market for food services may be affected by new regulations implemented by state and local governments and financial changes due to the impact of Covid-19.

Specific Regulations to the Food Service Industry

The food service industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to food service businesses. All Stores must comply with federal, state and local laws applicable to the operation and licensing of food service businesses, including obtaining all applicable health permits and/or inspections, sanitation, food safety, smoking regulations, EEOC, OSHA, employment regulations and approvals by municipal, county or state health departments that regulate food service operations. Your Store must also meet applicable municipal, county, state and federal building codes and handicap access codes and Americans with Disability Act of 1990. You should consider the cost and time required to comply with these laws and regulations when evaluating your purchase of a Store franchise.

You should consult with your attorney and other advisors to determine the laws that affect your Store operations. We also require compliance with the USA Patriot Act and Executive Order 13224.

ITEM. 2
BUSINESS EXPERIENCE

Takao Shishido- Director

Director (Representative Director) of TONCHIN HOSPITALITY since December 15th, 2023. Mr. Shishido joined FHCL in 2015, initially as the store manager in Shanghai within the Overseas Business Department. In 2017, he transitioned to the US operations, where he played a key role as a founding member, overseeing the launch of the flagship store. He managed various aspects, including back-office operations, recruitment and training, as well as product management. Currently, as the director of TONCHIN HOSPITALITY, he oversees all aspects of company operations and management.

Yuji Shigemitsu- Director

Director of TONCHIN HOSPITALITY since December 15th, 2023. After working as a manager of a company supporting more than 1,000 franchise chains of 20 brands such as Gyukaku, Tully's Coffee, and Golf Partner in Japan, he joined FHCL in October 2014, where he has worked at the Tokyo Headquarters, and has been a director in charge of ramen business, new business, and overseas business. He has been responsible for opening more than 100 directly managed and franchise restaurants in Japan and abroad.

Anan Sugeno- Director

Director of TONCHIN HOSPITALITY since December 15th, 2023. He joined FHCL in November 2023 and has been part of the overseas division at the Tokyo Headquarters. He became CEO of FNYI in March 2016, and he transferred his workplace to New York. He also became a director of FHDI in April 2021. He has been responsible for the US expansion project of the TONCHIN ramen brand and is the eldest son of the founder of FHCL. He has also been responsible for the branding, F&D menu, interior design, graphic design, PR and marketing direction of such projects. For TONCHIN NEW YORK, TONHCIN brand’s first US restaurant, he had grown this to a Michelin Bib Gourmand brand in 2019.

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

Unit Franchise Fee

If you sign a Franchise Agreement, you will pay us an initial franchise fee (“**Unit Franchise Fee**”) of $40,000 for each Store.

You must pay the Unit Franchise Fee within seven days after you sign the Franchise Agreement. The Unit Franchise Fee is fully earned by us upon execution by you of the Franchise Agreement and is not refundable under any circumstances. The Unit Franchise Fee is uniform on all Store franchisees except as described below.

As of the date of the Disclosure Document, we have not collected any Unit Franchise Fees.

Training Fee.

The fee for your employees from each Store, including the Manager, to attend the Training Program and for opening support is a non-refundable fee $15,000.00 (the "**Training Fee**"). You must send at least two employees to our Training Program. The Training Fee is due at the same time you pay the Unit Franchise Fee, is fully earned upon receipt by us and is non-refundable under any circumstances. We may charge separate fees to train your additional personnel. If your designated employees are not able to attend the Training Program, the Training Fee will not be refunded, and you may be required to pay the Training Fee for the next scheduled Training Program. See Item 11 for a description of the Training Program. If the Franchise Agreement is for your second or a subsequent Store, the Training Fee will not be charged if we decide it is not necessary. If you change personnel after the initial opening and request that we provide the Training Program to a new employee, a Training Fee of $7,500.00 per person will be required.

As of the date of the Disclosure Document, we have not collected any Training Fees.

ITEM. 6
OTHER FEES

Type of Fee(1)	Amount	Date Due	Remarks
Royalty Fees	5% of monthly Gross Sales per Week(2)	Wednesday of each Week for the preceding Week	On or before second day after the end of each Week, you must deliver to us, on a form we provide (or as we otherwise direct) an accounting statement of the Store's Gross Sales for the preceding calendar month (the "**Store Report**"). Payments are made via electronic fund transfer ("**EFT**") or automatic withdrawal.

Type of Fee[1]	Amount	Date Due	Remarks
Advertising Fund Contribution[3]	2% of Weekly Gross Sales.	If we establish an Advertising Fund, Contributions are due Weekly at the same time as Royalty Fees are due.	Deposited in the advertising and marketing fund ("**Advertising Fund**") controlled by us.
Supplies and Inventory[4]	Varies based on amount you need.	Upon receipt of supplies or inventory.	Certain supplies and inventory are payable to us or our affiliate (See Item 8)
Additional Support Fees[5]	$400 per day per for each of our officers or employees, plus our travel expenses.	Within 7 days after receipt of an invoice from us.	Payable prior to training and/or support if we determine that additional training and/or support is necessary and we conduct training and/or support for your Store, or you request that we conduct training and/or support for your Store, or we agree it for your Store.
Travel Expenses[6]	All expenses incurred by us for round trip airline ticket, local travel, accommodation, acquisition of visa and passport and meals	Within 7 days after receipt of an invoice from us.	Payable if officers and/or employees dispatched by us
Transfer Fee[7]	The greater of (i) $10,000 and (ii) 5% of the Unit Franchise Fee then being charged by us to new franchisees	30% of the Transfer Fee is paid with request for transfer approval and is not refundable; the balance is paid at the closing of the Transfer transaction.	You must obtain our prior approval for a transfer.

Type of Fee[1]	Amount	Date Due	Remarks
Relocation Fee[8]	$1500 plus $500 per week that the Store is closed due to a relocation	Upon approval of relocation request	Payable only if you request the right to relocate your Store to a different location (See Item 12)
Successor Fee[9]	The greater of (i) $10,000 and (ii) 5% of the Unit Franchise Fee then being charged by us to new franchisees.	When you sign the Successor Franchise Agreement	Payable after the expiration of the Initial Term of your Franchise Agreement only if, you meet all requirements, as determined by us, and are approved by us to enter into a Successor Franchise Agreement for your Store.
Audit Fees	Amount incurred by us to audit your Store, including employee Salaries and Benefits, Travel Expenses, and audit fees	Within 7 days of invoice.	Payable only if an audit shows that you understate your Gross Sales by more than 2% in any week, month or year or if you fail to cooperate with us or our auditors or inspectors.
Insurance[10]	Cost of insurance	As incurred	We have the right to acquire insurance on your behalf if you fail to obtain our required insurance (See Item 8).
Indemnification and Costs and Attorneys' Fees	Variable	As incurred	You must reimburse us if we are held liable for claims resulting from your operation of a Store. You must also pay our attorney's fees if we take legal action to enforce the Franchise Agreement due to your breach.
Interest Charges	1.5% per month or the maximum rate permitted by applicable law, whichever is less	On demand.	Applies to past due payments payable to us after due date.

Type of Fee[1]	Amount	Date Due	Remarks
Late Charge	The then current late fee for late or non-submittal of required reports. Our current late fee is $100 per week.	As assessed	If you fail to send us a report which is due weekly or monthly.
Insufficient Security Deposit and/or Advertising Fund Contribution Fee	$100 per occurrence	As incurred	Due each time a check you write to us is dishonored or if you have insufficient funds.
Liquidated Damages[11]	$250 for each day unauthorized products or services are offered or sold in your Store and the then-current Unit Franchise Fee for all other breaches	Upon demand	Payable for each day unauthorized products or services are offered or sold in your Store; and, for your breaches of the following provisions of the Franchise Agreement: (1) compliance with laws; (2) confidential information; (3) use of Intellectual Property ; (4) the Transfer requirements; (5) your obligations on termination or expiration; (6) the restrictive covenants; (7) your indemnification obligations; (8) Franchisee, or any of Franchisee's directors, officers and shareholders is convicted of a felony or other crime that may have an adverse effect on the reputation and/or goodwill related to the Franchise System or Intellectual Property; or, (9) operating the Franchise Business in a way that endangers public health or safety.

Type of Fee[1]	Amount	Date Due	Remarks
Management Fee[12]	$1,000 per day	Upon demand	If we enter the premises of the Store and assume the Store's management (or to appoint a third party to assume its management)

Notes:

(1) **Fees**. Except where otherwise noted, all fees and costs paid to us, our affiliates or our designees are non-refundable. All fees are uniform. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. As a general rule, you must pay USD-denominated fees and other amounts due to us via electronic funds transfer (EFT) to the bank account as requested by us by Wednesday of each Week following the Week on which payment has been determined, unless otherwise provided in the Franchise Agreement. A Week is the seven consecutive days beginning on each Monday and ending each Sunday. Any bank fees (including but not limited to remittance charges, exchange charges and receiving charges, if any) shall be borne by you. However, we reserve the right to require you to pay fees and other amounts due to us via other means, as described in the Franchise Agreement and/or Manual. If payments are required by any of these methods, you must comply with our procedures and perform all acts and deliver and execute all documents, including authorization (**Attachment D** to the Franchise Agreement) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method, and pay all fees or other costs you have to pay the amounts due. Under this procedure you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owed. You shall make the funds available to us by EFT or automatic withdrawal no later than the payment due date if we require you to pay via EFT.

(2) **Gross Sales.** The total Dollar sales from all guests or customers of your Tonchin Business, and will include all cash, credit card, and credit sales made by you of every kind and nature made at, from, by or in connection with your Tonchin Business including, but not limited to, all Dollars and income received from the following: (a) the sale of all Products, including beverages and drinks; (b) the sale of any and all goods, products, merchandise or items sold under any of the Marks; (c) all sales from the carry-out of Products; (d) all sales from the carry-out of Products; (e) all sales of Products at any locations or sites other than the Store; (f) all payments received from or for the redemption of gift cards and gift certificates by your Tonchin Business; (g) all payments received from business interruption insurance payments made to you by any insurance company; and (f) if and when allowed by us, all sales from the catering of Products; from the delivery of Products; and, all sales of Products at any locations or sites other than the Store;. "**Gross Sales**" will not include (i) any sales, use or gross receipts tax imposed by any Governmental Authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax.

(3) **Advertising Fund**. The Advertising Fund's purpose is to promote expansion and increase brand awareness and preference for the System (See Item 11). You will begin paying the Advertising Fund Contribution when we send you notice in writing establishing the Advertising Fund and stating the date when Advertising Fund Contributions will begin.

(4) **Supplies and Inventory**. You will purchase certain inventory and supplies from us, our affiliate or designated suppliers (See Item 8). Prices for inventory and supplies may be adjusted at any time.

(5) **Additional Support Fee**. The Additional Support Fee is charged, not only such additional training and/or support is agreed, but also if you, your Manager or your employees are required by us to attend additional training and/or support if your Tonchin Business fails to meet certain performance standards or we otherwise determine, in our sole discretion, that additional support and/or training is necessary or required.. However, we reserve the right to charge you for any additional training and/or support we provide to you, and your Manager and employees at your Store or another location other than our headquarters. Travel expenses include all costs incurred for travel, transportation, food, lodging, telephone calls, automobile rental, visa applications and all other related expenses.

(6) **Travel Expenses**. We may need to visit the Location/Store for various reasons such as field investigation before location approval, designing and supervising, on-site check before opening the Store, training, and additional supports. You must pay the travel expenses incurred by us. The travel cost includes airline tickets, local travel, telephone calls and internet access fees, accommodation, acquirement of visa and passport and meals.

(7) **Transfer Fee**. To transfer your Store, you must pay a transfer fee plus any training fees for your transferee to attend the initial training program. No transfer fee is required if you assign your Franchise Agreement to a business entity in which you own the majority of the entity's equity. You will also be responsible for paying any broker fees or referral fees, if any, required to be paid to a third party.

(8) **Relocation Fee**. In addition to the basic relocation fee of 1,500 USD, you will also be required to pay us a fee of $500 per week during the time your Store is closed during the relocation process.

(9) **Successor Fee.** In lieu of paying the Unit Franchise Fee specified in the Successor Franchise Agreement, when you sign the Successor Franchise Agreement, you must pay us a Successor Fee.

(10) **Insurance**. You must maintain the insurance that we may require from time to time in our Manual or as we direct, and as further described in Item 8. The coverages described in Item 8 must be in full force and effect throughout the term of the Franchise Agreement. .If you fail to procure and maintain the required insurance coverage, we have the right and authority to procure the insurance coverage and charge you, which charges, together with a reasonable fee for our expenses incurred in this procurement, you will pay immediately upon notice.

(11) **Liquidated Damages.** Uniformity of products and services offered by all Stores is of utmost importance to us, our franchisees and the System. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Manual, you agree we will be damaged by your non-compliance. These damages will be calculated at the rate of $250 per day for each day unauthorized products or services are offered or sold and will be in addition to any other rights and remedies we may have against you. We have the right to collect these amounts in addition to any and all of our other rights and remedies for non-compliance provided for under the Franchise Agreement, including injunctive relief. You and we will agree that these amounts are reasonable, constitute liquidated damages and are not a penalty.

(12) **Management Fee**. We or a (or a third party) may assume the Store's operation, if you abandon or fail to operate the Store actively; if you fail to comply with any provision of the Franchise Agreement or any System Standard or the Manual and do not cure the failure within the time period

in the Notice of Default; or if the Franchise Agreement expires or is terminated, and we are deciding whether to exercise our option to purchase the Store's assets.

ITEM. 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount Low – High		Method of Payment	When Due	To Whom Payment Is To Be Made
Unit Franchise Fee[1]	$40,000 (per store)	$40,000 (per store)	Lump Sum	(Second and subsequent Stores) in exchange for receiving the approval of each Location in writing. (First Store)7 days after you sign the Franchise Agreement	Us
Training Fee[2]	$15,000 (per store)	$30,000 (per store)	Lump Sum	(Second and subsequent Stores) in exchange for receiving the approval of each Location in writing. (First Store)7 days after you sign the Franchise Agreement	Us
Initial Inventory[3]	$25,000	$50,000	As incurred	As Agreed	Suppliers
Training Program Travel and Living Expenses[4]	$10,000	$30,000	As Incurred	As Incurred During Training	Airlines, Hotels, and Restaurants
Security and Utilities Deposits[5]	$30,000	$60,000	As Arranged	As Incurred	Landlord

Type of Expenditure	Amount Low – High		Method of Payment	When Due	To Whom Payment Is To Be Made
Rent[6]	$30,000 (Three month)	$90,000 (Three month)	As Arranged	As Incurred	Landlord
Leasehold Improvements/Construction[7]	$1,000,000	$2,000,000	As Arranged	As Incurred	Suppliers
Fixtures and Equipment[8]	$150,000	$200,000	As Arranged	As Incurred	Suppliers
Signage[9]	$10,000	$20,000	As Arranged	As Incurred	Suppliers
Point-of-Sale, Web Camera and other Computer System[10]	$20,000	$35,000	As Arranged	As Incurred	Suppliers
Permits and Licenses[11]	$1,000	$3,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Legal and Accounting Fees	$10,000	$18,000	As Incurred	As Incurred	Suppliers
Insurance[12]	$5,000	$7,000	As Incurred	Before Opening or As Otherwise Arranged	Suppliers
Grand Opening Advertising[13]	$10,000	$20,000	As Incurred	Before - Opening	Suppliers
Miscellaneous[14]	$10,000	$50,000	As Incurred	As Incurred	Suppliers, Us Landlord, Governmental Agencies and for Professional Services
Additional Funds - 3 Months (these figures have not been offset by operating revenues)[15]	$30,000	$50,000	As Incurred	As Incurred	Us, Landlord, Suppliers and Utilities
Total[16]	**$1,396,000**	**$2,703,000**			

Notes:

All expenditures paid to us or our affiliates are nonrefundable under any circumstances once paid. Fees paid to vendors, suppliers, or other third parties may or may not be refundable depending on their policies or your arrangements with them. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

(1) **Unit Franchise Fee**. We have the right to determine if you can open a second or subsequent Store. If you are a transferee, you will pay a Transfer Fee in the amount of $10,000 plus any training fee we charge (See Item 6) in lieu of the Unit Franchise Fee. You are a transferee if you purchase a Store from a franchisee who is operating a Store. The Unit Franchise Fee is described in greater detail in Item 5.

(2) **Training Fee**. The Training Fee is described in greater detail in Item 6.

(3) **Initial Inventory**. We estimate that the range given will provide sufficient inventory for initial opening of your Store. These amounts may vary according to your sales volume and supplier requirements. We reserve the right to change the selection of opening inventory and supplies at any time. The required supplies will include, but not be limited to, ingredients, packaging materials, etc., some of which may be purchased directly from us, our affiliate and/or our designated/approved contractor.

(4) **Travel and Living Expenses**. At least two employees (including the Manager) of the Store are required to attend our Training Program at our restaurant store designated by us, located in US, or another location designated by us if we consider training in US is not appropriate. You will pay all travel and living expenses for your attendees. Costs will vary by traveling distance, method of travel and your choice of accommodations and meals. The low estimate assumes you live near the site of our Training Program and may be able to drive there. The high estimate assumes travel by air and lodging at a quality hotel. These estimates do not include any salary or wages you may pay to any of your trainees for the time they spend in training (See Item 11).

(5) **Security and Utilities Deposits.** If you do not own or purchase real estate for your Store Site, you will need to lease space from a landlord. In most cases the landlord will require a security and/or rental deposit in an amount of one month's rent. You may also be required to pay first and last month’s rent. In addition to the figure above, you may also be required to pay deposits for your utilities. The actual amount of these deposits will vary depending on local landlord and utility practices and other factors.

(6) **Rent.** We estimate that a typical Store will need approximately between 1,000 and 3,000 square feet of space, and we estimate lease rates to range between $10,000 and $30,000 per month. There are a variety of factors that can affect lease rates, the most prominent being location and market conditions. In addition, some leases are triple net leases which require the tenant to pay rent plus all taxes, insurance and maintenance expenses, while other leases may charge a variable rent based on a percentage of your income, with no fixed minimum rental charge. This estimate does not account for triple net expenses or other amounts beyond the base rental rate. You should investigate lease rates in your own area. This estimate anticipates that your rent commencement date will start approximately 90 days after you take possession of the premises, and this estimate assumes you pay rent payment for three months after free rent for 90 days during construction of the Store. If you are required to pay rent prior to this date, your expenses may be greater than what is indicated in the chart.

(7) **Leasehold Improvements/Construction.** In most cases you will need to alter the interior of your Store Site before you open. These estimated costs are to build out an existing building or space to meet the image and décor requirements for Stores. Costs for leasehold improvements will vary greatly, depending upon the location, condition, layout and content of the Site, labor and material costs, and landlord provided work (tenant improvement allowance). These leasehold improvement costs assume that the delivery of the space includes the requirements described in our standard landlord work letter for a Store. The estimates do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a Store building, which also would result in a significantly greater initial investment.

(8) **Fixtures, and Equipment**. These amounts include costs for your blast chiller, combi oven, the dishwasher, monitor, cash drawer, printer, web camera, tablet and other furniture, fixtures, décor and equipment. These estimates do not include any freight, tax or installation costs, and will vary depending on the location and size of the Store. Your furniture, fixtures, décor and equipment may be financed through a bank or other financial institution, leased or purchased outright. The costs shown are for all new equipment.

(9) **Signage**. You must purchase our approved signage for your storefront. You must follow our directions or specifications that are provided (if any).

(10) **Point-of-Sale, Web Camera and Computer System**. These amounts include costs for computer hardware and software, audio system, security cameras, wireless network equipment, safe, and complete point-of-sale system, web camera system, platform system (See ITEM 11), back of the house computer hardware, and all necessary guest check printers, credit card “swipe/read” terminals, printers, and modems.

(11) **Permits and Licenses.** You must obtain all necessary permits and licenses required by applicable law before you begin operation of the Store. These fees may include application, registration and licensing fees to applicable local and state agencies. State and local government licensing and registration fees vary considerably from state to state, and you must check into and verify the amount of the fees.

(12) **Insurance.** These amounts represent 3 months of the annual premium for the required insurance. Many insurance companies will require you to pay this amount prior to opening and allow you to pay the remainder in monthly payments throughout the year. Requirements are described in greater detail in Item 8.

(13) **Grand Opening Marketing**. We reserve the right to require you to spend the amounts we specify for the grand opening of your Store within the first 90 days of operations.

(14) **Miscellaneous.** Miscellaneous fees include but are not limited to such items as impact fees, building permits, set up fees, commissions and miscellaneous professional fees.

(15) **Additional Funds.** These amounts represent our estimate of the amount needed to cover your expenses for the initial 3-month start-up phase of your Store (other than the items identified separately in the above table). They include estimated rent, common area maintenance, insurance, and other typical lease expenses, payroll, benefits, administrative, janitorial, maintenance and utilities. We estimate our staffing levels will include (1) one General Manager, (3) three Kitchen Managers, (8) eight to (15) fifteen Back of the House staff (covering 2 shifts) and (5) five to (10)

ten Front of the House staff (covering two shifts), however if your Store starts from a soft opening, two shifts may not be necessary. These figures do not include standard pre-opening expenses, Royalties, Advertising Fund Contributions, Advertising Cooperative Fees, owner's draw or salary or debt service. These fees also assume that none of your expenses are offset by any sales generated during the start-up phase. These figures are estimates, and we cannot guarantee that you will not have additional expenses when starting the business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Store.

(16) **Total.** We relied on the experience of our affiliate and their principals in opening and developing company-owned Stores to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Store, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors.

ITEM. 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligation to Purchase Products or Services from Approved Suppliers

To insure that the highest degree of quality and service is maintained, you must obtain all inventory, supplies, fixtures, furnishings, equipment (including the point-of-sale system, web camera, platform system, computer hardware and software), and other equipment, supplies and products used or offered for sale at a Store solely from us, suppliers designated by us or suppliers approved by us who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards.

Supplies for the blast chiller, the combi oven, the dish washer, the "Toast" point-of-sale system, the "Magic" web camera system and other platform service software (if any) and other inventory, supplies, fixtures, furnishings, equipment (including the point-of-sale system, computer hardware and software), and other equipment, supplies and products must satisfy our standards and specifications established by us. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all Stores. Additionally, the inventory, supplies and other food products designated by us from time to time (if any) include or comprise our proprietary recipes. We will provide a list of designated or approved suppliers (if any) for all or part of the blast chiller, the combi oven, the dish washer, the "Toast" point-of-sale system, the "Magic" web camera system and other platform service software (if any) and other inventory, supplies, fixtures, furnishings, equipment, and other equipment, supplies and products, and will notify you of any additions to or deletions from this list.

Certain of these foods, beverages, and products to be purchased from designated/approved suppliers include or comprise proprietary ingredients ("**Proprietary Ingredients**") necessary to produce food that meet Franchisor's quality and consistency standards. Such Proprietary Ingredients may only be used for the TONCHIN Business. You cannot use such Proprietary

Ingredients for any non-TONCHIN Business; or, sell or transfer such Proprietary Ingredients to any third party.

If you want to purchase certain food and beverage items (other than proprietary items) , fixtures, furnishings, equipment, supplies, services and products that are subject to our approved supplier requirements from a supplier who has not been previously approved by us, then you must, request approval from us in writing. You may make any purchase from such supplier upon our approval. You must send us representative samples or specifications of that supplier's food and beverage items, small wares, fixtures, furnishings, equipment, supplies, products or services, and certain other information about the supplier's business. We will also have the right to inspect the supplier's facilities and otherwise evaluate the proposed supplier and its food and beverage items, small wares, fixtures, furnishings, equipment, supplies, services and products. You must pay the cost of all inspections and evaluations, including the actual cost of the test must be paid by you or the supplier (See ITEM 6). The criteria for supplier approval are available to franchisees upon request. Among other things, the suppliers must have adequate quality controls, the capacity to supply your needs promptly and reliably and must comply with our guidelines. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. However, We will notify You within 30 days after We complete the inspection and evaluation process of Our approval or disapproval of any proposed supplier. We may modify our then-current standards for suppliers at any time. We will provide you with these new supplier standards upon your written request.

There are certain name brand foods, beverages and products that are selected by us for consistency in quality and other considerations. To ensure that you adhere to the uniformity requirements and quality standards associated with all Stores, you must purchase these items for your Store, but you may purchase them from any approved distributor that can supply them. We will provide a list of these selected foods, beverages and products. We will also notify you of any additions to or deletions from this list.

Required Purchases from Us or our Affiliate.

Except for our officer's ownership interest in us and our affiliate (see Item 1), neither we nor our officers have any ownership interest in any approved supplier.

Neither we nor our affiliate are an approved supplier. However, we or our affiliates may be a designated or approved supplier in the future for other products, food items, beverages, fixtures, furniture, equipment or services.

The Franchise Agreement requires you to purchase and maintain in full force and effect insurance policies in such amounts and on such terms set out in the Operations Manual, the meaning of which is defined in the Franchise Agreement, or as otherwise prescribed or directed by us. You must also purchase and maintain any other insurance required by any agreement related to the franchise business or by law. You must furnish us with copies of all insurance policies at least annually, but not less than any time a change occurs with respect to the insurance policy or insurance coverage.

As of the date of this Disclosure Document, we require you to purchase and maintain the following insurance coverages before opening the TONCHIN Business from an insurance company which is acceptable to and approved by us, licensed in the state where coverage is provided, and carries an A.M. Best rating of at least A-VII:

(1) Property damage coverage with replacement cost value, products liability coverage and fire and storm damage coverage, with primary and excess limits of not less than US $5,000,000;

(2) Hired and non-owned auto insurance, including coverage of vehicles that you do not own but are used by employees in operating the Store, with a combination of primary and excess limits of not less than US $2,000,000;

(3) Employer's liability and workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, instead of workers' compensation, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to Franchisor;

(4) An excess indemnity or "umbrella" policy covering employer's liability and/or a medical/disability policy covering medical expenses for on-the-job accidents, which policies must contain the coverage amounts that you and we mutually agree on. The policy must also include a waiver of subrogation in Franchisor's favor and in favor of Franchisor's directors, officers, shareholders, partners, employees, representatives, independent contractors and agents;

(5) Comprehensive general liability insurance that names Franchisor as an additional insured party; and

(6) Any insurance that may be required by statute or rule of the state or locality in which the Store is located.

In addition, we strongly recommend that you also obtain the following insurance coverages:

(1) Loss of business and compensation insurance; and

(2) Employment Practices Liability Insurance that offers protection against employee lawsuits.

Such policies and amounts prescribed by us may be adjusted periodically by us. These insurance policies must name us and any affiliates that we designate as additional named insureds, and you must provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration.

As of the date of this Disclosure Document, you must also require each supplier and independent contractor to purchase and maintain general liability insurance with coverage of at least $1,000,000 per occurrence Such policies and amounts prescribed by us may also be adjusted periodically by us.

Standards and Specifications

We will provide you with standards and specifications for the layout of your Store premises, your equipment and signs, the decor of your Business, and/or certain food and beverage items within the range we deem it necessary. We determine our uniformity and quality standards and specifications, in our sole discretion. We may modify its standards and specifications, and you must comply with any modifications.

Revenue from Franchisee Purchases

We estimate that purchases of food, beverages and products that our standards and specifications and purchases from designated or approved suppliers will constitute up to 30% of your initial expenditures to open your Store, and approximately 4% of the annual ongoing expenditures to operate your Store.

We may receive income in the form of rebates, discounts, allowances or other payments or credits from designated or approved suppliers that sell products, services, equipment to franchisees and we have the right to determine how those payments will be used. In some cases, prices charged by suppliers to company or affiliate-owned Stores may be less than prices charged to franchised Stores based on volume, credits, administrative costs or other factors.

As of the date of this Franchise Disclosure Document neither we nor our affiliate has derived any revenue from sales of food, beverages, products, fixtures, furniture, equipment or services.

Purchasing Arrangements; Cooperatives; Negotiated Prices and Material Benefits

We may negotiate purchasing arrangements with suppliers of foods, beverages, products and services for the benefit of our franchise system. We have not established purchasing or distribution cooperatives; however, we may do so in the future. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

ITEM. 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 14	Item 11
b. Pre-opening purchases/leases	Sections 10, 11, 12, 13 and 15	Items 7 and 8
c. Site development and other pre-opening requirements	Section 14	Items 7 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
d. Initial and ongoing training	Section 16	Item 11
e. Opening	Section 16	Item 11
f. Fees	Sections 3, 4, 5 and 6	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 8, 9, 10, 11, 12, 13, 14 and 15	Items 8, 11 and 14
h. Trademarks and proprietary information	Sections 10, 11, 12, 13 and 18	Items 13 and 14
i. Restrictions on products/services offered	Sections 10 and 11	Items 8 and 16
j. Warranty and customer service requirements	Section 10.1	None
l. Territorial development and sales quotas		Item 12
m. Ongoing product/service purchases	Section 10 and 11	Item 8
n. Maintenance, appearance and remodeling requirements	Sections 2, 3, 10 and 14	Item 17
o. Insurance	Section 17	Items 7 and 8
p. Advertising	Sections 5, 6 and 16	Items 6 and 11
q. Indemnification	Section 27	Item 6
r. Owner's participation/ management/staffing	Sections 9, 10 and 16	Item 15
s. Records and reports	Sections 7 and 8	Item 6
t. Inspections and audits	Sections 8, 10 and 11	Items 6 and 11
u. Transfer	Sections 20 and 23	Items 6 and 17
v. Renewal	Section 3	Item 17
w. Post-termination obligations	Section 22 and 23	Item 17
x. Non-competition covenants	Section 25	Item 17
y. Dispute resolution	Sections 29 and 30	Item 17
z. Personal guaranty	Personal Guaranty	Item 15

ITEM. 10
FINANCING

We do not offer direct or indirect financing to you. We do not guarantee any note, lease or obligation.

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

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

Before you open your Store, we, our Affiliate(s), or our designee will:

1. Provide you with our site criteria for Stores. The criteria may include demographic characteristics, traffic patterns, parking, neighborhood characteristics, competition from, proximity to, and nature of other businesses, foot traffic, daytime business population, size, appearance, and other physical and commercial characteristics. (see Sections 2.3 and 14.1 of the Franchise Agreement). Since our products are marketed primarily to consumers, factors considered in determining a market area include street visibility and accessibility, as well as the density and variety of population, businesses and growth of the area. Typically, the Store would be located in a highly visible location.

2. We will review the site information you provide for a proposed site for your Store and approve or disapprove the site you select. You are responsible for doing your own market research, finding a qualified agent, and selecting the location, subject to our approval, for your Store. We may visit the proposed sites you have identified as potential locations for your Store. Our consent to a particular site is not our endorsement of any particular site, nor will it constitute a warranty by us as to the future success of the Store at the location. (see Section 2.3 and 14.2 of the Franchise Agreement).

3. Provide suggestions for layout and design of your Store, limited to only spatial design or image with perspective design, upon payment of the Design and Supervision Fee. Any such suggestions will not include the requirements of any federal, state, or local law, code, or regulation for your Store, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor will our suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build your Store. You will construct your Store in accordance with specifications and plans prepared by you based upon our standards and subject to our approval. You will pay all costs and expenses for construction plans and specifications for your Store. At your option, you may use our services to design the Store and supervise the construction of the Store, in accordance with the approved design. If you elect to use our services, you will pay the then-current cost for our design and supervision services. (see Section 2.3 and 14.4 of the Franchise Agreement).

4. Provide you with the opportunity to view the Operations Manual before you purchase the franchise. The Operations Manual is confidential and will remain our property during and after the term of the Franchise Agreement. (see Section 12 of the Franchise Agreement).

5. Provide you with access to our current list of initial inventories required for your Store (see Section 10.1 of the Franchise Agreement).

6. Provide you with access to our current list of designated and approved suppliers and/or specifications for the products, equipment, supplies and services required by us for use or sale in your Store (see Sections 11.3 and 11.4 of the Franchise Agreement).

7. Provide you with specifications for the Initial Inventory if we deem it necessary. (see Section 10.1(b) of the Franchise Agreement).

8. Provide you with our Training Program (see Section 4.4 of the Franchise Agreement).

9. Provide guidance, strategy and advice for your Store during our regular business hours via the telephone, e-mail or other means we determine within the range we deem necessary. (see Section 16.7of the Franchise Agreement).

Assistance During Operation of Business – After the Opening of Your Store:

When you open your Store and during the operation of your Store we, our affiliates, or our designees will do the following:

1. Provide on-site opening support for your Store for up to fifteen days. You are solely responsible for training your employees. (see Section 16.7, of the Franchise Agreement).

2. Furnish you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee for our guidance and assistance. (see Section 16.4, of the Franchise Agreement).

3. May visit and review your Store when we deem it necessary and provide reports to you if deemed appropriate by us. (see Section 10.27 of the Franchise Agreement).

4. May provide you with a guide for pricing menu items in your Store, but you have discretion on pricing for your specific market. (see Section 11.8 of the Franchise Agreement).

5. May provide updated information for designated suppliers, supplies, equipment and inventory required to be used or sold in your Store (see Sections 11.3 and 11.4 of the Franchise Agreement).

6. If we determine that you, your Manager or other employees are required to attend additional training and/or need additional support, if your Tonchin Business fails to meet certain performance standards established by us or we otherwise determine, in our sole discretion, that additional training and/or support is necessary or required, as well as agreed between both parties, we will provide additional training and/or support at your expense. Whether the additional training is required by us or requested by you, you will pay the Additional Support Fee and will reimburse us for all applicable Travel Expenses incurred by us or our delegate.(see Sections 4.4, and 19.2 of the Franchise Agreement).

Advertising and Marketing

Local Advertising

We recommend that you spend at least 1% of your Gross Sales on an annual basis for local advertising and promotion of your Store ("**Local Advertising Requirement**"). We may require you to provide documentation of your Local Advertising Requirement at any time.

You may create your own advertising materials however, all Your advertising must be in media of a type, format and manner of communication that We approve and must conform to the standards and requirements designated by us (if any). You may not use any advertising or promotional plans or materials until You receive Our approval in writing. You may not post any advertisements on the Internet or use any of Our Trademarks as part of a domain name, anywhere on the Internet, or on any advertising materials that We have not approved.

You must submit all of your own advertising and sale promotion materials to us or our advertising agency for approval before use. If you do not receive disapproval within 20 days after we receive the materials, your advertising and sale promotion materials will be deemed disapproved. You will not use our Marks in any advertising or promotional materials without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. Additionally, you must promote and participate in different promotional programs if we designate in the Operations Manual and/or other instruction.

If we require, you must participate with other Stores in placing advertisements on Internet directories, and you will pay for your proportionate share of the cost for these directory advertisements. Directory advertising costs must be paid in addition to the amounts payable to the Advertising Fund but will count towards your required minimum local advertising requirement.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet must be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any website or in any social media (such as LinkedIn, Facebook, Instagram or Twitter). We may provide contact information for your Store on our website and/or social media.

Grand Opening Advertising.

In addition to the other advertising requirements, we reserve the right to request that you spend at least $10,000 for grand opening advertising and sales promotions within the first 90 days of your Store opening. We may require that you provide us proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

Advertising Fund

You must pay a weekly contribution in the amount of 2% of Gross Revenue ("**Advertising Fund Contribution**"). Neither we nor our affiliates make Advertising Fund Contributions. The Advertising Fund Contributions will be deposited by us into a segregated commercial or savings bank account ("**Advertising Fund**"). The Advertising Fund Contributions will not be credited towards your Local Advertising obligation.

The Advertising Fund may be used for, but not limited to, production and placement of media advertising, media relations salaries, administrative costs and creating and testing direct response literature, social media, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures, including agency costs and commissions and for other similar expenses. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, radio, online media, e-mail, or television. We can use an in-house, national or regional agency for advertising. The Advertising Fund will not be used to solicit Franchisees. If you request, we will send you an annual unaudited financial statement for the Advertising Fund that indicates how the Advertising Fund has been spent during the past fiscal year. We do not have the Advertising Fund audited, so audited financial statements are not available. We assume no other direct or indirect liability or obligation to collect amounts due to the Advertising Fund or to maintain, direct or administer the Advertising Fund.

The Advertising Fund will be administered by us. We may be reimbursed from the Advertising Fund for reasonable administrative costs, salaries, and overhead expenses related to the administration and operation of the Advertising Fund and its programs, including conducting market research, preparing material, social media, and other programs as well as administration, collecting and accounting for Advertising Fund contributions.

We may, at our discretion, establish an advertising fund council (the "**Advertising Fund Council**") to help guide the administration of the Advertising Fund. The Advertising Fund Council will be comprised of Our representatives and representatives of the franchisees, as selected by us; and, will provide advice and counsel on all programs that the Advertising Fund finances; provided, however that We will have with sole control over the creative concepts, materials, testing and endorsements used and their geographic, market, and media placement and allocation. We also have the right to change or terminate the Advertising Fund Council.

As of the date of this Franchise Disclosure Document, we have not collected any Advertising Fund Contributions. In any fiscal year, an amount greater or less than the aggregate contributions of all Stores to the Advertising Fund may be spent in that year.

The Advertising Fund may borrow from us or other lenders to cover deficits or invest any surplus for future use on any terms that we determine. We may reimburse ourselves or other lenders for such loans from the Advertising Fund. Any amounts that remain in the Advertising Fund at the end of each year accrue and we may apply them toward next year's expenses. We also reserve the right to borrow excess funds from the Advertising Fund periodically in our discretion to support other efforts to develop the System.

We do not guarantee that advertising expenditures from the Advertising Fund benefit you or any other Franchisee directly or on a pro rata basis. We do not undertake any obligation to ensure that Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of Franchisees operating in that geographic area or that any Franchisee will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. We are not required to spend any amount on advertising in Your territory.

Local Advertising Cooperative

Franchisees are not required to participate in a local or regional advertising cooperative.

Computer System

The computers and software used in your Store must meet our standards, specifications and requirements. We will require, recommend or approve the telecommunications and other equipment, and the computer hardware (including but not limited to monitor, cash drawer, printer for operating point of sales system and web camera), computer software, peripheral devices (including but not limited to monitor, cash drawer, printer and web camera) and point-of-sale system, web camera system and platform systems you use in your Store. The computers and software for your Store must perform the functions we require (see Section 15.2 of the Franchise Agreement). These functions include serving as your point-of-sale system, web camera system, operation system and maintaining certain sales, financial, marketing, management and other business information for your Store. Your computer equipment must be approved by us, and you must use the designated ed or approved computer software. The "Toast" point-of-sale system and the "Magic" web camera system (most recent version) are currently designated for use in your Store, and we have the right to change such designated systems from time to time. The estimated initial cost for your computers and software ranges from $20,000 to $35,000. These amounts include costs for computer hardware and software, Point of Sales system, web camera system and platform system,

You will need to maintain, repair, upgrade or update your computers and software during the term of the Franchise Agreement. As technology improves, You will be required to upgrade computer and software or purchase a new computer or software. We estimate the cost to upgrade your computer system to be $20,000 -$35,000. There is no contractual limitation on the frequency and the cost of this obligation.

You must share your account and passwords for such systems with us and we will at all times have independent and unrestricted access to the information and data collected and generated by your computer and software and all business records ("**Business Records**") with respect to customers, and other service professionals of, and/or related to, the Store including, without limitation, all databases (whether in print, electronic or other form), including, subject to local law, all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by you are our sole property. For the avoidance of any doubt, you must obtain any license, permit, consent and/or take necessary measures (if any) required by local data protection regulations.

Training

After you sign the Franchise Agreement, we will provide you with our initial training program ("**Training Program**"). All courses will be taught as often as we deem necessary to permit franchisees to meet their Required Opening Dates and will be held via video conference and/or at a location designated by us (see the training chart below). The Training Program lasts approximately 30 days and includes instruction on the topics selected by us. The instructional materials for the Training Program will include other written, on-line materials. The Training Program must be attended by your Manager and at least one other employee. You must always have a manager and at least one employee in each Store who has completed the Training Program.

We will provide the Training Program to new managers and employees managers if it is requested, provided that you need to pay the Training Fee (see Item 5) and Travel Expenses.

You may have additional participants attend the Training Program if you pay our then-current fees for each additional participant and you receive our prior approval. You will also pay all travel, living expenses and wages, if applicable, that you and your attendees incur to attend the Training Program.

The following chart summarizes our current Training Program for you. However, the Training Program may be modified at our discretion. The exact number and distribution of hours of classroom training may vary.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation & Intro to Tonchin	1	0	Tonchin New York
Instruction for using Equipment	0	5	Tonchin New York
Prep Training (Hot & Cold)	0	20	Tonchin New York
Line Training (Hot & Cold)	0	10	Tonchin New York
Ramen Prep Training	0	20	Tonchin New York
Ramen Line Training	1	20	Tonchin New York
Ramen Soup Prep Training	0	10	Tonchin New York
Ramen Noodle Prep Training	1	10	Tonchin New York
Dish-up Training	0	10	Tonchin New York
Front of house Training	0	10	Tonchin New York
Host	0	8	Tonchin New York
Server	0	8	Tonchin New York
Manager on duty	1	20	Tonchin New York
POS	1	0	Tonchin New York
Business Admin & Financial	4	0	Tonchin New York
HR	4	0	Tonchin New York
Marketing, Advertising	4	0	Tonchin New York
Total	17	151	Tonchin New York

The Training Program and will be conducted under the supervision of the following members;

Takao Shishido - Director

Director (Representative Director) of TONCHIN HOSPITALITY since December 2023. From 1997 to 2002, he worked as a store development manager at Venture Link Co., Ltd., a Japanese company, and supported more than 20 franchise chains, such as "Gyukaku" and "Golf Partner". From October 2002 to September 2014, he Established Prosper Net Co., Ltd., a Japanese company, and supported more than 100 restaurant chains such as "St. Mark's Cafe" and "Kaburaya" to open their restaurants. Since joining FHCL in October 2014, he has been in charge of the ramen business, overseas business, and store development business as director and responsible for opening ramen and izakaya restaurants in Japan and ramen restaurants overseas. He has extensive knowledge of franchise store development and store opening know-how and can provide training in such area.

Anan Sugeno - Director

Director of TONCHIN HOSPITALITY since December 2023. As CEO of FNYI since March 2016, he was responsible for the opening of Tonchin New York, which grew to become a consecutive annual winner of the Michelin Bib Gourmand in New York City. He then opened Tonchin Brooklyn in July 2022 and Tonchin Los Angeles in January 2023. Having worked primarily in executive personnel formation, branding, menu conceptualization, and PR marketing, he is able to provide training in such areas.

Shingo Saito - Chief Development Officer

Chief Development Officer of TONCHIN HOSPITALITY since December 2023. Since October 2013, he has served as FHCL's headquarter personnel and corporate chef, and in addition to developing cooking recipes, creating manuals, etc., he is in charge of human resource development, training, on-site store leadership, and other overall store operations for each store, as well as opening and operating new ramen, eel, and tonkatsu stores in the Taiwan and Thailand businesses.

You will pay the Training Fee described in Item 5 for your Manager and one other employee to attend the Training Program described in the above chart. Your Manager and employees must satisfactorily complete the Training Program no later than 14 days before the scheduled opening of your Store. We will also provide on-site, opening support for up to fifteen consecutive days (seven days before and seven days after the day of your Grand Opening but may be extended or shortened by Us at Our its sole discretion.).

Your Store must always be under the supervision of your Manager who has satisfactorily completed our Training Program. Any new Manager must attend our Training Program at your sole cost and expense prior to being in charge of your Store. You are solely responsible for the costs and expenses associated with a replacement Manager attending the Training Program, including the then prevailing standard rates charged by us for additional training and all travel and living expenses and compensation for such replacement Manager.

We may also provide additional training if, during the term of the Franchise Agreement, we determine that additional training is necessary. We may charge you a fee for such additional training. Finally, we may periodically conduct additional training sessions, conferences, seminars and programs, and if we do, we will determine its duration, curriculum, and location. We strongly encourage you to attend these additional training sessions, conferences, seminars and programs (if any) and we reserve the right to require you to do so.

Operations Manual

You will operate your Store in compliance with those operational systems, procedures, policies, methods and requirements found in the Operations Manual, provided to you during our training programs and in any supplemental bulletins and notices, revisions, modifications or amendments, whether in written, printed, electronic format, including information conveyed by Franchisor to Franchisee orally and/or other directions and/or communications, etc., which are all a part of the Operations Manual. The Operations Manual and all other manuals or written, digital materials relating to Your Store must be returned to us upon termination or expiration of your Franchise Agreement. We may modify the Operations Manual, but the modifications will not substantially and materially alter your status and rights under the Franchise Agreement. The Operations Manual is confidential and remains our property. The Operations Manual is currently approximately 40 pages. The Table of Contents is attached as Exhibit G to the Franchise Disclosure Document.

We may notify you of changes to the Operations Manual by any method, including but not limited to, e-mail, posting the modified Operations Manual on an intranet or on our website. But, you are responsible for checking our e-mail, the intranet and/or our website for changes to the Operations Manual. You must ensure that your copy of the Operations Manual is kept current at all times. you will be required to abide by any such modifications, changes, additions, deletions and alterations to the Operations Manual and you will be responsible for all costs and expenses that you may incur to comply. In addition, you may need to purchase updated equipment, products and supplies at your own cost. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by Us, will control.

Site

You will provide to us site information for your proposed site for a Store. The site information provided by you will include information on the demographics of the market area, traffic patterns, a description of the character of the neighborhood, the competition in the area of the proposed site, the size, appearance and other characteristics of the premises of the proposed site of your Store and other information we may request. ("**Site Information**"). There is no time limit for us to review the Site Information provided by you. We may, but are not required to, assist you in finding a site for your Store. We have no obligation, duty or liability to you resulting from the site selected by you or lease of your location for your Store. We do not generally own premises and lease such premises to You.

If you intend to lease a site for your Store, you will submit a copy of the proposed lease to us at least four weeks before the date the lease is to be signed. We may, but not required to, review the proposed lease agreement for the site only to determine if the lease complies with the terms of the Franchise Agreement and substantially includes the terms in the Addendum to Lease, which is **Attachment G** to the Franchise Agreement. We may also, but are not required to, visit the site prior to signing a lease. You must also sign a Collateral Assignment of Lease, which is **Attachment F** to the Franchise Agreement.

If you fail to provide the Site Information and lease a site, approved by us, for your Store within 120 days after the date of the Franchise Agreement, we can terminate the Franchise Agreement and the Franchisee's Initial Fee or Deposit will be forfeited. You will be solely responsible for remodeling or constructing the site of your Store. You will be solely responsible for remodeling or constructing the site of your Store to meet our requirements.

Time for Opening

You must open your Store by the Required Opening Date. We estimate that the typical length of time between signing the Franchise Agreement and opening your Store is about 1 year. Factors affecting the length of time usually include selecting the location for your Store, obtaining the required licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the Training Program. You must obtain our approval in writing to open your Store.

We will designate a required opening date in your Franchise Agreement. We can terminate the Franchise Agreement if you fail to open your Store by the Required Opening Date and we do not provide you with an extension to your Required Opening Date.

ITEM. 12
TERRITORY

You must operate your Store at a specific location identified in the Franchise Agreement, Attachment A approved by us. You may not conduct business at any site other than your Store. With our prior approval in writing, you may relocate your Store to another location if there is a compelling business reason in terms of the site criteria and target market specifications presented to us for a new location. You may also seek our prior approval in writing to relocate your Store if it is an underperforming store and the specifics of the relocation must ensure an impact on overall profitability of such Store. In such cases, we have no duty to give approval to you for relocation.

Non-Traditional Locations

We and our affiliates have the right to own or operate, franchise or license others to own or operate a Store in a Non-Traditional Location anywhere, regardless of its proximity to your Store. A "**Non-Traditional Location**" includes transportation facilities, sporting arenas, educational facilities, medical facilities, entertainment facilities, military facilities, food trucks, music venues, schools, amphitheaters and farmers markets.

You may not conduct business at any site other than your Store, including without limitation, the use of any other channels of distribution, such as the Internet, wholesale distribution, food service businesses, grocery stores, food trucks, catalog sales, telemarketing or other direct marketing, to make sales outside of your location.

No Options; Rights of First Refusal

The Franchise Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your contiguous areas.

Reservation of Rights

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. The following rights are reserved to us or our affiliates:

1. Develop TONCHIN Businesses and/or Competitive Businesses under other brand names regardless of how close they are to the Store that Franchisee operates;

2. Develop TONCHIN Businesses and/or Competitive Businesses in Non-Traditional Location;

3. Develop other business concepts under other any trade names, trademarks, commercial symbols, emblems, signs, slogans, trade dress, logos, colors, insignia, patents or copyrights not designated by the Franchisor as Marks, for use with similar or different franchise systems for the sale of different or similar products or services than those constituting a part of the Franchise System, without granting the Franchisee any rights therein, even if the locations for the other business concept is near to Franchisee's Store;

4. Market, distribute and sell, on a wholesale or retail basis, Ramen Foods and other complementary products under any of the Marks or other trademarks, by direct sale, the Internet, mail order, food truck, infomercials, telemarketing or by any other method of marketing or distribution, even if such sales are made to customers, distributors or retailers who are located near to Franchisee's Store. Franchisor does not currently plan to franchise or operate a business under a different trademark that sells or will sell goods or services similar to those the franchisee will offer in the TONCHIN Business, but it reserves the right to do so in the future;

5. Acquire businesses that are the same as or similar to the TONCHIN Business and operate such businesses anywhere and to be acquired by any third party which operates businesses that are the same as or similar to the TONCHIN Business anywhere; and

6. Engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

We do not pay compensation for soliciting or accepting orders inside your Territory.

ITEM. 13
TRADEMARKS

The Franchise Agreement grants you the non-exclusive right to use the Marks in your Store. You may only use the Marks in the manner authorized in the Franchise Agreement and Operations Manual. You may not use the Marks as part of your corporate or other entity name. You must also follow our instructions for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations. You must follow our rules when you use the Marks. Guidelines regarding proper trademark use and notices may be provided by us in the Operations Manual and may be updated periodically at our discretion. You cannot use any of our other marks or trade names that we have not licensed to you under the Franchise Agreement. You may not use the Marks or any other mark or trade name we or our affiliates own to sell unauthorized products or services or in a manner we do not authorize. You cannot use the Marks or any other mark or trade name we or our affiliates own in association with any business other than the Store. You cannot use the Marks or any other mark we or our affiliate own in any domain name or on the Internet without our approval, which may be withheld in our determination.

We have the right to modify or discontinue any of the Marks or add or substitute other Marks to be used by You at any time and for any reason We deem appropriate. You must pay the costs associated with such change and make any changes promptly. Neither We nor our Affiliates have any liability or obligation to reimburse You with respect to any required modification, substitution, addition or discontinuance of use of any Marks.

The Marks are owned by FHCL. **FUHI** entered into a License Agreement with FHCL stating the license of the Mark(s) to us and We entered into a Sub-License Agreement with FUHI stating the sub-license of the Mark(s) to us (collectively, "**License Agreement**"). Under such Agreements, FHCL granted FUHI and FUHI re-granted us the non-exclusive right to use and license the Marks for the purpose of franchising Stores in the United States. The term of the License Agreement is effective until December 15th, 2043, with automatic ten-year renewal periods, and the License Agreement cannot be modified or terminated except by the mutual agreement of the parties. Other than such Agreements, there are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks.

The following chart lists the Marks that has been registered by FHCL with the United States Patent and Trademark Office (the "**USPTO**"):

Mark(s)	**Registration No.**	**Registration Date**	**Register**
TONCHIN	Reg. No. 5,498,981	January 19, 2018	Principal
	Reg. No. 5,667,082	January 29, 2019	Principal

All required affidavits or renewals will be filed when they become due. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks. To the best of our knowledge, there are no infringing uses which could materially affect your use of the Marks.

You must notify us immediately if you learn about an infringer or of a challenge to your use of the Marks. We are not required to take affirmative action when notified of such infringement and we are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition involving the Marks, but it is our policy to do so, when, in the opinion of our counsel, your rights require protection. We will pay costs, including attorneys' fees and court costs, associated with any litigation that we elect to bring or defend to protect your use of the licensed Marks. We do not indemnify you for expenses or damages incurred by you. You are obligated to fully cooperate with us in any litigation we bring or defend for your benefit. We will control any administrative proceedings or litigation involving the Marks. However, if anyone establishes to our satisfaction that its rights are, for any legal reason, superior to the rights of FHCL as to the Marks, then you must use the variances or other service marks, trademarks or trade names we require.

ITEM. 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own any patents or patent applications that are material to the Tonchin franchise.

Copyrights

We and/or our affiliates have copyright rights in websites, social media, advertising copy and design, menu designs, training materials, the Operations Manual, and other written, digital materials, and items that may be developed in the future. We have not applied to the U.S. Copyright Office to register these copyrights.

Proprietary Rights

Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of Stores, recipes, formulations for and packaging of products, and training, safety, and preparation techniques used to provide products sold at Stores, information concerning our products, operating results, financial performance and other financial data of Stores and other related materials are proprietary and confidential regardless of how the information is disclosed to you ("**Confidential Information**") and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information, including recipes, has also been identified as trade secrets ("**Trade Secrets**").

We may use or transfer the Confidential Information and Trade Secrets in any way we wish, both before and after termination, expiration, repurchase, transfer or otherwise.

You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information. You will not use, publish, disclose, divulge or in any manner communicate the Confidential Information and Trade Secrets to any person, firm, corporation, association, partnership or any other entity in any manner other than for your Store and then only as permitted by us. You are prohibited from using, copying or imitating or allowing any other person, firm, corporation, association, partnership or other entity to use, copy or imitate any of the Confidential Information and Trade Secrets or any materials confusingly similar to the Confidential Information and Trade Secrets in any manner other than for your Store, and then only as permitted by us. We will require you, your Owners, Management Staff and all of your employees who have access to the Manual or any Confidential Information or Trade Secrets to execute our Non-Competition and Non-Disclosure Agreement, attached to the Franchise Agreement as **Attachment J-1 and J-2**.

If you, your Manager, owners, directors, employees or other beneficial owners develop any new intellectual property, inventions, copyrights, trade secrets, concepts, processes, products, or improvements to the operation or promotion or otherwise in relation to Store (collectively, "**Improvements**") you must promptly notify us and give us all necessary information, at no charge. The Improvements will be our property and you, your Manager, owners, directors, employees, or other beneficial owners, will be required to sign an assignment of such Improvements to us. We may allow other Franchisees to use the Improvements and we may allow you to use Improvements derived from other Franchisees.

Challenges

We do not know of any copyright or patent infringement that could materially affect your use of the copyrighted materials, Confidential Information or Trade Secrets.

You must immediately inform us if you learn of any unauthorized use or infringement of, or challenge to, the copyrighted materials or any of the Confidential Information or Trade Secrets. We will take the action we deem appropriate, at our sole discretion. If anyone establishes to our satisfaction that their rights to the materials are superior, then you must modify or discontinue your use of the materials as we require. We are not required to take affirmative action when notified of such infringement and we are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition involving the copyrighted materials or Confidential Information and Trade Secrets, but it is our policy to do so when, in the opinion of our counsel, your rights require protection. We will pay costs, including attorneys' fees and court costs, associated with any litigation that we elect to bring or defend to protect your use of the licensed copyrighted materials or Confidential Information and Trade Secrets. We do not indemnify you for expenses or damages incurred by you. You are obligated to fully cooperate with us in any litigation we bring or defend for your benefit. We will control any administrative proceeding or litigation involving our copyrighted materials or Confidential Information and Trade Secrets.

In the event that we determine, in our sole discretion, that it is necessary to modify or discontinue use of any proprietary copyrighted material or Confidential Information and Trade Secrets you will, within a reasonable time after receipt of our notice in writing take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

Any unauthorized use of any of the Copyrighted Materials or Confidential Information and Trade Secrets by You constitutes an infringement of Our or Our Affiliate's rights.

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

You, or if you are a corporation, partnership or limited liability company, you must appoint an individual who is approved by us to be the Managing Owner. The Managing Owner must own and control not less than 10% of the ownership equity in Franchisee. The Managing Owner is responsible for the overall management and operation of the TONCHIN Business including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Store. The Managing Owner may also be the Manager, who must personally participate in the day-to-day management of your Store.

Your Manager and one other employee must satisfactorily complete our Training Program, devote your best efforts to the operation of your Store and not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise conflicts with your obligations under the Franchise Agreement. At all times during the operation of your Store, there must be at least one person who has completed our Training Program or is otherwise certified by us to manage a Store. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Store.

Each of your directors, officers, shareholders and members of the Entity and all beneficial owners and you and your beneficial owners' spouses must sign the personal guarantee attached to the Franchise Agreement as **Attachment C** personally guaranteeing and agreeing to perform certain obligations of the Franchisee under the Franchise Agreement. In addition, you, your Manager and each of your officers, owners, directors, employees and immediate family members who become aware of our Confidential Information and Trade Secrets must sign the Non-Competition and Non-Disclosure Agreement attached to the Franchise Agreement as **Attachments J-1** and **J-2** before such individual is permitted to attend training or gain access to our Confidential Information and/or Trade Secrets.

ITEM. 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell Japanese Ramen foods and other complementary products specified which are approved by us. Selling Japanese Ramen foods and other complementary products that have not been specified or approved by us is a material breach of the Franchise Agreement and, if not cured, is grounds for the termination of the Franchise Agreement. You must sell the Japanese Ramen foods and other complementary products that we require. We can change the Japanese Ramen foods and other complementary products that you must offer at your Store. You are prohibited from using the premises for any purpose other than the operation of a Store. We have the right to approve or disapprove your request to eliminate or add additional or substitute menu items. You will be required to add such equipment and make such alterations, at your expense, as may be necessary to equip your Store for sale of such Ramen foods and other foods, beverages and products as we may require. You may need to make an additional investment to do so.

You are not limited to whom you may sell your Japanese Ramen foods and other complementary products, but you may not sell any of the Japanese Ramen foods and other complementary products offered in connection with your Store on a wholesale basis, at any location other than your Store, or through Internet, catalogue, mail order, or any other method of sales or distribution. You may use catering or delivery services such as Uber Eats according to our standards and specifications. However, we have the right to suspend such catering or delivery service if it does not comply with our standards and specifications.

We may require you, if permitted by applicable law, to participate in a gift card or other customer loyalty program in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

ITEM. 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3.1	5 years beginning as of the Effective Date (which may be extended under certain circumstances to coincide with the term of the lease for your Store).
b. Renewal or extension of the term	3.2	Right to reacquire the Franchise for a successor term equal to 5 years.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	3.2	If you meet the following requirements and we give you notice approving the renewal to you at least 180 days before expiration, you may, at your option, have the right to operate the Store for a successor term: You must: give written notice at least 210, but not more than one (1) year before expiration; have complied with all material terms and conditions of your current Franchise Agreement; have paid all monetary obligations owed to us, our affiliates, Approved Suppliers and Designated Vendors during the term of the Franchise Agreement; must not be in default under the Franchise Agreement; and, have not been in in default under the Franchise Agreement more than two times and no default has remained uncured for longer than 30 days. You must have the right to continue to occupy the premises for the Store for at least five additional years; sign the then-current standard Franchise Agreement; pay the Successor Fee; execute a general release of claims against us, our parent, subsidiaries, affiliates, and related people; your Manager and one other employee must complete the required training; and, agree in writing to remodel your Store within six months. The new Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	Not applicable	You have no contractual right to terminate the Franchise Agreement for any reason.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	21	If you breach the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
g. “**Cause**” defined – curable defaults	21.2	You will have 30 days to cure if you: provide false, misleading, incomplete or inaccurate information; fail to obtain licenses within 10 days before the Business opens; your Manager or one other employee fails to complete the training program before the Business is scheduled to open; violate a law or regulation applicable to your Business’s operations; fail to provide proof of insurance; fail to pay any Fees or expenses due to us; fail to maintain and submit to Franchisor on time all Reports; fail to pay uncontested obligations or liabilities due and owing to suppliers, banks, purveyors, other creditors or to any federal, state or municipal government; any check or EFT is dishonored because of insufficient funds or closed accounts; lose possession of the site for the Store; lose any license to operate the Store; fail to keep all Store equipment in good working order; fail to appoint a replacement Manager; breach any other agreement with us; fail to satisfy the standard required by Franchisor due to , among other reasons, a lack of Franchisee’s skills or resources necessary for the management of the Stores; or, violate any provision of the Franchise Agreement or Operations Manuals or other events occurs which make it impossible to carry out this agreement. You have ten days to cure a failure to pay any Fees due to us as required by the Franchise Agreement or any other agreement.
h. “**Cause**” defined – non-curable defaults	21.1	We have the right (subject to state law) to terminate the Franchise Agreement immediately upon receipt of notice if you, or any Managing Owner or other Owners are convicted of or plead guilty or no contest to any law relating to your TONCHIN Business; are deemed insolvent;

Provision	Section in Franchise Agreement	Summary
		make a transfer for the benefit of creditors; abandon the Business or close or suspend the Store; fail to provide, or permit us to audit, your financial records; materially impair the goodwill of the Marks or the Business System, subject to 24-hour cure period; violate any material provision two or more times during a 12- month period, or four or more times during the term of the Franchise Agreement; fail to obtain the site for the Store within 120 days of the date of the Franchise Agreement or fail to open your Business by the Required Opening Date; you or your owners commit any fraud or misrepresentation in the operation of your Business; fail or refuse to maintain any insurance policy required by us or otherwise fail or refuse to comply with our insurance requirements; fail or refuse to comply with any mandatory specification, standard, or operating procedure prescribed by us relating to the quality control, cleanliness or sanitation of your Business, and you do not correct the breach within 24 hours after receipt of written notice from us; violate any health, safety, or sanitation law, ordinance, or regulation that we reasonably believe may pose harm to the public or to the reputation of you, us , or the System; fail to perform the obligations regarding compliance with laws; Confidential Information; use of Intellectual Property; or, Restrictive Covenants; make an unauthorized transfer; make false report with intention to do so; or purchase any item from other supplier than Designated Supplier and offer non-authorized Products.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	22	You must: pay what you owe under the Franchise Agreement within five days after termination; immediately return all of our marketing materials; cease using the Marks and the Franchise System; deliver a list of employees; transfer all data stored on computers to us; cease use of Confidential Information; at our option, assign your lease to us or our designee; provide evidence of compliance with these obligations; and, comply with all provisions that survive termination. If the Franchise Agreement expires or is terminated or if you at any time cease to do business as a Store, we reserve the right to purchase all of the assets to the Store from you.
j. Assignment of the contract by franchisor	20.1	No restrictions on our right to assign the Franchise Agreement; the assignee must fully perform all of our obligations under the Franchise Agreement.
k. "**Transfer**" by franchisee – defined	20.2, 20.3, 20.5	Includes transfer in the event of death or disability, the sale of ownership interests, and transfer of rights under the Franchise Agreement.
l. Franchisor approval of transfer by franchisee	20.5	We have the right to approve any transfer made by you; but, will not unreasonably withhold its consent.
m. Conditions for franchisor approval of a transfer	20.4, 20.6, 20.7	You must: provide us with three months' written notice of the transfer; pay all money owed to us; agree in writing to observe all applicable provisions of the Franchise Agreement; sign a release between you and us (see **Exhibit D**); and pay the Transfer Fee and Training Fee. The assignee must: meet the standards established by us for new franchisees; sign the then-current form of Franchise Agreement and other legal agreements required by us; acquire the right to occupy the premises for the Store; acquire a valid license; and, successfully complete our Training Program.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	23.10	You must offer the Store to us if you receive a bona fide offer to purchase.
o. Franchisor's option to purchase franchisee's business	21.7,23	We have the option to purchase at the price and terms stated in the third-party offer.
p. Death or disability of franchisee	20.2	If you are an individual, the Franchise Agreement may be transferred to your beneficiary without paying a Transfer Fee to us, subject to the requirements described in "**m**" above.
r. Non-competition covenants after the franchise is terminated or expires	25.3	For 24 months after termination, you may not participate in any Competitive Business that is within 25 miles of the Store or any other Tonchin business.
s. Modification of the agreement	30.14	Only by written agreement between you and us.
t. Integration/merger clause	30.15	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	30.6	Except for certain claims, all other disputes must be submitted to mediation and, if not resolved, to arbitration subject to state law.
v. Choice of forum	30.10	Delaware, SUBJECT TO APPLICABLE STATE LAW. (see attached Addendum for state law modifications).
w. Choice of law	30.1	Delaware, SUBJECT TO APPLICABLE STATE LAW (see attached Addendum for state law modifications).

The Franchise Agreement may contain a number of provisions that could affect your legal rights. We recommend that you carefully review all of these provisions, and each of the agreements attached to this Disclosure Document in their entirety with a lawyer. Applicable state law might require additional disclosures related to the information contained in this Item. These additional disclosures appear in the Addendum attached to this Disclosure Document.

ITEM. 18
PUBLIC FIGURES

We do not use any public figure to promote its franchise. No public figure is involved in our management.

ITEM. 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Takao Shishido at 13W 36th St, New York, NY 10018, e-mail address info@tonchinhospitality.com, telephone number 646-692-9912 (We recommend that you contact us via e-mail because of time difference), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM. 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

Systemwide Outlet Summary
For Fiscal Years ending August 31, 2023/2024/2025

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	2	2	0
	2024	2	3	+1
	2025	3	3	0
Total Outlets	2023	2	2	0
	2024	2	3	+1
	2025	3	3	0

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor or an Affiliate)
For Fiscal Years ending August 31, 2023/2024/2025

State	Year	Number of Transfers
Franchised Outlets All States	2023	0
	2024	0
	2025	0
Company Owned Outlets All States	2023	0
	2024	0
	2025	0
Total Outlets	2023	0
	2024	0
	2025	0

TABLE NO. 3

Status of Franchised Outlets
For Fiscal Years ending August 31. 2023/2024/2025

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
All US States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
MEXICO	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	1	1	0	0	0	0	1

TABLE NO. 4

Status of Company-Owned Outlets
For Fiscal Years ending August 31, 2023/2024/2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
New York	2023	1	1	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Totals	2023	1	2	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3

TABLE NO. 5

Projected Openings as of September 1 3, 2025

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Ohio	1	1	0
Totals	1	1	0

No franchisees were terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the last fiscal year. No franchisees failed to communicate with us within the 10-week period before the issuance date of this Disclosure Document.

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

During the last three fiscal years, no current or former franchisees have signed any confidentiality clauses which restrict them from discussing with you their experiences as a franchisee in the System.

There are no trademark-specific franchisee associations applicable to you, either created, sponsored or endorsed by us, or independent franchisee associations.

The name, address and telephone number of each Franchisee, as of the date of this Disclosure Document is listed in **Exhibit C**.

ITEM. 21
FINANCIAL STATEMENTS

Attached as **Exhibit B** are our audited Financial Statements for the fiscal years ending August 31, 2024, and August 31, 2025. We have not been in operation for three years and therefore are not able to provide audited financial statements for a three-year period.

Our fiscal year end is August 31st.

ITEM. 22
CONTRACTS

The following contracts are included as exhibits to the Franchise Disclosure Document:

Exhibit A: Franchise Agreement and Attachments

Attachment A	Location
Attachment B	Statement of Ownership
Attachment C	Personal Guaranty
Attachment D	Authorization to Honor Electronic Funds Transfer
Attachment E	Conditional Assignment of Telephone Listing Agreement
Attachment F	Landlord's Consent to Assignment of Lease
Attachment G	Form of Lease Addendum
Attachment H	State Specific Addendum
Attachment I	Website Agreement
Attachment J-1	Non-Competition and Non-Disclosure Agreement (Owners)
Attachment J-2	Non-Competition and Non-Disclosure Agreement (Management Staff)

Exhibit D: Sample Release

ITEM. 23
RECEIPTS

The last pages of this Disclosure Document are detachable Receipts.

EXHIBIT A

TONCHIN

FRANCHISE AGREEMENT

TONCHIN

FRANCHISE AGREEMENT

Franchisee: ______________________________

Date: ____________________________________

Location:_________________________________

____

TABLE OF CONTENTS

ATTACHMENTS:

TONCHIN HOSPITALITY LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made, entered into and effective on ___________________ ("**Effective Date**"), by and between TONCHIN HOSPITALITY LLC, a Delaware limited liability company ("**Franchisor**"), and ________________________, a(n) _________________________________ ("**Franchisee**"). Capitalized terms not otherwise defined upon their first use will have the meanings ascribed to such terms in Section 1 below, or as otherwise noted.

INTRODUCTION

A. Franchisor and its affiliates have, as the result of significant expenditure of time, skill, effort, and money, developed (and continues to develop and modify) a proprietary system relating to the establishment, development and operation of distinctive restaurants specializing in the provision of high-quality Japanese Ramen Foods and other complementary products (the "**Products**") (the "**TONCHIN Business**"), which are associated with the Marks (as defined below), Franchisor's uniform equipment, systems, business methods, procedures, design plans, colour, schemes, signs and equipment, know-how, recipes, System Standards, Marks, standards and specifications, all of which Franchisor may improve, further develop, or otherwise modify from time to time (collectively referred to as the "**Franchise System**").

B. Franchisor has the right and authority to license the use of the name "**TONCHIN**" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Franchisor in writing now owned, licensed or developed by Franchisor and its affiliates ("**Marks**") for use in connection with the Franchise System to selected persons, businesses or Entities that will comply with Franchisor's uniformity requirements and quality standards.

C. Franchisor will continue to develop, use and control the use of the Marks in order to identify for the public the source of the Products and related services marketed under the Franchise System, and to represent to the public the Franchise System's high standards of quality, appearance, cleanliness and service.

D. Franchisor grants to qualified persons the right to operate a TONCHIN Business in accordance with the Franchise System.

E. Franchisee desires to develop, own and operate a TONCHIN Business in conformity with the Franchise System and Franchisor's uniformity requirements and quality standards as established and promulgated from time to time by Franchisor.

F. Franchisee understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness and service established by Franchisor, and the necessity of operating Franchisee's TONCHIN Business in strict conformity with the standards and specifications established by Franchisor.

Pursuant to this Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Franchisor and Franchisee agree, and contract as follows:

1. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

1.1 Abandon means the conduct of Franchisee indicating the willingness, desire or intent of Franchisee to discontinue or suspend operating its TONCHIN Business or Store in accordance with the quality standards, uniformity requirements and the Franchise System as described in this Agreement and the Manual including, but not limited to, the failure or refusal of Franchisee to operate its TONCHIN Business or Store during the business hours specified in the Manual for five or more consecutive days without the prior written approval of Franchisor or the failure to remain open for business during the specified business hours.

1.2 Additional Support is defined in Section 19.2.

1.3 Additional Support Fee is defined in Section 19.2.

1.4 Advertising Fee is defined in Section 5.1.

1.5 Advertising Fund is defined in Section 5.1.

1.6 Affiliate means any Entity or individual that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with a specified Entity.

1.7 Approved Supplier means a supplier, vendor or distributor that has been approved in writing by Franchisor to supply its products and/or services to Franchisee because its products and/or services conform to the standards and specifications established by Franchisor, and Franchisor has determined that its business reputation, quality standards, delivery performance, credit rating and other factors are satisfactory.

1.8 Claims means any and all demands, complaints, filings, assertions, requests for payment or compensation, challenges, allegations of liability, causes of action, and/or lawsuits.

1.9 Competitive Business means any business or store, other than another TONCHIN Business, (a) operating in competition with or similar to TONCHIN Businesses, and specifically featuring Ramen Foods and other complementary products similar to those offered by TONCHIN Businesses, or (b) that employs or incorporates one or more distinctive elements of the Franchise System, or (e) that uses a menu that is similar to those used in the TONCHIN Businesses.

1.10 Computers and Software is defined in Section 15.2.

1.11 Confidential Information means and include all of the business, technology, marketing, operational, and proprietary information developed, created, owned or licensed by Franchisor, which Franchisor provides to Franchisee and/or Franchisee receives from Franchisor in writing, orally, by visual method, etc., regardless of the form or manner in which the information is provided, including, but not limited to, the following: (a) all plans and specifications relating to the construction of any TONCHIN Business, drawings and renderings, Operating Assets specifications and pricing, the names of all Approved Suppliers and Designated Suppliers, pricing information for any Products sold to any TONCHIN Business, unpublished menus and menu designs, and all food recipes and cooking techniques, (b) all business information, financial data and information, practices, procedures, processes, "**know how**" and business and operational systems of Franchisor, (c) all marketing strategies, programs, and concepts, training programs, Manual and materials, and operational and business development concepts, including but not limited to all store design, schematics, construction documents, and artwork, (d) all exclusive sales and marketing processes taught to Franchisee's personnel during any training programs, (e) all training programs and materials, (f) all trade secrets, intellectual property, proprietary databases, computer processes, computer systems, computer software programs and all source codes for all computer software programs (excluding commercially available off-the-shelf third-party software programs), (g) all copyrighted materials that have not been publicly disclosed by Franchisor which are marked as "**confidential**," (h) all patents of Franchisor, including pending patents, (i) all password-protected websites designed, created and developed by Franchisor, including all passwords, text, content, color schemes, images, graphics, information, look and feel, layout, methodology, metrics, graphical interfaces and functionality, and (j) all other materials in writing disclosed to Franchisee which have been designated as "**confidential**" by Franchisor. Franchisee and its employees and agents will not disclose to any person or Entity the name, addresses or any other information relating to any customers or guests of any TONCHIN Business, including Franchisee's TONCHIN Business, except as authorized in writing by the customer or guest.

1.12 Damages means all judgments, losses, injuries, awards, reparations, penalties, interest, punitive damages, lost profits, pecuniary compensation, court costs, attorneys' fees, mediation, arbitration or litigation out-of-pocket costs, settlement payments, deposition and pre-trial costs, mileage, Travel Expenses, investigation fees, and all other amounts paid or incurred as a result of any Claims.

1.13 Designated Supplier means a supplier, vendor or distributor designated by Franchisor in writing as Franchisee's only source for those foods, food items, recipe ingredients, proprietary products, other products and services used or sold in the Store that Franchisor has determined must meet certain quality and uniformity standards to protect the valuable goodwill and uniformity associated with the Marks and the Franchise System.

1.14 Develop for the purposes of Section 2.2 of this Agreement, means to franchise, license, own, manage or operate.

1.15 Dollars means United States of America dollars.

1.16 Effective Date means the date in the first paragraph of this Agreement when this Agreement is effective and binding on the Parties.

1.17 EFT means the process relating to the electronic transfer of Fees directly from Franchisee's bank account to Franchisor's bank account, as further described in Section 7.2 of this Agreement.

1.18 Entity means a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law.

1.19 Executive Management means: (a) the officers and directors specified in the by-laws if the specified Entity is a corporation; (b) the manager, chief manager, managers and/or governors specified in the operating agreement or by-laws if the specified Entity is a limited liability company; or (c) the general partner(s) if the specified Entity is a partnership or a limited partnership.

1.20 Fees means and includes, collectively, the Unit Franchise Fee, the Royalty Fees, the Advertising Fees, the Training Fee, administrative fees, and all other amounts then due and payable by Franchisee to Franchisor pursuant to this Agreement or any other agreement or for any products or services purchased by Franchisee from Franchisor or any of its Affiliates.

1.21 Financial Records means all accounting records and ledgers maintained in a printed or written form, on a computer disk, CD-ROM, portable computer memory device, or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and other financial information.

1.22 Financial Statements means a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

1.23 Fiscal Year means Franchisee's fiscal year. The definition of Fiscal year may be further defined in the Manual and may in the future be changed by Franchisor as specified in the Manual or otherwise in writing by Franchisor to address business practices and/or changes in the Internal Revenue Code.

1.24 Franchise Rights means the non-exclusive rights granted by Franchisor to Franchisee under this Agreement authorizing Franchisee to operate an TONCHIN Business at the Store in conformity with the Franchise System (excluding the intellectual property rights and know-how that Franchisor has not to granted to Franchisee) using the name "**TONCHIN**" (as designated by Franchisor and may be changed at Franchisor's sole discretion) and the other Marks. For the avoidance of doubt, Franchisor grants to Franchisee only the rights that Franchisor determines are necessary for the operation of the Store. Franchisor will not disclose to Franchisee the recipes or production methods for products which are supplied by Franchisor, an Affiliate or Designated Supplier.

1.25 Governmental Authority means any governmental department, commission, board, bureau, agency, court or other instrumentality of the United States including, but not limited to, federal, state, district or commonwealth thereof, any foreign government or any jurisdiction, municipality or other political subdivision thereof.

1.26 Gross Sales means the total Dollar sales from all guests or customers of Franchisee's TONCHIN Business, and will include all cash, credit card, and credit sales made by Franchisee of every kind and nature made at, from, by or in connection with Franchisee's TONCHIN Business including, but not limited to, all Dollars and income received from the following: (a) the sale of all Products, including beverages and drinks; (b) the sale of any and all goods, products, merchandise or items sold under any of the Marks; (c) all sales from the catering of Products; (g) all sales from the delivery of Products; (d) all sales from the carry-out of Products; (e) all sales of Products at any locations or sites other than the Store; (f) all payments received from or for the redemption of gift cards and gift certificates by Franchisee's TONCHIN Business; (g) all payments received from business interruption insurance payments made to Franchisee by any insurance company; and, (h) the sale of all Products to its employees including sales from discounted meals provided to employees and actually paid for by employees. "**Gross Sales**" will not include (i) the sale (as opposed to the redemption) of gift cards by Franchisee's TONCHIN Business; (ii) the value of Products offered on a limited complementary basis by Franchisee; (iii) the one-time sale of any Operating Assets or any inventory items to a purchaser; and (iv) any sales, use or gross receipts tax imposed by any Governmental Authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by Franchisee.

1.27 Intellectual Property means all patents, utility model rights, industrial design rights, Marks; copyright, neighboring rights, trade secrets, Franchise System, rights under the *Unfair Competition Prevention Act of Japan (Act No. 47 of 1993)* and similar laws in other countries and territories; and all other intellectual property rights, proprietary or personal rights, know-how and other similar rights.

1.28 Lease means the written lease agreement and related documents signed by Franchisee for the Store.

1.29 Location means the physical location of the Store where Franchisee is granted the right to use the Franchise Rights to operate an TONCHIN Business, as approved by Franchisor and listed on Attachment A.

1.30 Major Assets means (a) Franchisee's TONCHIN Business; (b) the Store; (c) the Lease for the Store; (d) the Operating Assets, inventory, point-of-sale system, and all other assets used in Franchisee's TONCHIN Business; (e) this Agreement; (f) any Ownership Interest in Franchisee; (g) all Operating Assets leases, and (h) the land, building and related real estate used for Franchisee's TONCHIN Business, if the land, building and real estate are owned by Franchisee.

1.31 Management Staff means and include Franchisee's Managing Owner and Manager, designated in accordance with the provisions of this Agreement.

1.32 Manager means the individual, designated by Franchisee and approved by Franchisor, responsible for the overall management and operation of the TONCHIN Stores including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Store, and follows the final operational decision of Managing Owner.. The Manager may be the Managing Owner.

1.33 Managing Owner means the individual, approved by Franchisor, who (a) owns and controls, or has the right to own and control (subject to conditions reasonably acceptable to us) not less than 10% of the ownership equity in Franchisee, and (b) has the authority to bind Franchisee regarding all operational decisions with respect to this TONCHIN business. If Franchisee is an individual, then the Managing Owner will be Franchisee.

1.34 Manual means, collectively, all books, pamphlets, training videos, discs, software, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in written, printed, electronic format, including information conveyed by Franchisor to Franchisee orally through the Training Program and/or other directions and/or communications, etc., for use by TONCHIN Franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions, policies, recipes, cooking techniques and rules prescribed from time to time by the Franchisor relating to the operations of the Franchise System, as same may be amended, modified or enhanced from time to time by Franchisor.

1.35 Materials is defined in Section 11.4.

1.36 Menu Items is defined in Section 11.1.

1.37 Month or Monthly means a calendar month.

1.38 Opening Period is defined in Section 4.2(b).

1.39 Operating Assets means the furniture, fixtures, equipment (including a required or recommended computer and point-of-sale information system), furnishings, and signs used in the operation of the Store.

1.40 Owner means any person or Entity who owns (a) any shares of capital stock in the specified Entity if such Entity is a corporation, (b) any membership interests in the specified Entity if such Entity is a limited liability company, (c) any partnership interests in the specified Entity if such Entity is a partnership, (d) any limited or general partnership interests if the specified Entity is a limited partnership, and (e) any other kind or type of Ownership Interest in the specified Entity. References to "**Franchisee**," "**assignee**" (of Franchisee), and "**Transferee**" which are applicable to (i) an individual or individuals means the Owner or Owners of an Ownership Interest in Franchisee and (ii) an Entity means the Entity that has an Ownership Interest in Franchisee.

1.41 Ownership Interests means (a) capital stock if Franchisee is a corporation, (b) membership interest if Franchisee is a limited liability company, (c) partnership interest if Franchisee is a partnership, (d) limited or general partnership interests if Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in Franchisee.

1.42 Products mean the authorized and/or proprietary foods, food items, beverages, menu items, recipe ingredients, merchandise and Operating Assets that are specified in the Manual or otherwise approved by Franchisor in writing that are (a) used in the operation of the Franchise Business, (b) used in the preparation of any foods or food items, and/or (c) offered for sale to customers of the Franchise Business.

1.43 Ramen Foods means a Japanese dish consisting of wheat noodles served in a broth.

1.44 Required Opening Date means the date that is one year after the Effective Date of this Agreement, unless Franchisee's TONCHIN Business is being developed pursuant to another written agreement between Franchisee and Franchisor, in which case the Required Opening Date will be the date specified in the other written agreement between the parties.

1.45 Royalty Fee is defined in Section 4.3.

1.46 Salaries and Benefits means the salaries, fringe benefits, including life insurance, medical insurance and retirement plans, payroll taxes, unemployment compensation, workers' compensation insurance, if any, and all other expenses related to employment.

1.47 Store means the physical location where the Franchisee is granted the right to use the Franchise Rights to operate an TONCHIN Business under this Agreement. The address, city and state of the Store will be set forth in the Addendum to this Agreement.

1.48 Store Report is defined in Section 4.3(b).

1.49 System Standards means mandatory and suggested specifications, standards, operating procedures, and rules regarding the operation of Stores, which may be communicated to the Franchisee in a tangible or intangible form, via email, a franchise system intranet, extranet or a website, or included in the Manual, and developed by Franchisor and its Affiliates, as amended, supplemented or revised from time to time.

1.50 Training Fee is defined in Section 4.2.

1.51 Training Program is defined in Section 4.2.

1.52 Transfer means sale, assignment, pledge, bequeath, trade, transfer, lease or sublease of this Agreement, the assets of a Store (other than in the ordinary course of business) or in any interest in an Entity that is the Franchisee.

1.53 Travel Expenses means expenses for airline tickets, local travel, telephone calls and internet access fees, accommodation, acquirement of visa and passport and meals incurred by the officers and/or employees dispatched by Franchisor or its Affiliates for field investigation, location visit, designing and supervising (pre-award meeting with contractors, intermediate survey, final inspection, approval of opening, etc.), training, open support, additional training, instruction at site, other additional support (if any), etc.

1.54 Week or Weekly means a period of seven consecutive days beginning on each Monday and ending each Sunday.

2. GRANT OF FRANCHISE

2.1 Store. Franchisor hereby grants to Franchisee the non-exclusive, personal Franchise Rights to operate one TONCHIN Store at the approved Store location, in conformity with the Franchise System using the name "**TONCHIN**" and other specified Marks only at the Store described in the Addendum attached to this Agreement.

2.2 Reserved Rights. Franchisor, its Affiliates and other franchisees and licensees will have the right to own, operate, franchise or license others to own or operate a TONCHIN Business located anywhere. In addition, Franchisor and its Affiliates will also have the absolute right to:

(a) Develop TONCHIN Businesses and/or Competitive Businesses under other brand names regardless of how close they are to the Store that Franchisee operates;

(b) Develop TONCHIN Businesses and/or Competitive Businesses in Non-Traditional Location;

(c) Develop other business concepts under other any trade names, trademarks, commercial symbols, emblems, signs, slogans, trade dress, logos, colors, insignia, patents or copyrights not designated by the Franchisor as Marks, for use with similar or different franchise systems for the sale of different or similar products or services than those constituting a part of the Franchise System, without granting the Franchisee any rights therein, even if the locations for the other business concept is near to Franchisee's Store;

(d) Market, distribute and sell, on a wholesale or retail basis, Ramen Foods and other complementary products under any of the Marks, by direct sale, the Internet, mail order, food truck, infomercials, telemarketing or by any other method of marketing or distribution, even if such sales are made to customers, distributors or retailers who are located near to Franchisee's Store;

(e) Acquire businesses that are the same as or similar to the TONCHIN Business and operate such businesses anywhere and to be acquired by any third party which operates businesses that are the same as or similar to the TONCHIN Business anywhere; and

(f) Engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

2.3 Undetermined Store Location. If the Store location has not yet been determined and listed on Attachment A as of the Effective Date of this Agreement; Franchisee will use his/her best efforts and proceed with diligence to obtain and designate a location for the Store, which location will be subject to Franchisor's written acceptance and approval. Franchisor will use economically reasonable efforts to assist Franchisee in evaluating a suitable location. Franchisee acknowledges that the location of the Store is a major factor in the Store's potential for success, and Franchisor may reject any proposed location in its sole discretion. Franchisee also acknowledges that the acceptance and approval by Franchisor of any location will not be deemed to be a guarantee, warranty or any other assurance, express or implied, of the success of Franchisee's business at such location. When the address of the Store is determined, the street address, city and state for the Store will be inserted in Attachment A and signed by both Franchisor and Franchisee. Franchisor reserves the right to terminate the Franchise Agreement if Franchisee fails to provide Location Information and fails to obtain a Location for the Store, approved by Franchisor, and sign a lease within 120 days after the Effective Date of this Agreement.

2.4 Relocation. Provided Franchisee is not in default of this Agreement, Franchisee may, with the prior written approval of Franchisor, relocate the Store if (a) there is a compelling business reason in terms of the Location criteria and target market specifications presented to us for a new location or (b) if Franchisee's current Store is an underperforming TONCHIN Business and the specifics of the relocation ensure an impact on overall profitability of such TONCHIN Business. The new Store, including the real estate and the building, must comply with Franchisor's then-current image, décor, standards and specifications. Franchisee will pay Franchisor a relocation fee ("**Relocation Fee**") equal to $1,500. Franchisee will pay the Relocation Fee amount upon Franchisor's approval of Franchisee's relocation request. In order to receive approval to relocate, Franchisee may be required to sign Franchisor's then-current Franchise Agreement for a full initial franchise term as provided in Franchisor's then-current Franchise Agreement and execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries and Affiliates (if applicable) and their respective officers, directors, attorneys, Owners and employees. Franchisee will pay Franchisor a fee of $500 per Week during all Weeks that Franchisee's TONCHIN Business is closed due to relocation.

2.5 Conditions. Franchisee will not have the right to franchise, sub-franchise, license or sublicense its rights under this Agreement. Franchisee will not have the right to Transfer this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

2.6 Structure of Ownership. If Franchisee is an individual or a husband and wife, Franchisee, prior to opening the Store, Franchisee must assign this Agreement to an Entity to own and operate the Store, and meet the following conditions:

(a) If the Entity must be duly organized under the laws of the state where the Store is or will be located;

(b) The Entity's organizational and operational documents must have the following recital under restrictions:

(i) The Entity's business is restricted to the operation of the Store; and

(ii) The Entity's will not issue and transfer any of the equity interests in the Entity or the assets without the prior written consent of Franchisor or any authorized designate of the Franchisor.

(c) Entity must provide a list of directors, officers, shareholder(s) and member(s), as applicable, to Franchisor prior to the opening of the Store. Franchisor will have the right to refuse any directors, officers, shareholder(s) or member(s) if any such persons do not meet its qualifications to be a franchisee.

(d) All directors, officers, shareholders and members of the Entity and all beneficial owners and beneficial owners' spouses must be guarantors and execute a guaranty agreement in the form as set out in Attachment "C". Each such guarantor will be jointly and severally bound to the provisions of this Agreement and any ancillary agreements to be executed between Franchisor and Franchisee.

(e) If a director, officer, shareholder or member departs the Entity, such person will remain responsible until Franchisee's obligations are fulfilled.

(f) Franchisee will provide to Franchisor with copies of the Entity's organizational documents, constating documents, agreements relating to the Entity, share or membership certificates, and any resolutions required by Franchisor prior to the execution of this Agreement. Prior to filing any amendments for the Entity, Franchisee will provide Franchisor with a copy and obtain our prior written consent.

3. TERM OF AGREEMENT

3.1 Initial Term. The initial term ("**Initial Term**") of this Agreement will commence on the Effective Date and will be for a period of five (5) years. The Initial Term may be extended if Franchisor deems it necessary under certain circumstances to coincide with the term of the lease for Franchisee's TONCHIN Business. This Agreement will not be enforceable until it has been signed by both Franchisee and Franchisor.

3.2 Successor Term.

(a) Franchisee may, at its option, have the right to operate the Franchise at the Store for an additional term of 5 years ("**Successor Term**") commencing on the end of the Initial Term (or immediately preceding Successor Term, as the case may be) if Franchisee complies with the requirements of this Section 3.2(a) and Section 3.2(b) and Franchisor has given Franchisee notice approving the Successor Term to Franchisee at least 180 days prior to the expiration of the Initial Term (or the expiration of the previous Successor Term if such term was extended.):

(i) Franchisee must give Franchisor written notice of Franchisee's election to do so at least 210 days and no more than one (1) year prior to the expiration of the Initial Term (or immediately preceding Successor Term, as the case may be). Failure to provide timely written notice will be deemed to be an election by Franchisee to terminate the Franchise Rights at the end of the Initial Term (or the current Successor Term, as the case may be).

(ii) Franchisee has timely complied with all terms and conditions of this Agreement, including the timely payment of all Royalty Fees, and other Fees due to Franchisor;

(iii) Franchisee has paid or satisfied all monetary obligations owed by Franchisee to Franchisor, Franchisor's Affiliates, Approved Suppliers, and Designated Suppliers;

(iv) Franchisee is not in default under this Agreement; and

(v) Franchisee has not been in default under this Agreement more than two times and no default by Franchisee has remained uncured for longer than 30 days.

(b) As a condition for any Successor Term, Franchisee must cause all of the following to occur:

(i) Franchisee must provide written evidence to Franchisor that Franchisee either owns or has the right to lease the Store for at least five (5) additional years after the end of the Initial Term;

(ii) Franchisee must sign Franchisor's then-current form of franchise agreement which is used by Franchisor at the time of the expiration of the Initial Term (or the expiration of the previous Successor Term if such term was extended) ("**Successor Franchise Agreement**"), which may include terms and conditions materially different from those in this Agreement, such as different performance standards, fee structures and/or increased fees, and an option to use the Franchise Rights for any additional terms;

(iii) In lieu of paying the Unit Franchise Fee specified in the Successor Franchise Agreement, when Franchisee signs the Successor Franchise Agreement, Franchisee must pay to Franchisor a successor fee ("**Successor Fee**") in an amount equal to the greater of (i) Seven-Thousand Five Hundred U.S. Dollars (USD$10,000); and, (ii) five percent (5%) of the Unit Franchise Fee then being charged by Franchisor to franchisees before renewing Franchisee's right to operate the TONCHIN Business;

(iv) Franchisee must execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries or Affiliates (if applicable) and their officers, directors, attorneys, Owners and employees;

(v) Franchisee's, Manager and one other employee must complete any new training requirements designated by Franchisor (if any); and

(vi) Franchisee must agree in writing to make, within six months after the effective date of the Successor Franchise Agreement, all capital expenditures necessary to remodel the Store, as determined by Franchisor, to comply with the then-current TONCHIN Business image, décor, and specifications established by Franchisor, and provide evidence to Franchisor's reasonable satisfaction that Franchisee has received a written loan commitment from a commercial lender for the amount of the estimated cost of the remodeling or has the financial capability of making such expenditures.

3.3 Interim Period. If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period and the provisions of Section 22 will apply. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

4. FEES

4.1 Unit Franchise Fee. In consideration of the Franchise Rights granted herein, Franchisee must pay to Franchisor an initial franchise fee ("**Unit Franchise Fee**") of Forty Thousand US Dollars (USD $40,000) for the right to operate one Store. The payment shall be made within seven days after Franchisee signs the Franchise Agreement for the first Store and in exchange for receiving approval of each location for the second and subsequent Stores (only if Franchisor approves in writing). Franchisee acknowledges and agrees that the Unit Franchise Fee is fully earned by Franchisor upon Franchisee's execution of this Agreement or approval of the Store location and is non-refundable under any circumstances.

4.2 Training Program and Fee.

(a) Prior to the opening of the Store, Franchisee must ensure that at least two employees of the Store, including the Manager, attend and satisfactorily complete the Franchisor's pre-opening training program at the TONCHIN training center (the "**Training Program**"), which will last for approximately 30 days and will be held via video conference and/or at a location designated by Franchisor, including at Franchisor's store in Tokyo or Franchisee's Store if Franchisor deems it necessary. The fee for the Training Program and the opening support is **a non-refundable fee of Fifteen Thousand USD Dollars** ($15,000 USD) (the "**Training Fee**"). The Training Fee is due within seven (7) days prior to attending the Training Program, is fully earned upon receipt by Franchisor and is non-refundable under any circumstances. Franchisor may charge separate fees to train additional personnel of Franchisee at a different time from the scheduled Training Program. If this Agreement is for a second or subsequent Store to be opened by Franchisee; then, Franchisee will not be required to pay an additional Training Fee if Franchisor decides such fee is not necessary.

(b) The Training Fee includes Franchisor's assistance and support (if needed) provided to Franchisee (or its designated employees) for the period of 15 days, commencing 7 days before the Store opening date and ending 7 days after the store opening date (the "**Opening Period**"). Franchisee is responsible for all Travel Expenses (airline tickets, local travel, telephone calls and internet access fees, accommodation, acquirement of, visas, and passport and meals) of the Franchisor's officers and/or employees (including but not limited to the officers and/or employees of an affiliate) providing the support and assistance at the Store during the Opening Period.

(c) Franchisee is responsible for all Travel Expenses (airline tickets, local travel, telephone calls and internet access fees, accommodation, acquirement of, visas, and passport and meals) of the Franchisor's officers and/or employees (including but not limited to the officers and/or employees of an affiliate), and ingredients costs, employees' wages and workers' compensation insurance or any other expenses related to Franchisee's (or its designated employees') attendance at the Training Program. If the designated employees of Franchisee were not able to attend the Training Program, the Training Fee will not be refunded, and Franchisee may be required to pay the Training Fee for the next scheduled Training Program.

4.3 Royalty Fees and Reporting.

(a) Franchisee will pay to Franchisor a royalty fee ("**Royalty Fee**") equal to five percent (5%) of Gross Sales generated by Franchisee's TONCHIN Business during the preceding Week.

(b) Within two (2) days after the end of each Week, Franchisee will deliver to Franchisor, on a form Franchisor provides (or as Franchisor otherwise directs) a signed statement and account of the Store's Gross Sales for the preceding calendar month (the "**Store Report**"). Franchisor will issue an invoice for the Royalty Fee due for the preceding Week to Franchisee, based on the Store Report, sales data provided by the point-of-sale systems and other data available to the Franchisor and Franchisee will pay the Royalty Fee in the manner provide in Section 7.2(b). If Franchisee fails to remit to Franchisor any Store Report when due as provided in this Section 4.3(b), Franchisor has the right, in addition to any other remedy available to it, require that Franchisee reimburses Franchisor for all reasonable costs and expenses incurred by the Franchisor as a result of addressing Franchisee's non-compliance, including, without limitation, internal cost of personnel time attributable to addressing the non-compliance and Travel Expenses and other expenses of Franchisor's officers and/or employees.

(c) The Royalty Fee will be payable by Franchisee during the term of this Agreement by the way provided for in Section 7.2. Franchisor may elect to collect the Royalty Fee on another basis upon 30 days' prior written notice to Franchisee specifying the payment period and payment date, which election may be rescinded or modified at any time upon 30 days' prior written notice to Franchisee.

4.4 Additional Support Fee. Franchisee must pay to Franchisor Four Hundred Dollars ($400) per person (for each officer and/or employee dispatched by Franchisor) per day, plus Travel Expenses and other expenses, as an additional support fee (the "**Additional Support Fee**"), if additional training or instruction at site by Franchisor's officers and/or employees (including but not limited to the officers and/or employees of an affiliate) is determined to be needed by Franchisor or Franchisee or is agreed between Franchisor and Franchisee. The Additional Support Fee, Travel Expenses and other expenses are due within seven (7) days after receipt of an invoice from Franchisor. Franchisee acknowledges and agrees that Additional Support Fee, Travel Expenses and other expenses are non-refundable under any circumstances.

5. MARKETING FUND CONTRIBUTION

5.1 Advertising Fee. In addition to all amounts payable to Franchisor by Franchisee pursuant to this Agreement, on the same day that Royalty Fees are paid to Franchisor (or such other day as may be designated in writing by Franchisor) during the entire term of this Agreement, Franchisor has the right to require that Franchisee pay Franchisor an Advertising Fee ("**Advertising Fee**"), in the amount designated in writing by Franchisor equal to 2% of the Gross Sales generated by Franchisee's TONCHIN Business in the preceding calendar month for deposit into the advertising and advertising fund ("**Advertising Fund**") which will be administered and controlled exclusively by Franchisor. The Advertising Fee will be paid at the same time as the Royalty Fee, as provided in Sections 7.2(b) and 7.2(c). If an Advertising Fund is established after entering into this Agreement, Franchisor will provide no less than sixty (60) days' notice to Franchisee of Franchisor's intention to establish the Advertising Fund, including Franchisee's responsibility of payment of the Advertising Fees related to the Advertising Fund.

5.2 Advertising Fund. Franchisor will have the absolute and unilateral right to determine when, how and where the Advertising Fees and other payments deposited into the Advertising Fund will be spent. This includes, without limitation, the right of Franchisor to purchase and pay for product and market research; customer research; real estate research; development of real estate computer models and software; demographic research; conventions; guest satisfaction programs and services; independent shopping service evaluations; production development and materials; ad slicks; brochures; radio and television commercial production; services provided by advertising agencies; table tents, in-store advertising and menu boards; signs; public relations; telemarketing; print advertising; direct mail advertising; promotional programs; sponsorships, loyalty programs, and incentive programs; advertising market research; graphics and design costs; printing plates and cutting dies; creation, hosting, software development, upgrades, and maintenance for the Franchise Website, mobile applications, and any additional websites deemed necessary by Franchisor, including intranet websites; Internet, social media and other electronic promotions and advertising; miscellaneous advertising; the administration of the Advertising Fund whether by Franchisor or a third party; the disposal of obsolete products and packaging; and other business products and services Franchisor deems appropriate and in the best interests of all TONCHIN Businesses and the Franchise System. All administrative and other costs associated with or incurred in the administration of the Advertising Fund including, but not limited to, marketing and administrative personnel salaries (excluding the salaries of the Executive Management of Franchisor or a third party administrator selected by Franchisor), fringe benefits and Travel Expenses, long-distance telephone charges, office rental, Operating Assets, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Advertising Fees) and office supplies will be paid from the Advertising Fund. Franchisor will not be required to spend the Advertising Fees deposited into the Advertising Fund in: (a) any particular geographic or market area, (b) Franchisee's market area in proportion to the Advertising Fees paid by Franchisee, or (c) the calendar year in which the payments were made. All interest accrued by the Advertising Fund will be the property of the Advertising Fund. A summary showing the income and expenditures of the Advertising Fund during each calendar year will be prepared by Franchisor on or before March 31 for the preceding calendar year and copies of the summary will, upon written request, be provided to Franchisee.

5.3 Management of Advertising Fund. The Advertising Fund will be managed by Franchisor, and Franchisor will have the right to, in its Reasonable Business Judgment (as defined in Section 30.17 below), do any of the following: (a) compensate Franchisor and/or its Affiliates for salaries, administrative costs, overhead and other expenses incurred in Advertising Fund related programs/activities including, but not limited to, production, research, insurance, and collection expenses, as well as any legal expense related to the activities and purposes of the Advertising Fund consistent with the provisions of this Agreement; (b) charge the Advertising Fund for attorneys' fees and other costs related in any way to Claims against Franchisor regarding the Advertising Fund; (c) spend in any fiscal or calendar year an amount greater or less than the aggregate contributions to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus; (d) loan money to the Advertising Fund for the purposes set forth herein; (e) in accordance with Section 11.7 of this Agreement, collect for remission to the Advertising Fund any Payments (as defined in Section 11.7 below) made by any supplier based upon franchisee purchases; provided however, that any such contributions, whether or not made with respect to direct or indirect purchases by Franchisee, will not count toward Franchisee's required Advertising Fees; (f) revise marketing and other programs, and/or make expenditures from the Advertising Fund, to take account of cultural and other differences; (g) defer, waive and/or compromise Claims for current/future contributions to, and/or Claims against or with respect to, the Advertising Fund and pay the same from the Advertising Fund; (h) take legal or other action against any franchisee or developer in default of their obligations to the Advertising Fund; (i) merge the Advertising Fund with any other advertising, production or Advertising Fund otherwise established for TONCHIN Businesses, so long as the restrictions of the relevant Franchise Agreement(s) continue to apply to contributions made by franchisees and developers under such arrangements; (j) maintain the Advertising Fund assets in one or more accounts designated as "**trust accounts**" for purposes of protecting such assets from Claims of third-party creditors (however, such action shall not be deemed to create any "**trust**," "**fiduciary relationship**" or similar special arrangement); (k) charge the Advertising Fund for attorneys' fees, consultant fees, and other fees related in any way to Franchisor's management of the Advertising Fund; (l) make expenditures from the Advertising Fund for the purpose of attempting to generate additional Payments from any supplier or other third party based upon franchisee purchases; and (m) take such other actions in connection with the Advertising Fund as Franchisor considers to be appropriate and as are consistent with the provisions of this Section.

5.4 Advertising Fund Council. Franchisor may, at its discretion, establish and advertising fund council (the "**Advertising Fund Council**") to help guide the administration of the Advertising Fund. The Advertising Fund Council will be comprised of Franchisor's representatives and representatives of the franchisees, as selected by Franchisor and will provide advice and counsel on all programs that the Advertising Fund finances; provided, however that Franchisor will have with sole control over the creative concepts, materials, testing and endorsements used and their geographic, market, and media placement and allocation. We also have the right to change or terminate the Advertising Fund Council. Franchisor and the Advertising Fund Council may have the Advertising Fund audited, at the Advertising Fund's expense, by an independent certified public accountant. The Franchisor may incorporate the Advertising Fund or operate it through a separate entity whenever Franchisor deems appropriate. The separate entity will have all of the rights and duties specified in this Section. Although Franchisor and the Advertising Fund Council will try to use the Advertising Fund to develop advertising, marketing, promotional and sales materials and programs that will benefit all TONCHIN Businesses, neither Franchisor nor the Advertising Fund Council can ensure that Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to Advertising Fund contributions by individual TONCHIN Businesses operating in that geographic area, or that any TONCHIN Business benefits directly or in proportion to its Advertising Fund contributions.

6. OTHER MARKETING, ADVERTISING AND PROMOTION

6.1 Local Advertising.

(a) Franchisor recognizes that to build customer loyalty and continually expand our customer base, Franchisor must consistently advertise to promote the brand. The "TONCHIN" name and reputation is an important part of the Franchise Business. Franchisees of the Franchise System enjoy significant benefits in comparison with independent competitors. Franchisee will have access to a broad range of professionally designed marketing materials for use at their business, such as brochures, print advertisements, press releases, and print publications if it is developed by Franchisor. A corporate website also features the franchise location information. As it is vital to maintain a consistent branding campaign across the entire franchise system, all marketing, advertising, promotional materials and such promotional material developed or designated by us must be purchased from the contractor approved or designated (if necessary) by Franchisor. All advertising, in-store marketing and promotional materials which are not otherwise provided by us must receive our prior written approval, and written approval may be made by Franchisor in writing. Franchisor currently does not have a supplier incentive program, but when Franchisor is in a position to do so, Franchisor will strive to pass on its corporate pricing structures to franchisees. Franchisor's management team also actively seeks opportunities to promote and expand the TONCHIN brand. Franchisor asks franchisees to participate in the marketing programs that promote the TONCHIN brand, helping to expand the Franchise System.

(b) Franchisee will promote, advertise and market the Store at its own cost in accordance with the instructions of Franchisor. All advertising and material made by Franchisee must be approved, in writing, by Franchisor in advance. Franchisor recommends that Franchisee spend **at least one percent** (1%) of monthly Gross Sales on local advertising and promotion of the Store. The amount Franchisee spends on marketing does not take into account any Advertising Fees paid to Franchisor.

6.2 Grand Opening Marketing. Within the first 90 days of operation of Franchisee's TONCHIN Business, Franchisee will spend a minimum of Ten Thousand Dollars ($10,000.00) on grand opening marketing, advertising and promotions for Franchisee's TONCHIN Business previously approved by Franchisor. Franchisee will provide Franchisor with an accurate accounting (in the form prescribed by Franchisor) of its expenditures for grand opening marketing, advertising and promotion within 90 days after the opening of the TONCHIN Business. All expenditures for grand opening marketing, advertising and promotion will be in addition to Franchisee's other marketing, advertising and promotion obligations under this Agreement.

7. PAYMENT OF FEES

7.1 Interest on Unpaid Fees. If Franchisee fails to timely remit any of the Fees due to Franchisor, then the amount of the past-due payment will bear simple interest at the lesser of 1.5% per month or the maximum legal rate allowable by applicable law, not to exceed 14.6% annually. Franchisee will, on demand, reimburse Franchisor for the actual costs incurred by Franchisor in the collection of any past-due Fees from Franchisee, including reasonable attorneys' fees and costs.

7.2 <u>Wire Transfer and Electronic Funds Transfers</u>.

(a) Except as provided in Section 7.2(b), all Fees and other amounts due to Franchisor will be paid by Franchisee to Franchisor by wire transfer to the bank account Franchisor designates from time to time.

(b) The Royalty Fee and Advertising Fee will be paid by Franchisee on Wednesday of each Week (or such other day of the Week as may be designated in writing by Franchisor) based upon the Gross Sales generated in the preceding Week. The Royalty Fee and Advertising Fee will be payable by Franchisee by EFT as provided for in **<u>Section 7.2(c)</u>** of this Agreement. Franchisor may elect to collect the Royalty Fee and Advertising Fee on another basis upon 30 days' prior written notice to Franchisee specifying the payment period and payment date, which election may be rescinded or modified at any time upon 30 days' prior written notice to Franchisee.

(c) Franchisee will, from time to time during the Initial Term of this Agreement and any Successor Term, execute such documents as Franchisor may request to provide Franchisee's unconditional and irrevocable authority and direction to its bank or financial institution authorizing and directing the Franchisee's bank or financial institution to pay the Franchisor directly by electronic funds transfer ("**EFT**") the full amount of the Fees payable by the Franchisee under this Agreement, and to charge to the account of the Franchisee. The EFT withdrawal authorizations will be in the form prescribed by the Franchisor. EFT withdrawals will be initiated by Franchisor on Wednesday of each Week for the Fees payable for the preceding Week or on the first of each Month for the Fees payable for the preceding Month (or such other day following the end of a payment period designated by Franchisor pursuant to **<u>Section 7.2(b)</u>** for the Fees payable in such payment period), and upon the issuance of an invoice by Franchisor for other amounts payable by Franchisee. Franchisee's EFT authorizations will permit Franchisor to designate the amount to be withdrawn from Franchisee's account, and to adjust such amount from time to time for the Fees. If Franchisee fails at any time to provide the reports of its Gross Sales required under this Agreement, then Franchisor will have the right to estimate the amount of Fees payable by Franchisee for that Week or Month, and to withdraw the amount of the estimated Fees by EFT from Franchisee's bank account in accordance with the provisions of this **<u>Section 7.2(c)</u>**. Franchisee will at all times maintain a balance in its account at its bank or financial institution sufficient to allow the appropriate amount to be withdrawn from Franchisee's account and paid directly to Franchisor for all current Fees payable by Franchisee. It will be a default under this Agreement if Franchisee fails to maintain an account balance sufficient to pay the Fees or if Franchisee closes the account designated to pay the Fees without first designating a new account and notifying Franchisor of the new account information. Franchisee will be responsible for all fees imposed by its bank or financial institution in connection with the Franchisee's EFT payment of the Fees.

7.3 <u>If Franchisee fails at any time to provide the reports of its Gross Sales required under this Agreement, then Franchisor will have the right, in its sole discretion, to estimate the amount of Fees payable by Franchisee for that Week or Month, and to withdraw the amount of the estimated Fees by EFT from Franchisee's bank account in accordance with the provisions of this Section 7.2. Franchisee will at all times maintain a balance in its account at its bank or financial</u>

institution sufficient to allow the appropriate amount to be withdrawn from Franchisee's account and paid directly to Franchisor for all current Fees payable by Franchisee. Insufficient Funds Fee. If Franchisee is paying any fee or other amount due to Franchisor or its Affiliates by check with the authorization of the Franchisor or by electronic funds transfer and the cheque is returned for insufficient funds, if Franchisee stops payment on the check or request that the Franchisor does not process the check, or if an EFT is unsuccessful, Franchisor will charge Franchisee a processing fee per withdrawal or amount to compensate Franchisor for our additional administrative expenses. This amount is currently One Hundred United States Dollars (USD$100.00) but is subject to change.

7.4 Franchisee's Obligation to Pay. Franchisee's obligation to pay Franchisor the Fees pursuant to the terms of this Agreement are absolute and unconditional and will remain in full force and effect for the entire term of this Agreement. Franchisee will not have "**right of offset**," and as a consequence, Franchisee will timely pay all Fees due to Franchisor under this Agreement regardless of any Claims or allegations Franchisee may allege against Franchisor.

7.5 Application of Payments. Despite any designation Franchisee may make, Franchisor may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor. Franchisor may set off any amounts that Franchisee owes Franchisor or its Affiliates against any amounts Franchisor or its Affiliates owe Franchisee. Franchisee may not withhold payment of any amounts Franchisee owes to Franchisor due to Franchisor's alleged non-performance of any of Franchisor's obligations under this Agreement

8. RECORDS AND REPORTS

8.1 Reports. Franchisee agrees to establish and maintain, at its own expense, a bookkeeping, accounting, and record-keeping system conforming to the requirements and formats Franchisor prescribes from time to time. Franchisor currently requires Franchisee to use QuickBooks or Simply Accounting (most recent version) as Franchisee's accounting software; however, Franchisor reserves the right to designate a different accounting system by sending written notice to Franchisee. Franchisor may require Franchisee to use a computer system to maintain certain sales data and other information. Franchisee will, in a manner satisfactory to Franchisor, create and keep accurate records of the management of the Store including purchases, use and destruction of ingredients and any other materials supplied by Franchisor or the Designated Suppliers, as well as accounting, and report them, in the manner and format that Franchisor prescribes from time to time, including records of, but not limited to the following (collectively the "**Records**"):

(a) By the date designated or approved by Franchisor, records of Franchisee's purchase, use and destruction of Proprietary Ingredients and Materials supplied by Franchisor and/or the Designated Suppliers;

(b) A gross summary sales report of the Store for the previous month no later than the 7th day of the following month;

(c) Within thirty (30) days after the end of each calendar month, monthly and year-to-date financial statements using the accrual basis of accounting and Franchisor's recommended chart of accounts;

(d) Within sixty (60) days following the conclusion of Franchisee's fiscal year, annual profit and loss statements and a balance sheet for the Store and Franchisor's recommended chart of accounts;

(e) Within fourteen (14) days after filing, a copy of Franchisee's federal and state income tax returns; and

(f) Within fourteen (14) days after Franchisor's request, exact copies of sales tax returns, and any other forms, records, books, and other information Franchisor periodically requires relating to the Store and Franchisee's business; however, Franchisor will maintain the confidentiality of the information provided by Franchisee pursuant to this provision and Franchisee will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law.

If Franchisee fails to provide any the above reports or financial statements when due, Franchisor has the right to require that Franchisee reimburse Franchisor for all reasonable costs and expenses incurred by the Franchisor as a result of addressing Franchisee's non-compliance, including, without limitation, internal cost of personnel time attributable to addressing the non-compliance, Travel Expenses and other expenses of Franchisor's officers, employees and representatives.

8.2 Reporting Standards. Franchisee will have its accountant prepare all financial statements in accordance with generally accepted accounting principles, consistently applied ("**GAAP**") using Franchisor's required chart of accounts, and to verify and sign each report, balance sheet, statements of cash flow and financial statement in the manner Franchisor prescribes. Franchisor has the right to require Franchisee to have audited financial statements prepared annually during the Initial Term and any Successor Term. Franchisor will notify Franchisee in writing if such audited reports are required.

8.3 Disclosure of Reports. Franchisor may disclose data derived from these Reports, although Franchisor will not, without your consent (unless required by law) disclose your identity in any materials that Franchisor circulates publicly. Moreover, Franchisor may, as often as Franchisor deems appropriate (including on a daily basis), access Franchisee's computer system and extract or send through the internet all information relating to the Store's operation.

8.4 Maintenance and Access to Information.

(a) Franchisee will maintain and preserve for at least 10 years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time. At all times, Franchisor will have access to and may use the information contained in Franchisee's books, records and accounts for any purpose Franchisor deems appropriate, including, but not limited to, disseminating such information to our creditors and potential franchisees (except that Franchisor will not disclose social security number, birth date or home address information without Franchisee's consent, unless required or permitted by law).

(b) Franchisee will use and manage the point-of-sale software and web camera designated by Franchisor, and store all data generated by such systems in the format designated by Franchisor, including cloud-based systems, so Franchisor can confirm, share and analyze the data.

(c) Franchisee must share identification names and passwords with Franchisor and allow Franchisor to access the cloud-based data.

(d) For the avoidance of any doubt, Franchisee will obtain any license, permit, consent and/or take necessary measures (if any) required by local privacy laws and data protection regulations.

8.5 Audit Rights. Within three business days after receiving written notice from Franchisor, Franchisee and Franchisee's accountants will make all of their Financial Records available during business hours for Franchisor or its designees to review, copy and audit. The audit will be conducted at the location where Franchisee maintains the Financial Records and Franchisor will be provided with adequate facilities by Franchisee to conduct the audit. Subject to Section 13.4 below, Franchisor will maintain the confidentiality of all Financial Records; however, if the Financial Records are relevant to any issue in any mediation, court or other proceeding between the parties, then Franchisor will have the right to disclose the Financial Records accordingly.

8.6 Payment of Audit Costs. If an audit establishes that Franchisee's Gross Sales were understated by more than 2% in any payment period or Fiscal year, then Franchisee will, within 7 days after receipt of an invoice, pay Franchisor for all costs and expenses incurred for the audit of Franchisee's Financial Records (including officer remunerations, employee Salaries and Benefits, Travel Expenses and other expenses , and audit fees).

8.7 Under-Reporting. If it is found that Franchisee under-reported Gross Sales, Franchisee will reimburse Franchisor of the amount of the Fees that would have been due had Gross Sales been reported accurately, plus interest on those amounts at a rate of the lesser of 1.5% per month or the maximum legal rate allowable by applicable law, not to exceed 14.6% annually.

8.8 Late Reporting. If Franchisee fails to send Franchisor any report that is due on a weekly basis, Franchisor may charge Franchisee, to the extent permitted by applicable law, a late report fee of $100 plus $100 for each week the reports are late. If Franchisee fails to send Franchisor any report that is due on a monthly basis, annual basis, or quarterly basis, Franchisor may charge Franchisee, to the extent permitted by law, a late report fee of $100 plus $100 for each month the report is late.

8.9 Ownership of Business Records. Franchisee acknowledges and agrees that Franchisor shall at all times have unrestricted access to all business records ("**Business Records**") with respect to customers, and other service professionals of, and/or related to, the Franchise Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee are the sole property of Franchisor. Franchisee further acknowledges and agrees that all Business Records are the sole property of Franchisor.

9. MANAGEMENT OF THE TONCHIN BUSINESS AND STORE.

9.1 Managing Owner. When Franchisee signs this Agreement, Franchisee will designate an individual as the "**Managing Owner**." If Franchisee is an individual, then the Managing Owner will be Franchisee. Franchisee's Managing Owner must be an individual approved by Franchisor who (a) owns and controls, or has the right to own and control (subject to conditions reasonably acceptable to us) not less than 10% of the ownership equity in Franchisee, and (b) has the authority to bind Franchisee regarding all operational decisions with respect to Franchisee's TONCHIN Business. The Managing Owner will, during the entire period he or she serves as the Managing Owner, devote his or her full time and best efforts to the supervision, conduct and operations of Franchisee's TONCHIN Business. The Managing Owner may also be the Manager. The Managing Owner will execute a personal guaranty of this Agreement in the form attached hereto as **Attachment C** ("**Personal Guaranty**") and execute this Agreement as one of the Owners of Franchisee. If during the term of this Agreement, the Managing Owner is not able or is not qualified to continue to serve in the capacity of Managing Owner, then Franchisee will promptly notify Franchisor in writing and will designate a duly qualified replacement Managing Owner within 30 days after the former Managing Owner ceases to serve in that capacity.

9.2 Manager. Upon approval of a Location for a Store and prior to opening the Store, Franchisee will designate a Manager for the Store, who is responsible for the overall management and operation of the Store, including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Store, and follows the final operational decision of Managing Owner.

10. STANDARDS REQUIRED OF FRANCHISEE

10.1 Quality and Service Standards. Franchisor has developed and will continue to develop System Standards applicable to all TONCHIN Businesses, including Franchisee's TONCHIN Business, to protect and maintain for the benefit of Franchisor and all of its franchisees and developers the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Franchise System. All required System Standards exist to protect Franchisor's interests in the Franchise System and the Marks, and not for the purpose of exercising day-to-day control over the Store. Franchisee agrees to maintain the uniformity and quality System Standards required by Franchisor for all Products, and the services associated with the Marks and the Franchise System, and agrees to the terms and conditions contained in this Section to assure the public that all TONCHIN Businesses will be uniform in nature and will sell and dispense quality Products. As examples, and without limitation, System Standards may regulate any one or more of the following:

(a) types of Products, services and ancillary products Franchisee may sell or offer, as designated by Franchisor from time to time;

(b) purchase, storage, preparation, and inventory requirements for Products and supplies so that the Store may operate at full capacity;

(c) terms and conditions of the sale and delivery of, and terms and methods of payment for, Products, and services that Franchisee obtain from Franchisor and affiliated and unaffiliated suppliers;

(d) Franchisor and its Affiliates' right not to sell Franchisee any Products or to provide Franchisee with services, or to do so only on a "cash-on-delivery" or other basis, if Franchisee are in default under any agreement with Franchisor;

(e) sales, marketing, advertising, and promotional programs and materials and media used in these programs;

(f) use and display of the Marks at the Store and on labels, forms, paper, products, and other supplies;

(g) recommending staffing levels for the Store;

(h) identifying the Store's personnel; and employee qualifications and training in order to protect Franchisor's interests in the System Standards and Marks (although Franchisee has sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);

(i) days and hours of operation of the Store;

(j) accepting credit and debit cards, other payment systems, and check verification services;

(k) point-of-sale software, accounting software, web camera, tablet, computer hardware, software and ancillary equipment, bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Store;

(l) any other aspects of operating and maintaining the Store that Franchisor determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and TONCHIN Business stores;

(m) production methods; production processes; workflow; equipment used; installation methods; and

(n) proactive business development through consistent use of outside sales professionals.

10.2 Modification of System Standards. Franchisee acknowledges and agrees that as the Franchisor's business and industry evolves, Franchisor may make changes to the System Standards and Franchise System from time to time to remain relevant and competitive. Although it is Franchisor's practice to consult or collaborate with other franchisee leadership in the change process as Franchisor deems appropriate (Franchisor may further outline any franchisee involvement in the Manual or other franchisee communication), Franchisor has the right and final decision to modify, add to or rescind any requirement, standard or specification that Franchisor prescribes under this Agreement to adapt the System Standards and Franchise System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes. Franchisee must comply with these modifications, additions or rescissions at Franchisee's expense, subject to any express limitations as stated in this Agreement. All modifications, innovations and improvements to the System Standards and Franchise System become Franchisor's property regardless of who develop the modification, innovation or improvement.

10.3 Identification of Store. Franchisee will operate the TONCHIN Business so that it is clearly identified and advertised as a TONCHIN Business. The style and form of "**TONCHIN**" and the other Marks used in any advertising, marketing, public relations or promotional program must have the prior written approval of Franchisor. Franchisee will use the name "**TONCHIN**" (as Franchisor designates), the approved logos and all graphics commonly associated with the Franchise System and the Marks on all materials in the manner prescribed by Franchisor.

10.4 Compliance with Standards. Franchisee will use the Marks and the Franchise System in strict compliance with the moral and ethical standards, quality standards, health standards, operating procedures, specifications, requirements and instructions required by Franchisor.

10.5 Franchisee's Name. Franchisee will not use any of the words "**TONCHIN**" or any name that is confusingly similar to any of the words used in any of the other Marks in the name of any Entity formed by Franchisee or any Affiliate of Franchisee. Franchisee will at all times hold itself out to the public as an independent contractor operating its TONCHIN Business pursuant to a Franchise Agreement with Franchisor. Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that Franchisee is operating its TONCHIN Business as an independent contractor.

10.6 Interests of Franchisee. If Franchisee is an entity, it will be dedicated solely to the operation of the TONCHIN Business and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of Franchisor. If Franchisee is an individual, he or she will not hold any interest in, operate, or manage any Competitive Business without the prior written approval of Franchisor.

10.7 Default Notices and Significant Correspondence. Franchisee will deliver to Franchisor, immediately upon receipt by Franchisee or delivery at the Store, an exact copy of all (a) notices of default received from the landlord of the Store or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party, (b) notifications or other correspondence relating to any legal proceeding for any Claim in excess of $10,000 relating in any way to Franchisee's Store, and (c) inspection reports or any other notices, warnings or citations from any Governmental Authority, including any health and safety, taxing and/or licensing authorities. Franchisee will notify Franchisor in writing within five days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting Franchisee and/or the operation of the TONCHIN Business. Franchisee will provide Franchisor with a written summary of all written consumer and employee complaints within 10 days after the end of each quarter of Franchisee's Fiscal Year in such method and format as Franchisor may designate from time to time. Franchisee will provide all additional information requested by Franchisor relating to any of these matters.

10.8 Damage or Destruction. If the Store is either partially or completely destroyed by fire or any catastrophe during the term of this Agreement and the term of the underlying Lease for the Store, then Franchisee will (a) subject to the provisions of the Lease, use the building insurance proceeds to repair or reconstruct the Store as set forth herein and, if such proceeds are insufficient to fully restore the Store (or relocate from the Store), Franchisee shall be responsible for making up any such deficit, (b) within 30 days thereafter, initiate the process to commence the repairs and reconstruction necessary to restore the TONCHIN Business to its original condition prior to such casualty, and (c) recommence the TONCHIN Business's business operations as soon as commercially practicable. If the TONCHIN Business cannot be restored to its original condition, then Franchisee will relocate the TONCHIN Business as provided for in Section 2.4 (except Franchisee will not be required to pay a Relocation Fee). In any event, the term of this Agreement will be extended for the period from the date the TONCHIN Business closed as a result of the casualty until the date it re-opens if Franchisee elects to extend the term by the duration of such period. Franchisee will relocate the TONCHIN Business as provided in Section 2.4 or repair or reconstruct the premises of the TONCHIN Business in conformance of the then-current standard décor specifications and will open the TONCHIN Business or the relocated TONCHIN Business for business within 18 months after the date of such casualty. Notwithstanding the foregoing, Franchisee will pay Franchisor a minimum fee of $250 per Week during all Weeks that Franchisee's TONCHIN Business is closed as a result of a casualty or any other reason.

10.9 Vending and Gaming Machines; Tickets. Franchisee will not, except with the written permission of Franchisor, permit any televisions, jukeboxes, electronic games, vending machines (including cigarette, gum and candy machines), ATM machines, newspaper racks, entertainment devices, coin- or token-operated machines, gambling devices, payphones, or other concessions to be used at the Store and will not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs at the Store.

10.10 Compliance with Applicable Law. Franchisee will be responsible for the operation of its TONCHIN Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee. Franchisor will not have any right, obligation or responsibility to control, supervise or manage Franchisee's employees, agents or independent contractors. Franchisee will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling of the Store and/or the operation of Franchisee's TONCHIN Business including, but not limited to: (a) health and food preparation and service laws; (b) health and safety regulations and laws; (c) menu disclosure laws; (d) environmental laws; (e) employment laws (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws); (f) credit card and debit card laws applicable to consumers, including all privacy laws and data protection regulations; and (g) tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes, real estate taxes and federal, state and local income tax laws). If Franchisor instructs Franchisee to improve the sanitary conditions of the Store, Franchisee will follow such instructions without objection. Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for Franchisee's TONCHIN Business, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, Executive Management, agents and independent contractors. Franchisor makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with the TONCHIN Business. It is Franchisee's sole responsibility to identify and obtain all authorizations necessary to operate the TONCHIN Business.

10.11 Illnesses. If any person falls ill as a result of consuming the Products, Franchisee will immediately report the incident to Franchisor. Franchisee will comply with all Applicable Laws and Franchisor's instructions with respect to such occurrences. Franchisee will ensure that it notifies the appropriate authorities as the case may be. Franchisee will ensure that it will record all information relating to the incident and provide the same to the Franchisor. If a conflict arises between the requirements of Applicable Law or directions of the appropriate authorities and Franchisor's instructions; then, the requirements of Applicable Law or directions of the appropriate authorities will control.

10.12 Tax Laws. Franchisee will be responsible for and will timely pay all federal, state and local taxes imposed by law in connection with the operation of the TONCHIN Business, and will timely file all returns, notices and other forms required to comply with all applicable tax laws. Franchisor will have no liability for any taxes which arise out of or result from Franchisee's TONCHIN Business, and Franchisee will indemnify Franchisor for any such taxes that may be assessed or levied against Franchisor which arise out of or result from the operation of Franchisee's TONCHIN Business. If any "**franchise**" or other tax which is based upon the Gross Sales, receipts, sales, business activities or operation of Franchisee's TONCHIN Business is imposed upon Franchisor by any taxing authority, then Franchisee will reimburse Franchisor for all such taxes paid by Franchisor within 15 days after receiving an invoice from Franchisor for such taxes.

10.13 Other Laws. Franchisee will comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee will not enter into any prohibited transactions and will properly perform any currency reporting and other activities relating to the TONCHIN Business as may be required by Franchisor or by law. Franchisee confirms that it is not listed in the Specially Designated Nationals List (https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists) and not listed under similar acts or guidelines, including but not limited to the Article 2 (ii) of the Act to Prevent Unjust Acts by Organized Crime Group Members in Japan (Act No.77 of 1991), in other jurisdiction, and agrees not to hire any person so listed or have any dealing with a person so listed. Franchisee is solely responsible for ascertaining what actions must be taken by it to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that its indemnification responsibilities as provided in Section 27 of this Agreement pertain to its obligations hereunder.

10.14 TONCHIN Business Hours; Personnel. Franchisee's TONCHIN Business will be open during the hours which will be determined upon consultation between both Parties; provided, however, that Franchisor may direct Franchisee to change hours if Franchisor deems it necessary. . During business hours, Franchisee will have Management Staff on duty responsible for supervising the TONCHIN Business's employees and operations. Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the customers of the TONCHIN Business. Franchisee will require its employees to meet the appearance standards and to wear the prescribed attire or uniforms described in the Manual.

10.15 Inspection Rights. Franchisee will permit Franchisor or its representatives to enter, remain on, and inspect the TONCHIN Business without prior notice. Franchisee agrees that Franchisor may: (a) interview Franchisee's employees and customers; (b) take photographs and videotapes of the interior and exterior of the Store; (c) examine and remove samples of the Products and other products sold or used at Franchisee's TONCHIN Business; and (d) evaluate the quality of the Products, and the services provided by Franchisee to its customers. Franchisor will have the right to use all interviews, photographs and videotapes of Franchisee's TONCHIN Business for such purposes as Franchisor deems appropriate, including use in advertising, marketing and promotional materials, without any approval of or any compensation to Franchisee.

10.16 Security Interest in Franchise Agreement. This Agreement and the Franchise Rights granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with the prior written approval of Franchisor.

10.17 Credit Cards; Security Breach.

(a) Franchisee will honor all credit, charge, courtesy and cash cards approved by Franchisor in writing. Franchisee acknowledges it is responsible for the security of cardholder data, financial data, and personally identifiable information (collectively, "**Sensitive Information**") in its possession or in the possession or control of any service provider or third party-provided payment application provider that Franchisee engages to perform under this Agreement. Upon request by Franchisor, such subcontractors must be identified to Franchisor in writing prior to sharing Sensitive Information with the subcontractor. To the extent Franchisee stores, processes, transmits or otherwise accesses or possesses Sensitive Information, Franchisee agrees it will adhere to, and cause any service provider or third party-provided payment applications to adhere to cardholder data security standards according to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**") throughout the term of this Agreement. At a minimum, Franchisee shall, at its sole cost and expense, implement and maintain, and hereby represents and warrants that it has implemented and maintained, all appropriate technical, organizational and physical measures, but no less than PCI DSS, to ensure the security, reliability and confidentiality of the Sensitive Information submitted to it or otherwise obtained by Franchisee, including protecting against any threats or hazards to the security or integrity of the Sensitive Information that Franchisee should reasonably be able to anticipate, and against unauthorized access to or use of the Sensitive Information. Upon Franchisor's request, Franchisee shall allow, and shall require any subcontractor(s) to allow, Franchisor (or Franchisor's designees) to inspect the implementation of associated administrative, physical and technical security measures, as the case may be, to assess whether its security program complies with applicable information security requirements. Franchisee shall encrypt all Sensitive Information that will be transmitted over networks or in storage, and all Sensitive Information at rest. These security measures shall be reviewed at least annually.

(b) Franchisee shall notify Franchisor immediately, but in no event later than two (2) hours, of becoming aware of any actual or suspected Breach of Security (defined below). Such notice shall include the following: (i) date and time that Franchisee discovered the Breach of Security and the date and time when the breach actually occurred, if discoverable; (ii) a detailed description of the Breach of Security; (iii) a list of the systems and data at risk, including a list of affected individuals; and (iv) a description of remediation actions taken after the Breach of Security was discovered, and what remediation actions Franchisee proposes to take to prevent further loss, misuse, compromise or unauthorized access to Sensitive Information. Thereafter, Franchisee shall provide to Franchisor regular (but at least weekly) reports and updates describing the investigation into the Breach of Security and all corrective or remedial actions taken or to be taken by Franchisee or its subcontractor, as the case may be, promptly provide any further information that Franchisor may request in connection with Breach of Security, cooperate with Franchisor with respect thereto, and comply with applicable laws and regulations. For purposes of this Agreement, "**Breach of Security**" shall mean unauthorized access to, acquisition of, or disclosure of, Sensitive Information submitted to, or otherwise obtained, held by, or in the custody or control of, Franchisee or its subcontractors of any tier, agents or other representatives, or a reasonable belief by either Franchisee or its subcontractor of any tier, agent or representative that such unauthorized access, acquisition or disclosure has occurred.

(c) Franchisor may, in its sole discretion, take any and all actions necessary or reasonable to remedy a Breach of Security, including conducting an investigation into the cause of the Breach of Security and notifying affected persons or government agencies accordingly. Franchisee shall cooperate and provide Franchisor with all information reasonably necessary to (i) aid Franchisor's compliance with all federal and state data breach notification laws and any other laws or regulations that may be applicable to a Breach of Security; and (ii) facilitate Franchisor's determination of whether the breach was effectively mitigated. Franchisee shall bear all costs and expenses incurred by Franchisor related to the Breach of Security and compliance with law, including but not limited to any government fines or penalties imposed on Franchisor as a result of the Breach of Security. Alternatively, Franchisor may require that Franchisee take action to remedy the Breach of Security at Franchisee's expense.

10.18 Gift Cards; Customer Loyalty Programs. Franchisee will not create or issue any gift certificates or gift cards and will only sell gift certificates or gift cards (if any) that have been issued by Franchisor that are accepted at all TONCHIN Businesses. Franchisee will participate in all gift certificate and/or gift card administration programs (if any) as may be designated by Franchisor from time to time. Franchisee will honor all coupons, gift certificates, gift cards and other programs or promotions (if any) as directed by Franchisor, even if Franchisee is not required by Franchisor to actively offer or promote such programs or promotions. Franchisee will fully participate in all customer loyalty or frequent customer programs (if any) approved by Franchisor, even if Franchisee is not required by Franchisor to actively promote such programs. Franchisee acknowledges that a customer loyalty program (if any) may include technology and system components or applications involving third-party vendors identified by Franchisor, and Franchisee agrees to timely execute and deliver such documents, contracts, or agreements as Franchisor may reasonably require to facilitate such programs. Franchisee will not issue coupons or discounts of any type for use at its TONCHIN Business except as approved by Franchisor in writing, which may be withheld in its sole and absolute discretion.

10.19 Security and Fire Monitoring Systems. Franchisee will utilize a security and fire monitoring system sufficient to provide notification of life and safety hazards and unauthorized access to the Store.

10.20 Maintenance. Franchisee will, at its expense, repair and maintain the TONCHIN Business in a clean and sanitary condition consistent with Franchisor's then-current operating standards and will replace all décor items and Operating Assets as they become worn-out, soiled or in disrepair. All food preparation, mechanical, service, and other equipment must be kept in good working order and repair by Franchisee. All replacement Operating Assets and décor items used in the TONCHIN Business must comply with the standards and specifications in the then-current Manual.

10.21 Remodeling of Store Premises. Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate ("**remodel**" or "**remodeling**") Franchisee's TONCHIN Business and to replace and modernize the Operating Assets so that Franchisee's TONCHIN Business will reflect the then-current image of an TONCHIN Business and conform to Franchisor's then-current specifications. Franchisee acknowledges and agrees that the requirements to remodel and modernize the TONCHIN Business as set forth in this provision are reasonable and necessary to maintain uniformity among all TONCHIN Businesses, to update the image of TONCHIN Businesses and to avoid the deterioration of the appearance and operation of Franchisee's TONCHIN Business. Franchisee will complete remodeling the Store within nine months after receiving written notice from Franchisor specifying the required remodeling. Except for repairs and maintenance as provided for in Sections 10.8 and 10.20 of this Agreement, Franchisee will not be required to remodel the TONCHIN Business more than once every three (3) years from the date of this Agreement; provided, however, Franchisee acknowledges that there is no cap on the expenses Franchisee will have to incur relating to such required remodeling, replacement or modernization. If Franchisor deems that there is no urgent need to renovate a Store to ensure its consistency with the brand image of TONCHIN Business stores, Franchisor may grant Franchisee a reasonable grace period for such renovations. However, this does not restrict Franchisor from requiring Franchisee to purchase or lease new equipment or products for the operation of the TONCHIN Business. Compliance with these standards may be an ongoing obligation of Franchisee, and may be a condition of Franchisor consenting to renewal of this Agreement, or Franchisor's consent to a Transfer of this Agreement.

10.22 Working Capital. Franchisee will, at all times, maintain sufficient working capital to operate the TONCHIN Business and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill Franchisee's obligations to maintain, remodel and modernize the premises and operations of the Franchise Business as required by the provisions of this Agreement.

10.23 Required Opening Date. Franchisee must open the TONCHIN Business for business and commence operations by the Required Opening Date.

10.24 Other Business. Franchisee will use the Store solely for the operation of an TONCHIN Business and will not directly or indirectly operate or engage in any other business or activity from the Store. Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with Franchisee's TONCHIN Business or at the Store.

10.25 Conferences. The Managing Owner, the Owners, and such other persons as may be required by Franchisor, will attend the conferences, meetings, seminars and other gatherings or group sessions (if any, collectively, "**Conferences**") held by Franchisor. The topics covered, duration, date and location of all Conferences held by Franchisor will be at the sole discretion of Franchisor. Franchisee must pay the Salaries and Benefits, the Travel Expenses and all other expenses incurred by the persons attending the Conference on Franchisee's behalf.

10.26 Quality Assurance Programs. Franchisee will participate, at its expense, in any quality assurance monitoring programs specified by Franchisor (if any), including telephonic or electronic customer polling or onsite "**secret shopper**" programs, and will share the results of such programs with Franchisor.

10.27 Collection of Customer Contact Information Prohibited. Franchisee acknowledges that Franchisee is prohibited from collecting the contact information of customers of the Franchise Business including, but not limited to, such customers' e-mail addresses and telephone numbers.

10.28 Visas. If the provision of training or support under this Agreement requires the attendance of Franchisor's overseas personnel, Franchisee will be responsible for the procedures and fees for obtaining visas for such officers and/or employees. Franchisor will not be liable for the failure to provide the Training Program or Additional Support because Franchisor's training or support staff could not obtain a visa to enter the United States.

10.29 Disclosure. Franchisor will have the right to disclose in its Franchise Disclosure Document as required by law, and in other documents and places as determined by Franchisor, any information relating to the Franchise Business, including Franchisee's name, any address and/or telephone number(s), Gross Sales, expenses, results of operations and/or other information. Any disclosure by Franchisor will be for reasonable business purposes, and its rights under this provision will survive the Transfer, termination or expiration of this Agreement.

10.30 Compliance with Anti-Bribery, Corruption and Trade Sanction Laws.

(a) Franchisee and its Owners will comply, and ensure that each of their Owners comply, in all respects with the United States Foreign Corrupt Practices Act (the "**FCPA**") and any multilateral international conventions dealing with bribery and corrupt practices, as they may be amended from time to time, regardless of whether they are by their terms otherwise applicable to Franchisee or any of its Owners. Without limiting the generality of the foregoing, Franchisee will not offer, promise or pay any money, gift or any other thing of value to any person for the purpose of influencing an act or decision in his or her official capacity, or inducing him or her to use his or her influence with a foreign government or public international organization or securing an improper advantage, as the case may be, to assist Franchisor in obtaining or retaining business for or with, or directing business to, any person or to obtain any business advantage. In particular, but without limiting the generality of the foregoing, Franchisee will refrain from such actions if Franchisee knows or has reason to know that any portion of this money, gift or thing will, directly or indirectly, be given, offered or promised to: (a) an employee, officer or other person acting in an official capacity for any government or its instrumentality; or (b) any political party, party official or candidate for political office.

(b) Franchisee represents that it and each of its Owners understands and has been advised by legal counsel of the requirements of the FCPA and local corrupt practices laws, rules and regulations. Franchisee is familiar with the FCPA's prohibition of payments or the giving of anything of value, either directly or indirectly, by Franchisor to any "foreign official," as such term is defined by the FCPA, or to any foreign political party or official thereof, or any candidate for foreign political office. Franchisee will comply with all applicable laws to ensure that its Owners, managers, representatives and agents are familiar with the terms of The Bribery Act and the FCPA.

(c) Franchisee will comply, and will cause its Owners, managers, representatives and agents to comply, with the provisions of FCPA and take no action that might cause Franchisor to be in violation of the FCPA or any other applicable laws. In addition, Franchisee agrees not to make any payments, itself or through its Owners, employees, representatives or agents, that would violate the applicable laws, or Franchisor's policies and procedures that may be issued by it from time to time (if any). Franchisee and each of its Owners agree immediately to notify Franchisor or such other person as Franchisor may designate of any request that any of them, or Franchisee's employees, representatives or agents receives to take any action that might constitute a violation of the FCPA, applicable laws or Franchisor's policies and procedures, as well as any action by any of them that might be construed as a violation of the FCPA, applicable laws or Franchisor's policies and procedures.

(d) At such times as may be requested by Franchisor, Franchisee, and each of its Owners and any person performing services in connection with this Agreement who is associated with Franchisee will certify to Franchisor that: (1) Franchisee, and each of its Owners, managers, and to their knowledge, representatives and agents understand the FCPA, applicable laws, the regulations of any public international organization, and Franchisor's policies and procedures that apply to Franchisee and the Owners pursuant to this Agreement; (2) Franchisee, its Owners, managers, and to their knowledge, representatives and agents have complied with the FCPA, all applicable laws and Franchisor's policies and procedures; (3) Franchisee, and its Owners, managers, and to their knowledge, representatives and agents have, specifically, not made, offered to give, or agreed to give anything of value, directly or indirectly, whether in cash or in kind, to or for the benefit of any "foreign official," political party or official thereof, or candidate for political office, or official of an international organization, for the purpose of carrying out this Agreement; (4) neither Franchisee nor any of its Owners knows or has any reason to believe that any manager, employee, agent, representative or other person performing services in connection with this Agreement who is "associated" with Franchisee or retained by any of them has violated any of the foregoing undertakings; and (5) Franchisee and its Owners will immediately advise Franchisor if they should learn or have reason to believe that there has been a violation of any of the foregoing undertakings.

(e) Any misrepresentation by Franchisee under this Section or any improper payment made by Franchisee, any of its Owners, managers, representatives or agents or Franchisee knows or has any reason to believe that is made by anyone associated with or performing services in connection with this Agreement who is "associated" with Franchisee under the FCPA or local corrupt practices applicable laws will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor in accordance with the terms of Section 21.1 of this Agreement. Franchisee will indemnify and hold harmless Franchisor and its and their respective officers, directors, employees, shareholders, agents, successors and assigns from and against any and all losses, liabilities and damages incurred by Franchisor or such other persons as a result of or arising out of a breach of any of the foregoing representations, warranties and covenants.

(f) Neither Franchisee nor any of its Owners, officers, directors, or employees will at any time be directly or indirectly owned or controlled by the government of any country that is subject to United States economic or trade sanctions nor act directly or indirectly on behalf of the government of any country that is subject to United States economic or trade sanctions.

10.31 Compliance with Anti-Terrorism Laws.

(a) Franchisee, for itself and its Owners, agrees to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with U.S. Anti-Terrorism Laws. As of the date of this Agreement, "**Anti-Terrorism Laws**" means present and future national laws, directives, policies, ordinances, regulations, lists and any other requirements of any governmental authority in the U.S., addressing or in any way relating to terrorist acts and/or acts of war.

(b) Franchisee, for itself and its Owners, Affiliates and Affiliates of its Owners, certifies and covenants that:

(i) None of Franchisee and its Owners or Affiliates, Franchisee's management personnel, or anyone associated with Franchisee or its Owners or Affiliates is or will be during the Agreement Term, directly or indirectly involved with, participate in, or support (financially or otherwise), terrorism or terrorist activities; and

(ii) None of them is aware of any entity with which any of them has a business relationship being either recognized in the Development Area or internationally as a terrorist or of any such entity supporting (financially or otherwise) terrorism or terrorist activities.

(c) Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with applicable the Anti-Terrorism Laws.

(d) Franchisor may immediately terminate this Agreement in accordance with the terms of Section 21.1 of this Agreement in the event that:

(i) Franchisee, its Owners or Affiliates have made a misrepresentation under this Section;

(ii) Franchisee or any of its Owners, Affiliates or management personnel violates any Anti-Terrorism Law; or

(iii) The performance of this Agreement results or will result in contravention of any Anti-Terrorism Law or Franchisee or any of its Owners, Affiliates or Affiliates of its Owners engages in any act or omission that results in the contravention of any Anti-Terrorism Law by Franchisor.

(e) Franchisee will, and will cause its Owners, Affiliates and Affiliates of its Owners to, at Franchisor's request, provide all reasonable assistance to Franchisor and its Affiliates in connection with Franchisor's efforts to comply with Anti-Terrorism Laws.

10.32 Compliance with Trade Regulations

(a) Franchisee represents and warrants that neither it nor any of its Owners, Affiliates, Affiliates of its Owners nor any employee of Franchisee or its Owners, Affiliates, Affiliates of its Owners is a person whose name appears on any of the following: the list of Specially Designated Nationals and Blocked Persons published by the U.S. Office of Foreign Assets Control, U.S. Department of Treasury ("**OFAC**") (The OFAC list of Specially Designated Nationals is available at https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists (any such person whose name appears on such lists, is referred to as a "**Listed Person**").

(b) Neither Franchisee nor any of its Owners, Affiliates, Affiliates of its Owners or Senior Managers is a department, agency or instrumentality of, or is otherwise controlled by or acting for or on behalf of, directly or indirectly, (i) the government of any country that is the target of any of the several economic sanctions programs administered by the U.S. or (ii) any Listed Person. None of the funds used to make any payments under this Agreement constitute or will constitute funds obtained from or on behalf of any Listed Person. Franchisee covenants not to use any bank to remit payments to Franchisor that is a Listed Person.

(c) Any misrepresentation or noncompliance by Franchisee, its Owners, Affiliates or Affiliates of its Owners under Sections 10.30 through 10.32 or if Franchisee, any of its Owners, Affiliates, Affiliates of its Owners or managers knows or has reason to believe that anyone associated with any of them or any of their Owners as Listed Persons, or any diversion of U.S. goods contrary to U.S. export control and sanctions laws and regulations will constitute grounds for termination of this Agreement and any other agreement Franchisee or any of its Affiliates has entered into with Franchisor in accordance with the terms of Section 21.1 of this Agreement. Franchisee represents, warrants and agrees that it has taken and will continue to take reasonable measures to ensure compliance with the requirements of Sections 10.30 through 10.32. Franchisee will indemnify and hold harmless Franchisor, and its officers, directors, employees, shareholders, agents, successors and assigns against breach of any of the foregoing representations, warranties and covenants. If Franchisee becomes aware of any noncompliance with Sections 10.30 through 10.32, it will promptly notify Franchisor, providing full details of the noncompliance.

11. MATERIALS, MENU ITEMS AND PRODUCTS

11.1 Limitations on Products. Franchisee will offer to customers at the Store all menu items, including but not limited to: Products, beverages and any other food or service menu item specified in writing by Franchisor or in the Manual (the "**Menu Items**"). Such Menu Items will be provided in accordance with the procedures set out in the Manual for the marketing and promotion of the TONCHIN Business brand image. Franchisee will maintain sufficient inventories, including but not limited to Proprietary Ingredients and Materials, to realize the full potential of the TONCHIN Business and will conform to all customer service standards prescribed by Franchisor in writing or in the Manual. Franchisee will only sell the Menu Items provided to customers at the Store and will not offer or sell the Menu Items: (a) on a wholesale basis; (b) on a retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing, provided that Franchisee will have the right to accept and fill electronically-submitted orders for Menu Items provided at the Store; or, (d) by any other method of distribution. Franchisor does not represent that any of the Menu Items will be available to Franchisee in any particular market area or that any pricing or payment terms extended by any supplier to Franchisor or any of its Affiliates will be offered to Franchisee. Franchisee will comply with Franchisor's requirements for the retail prices charged to consumers by Franchisee for certain Menu Items as designated by Franchisor from time to time and such retail prices will be finally determined in accordance with Section 11.8.

11.2 Takeaway, Catering, and Delivery. In addition to providing Menu Items at the Store for in-store consumption, Franchisee may sell part of the Menu items specified separately by Franchisor for takeaway from the Store or for delivery by Uber Eats or other delivery or catering services. All the takeaway, catering and delivery services must comply with Franchisor's standards, policies and requirements set forth in the Manual or otherwise in writing by Franchisor. If Franchisor determines that any of the takeaway, catering or delivery services used by Franchisee do not comply with Franchisor's standards, Franchisor may prohibit Franchisee from using such services.

11.3 Approved Suppliers. Franchisee will purchase certain Products which will be used or sold by Franchisee at its TONCHIN Business only from Approved Suppliers. Certain of these

Foods, Beverages, and Products include or comprise proprietary ingredients ("**Proprietary Ingredients**") necessary to produce food that satisfies Franchisor's quality and consistency standards and other Foods, Beverage and Products designated by Franchisor from time to time. Franchisor reserves the absolute right to update or otherwise modify the list of Proprietary Ingredients from time to time upon written notice to Franchisee. Franchisor or an Affiliate may be an Approved Supplier for the foods, food items, products and services used or sold in Franchisee's TONCHIN Business. The Proprietary Ingredients purchased from Approved Suppliers may only be used for TONCHIN Business. Franchisee must not use such Proprietary Ingredients for any non-TONCHIN Business. Selling or transferring such Proprietary Ingredients to any third party is strictly prohibited. Franchisee will have the right to purchase such Products from other suppliers so long as such suppliers conform to Franchisor's standards and specifications and provided that Franchisor determines that the supplier's business reputation, quality standards, delivery performance, credit rating, and other criteria meet commercial business standards. Franchisor may deny or revoke Franchisor's approval of any supplier at any time based upon the lack of any of the above items. If Franchisee desires to purchase any Products from other suppliers which are not Approved Suppliers, then Franchisee must, at its expense, submit samples, specifications, and product information requested by Franchisor, for review and testing to determine whether these Products comply with Franchisor's standards and specifications. Franchisor will also have the right to inspect the facilities of the proposed supplier, and Franchisee will reimburse Franchisor for the costs and expenses incurred to conduct the inspection. Franchisor will complete all product testing and will notify Franchisee of its determination within 60 days after Franchisor receives the samples and other requested information from Franchisee. If Franchisor does not notify Franchisee of its determination with such 60 days, Franchisor will be deemed to have rejected Franchisee's request. The written approval of Franchisor must be obtained before any previously unapproved Products are purchased, sold or used by Franchisee. Franchisor reserves the right to revoke any written approval previously provided to Franchisee. Franchisor is not required to approve any particular proposed supply or supplier.

11.4 Designated Suppliers. Franchisee will purchase the certain Products, Proprietary Ingredients, TONCHIN Business design elements, furnishings and equipment as specified in the Manual or otherwise in writing by Franchisor, including, but not limited to sauce, soup, noodle , and any other Proprietary Ingredients (if any) required to produce and prepare the Menu Items; packaging and any other consumable items (if any); and, leaflets, posters, menus, and any other sales promotional materials ("**Materials**") solely and exclusively from Designated Suppliers. Franchisor or an Affiliate may be a Designated Supplier. Franchisee will not return or exchange the Materials supplied by Franchisor and/or Designated Suppliers. Franchisee will not use any of the Materials for any purpose other than preparing and supplying the Menu Items at the Store, or for managing and promoting the TONCHIN Business. Franchisee is responsible for import duties and taxes and is responsible for arranging its own customs and brokerage with respect to the purchase of the goods and supplies required in this Section 11.4.

11.5 Products. Franchisee will purchase and use in the operations of its TONCHIN Business all of the Products (if any) specified in the Manual or otherwise in writing by Franchisor.

11.6 Branding of Foods, Beverages or Products. Unless otherwise stated in the Manual or approved from Franchisor in writing, Franchisee will not have the right to: (a) use or display the Marks on or in connection with any foods, beverages or products that have not been approved by Franchisor; (b) acquire, develop or manufacture any food, beverage or product using the name "**TONCHIN**" or any of the Marks, or direct any other person or Entity to do so; (c) acquire, develop or manufacture any Foods, Beverages or Products that have been developed or manufactured by or for Franchisor for use in conjunction with the operations of the TONCHIN Business and which are sold under any of the Marks, or direct any other person or Entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any Foods, Beverages or Products created by or at the direction of Franchisor and sold under any of the Marks.

11.7 Payments by Suppliers. Franchisee acknowledges that Franchisor and/or its Affiliates will have the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments ("**Payments**") based upon the actual purchases of the Products by Franchisee, Franchisor, its Affiliates, other franchisees and developers from Designated Suppliers, Approved Suppliers, Franchisor, and/or other suppliers, vendors and distributors ("**Suppliers**"). Franchisee's does not have any right to receive Payments made to Franchisor or an Affiliate of Franchisor as a result of or based on Franchisee's purchases from Suppliers. All Payments made by Franchisee to Franchisor or an Affiliate as a result of direct purchases by Franchisee from Franchisor or the Affiliate for Foods, Beverages or Products will be retained by Franchisor or the Affiliate. Franchisor will have the right to offset or deduct the amount of any Payments due to Franchisee (if any) against any amounts owing by Franchisee to Franchisor or its Affiliates.

11.8 Suggested Retail Prices. Franchisee will have the discretion to set pricing for the Products provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs, if any, established by Franchisor for the Franchise System; or (2) is at or above any minimum price threshold programs, if any, established by Franchisor for its Franchise System, unless otherwise prohibited by state law; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by Franchisor for the Franchise System.

11.9 Liquidated Damages for the Sale of Unauthorized Products or Services. In order to assure uniformity throughout the Franchise System, if Franchisee offers to sell or does sell products or services which are not authorized or are not prepared in accordance with the Manual, Franchisee agrees that Franchisor will be damaged by Franchisee's non-compliance. These damages will be calculated at the rate of $250 per day for each day unauthorized products or services are offered or sold at Store, and will be in addition to any other rights or remedies Franchisor may have against Franchisee. Franchisor has the right to collect these amounts in addition to any and all of Franchisor's other rights for non-compliance provided for under this Agreement. Franchisee and Franchisor agree that these amounts are reasonable, constitute liquidated damages, and are not a penalty.

12. MANUAL

12.1 Compliance with Manual. Franchisee covenants and agrees that Franchisee will at all times comply with the terms of the Manual. Franchisor will provide Franchisee with access to the Manual electronically, or on a secure Internet webpage, or by another method reasonably adopted by Franchisor. Franchisee will conform to the common image and identity created by the Products, recipes, ingredients, cooking techniques and processes, quality control, cleanliness, sanitation, and services associated with TONCHIN Businesses which are described in the Manual. Franchisee will modify the operations of the TONCHIN Business to implement all changes, additions and supplements made by Franchisor to the Franchise System which are reflected by the Manual as promptly as reasonably possible. Franchisee will not use the Manual, or any information contained therein for any purpose other than the operation of Franchisee's TONCHIN Business.

12.2 Revisions to Manual. The Manual will at all times remain the sole and exclusive property of Franchisor. Franchisor may, from time to time, revise and update the Manual to address changes or improvements to the Franchise System, and Franchisee expressly agrees to operate its TONCHIN Business in accordance with all such revisions and updates. Franchisee will at all times keep its copy of the Manual current and up-to-date, and in the event of any dispute regarding the Manual, the terms of the master copy of the Manual maintained by Franchisor will be controlling in all respects. Franchisor will have the option of providing the revisions and updates to the Manual to Franchisee electronically.

12.3 Confidentiality of Manual. Franchisee will treat the Manual and any other manuals created for or approved for use in the operation of Franchisee's TONCHIN Business as Confidential Information. Franchisee will use all reasonable means to keep the contents of the Manual secret and will only grant access to the Manual to those employees who must use the Manual in the performance of their employment duties in Franchisee's TONCHIN Business.

12.4 Quality Control. In particular, Franchisee must strictly observe any requirements in the Manual, and instruction by Franchisor about quality control.

13. CONFIDENTIAL INFORMATION

13.1 Confidential Information. Franchisor and Franchisee expressly understand and agree that Franchisor will be disclosing and providing Franchisee and its employees and agents with Confidential Information. Franchisee, its existing and future Owners, and its employees and agents will not, during the term of this Agreement or thereafter, reveal, communicate, sell, use, employ, copy, reverse engineer, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge any Confidential Information of Franchisor, or any abstracts thereof, to any person or Entity except as expressly authorized by this Agreement or by Franchisor in writing. Franchisee will only disclose or provide Franchisor's Confidential Information only to those employees who must have access to it to properly execute their job functions and to operate Franchisee's TONCHIN Business. All Confidential Information is and will remain the sole and absolute property of Franchisor and Franchisee will have no rights or interests in any Confidential Information, except the right to use the Confidential Information in the operations of the TONCHIN Business as provided in this Agreement. Any additions, changes, modifications and/or improvements made to any of Franchisor's Confidential Information by Franchisee or its employees and agents will be the sole and exclusive property of Franchisor.

13.2 Confidentiality Agreements; Noncompetition Agreements. Franchisee will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information. Franchisee's Owners, Management Staff and all of Franchisee's employees who have access to the Manual or any Confidential Information or Trade Secrets must execute a form of Nondisclosure and Noncompetition Agreement acceptable to Franchisor agreeing (i) to maintain the confidentiality, during the course of their employment and thereafter, of all Confidential Information of Franchisor; and (ii) not to participate in the ownership, management, control, or operation of a Competitive Business ("**Nondisclosure and Noncompetition Agreement**"); provided, however, employees of Franchisee whom Franchisee deems qualify as nonexempt under the Fair Labor Standards Act (FLSA) ("**Nonexempt Employees**") are not required to sign any such agreement. Franchisee will be responsible for (i) insuring that each person required to execute a Nondisclosure and Noncompetition Agreement does so; (ii) enforcing such confidentiality and noncompetition agreements, and (iii) paying for the legal fees, costs, and expenses associated with such enforcement. Franchisor has the right to regulate the form of Nondisclosure and Noncompetition Agreement to be executed and to be a third-party beneficiary of or a party to such agreement with independent enforcement rights. **Attachment J-1** sets forth the current form of Nondisclosure and Noncompetition Agreement for a Franchisee Owner and **Attachment J-2** sets forth the current form of Nondisclosure and Noncompetition Agreement for Management Staff. If any person to whom Confidential Information was disclosed pursuant to this Section breaches his or her obligation of confidentiality, the Franchisee will be jointly and severally liable for damages arising from such breach.

13.3 Exclusions from Confidential Information. Notwithstanding the provisions above, the following will not be deemed to be Confidential Information:

(a) any information which can be proven by written evidence that such information was already in the public domain as of the date of disclosure by Franchisor to Franchisee;

(b) any information which can be proven by written evidence that such information is legally owned by Franchisee as of the date of disclosure;

(c) any information which can be proven by written evidence that it has come into the public domain after disclosure by Franchisor to Franchisee but not through the fault of Franchisee;

(d) any information which can be proven by written evidence that has been legally obtained by Franchisee without being restricted by any obligation of confidentiality from a third party who has a lawful right to disclose the same;

(e) any information which can be proven by written evidence that Franchisee has independently developed without reference to Confidential Information disclosed by Franchisor; and

(f) any information which the Parties have agreed in writing to exclude from Confidential Information.

13.4 Disclosure by Franchisor. Notwithstanding anything contained herein to the contrary, Franchisee acknowledges and agrees that Franchisor may disclose information related to or concerning this Franchise Agreement, the Leases, Franchisee, Owner(s), the Managing Owner(s), and Financial Records of the foregoing parties, even if such information is marked or otherwise designated as "confidential", in Franchisor's commercially reasonable discretion, including but not limited to as follows:

(a) to attorneys, accountants, bankers, financial advisors, consultants, advisors, agents and related personnel in connection with: (i) a merger, acquisition, reorganization or consolidation; (ii) any private or public offering of the securities of Franchisor or any Affiliate; (iii) incurrence of any indebtedness by Franchisor or any Affiliate; (iv) a sale of all or substantially all of Franchisor or any Affiliate's assets or business; or (v) any other change of control or ownership of Franchisor or any Affiliate; or

(b) as required by applicable law or regulation (including that of an applicable stock exchange and franchise disclosure laws or regulations) or as legally required pursuant to an order of a court or agency with competent jurisdiction over Franchisor.

14. LOCATION SELECTION; CONSTRUCTION; SIGNS

14.1 Location Selection; Purchase or Lease of Location. Franchisee will be solely responsible for selecting the Location of the Store for Franchisee's TONCHIN Business. Franchisor recommends that Franchisee retain an experienced attorney to provide advice and counsel on the terms, conditions and economics of the legal and other documents required to lease or purchase the Location for the Store. Franchisee will provide Franchisor with a copy of the proposed Lease for the Location selected by Franchisee at least four weeks before the date the Lease is to be signed. Franchisor may assist Franchisee in negotiating the terms of the Lease. Franchisor's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice or analysis. Franchisee will be solely responsible for all terms of the Lease, including the enforceability, economics and legality of all provisions in the Lease. The enforceability of the Lease must be conditioned upon the approval of Franchisee by Franchisor and the enforceability of this Agreement. Franchisee will not sign the Lease until (a) this Agreement has been signed by both Franchisee and Franchisor and (b) the Lease contains the terms required under this Section and the terms set forth in the Form of Lease Addendum attached to this Agreement as **Attachment G**. Franchisee will use its best efforts to negotiate and secure from the lessor of the Store the terms and conditions set forth herein and in the Form of Lease Addendum attached hereto. In addition, the terms of the Lease must also give Franchisor the right to enter the premises of the Store to conduct inspections during regular business hours. Further, Franchisee must execute a Collateral Assignment of Lease attached to this Agreement as **Attachment G-1**, whereby Franchisee agrees to assign Franchisee's rights in the Lease to Franchisor in the event of a termination or expiration of the term of this Agreement or a default under the Lease.

14.2 Location Information. Franchisee will provide to Franchisor the information specified by Franchisor in writing for the proposed Location ("**Location Information**"). Franchisor will have the right to require that Franchisee obtain, at Franchisee's expense, an economic feasibility study for the proposed Location for the Store. Any such feasibility study required by Franchisor will be completed by an expert mutually agreed upon by Franchisor and Franchisee in writing. Franchisor will review the Location submittal package and has the right, but not the obligation to visit the Location proposed by Franchisee. Franchisee will not purchase or lease a proposed Location until Franchisee has provided the Location Information to Franchisor,

Franchisor has reviewed the proposed Location, and Franchisor has provided Franchisee with a no-objection letter for the proposed Location. Franchisee will provide executed copies of the Lease or purchase closing documents for the Store within 10 days after their execution. The review of any Location Information, any visits by Franchisor to a proposed Location, the review of the Location, and/or the issuance of a no-objection letter by Franchisor will not constitute an approval of the Location by Franchisor or a warranty or representation by Franchisor or any other party that the Location for the Store chosen by Franchisee will be a financial or operational success. The issuance of a no-objection letter by Franchisor means only that it has received the Location Information provided by Franchisee and reviewed the Location and will not be deemed to be an approval of the Location by Franchisor.

14.3 Location Release. Franchisor will have no duty or obligation to assist Franchisee in the selection of a Location for the Store, or to provide any assistance to Franchisee in the purchase or lease of the Store. Franchisor has informed Franchisee that it does not have any experience or expertise in selecting real estate sites in the geographic area where Franchisee's TONCHIN Business will be located and therefore, Franchisor will not have any obligation, duty or liability to Franchisee as a result of the Location selected by Franchisee and/or the purchase or lease of the Store. Franchisee hereby releases Franchisor and its Affiliates and their respective Executive Management, agents and employees, in their corporate and individual capacities, from any and all Claims by Franchisee arising from, in connection with, or as a result of Franchisee's purchase or lease of the Location selected by Franchisee for the Store.

14.4 Standard Plans and Specifications. Franchisor will, at its expense, provide Franchisee with only a perspective design and image of the plans and specifications for an existing TONCHIN Business. Franchisee acknowledges that unique aspects of each Location may require significant modifications to the standard plans. Consequently, Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of draft drawings, working drawings and construction and architectural plans and specifications for Franchisee's TONCHIN Business. Franchisee will be responsible for the accuracy of all drawings, plans and specifications for its TONCHIN Business, subject to Franchisor's review and approval. At Franchisee's option, Franchisee may use Franchisor's services to design the Store and supervise the construction of the Store, in accordance with the approved design. If Franchisee elects to use Franchisor's services, Franchisee will pay the then-current cost for Franchisor's design and supervision services.

14.5 Compliance with Specifications and Standards. The Store and Franchisee's TONCHIN Business will conform to all standards, specifications and other requirements ("**Design Standards**") established by Franchisor for the design, decoration, layout, Operating Assets and other items of the TONCHIN Business. Any changes or modifications to the Design Standards must be submitted to Franchisor for its prior approval. Compliance with the Design Standards does not release Franchisee from its obligation to ensure that the TONCHIN Business is designed and constructed in compliance with all federal, state, and local laws including, without limitation, the Americans with Disabilities Act, and the adequacy of structural calculations and materials selection. Franchisee warrants that it will construct the Store in compliance with all safety, strength, durability, earthquake resistance, legality or fitness for the purpose of requirements. Franchisee will purchase and install the Operating Assets specified in the Manual or otherwise in writing by Franchisor for Franchisee's TONCHIN Business in compliance with the Design Standards.

14.6 Construction Costs. Franchisee will retain a licensed and bonded contractor with experience in store construction for the construction or renovation of Franchisee's TONCHIN Business. Franchisee will be solely responsible for all costs and expenses incurred for the construction or renovation of Franchisee's TONCHIN Business at the Store including, but not limited to, all costs for architectural plans and specifications, all modifications to the plans and specifications necessitated by the structure, construction or layout of the Store, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, Operating Assets, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

14.7 Inspection. Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Store is being constructed or renovated in a workmanlike manner and according to the specifications established by Franchisor. Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building, occupancy, and other permits required by law in connection with the construction or renovation of Franchisee's TONCHIN Business at the Store. Franchisor will have no responsibility to Franchisee or any other party if the TONCHIN Business is not constructed or renovated by Franchisee or its architect or contractor: (a) according to the specifications established by Franchisor; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner.

14.8 Approved Signs. All exterior and interior signs at the Store ("**Signs**") must comply with the standard sign plans and specifications established by Franchisor and provided to Franchisee and must be purchased from an Approved Supplier. Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to Franchisor for written approval. Franchisor will have the absolute right to inspect, examine, videotape and photograph the Signs during the term of this Agreement. Franchisee will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by Franchisor in writing. Franchisor will have the right to redesign the specifications for the Signs without the approval or consent of Franchisee. Within 90 days after receipt of written notice from Franchisor, Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Store will comply with the new specifications. Unless Franchisee receives such written notice from Franchisor, Franchisee will not be required to modify or replace the Signs more than once every five years from the date of this Agreement.

14.9 Ownership of Store. If Franchisee, any of the Owners, or an Entity owned by Franchisee and/or any of the Owners, owns, leases or otherwise controls the Store, including the land, building and related real estate, or if Franchisee, any of Franchisee's Owners, or an Entity owned by Franchisee and/or any of the Owners owns 50.1% or more of an Entity that owns, leases or otherwise controls the Store, then Franchisee will, as the lessee, enter into a Lease for the Store for a term coextensive with the term of this Agreement containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm's length transaction for similarly situated real estate. The Lease will be deemed to be a Major Asset of Franchisee. This provision will not apply if Franchisee owns the Store, and the Store is reflected as an asset on Franchisee's Financial Statements, in which event, the Store will be deemed a Major Asset of Franchisee.

14.10 Cost for Location Visit. In addition to the Location approval, as provided in Section 14.1, Franchisee must obtain Franchisor's written approval before opening the TONCHIN Business. Franchisor has the right to visit the Location to determine whether or not to give such approval. All the Travel Expenses and other actual costs incurred by Franchisor in such Location visit will be borne by Franchisee.

15. EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE

15.1 Communications Equipment; Telephone Lines. Franchisee will, at its sole expense, obtain and maintain the dedicated telephone lines, high speed Internet connections, and other communication and transmission equipment and systems for Franchisee's TONCHIN Business as are specified in the Manual or otherwise in writing. Franchisee will install and maintain telephone answering systems and other telephonic devices at the TONCHIN Business and will operate all communication and transmission systems and devices as specified by Franchisor in the Manual or otherwise in writing.

15.2 Computer Hardware and Software; Point-of-Sale System. Franchisee will, at its sole expense, lease, license or purchase the computer hardware and peripheral devices (including but not limited to monitor, cash drawer, printer for operation of point of sale system and web camera) and computer software (including but not limited to the point-of-sale system web-camera system, and platform systems (if any) ("**Computers and Software**") designated by Franchisor, that meet the standards, specifications and requirements established by Franchisor as set forth in the Manual or otherwise in writing. Franchisee's Computers and Software will be configured to provide Franchisor with direct electronic access, by sharing ID's and passwords, to Franchisee's Computers and Software, and databases to upload the data, financial information and other information Franchisee is required to provide to Franchisor pursuant to this Agreement or the Manual, including Gross Sales, and by category, direct labor costs and food costs, records of Franchisee's purchase, use and destruction of Proprietary Ingredients and Materials. Franchisee will, upon written notice from Franchisor, modify, enhance, update and upgrade the Computers and Software (including timely executing and delivering any documents, contracts, or agreements as Franchisor may reasonably require), at its sole expense, to the standards, specifications and requirements specified in the Manual or otherwise in writing by Franchisor.

15.3 Internet Provider; E-Mail Address. Franchisee will, at Franchisee's expense, have access to the Internet and will maintain an e-mail address. Franchisee's e-mail address will be provided to Franchisor and will be used for Franchisee and Franchisor to communicate and to transmit documents and other information. Franchisee will not use the words "**TONCHIN**" as any part of its e-mail address, e-mail alias, or its domain name (Uniform Resource Locator) for any website maintained by Franchisee on the Internet. Franchisee will not transmit any Confidential Information, Sensitive Information, documents or data without complying with the security measures set forth in Section 10.17 or as otherwise may be adopted by Franchisor. Franchisor reserves the right to require encrypted transmissions of Confidential Information and/or Sensitive Information. Franchisee will not make any derogatory, defamatory or libelous statements in any transmission made via the Internet, through any Intranet network or by any other means.

15.4 Franchise Website; Mobile Application. Franchisor will establish and maintain a website and, in Franchisor's sole discretion, a mobile application (collectively, "**Franchise Website**") to advertise and promote the TONCHIN Businesses, including Franchisee's TONCHIN Business. All features of the Franchise Website, including the domain name, mobile application name, content, features, format, procedures and links to other websites or applications, will be determined by Franchisor in its sole discretion. Franchisor will have the right to modify, enhance, suspend or temporarily or permanently discontinue the Franchise Website at any time, in its sole discretion. Franchisee will not have the right to establish a website, mobile application, or blog or any other social presence on the Internet to advertise or promote its TONCHIN Business. Franchisor and its Affiliates will have the sole right to promote on the Internet or via a mobile application the Products offered by Franchisee's TONCHIN Business, to create a website and/or mobile application containing the "**TONCHIN**" name and the Marks, or any derivative or related domain name. Franchisor reserves the right to charge the Advertising Fund for the costs associated with the maintenance or enhancement of the Franchise Website. Franchisee's TONCHIN Business will be removed from the Franchise Website immediately upon the termination or expiration of this Agreement. Franchisee will execute the Website Use Agreement attached as **Attachment I** to this Agreement.

15.5 Online Ordering System. Franchisor reserves the right to establish and/or facilitate a branded digital ordering and payment software platform ("**Online Ordering System**") for the purpose of enhancing customer service throughout the Franchise System. Franchisee hereby agrees to participate in such Online Ordering System at the TONCHIN Business. Accordingly, Franchisee agrees to comply with all requirements established by Franchisor in connection with the Online Ordering System as set forth in the Manual. Franchisee acknowledges and agrees that Franchisor reserves the right to establish such an Online Ordering System and has no obligation to do so. Franchisee further acknowledges and agrees that Franchisor also reserves the right to modify or discontinue any such Online Ordering System once it has been established.

15.6 Social Networking. Franchisee and its Owners, Management Staff, employees and agents will not have the right to use any of the Marks or other intellectual property of Franchisor on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "**blog**," YouTube, Facebook, Instagram, Myspace, Wikipedia, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools ("**Social Media**"), except with the prior written permission of Franchisor. Franchisee and its Executive Management, Management Staff, employees and agents will comply with all of Franchisor's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the TONCHIN Business. Franchisee acknowledges and agrees that all social media sites (e.g., Facebook, Instagram, Twitter, etc.) will be created and managed by Franchisor. Franchisee further acknowledges and agrees that Franchisee and its executive management team, management team, employees and agents do not have the right to create Internet pages or engage in any other social media communications at the local level.

16. TRAINING AND SUPPORT

16.1 Initial Training. To educate, familiarize and acquaint Franchisee and its Management Staff with the Franchise System and the operations of an TONCHIN Business, Franchisor will provide approximately 30 days of the Training Program. Franchisee must pay the Training Fee, as set forth in Section 4.2, unless waived by Franchisor for a second or subsequent Store; and, the Manager and one other employee must successfully complete the Training Program and be certified in writing by Franchisor prior to the actual opening of Franchisee's TONCHIN Business. The Training Program must be completed to Franchisor's satisfaction no later than 14 days before the scheduled opening of the Store. Any person who does not successfully complete the required Training Program to Franchisor's satisfaction will not be permitted to participate in the operations of Franchisee's TONCHIN Business.

16.2 Changes in Personnel After Initial Opening. All new Managers and other employees designated or approved by Franchisor, hired after the initial opening of the TONCHIN Business must attend the training program as prescribed by Franchisor in the Manual. If any Manager or other employee fails to successfully complete the required training program within 60 days after the date of such employee's hiring, then Franchisee will not permit that employee to continue to participate in the operation of Franchisee's TONCHIN Business.

16.3 Required Training of New Personnel. The initial training program for new Managers and other employees hired after the opening of the Store will be conducted as set forth in the Manual. Franchisee will be required to pay the Additional Support Fee charged by Franchisor for each new Manager and other employees trained by Franchisor after the opening of the TONCHIN Business, plus any applicable Travel Expenses and other expenses incurred by Franchisor or a delegate of Franchisor.

16.4 Additional Training. Franchisee, Franchisee's Management Staff and other employees of Franchisee may be required by Franchisor to attend, at Franchisee's expense, additional training if Franchisee's TONCHIN Business fails to meet certain performance standards established by Franchisor or Franchisor otherwise determines, in its sole discretion, that additional training is necessary or required. Whether the additional training is required by Franchisor or requested by Franchisee, Franchisee will pay the Additional Support Fee as provided in Section 4.4, and will reimburse Franchisor for all applicable Travel Expenses and other expenses incurred by Franchisor or a delegate of Franchisor.

16.5 Certified Training Program. Franchisor may, in its sole discretion, permit Franchisee to implement its own training program for the training of its employees. Franchisee must obtain certification of its training program by Franchisor to ensure that Franchisor's standards are being met. Franchisee will also need to obtain re-certification of its training program from time to time.

16.6 Payment of Salaries and Expenses. Franchisee will pay all Travel Expenses and the Salaries and Benefits for all employees of Franchisee who attend any TONCHIN training program on behalf of Franchisee.

16.7 Opening Assistance. In accordance with the Manual, Franchisor will provide on-site opening assistance for a period of up to fifteen (15) days to assist Franchisee with implementing the Franchise System at Franchisee's TONCHIN Business. Franchisee will schedule the grand opening of its TONCHIN Business on the date specified in writing by Franchisor. Franchisee must comply with all standards and specifications relating to the grand opening of its TONCHIN Business as set forth in the Manual.

16.8 Release and Indemnification. Franchisee and its Owners hereby waive any right to sue for Damages or other relief, and release all known and unknown Claims they may allegedly have against Franchisor and/or any of its Affiliates and their employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "**Training**" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. Franchisee and the Owners agree to hold Franchisor, its Affiliates and their employees, agents, officers and directors harmless for any Claims or Damages incurred by Franchisee, the Owners or any of their Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. Franchisee, the Owners and all persons who attend and participate in the Training on behalf of Franchisee will sign the documentation required by Franchisor or an Affiliate as a condition to their attendance at, participation in and successful completion of the Training.

17. INSURANCE

17.1 Insurance Policies.

(a) Franchisee must, at its expense, procure and maintain in full force and effect insurance policies, in such amounts and on such terms, as prescribed below or by Franchisor in the Manual, by an insurance company which is acceptable to and approved by Franchisor at all times during the term of this Agreement, licensed in the state where coverage is provided, and carries an A.M. Best rating of at least A-VII. Franchisee must obtain such policies before opening the TONCHIN Business, and such policies must include, but will not be limited to, the following types of coverage insurance coverage:

(i) Property damage coverage with replacement cost value, products liability coverage and fire and storm damage coverage, with primary and excess limits of not less than US $5,000,000;

(ii) Hired and non-owned auto insurance, including coverage of vehicles that Franchisee does not own but are used by employees in operating the Store, with a combination of primary and excess limits of not less than US $2,000,000;

(iii) Employer's liability and workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, instead of workers' compensation, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to Franchisor;

(iv) An excess indemnity or "umbrella" policy covering employer's liability and/or a medical/disability policy covering medical expenses for on the job accidents, which policies must contain the coverage amounts that Franchisee and Franchisor mutually agree on. The policy must also include a waiver of subrogation in Franchisor's favor and in favor of Franchisor's directors, officers, shareholders, partners, employees, representatives, independent contractors and agents;

(v) Comprehensive general liability insurance that names Franchisor as an additional insured party; and

(vi) Any insurance that may be required by statute or rule of the state or locality in which the Store is located.

(b) Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name Franchisor and any Affiliates that Franchisor designates as additional named insureds and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification, cancellation or expiration.

(c) Franchisor strongly recommends that Franchisee also obtain the following insurance coverage:

(i) Loss of business and compensation insurance; and

(ii) Employment Practices Liability Insurance that offers protection against employee lawsuits.

(d) Insurance policies must insure Franchisee, Franchisor, and their respective Affiliates, officers, stockholders, directors, and all other parties designated by Franchisor, as additional named insureds against any liability that may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the TONCHIN Business.

(e) The policies must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor, including original endorsements affecting the coverage required by this Section, must be furnished to Franchisor by Franchisee, together with proof of payment, prior to the opening of the TONCHIN Business. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor's sole discretion. Upon Franchisor's request, Franchisee is also required to collect loss history statements ("**Loss Runs**") from its insurance carrier(s) and remit the Loss Runs to Franchisor upon Franchisee's annual renewal of insurance. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but will not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within five days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in this Agreement. Franchisee must also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance. Nothing in this Agreement will prevent Franchisee from purchasing insurance with coverage amounts in excess of the coverage amounts required by Franchisor.

17.2 Vendor Insurance. Franchisee agrees to require each supplier and independent contractor with whom it contracts ("**supplier**") to procure and maintain in full force and effect, at the sole cost and expense of such suppliers, insurance policies, in such amounts and on such terms, as prescribed by Franchisor in the Manual, insuring the supplier and Franchisee, Franchisor, and their respective Executive Management, agents, and employees from and against any and all loss, liability, claim or expense of any kind whatsoever, arising from or as a result of any negligence or other wrongdoing by the supplier or its employees in providing services or products to Franchisee, Franchisee's TONCHIN Business or to any customer or invitee of the TONCHIN Business.

17.3 Defense of Claims. All liability insurance policies procured and maintained by Franchisee in connection with Franchisee's TONCHIN Business, including Franchisee's employment practices liability policy, will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, and their respective Managing Owners, agents and employees.

18. LICENSING OF INTELLECTUAL PROPERTY AND SYSTEM

18.1 Right to License Intellectual Property. Franchisor warrants that, except as otherwise provided for herein, it has the right to grant the Franchise Rights and to license the Intellectual Property and the Franchise System to Franchisee. Any and all improvements made by Franchisee to the Intellectual Property or the Franchise System will be the sole and absolute property of Franchisor, which will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law. Franchisee's right to use and identify with the Intellectual Property and the Franchise System will exist concurrently with the term of this Agreement and such use by Franchisee will inure exclusively to the benefit of Franchisor. The Marks registered in the United States as of the Effective Date are listed on Attachment K.

18.2 Conditions to License of Intellectual Property.

(a) Franchisor hereby grants to Franchisee the nonexclusive personal Franchise Rights to use the Intellectual Property and the Franchise System in accordance with the provisions of this Agreement. Franchisee's nonexclusive personal right to use "**TONCHIN**" (as designated by Franchisor, which designation Franchisor has the right to change at any time and for any reason) as the name of Franchisee's TONCHIN Business and its right to use the Intellectual Property and the Franchise System applies only to Franchisee's TONCHIN Business at the Store and such rights will exist only so long as Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. "**Nonexclusive**," for the purposes of this Section, means that Franchisor has or will grant franchises to other developers, franchisees, Entities or persons authorizing them to own and operate TONCHIN Businesses in conformity with the Franchise System using the name **"TONCHIN"** (as designated by Franchisor which designation Franchisor has the right to change at any time and for any reason) and the other Marks, and that Franchisor and Affiliates have operated and may continue to own and operate TONCHIN Businesses.

(b) During the term of this Agreement and thereafter, Franchisee will not apply for, or aid or abet others (including but not limited to Franchisee's officers, employees, agents, contractors parent company, subsidiary company, family-owned company or other Affiliates) to apply for registrations of the trademarks and any other intellectual property rights identical with or similar to Franchisor's Trademark and intellectual property rights in any country and/or area.

(c) During the term of this Agreement and thereafter, Franchisee will not, either directly or indirectly, in its own name or in that of a third party (including but not limited to Franchisee's officers, employees, agents, contractors parent company, subsidiary company, family owned company or other Affiliates), register and/or use the trade name, domain name, that is identical with or similar to Franchisor's Trademarks, trade names, and domain names, as well as any other intellectual property rights and/or know-how owned by Franchisor.

(d) During the term of this Agreement and thereafter, Franchisee will not either directly or indirectly, in its own name or in that of a third party (including but not limited to Franchisee's officers, employees, agents, contractors parent company, subsidiary company, family-owned company or other Affiliates), analyze, decompile or reverse engineer any Products, machines, systems, etc. and also will not make contact with and/or transact with the manufacturer of any of such items.

18.3 Franchisee's Authorized Use. Franchisee will only use the Intellectual Property designated by Franchisor and only in the manner authorized and permitted by Franchisor. Franchisee's right to use the Intellectual Property is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of Franchisor under this Agreement and under the Lanham Act (15 U.S.C. §1051, et seq.). Franchisee will not have or acquire any rights in any of the Intellectual Property or the Franchise System other than the right of use as provided herein. Franchisee will have the right to use the Intellectual Property and the Franchise System only in the manner prescribed, directed and approved by Franchisor in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by Franchisor for sale by Franchisee. If in the judgment of Franchisor, the acts of Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Intellectual Property or the Franchise System, then Franchisee will, upon written notice from Franchisor, immediately modify its use of the Intellectual Property or the Franchise System in the manner prescribed by Franchisor in writing.

18.4 Change of the Marks. Franchisor has the right to modify or discontinue any of the Marks or add or substitute other Marks to be used by Franchisee at any time and for any reason Franchisor deems appropriate. Franchisee will pay the costs associated with such change and will make such necessary changes promptly. Neither Franchisor nor its Affiliates will have any liability or obligation with respect to any required modification, substitution, addition or discontinuance of use of any Marks.

18.5 Improvements. If Franchisee, Managing Owner, the Owners, directors, employees, or other beneficial owners develop any new or revised concept, product, recipe, trademark, service mark, branding concept, process or improvement in or related to the operation or promotion of the TONCHIN Business, the Intellectual Property or the Franchise System ("**Improvements**"), then Franchisee will promptly provide Franchisor with a detailed summary of the Improvements at no charge. Franchisee and the Owners acknowledge and agree that: (a) all Improvements made by Franchisee, Managing Owner, the Owners, directors, employees, or other beneficial owners are the property of Franchisor; (b) Franchisee will execute and deliver any documents or instruments required by Franchisor to memorialize or evidence Franchisor's ownership of the Improvements; (c) Franchisor will have the right to incorporate any or all of the Improvements into the Franchise System and/or the Marks; and (d) Franchisor will have the right to use and authorize its Affiliates, franchisees and developers to use any or all Improvements in the operations of any or all TONCHIN Businesses, operated, licensed or franchised by Franchisor or its Affiliates without any compensation to Franchisee. To the extent that Improvement does not qualify as a "work made in the course of employment" for Franchisor, Franchisee assigns, and will cause its officer, directors, employees and contractors to assign ownership of that Improvement, and all related rights to that item, to Franchisor and agrees to take whatever action (including signing assignment or other documents) Franchisor requests to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the item. The Parties hereby acknowledge that the consideration to be paid by Franchisor to Franchisee in relation to the provisions pertaining to the ownership of rights in this Section is included in the economic value of the Franchise Rights granted to Franchisee by Franchisor.

18.6 Adverse Claims to Intellectual Property. If there are any Claims by any party that its rights to any or all of the Intellectual Property are superior to those of Franchisor and if the attorneys for Franchisor are of the opinion that such Claims by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Intellectual Property are superior to those of Franchisor, then upon receiving written notice from Franchisor, Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Intellectual Property that are specified by Franchisor. If so specified, Franchisee will immediately cease using the Marks specified by Franchisor, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by Franchisor in writing at the Store, and in connection with all advertising, marketing and promotion of Franchisee's TONCHIN Business. Franchisee will not make any changes or amendments whatsoever to the Intellectual Property or the Franchise System without the written approval of Franchisor.

18.7 Defense or Enforcement of Rights to Intellectual Property. Franchisee will have no right to and will not defend or enforce any rights associated with the Intellectual Property or the Franchise System in any court or other proceedings for or against imitation, infringement, prior use or for any other Claims or allegation. Franchisee will give Franchisor immediate written notice of any and all Claims or complaints made against or associated with the Intellectual Property and the Franchise System and will, without compensation for its time and at its expense, cooperate in all respects with Franchisor in any lawsuits or other proceedings involving the Intellectual Property and the Franchise System. Franchisor will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Intellectual Property and/or the Franchise System, and the cost and expense of all litigation incurred by Franchisor, including attorneys' fees, specifically relating to the Intellectual Property or the Franchise System will be paid by Franchisor.

18.8 Tender of Defense. If Franchisee is named as a defendant or party in any action involving the Intellectual Property or the Franchise System solely because the plaintiff or claimant is alleging that Franchisee does not have the right to use the Intellectual Property or the Franchise System, then Franchisee will have the right to tender the defense of the action to Franchisor, and Franchisor will, at its expense, defend Franchisee in the action provided that Franchisee has tendered defense of the action to Franchisor within seven (7) days after receiving service of the pleadings or the summons and complaint relating to the action. Franchisor will indemnify and hold Franchisee harmless from any Damages assessed against Franchisee in any actions resulting solely from Franchisee's use of the Intellectual Property or the Franchise System at the Store if Franchisee has timely tendered defense of the action to Franchisor.

18.9 Franchisee's Right to Participate in Litigation. Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Intellectual Property or the Franchise System, and may do so with respect to matters involving only Franchisee (i.e., not involving Franchisor or its interests); however, Franchisor and its attorneys will control and conduct all litigation involving the Marks or the Franchise System and the rights of Franchisor. Except as expressly provided for herein, Franchisor will have no liability for any costs that Franchisee may incur in any litigation involving the Intellectual Property or the Franchise System, and Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Section, if Franchisee has not timely tendered the defense to Franchisor in accordance with Section 18.8.

19. OTHER OBLIGATIONS OF FRANCHISOR

19.1 Other Obligations. Consistent with Franchisor uniformity requirements and quality standards, Franchisor will: (a) provide Franchisee with a written schedule of all Products sold or used by all TONCHIN Businesses, and the Operating Assets and supplies required for the operation of Franchisee's TONCHIN Business; (b) provide Franchisee with a list of the Designated Suppliers for the Products and the Operating Assets for Franchisee's TONCHIN Business; (c) make available to Franchisee basic Store-level sales and cost accounting and business procedures for use by Franchisee in its Franchise Business; (d) visit and review Franchisee's TONCHIN

Business if Franchisor deems appropriate; TONCHIN(e) upon the reasonable written request of Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of Franchisee's TONCHIN Business; (f) provide Franchisee with a sample of the standard TONCHIN menu determined by Franchisor, and all modifications and updates to the menu; and, (g) provide Franchisee with a Manual, including information provided orally via training, etc., from time to time.

19.2 Additional Support. If Franchisee requests that Franchisor provide additional support to train, assist or advise Franchisee on management and operations issues at the Store; Franchisee does not, in Franchisor's reasonable opinion, achieve the minimum level of competency and skill after participating in the standard Training Program or receiving standard support during the Opening Period; or, Franchisor considers it necessary, in Franchisor's reasonable opinion, for Franchisee or its employees to receive additional instructions and training (collectively, "**Additional Support**"); then, Franchisee will pay Franchisor the non-refundable sum of Four Hundred USD Dollars ($400 USD) per day for each support personnel that Franchisor dispatches to the Store to provide Additional Support (the "**Additional Support Fee**") and reimburse Franchisor for all Travel Expenses and other expenses of Franchisor's and its Affiliate's officers and/or employees providing the Additional Support at the Store incurred by such person. Such Additional Support Fee must be paid within 7 days after receipt of invoice from Franchisor.

19.3 Delegation of Performance. Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor's obligations under this Agreement to third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

20. TRANSFER

20.1 Transfer by Franchisor. Franchisor has the right to Transfer all or any part of its rights or obligations under this Agreement to any person or Entity, including to any competitor of Franchisor. Franchisor will provide Franchisee with written notice after any such Transfer has been completed, and the assignee will be required to fully perform all obligations of Franchisor under this Agreement; and, Franchisor no longer will have any performance or other obligations under this Agreement.

20.2 Transfer of Agreement Due to Death or Permanent Disability. If Franchisee is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person or beneficiary ("**Beneficiary**") without the payment of any Transfer Fee and without complying with Section 23 (Option of Franchisor to Purchase). However, the Transfer of this Agreement to Franchisee's Beneficiary will be subject to the applicable provisions of Sections 20.4(b) - 20.4(i) and will not be valid or effective until Franchisor has received the properly executed legal documents that its attorneys deem necessary to document the Transfer of this Agreement to the Beneficiary. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and must successfully complete the Training Program. There will be no charge to the Beneficiary for attending the Training Program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary must be paid by the Beneficiary.

20.3 Transfer of Agreement to Entity Owned by Original Signatories. If Franchisee is an individual or a general partnership, this Agreement may be Transferred by Franchisee to an Entity that is wholly owned by Franchisee without the payment of a Transfer Fee and without complying with Section 23 (Option of Franchisor to Purchase), provided that Franchisee complies with Section 2.6, the Owner or Owners of the Entity are the same person or persons who signed this Agreement and such Transfer will not result in a change in control of the Franchise Business. Franchisee must provide Franchisor with prior written notice of such Transfer and Franchisee must not be in default of any of its obligations under this Agreement.

20.4 Conditions to Transfer by Franchisee. Subject to the provisions of Section 23 (Option of Franchisor to Purchase), Franchisee will not Transfer any interest in or any part of this Agreement, the Franchise Rights or the TONCHIN Business to any person or Entity ("**Transferee**") without the prior written approval of Franchisor. Franchisor will not withhold its written consent to the Transfer by Franchisee if the Transfer does not violate any of the terms of this Agreement, if Franchisor does not exercise its rights under Section 23 of this Agreement, and if Franchisee and/or the Transferee are in full compliance with the following terms and conditions:

(a) Franchisee and its Owners give Franchisor prior written notice at least **three** months before the proposed closing of the transfer; including:

(i) at least **four** weeks to investigate, research and determine that the proposed Transferee has sufficient business experience, aptitude, and financial resources to operate the Store; and

(ii) at least **eight** weeks to investigate, research and determine that the purchase price and payment terms will not adversely affect the proposed Transferee's operation of the Store;

(b) all of Franchisee's monetary obligations due to Franchisor have been paid in full, and Franchisee is not otherwise in default under this Agreement;

(c) Franchisee has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement;

(d) Franchisee has executed a release, in a form satisfactory to Franchisor, of any and all Claims against Franchisor and its Managing Owner, Owners, Manager, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, the operation of the TONCHIN Business or Franchisee's purchase of the Franchise Rights including, without limitation, all Claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that Franchisor and Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them for other TONCHIN Businesses operated by Franchisee;

(e) the Transferee has demonstrated to the satisfaction of Franchisor that he, she or it meets the then-current managerial, financial and business standards required by Franchisor for new franchisees or developers, possesses a good business reputation and credit rating, as solely determined by Franchisor, and that its management possesses the aptitude and ability to operate the TONCHIN Business in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise), as solely determined by Franchisor;

(f) if approved, the Transferee and all of the Transferee's Owners execute Franchisor's then-current form of Franchise Agreement, if required by Franchisor;

(g) the Transferee's Owner(s) and/or Managing Owner execute a Personal Guaranty, if required by Franchisor;

(h) the Transferee and all of the Transferee's Owners execute the agreements required by Franchisor or its legal counsel to document the Transfer of this Agreement to the Transferee;

(i) the Transferee has purchased or leased the Store for a term consistent with the remaining term of this Agreement or, if applicable, the term of the then-current standard Franchise Agreement;

(j) If Franchisee and/or Franchisee's Owners finance any part of the purchase price, Franchisee and/or Franchisee's Owners must agree that all of the proposed Transferee's obligations under promissory notes, agreements, or security interests reserved in the Store are subordinate to the proposed Transferee's obligation to pay the Royalty Fee and other amounts due to Franchisor, its affiliates, and third-party vendors, and the proposed Transferee is otherwise to comply with this Agreement;

(k) Franchisee and Franchisee's transferring Owners (and their spouses) will, beginning on the transfer's effective date, fulfill their obligations with respect to maintaining confidentiality, non-competition, and cease all your use of the Franchisor's Marks and Intellectual Property;

(l) Franchisee and Franchisee's transferring Owners will not directly or indirectly at any time or in any manner (except with respect to other TONCHIN stores they own and operate):

(i) Identify themselves or any of their businesses, as a current or former TONCHIN Business or as one of Franchisor's franchise owners;

(ii) Use any Marks, any colorable imitation of the Marks, or other indicia of the TONCHIN Business in any manner or for any purpose; or

(iii) Utilize for any purpose, any trade name, trademark, or other commercial symbol that suggests or indicates a connection or association with Franchisor; and

(m) the Transferee and its Management Staff have successfully completed the Training Program required under this Agreement to the satisfaction of Franchisor.

20.5 Transfer of Ownership Interest in Franchisee. No Owner will have the right to Transfer an Ownership Interest in Franchisee without the prior written approval of Franchisor. Franchisor will not withhold its written consent if the Transfer of the Ownership Interest complies in all respects with the terms of this Agreement, and if Franchisor does not exercise its right of first refusal to acquire the Owner's Ownership Interest in Franchisee pursuant to Section 23.8. A Transfer by an Owner of Franchisee to (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of Franchisee, will not be subject to the provisions of Sections 20.6 and 23.8, provided that: (i) the Transfer has been approved in writing by Franchisor, and (ii) Franchisee's Owner has complied with all of the provisions of this Agreement applicable to an Owner, as solely determined by Franchisor.

20.6 Transfer Fees. If this Agreement is Transferred to another person or Entity, or if any of the Owners Transfer any Ownership Interest in Franchisee to a third party, then except as provided for in Sections 20.2 and 20.5, Franchisee will pay Franchisor a fee equal to the greater of (i) Seven Thousand Five Hundred U.S. Dollars (USD$1,000) or (ii) five percent (5%) of the Unit Franchise Fee then being charged by Franchisor to new franchisees, plus our then current initial training fee, if any ("**Transfer Fee**"), plus the Training Fee and any applicable Additional Support Fees. Franchisee will pay 30% of the Transfer Fee with the request for transfer approval and this is not refundable. The balance of the Transfer Fee and the Training Fee is paid at the closing of the Transfer transaction. The Transfer Fee is to cover the costs incurred by Franchisor in connection with the Transfer. Franchisor also reserves the right to charge the Transferee the Training Fee is to cover the costs of providing the Training Program to the Transferee's Manager, or any other employees. The Transferee will also be responsible for all Additional Support Fees, Travel Expenses and other expenses incurred by all personnel attending the Training Program on behalf of the Transferee.

20.7 Prohibition on Transfer to Competitor by Franchisee and Owners. Franchisee and the Owners will not Transfer this Agreement or their Ownership Interests in Franchisee, the TONCHIN Business or the Franchise Rights to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Business. If Franchisor refuses to permit a Transfer of this Agreement under this provision, then the only remedy of Franchisee and the Owners will be to have a mediator or arbitrator determine whether the proposed transferee owns or operates a Competitive Business. Franchisee acknowledges and agrees that Franchisee will be solely responsible for all costs and fees charged by such mediator or arbitrator.

20.8 Acknowledgment of Restrictions; Transfer Documentation. Franchisee and Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and necessary to protect the Franchise System and the Marks, as well as the reputation and image of Franchisor, and are for the protection of Franchisor, Franchisee and all other franchisees and developers who have been granted the right to operate TONCHIN Businesses. Any Transfer permitted by this Section will not be effective until Franchisor receives a completely executed copy of all Transfer documents and Franchisor consents to the Transfer in writing. Any attempted Transfer made without complying with the requirements of this Section will be void.

21. TERMINATION RIGHTS OF FRANCHISOR

21.1 Immediate Termination Without Opportunity to Cure. Franchisee will be deemed to be in default subject to immediate termination under this Agreement, without prior notice of the default from Franchisor and without an opportunity to cure the default unless precluded by applicable law or otherwise as stated herein, upon delivery of written notice to Franchisee, if any of the following events occur:

(a) Franchisee, the Managing Owner or any of its Managing Owners or Owners are convicted of, or plead guilty to a charge of violating any law relating to Franchisee's TONCHIN Business;

(b) Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Franchisee and Franchisee is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law;

(c) Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(d) Franchisee voluntarily or otherwise Abandons the TONCHIN Business without reasonable cause;

(e) Franchisee fails or refuses to provide the Financial Records and other materials requested by Franchisor to substantiate Franchisee's Financial Statements or to produce and permit Franchisor to audit Franchisee's Financial Records;

(f) Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Franchise System;

(g) Franchisee breaches any provision, term or condition of this Agreement (i) two or more times during any 12-month period, or (ii) four or more times during the term of this Agreement, without regard to whether the breaches were of a similar or different nature or whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breaches;

(h) Franchisee fails or refuses locate an acceptable Location for the Store and sign a Lease, or purchase document for the Location within 120 days after execution of this Agreement; or, open its TONCHIN Business and commence business operations by the Required Opening Date;

(i) Franchisee or Franchisee's Owners commit any fraud or misrepresentation in the operation of the Franchise Business;

(j) Franchisee fails or refuses to maintain any insurance policy required by Franchisor, or otherwise fails or refuses to adhere to the requirements of Section 17;

(k) Franchisee has failed or refused to comply with any mandatory specification, standard, or operating procedure prescribed by Franchisor relating to the quality control, cleanliness or sanitation of the TONCHIN Business, and Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from Franchisor;

(l) Franchisee has violated any health, safety, or sanitation law, ordinance, or regulation that Franchisor reasonably believes may pose harm to the public or to the reputation of Franchisee, Franchisor, or the Franchise System;

(m) Franchisee fails to perform the obligations in Sections 10.10, 10.12, 10.13 and 10.30 regarding compliance with laws; Section 13 regarding Confidential Information; Section 18 regarding use of Intellectual Property; or, Section 25 regarding Restrictive Covenants;

(n) Franchisee makes an unauthorized transfer in violation of Section 20;

(o) Franchisee makes false report with intention to do so; or

(p) Franchisee purchases any item from other supplier than Designated Supplier in violation of 1.14, 11.3 and 11.4 and offer non-authorized Products in violation of 1.43.

Except as provided in Section 21.1(k), if this Agreement is terminated by Franchisor pursuant to this Section 21.1, the effective date of termination of this Agreement will be the day the written notice of termination is received by Franchisee. If notice of termination is given to Franchisee by Franchisor pursuant to Section 21.1(k), then this Agreement will terminate on the first minute of the 25th hour after receipt of the written notice of termination if Franchisee fails to correct the alleged breach within 24 hours after receiving the written notice of termination.

21.2 Termination after Failure to Cure. Franchisee will be deemed to be in default under this Agreement and Franchisor has the right to terminate this Agreement and all rights granted under this Agreement if within thirty (30) days, or within any shorter period expressly set forth in the following sections as to such default or any longer cure period required by applicable law, after Franchisor sends Franchisee written notification setting out the nature of the default ("**Notice of Default**"), Franchisee does not correct the default to Franchisor's satisfaction for any of the following events (for the purposes of this Agreement, an alleged breach of this Agreement by Franchisee will be deemed to be "**corrected**" if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected):

(a) within 120 days after the date of this Agreement, Franchisor determines that any required or other financial, personal or other information provided by Franchisee to Franchisor is materially false, misleading, incomplete or inaccurate;

(b) Franchisee has not obtained all licenses, permits, and certifications required for the occupancy, opening, operating, and service of food for its Store from the appropriate Governmental Authorities at least 10 days before the Required Opening Date, in which case Franchisee will have a cure period of five (5) days after Franchisor sends Franchisee the Notice of Default;

(c) Franchisee, the Manager or other employee has not completed the Training Program required under this Agreement prior to the Required Opening Date, in which case Franchisee will have a cure period of 10 days after Franchisor sends Franchisee the Notice of Default, in which case the Required Opening Date will be delayed until the Training Program is completed;

(d) Franchisee materially violates any federal, state or municipal law, rule, code or regulation applicable to Franchisee's TONCHIN Business operations, including a violation of any health department rules or regulations relating to any food safety standards that would in any way endanger the health or well-being of any guest of Franchisee's TONCHIN Business;

(e) Franchisee fails to maintain proof of the insurance that Franchisor requires;

(f) Franchisee fails to timely pay any Fees, rents or any other monetary obligations due and payable to Franchisor or an Affiliate of Franchisor pursuant to this Agreement or any other agreement, in which case Franchisee will have a cure period of ten (10) days after receipt of the Notice of Default to correct the breach by making full payment to Franchisor or the relevant Affiliate of Franchisor, as the case may be, together with interest on the past-due obligations at the rate of set forth in Section 7.1;

(g) Franchisee, or any of its Owners or guarantors, fail to maintain and submit to Franchisor on time all Reports as required under this Agreement, including but not limited to, financial statements, and periodic and other Reports of Gross Sales within ten (10) days after receipt of the Notice of Default;

(h) Franchisee fails to timely pay any of its uncontested obligations or liabilities due and owing to suppliers, banks, purveyors, other creditors or to any federal, state or municipal government or becomes a serious reduction of management conditions similar to the above;

(i) any check issued by Franchisee or EFT is dishonored because of insufficient funds (except where the check or EFT is dishonored because of an error in bookkeeping or accounting) or closed accounts;

(j) the Lease for the Store is terminated or canceled for non-payment of rent or other legal reasons or Franchisee is evicted from the Store;

(k) any license, permit, or certification required for occupancy, operating, or food service and, if applicable, beer and wine service at Franchisee's TONCHIN Business is canceled for any reason;

(l) Franchisee, or any of its Owners or guarantors, fails to maintain and keep all Store equipment in good working order and repair;

(m) Franchisee fails to designate a duly qualified replacement Managing Owner within 30 days after the former Managing Owner ceases to serve in that capacity;

(n) Franchisee, an Affiliate of Franchisee, or an Owner of Franchisee breaches any other agreement between such person or Entity and Franchisor or an Affiliate of Franchisor;

(o) Franchisee fails to satisfy the standard required by Franchisor due to , among other reasons, a lack of Franchisee's skills or resources necessary for the management of the Stores.

(p) Franchisee breaches any other provision, term or condition of this Agreement or the Manual or other events occurs which make it impossible to carry out this agreement.

21.3 Right to Suspend Performance and Discontinue Supplying Items Upon Default. If Franchisor delivers a Notice of Default to Franchisee, Franchisor will have the right to (a) suspend performance of its obligations in this Agreement; (b) require that Franchisee pay C.O.D. (i.e., cash on delivery) or by certified check for goods/services, (c) stop selling and/or providing any goods/services to Franchisee until it has cured all defaults; and/or, (d) require Designated Suppliers to stop selling and/or providing any goods/services to Franchisee until it has cured all defaults. No such action by Franchisor will be a constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee agrees that it will not be relieved of any obligations under this Agreement because of any such action.

21.4 Other Remedies. Nothing in this Section will preclude Franchisor from seeking other remedies or Damages under any state or federal law, common law, or under this Agreement against Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated by Franchisor pursuant to this Section, or if Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Franchisor will be entitled to seek recovery of all Damages that Franchisor has sustained and will sustain in the future as a result of Franchisee's breach of this Agreement.

21.5 No Equity Upon Termination. Franchisee's rights regarding the Franchise Rights for the TONCHIN Business will be controlled by the provisions of this Agreement. Franchisee will have no equity or any other continuing interest in the Franchise Rights, any goodwill associated with the TONCHIN Business or the Marks, or any right to compensation or refunds upon the expiration and/or termination of this Agreement.

21.6 Continuing Obligations. If this Agreement is terminated by Franchisee or because of a default by Franchisee, Franchisee will not be released or discharged from its obligations, including payment of all Fees then due and other amounts which would have become due under this Agreement if Franchisee had continued the operation of the TONCHIN Business for the full term of this Agreement. Franchisor's remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of its bargain with Franchisee, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to Franchisor or any Affiliates of Franchisor. Franchisee acknowledges and agrees that it would be commercially unreasonable and damaging to the integrity of the Franchise System if a franchisee or developer could default and then escape the financial consequences of its contractual commitment to meet payment obligations for the term of a franchise agreement. Franchisee will sign a general release in favor of Franchisor if Franchisor chooses to waive its rights to collect any amounts that would have become due if Franchisee had continued in business for the term of this Agreement.

21.7 Franchisor's Right to Acquire the Franchise Business. In addition to all of the other rights granted to Franchisor in this Section 21 upon termination of this Agreement; then, Franchisor has the right to acquire all right, title and interest in the assets of the TONCHIN Business, including all real property owned by Franchisee or its Affiliates from which the TONCHIN Business is operated, from Franchisee. Franchisor must notify Franchisee of its intention to acquire the TONCHIN Business at the time Franchisor sends the final notice of termination and must comply with all other provisions related to the acquisition set forth in the Manual. In addition, the parties agree that the purchase price for the TONCHIN Business will be calculated in accordance with the terms and procedures set forth in the Manual.

21.8 Interim Remedies.

(a) Franchisor has the right (but not the obligation), under the circumstances described below, to enter the premises of the Store and assume the Store's management (or to appoint a third party to assume its management) for any period of time Franchisor deems appropriate. If Franchisor (or a third party) assumes the Store's management under Sections (b) and (c) below, Franchisee agrees to pay us (in addition to the Royalty Fee and other amounts due under this Agreement), a management fee of One Thousand US Dollars (US**$1,000)** per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for up to sixty (60) days after Franchisor assumes such management (the "**Management Fee**").

(b) If Franchisor (or a third party) assumes the Store's management, Franchisee acknowledges that Franchisor (or the third party) will have a duty to utilize only reasonable efforts to manage and operate the Store, and that Franchisor (or the third party) will not be liable to Franchisee or any Owners for any debts, losses, or obligations the Store incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Store purchases, while Franchisor (or the third party) manage the Store.

(c) Franchisor (or a third party) may assume the Store's management under the following circumstances:

(i) if Franchisee abandons or fails to operate the Store actively;

(ii) if Franchisee fails to comply with any provision of this Agreement or any System Standard or the Manual and does not cure the failure within the time period Franchisor specifies in its Notice of Default to Franchisee; or

(iii) if this Agreement expires or is terminated, and Franchisor is deciding whether to exercise its option to purchase the Store's assets under Section 21.7.

(d) If Franchisee is in default of any provision of this Agreement, Franchisor may, at its option, elect to impose interim remedies and/or limited services on the Store ("**Limited Services**") rather than terminate this Agreement. Franchisor will provide written notice to Franchisee prior to placing Franchisee on Limited Services. If Franchisee is in default and receiving Limited Services, Franchisor may terminate this Agreement at any time if Franchisee fails to cure the default. Limited Services may include:

(i) removal of the Store's webpage(s) from the TONCHIN main website;

(ii) no access to the TONCHIN Business training center;

(iii) not eligible to receive preferred pricing from suppliers/vendors;

(iv) not eligible to open Additional Stores; and

(v) other remedies Franchisor deems appropriate.

22. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

22.1 Termination of Use of Marks; Other Obligations. If this Agreement is canceled or terminated for any reason or this Agreement expires, then Franchisee will:

(a) within five (5) days after termination, pay all Fees, interest, and all other amounts owed to Franchisor;

(b) cease to operate the Store, to use the Franchise System and to use "**TONCHIN**" and the other Intellectual Property; and Franchisee will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that Franchisee is continuing to operate as an TONCHIN franchisee.

(c) cease all marketing or advertising which includes any of the Marks,

(d) delete all content containing the Marks or any references to Franchisor or Franchisee's TONCHIN Business from any website and social media pages maintained by Franchisee, and will cease using any and all items or materials which bear or include any of the Marks; and

(e) deliver to Franchisor a complete list of all persons employed by Franchisee immediately preceding termination, together with all employment files of each employee on such list;

(f) immediately transfer to Franchisor, via the method designated by Franchisor, the data that comprises the point-of-sale database and graphic files, as instructed by us; and, once this transfer has occurred, and Franchisor has verified that Franchisee has accurately transferred the data from the point-of-sale database and graphic files to Franchisor, Franchisee will take immediate measures to erase the data that comprises the point-of-sale database and graphic files, and will destroy all hard and digital copies of this information;

(g) cease using any Confidential Information (including but not limited to computer software or similar technology and digital passwords and identifications that Franchisor has licensed to Franchisee or that otherwise are proprietary to Franchisor or the Franchise System) in any business or otherwise, and return to Franchisor all copies of the Manual and any other confidential materials that Franchisor has loaned Franchisee, such as records, files (including electronic files), graphic files, customer lists, point-of-sale databases, instructions, and correspondence (if any);

(h) at Franchisor's option, assign to Franchisor or Franchisor's designee Franchisee's interest in the Lease or sublease of the premises of the Store, and Franchisee's interest in any lease for equipment used in the operation of the Store;

(i) execute any legal documents that may be necessary to carry out any termination or sale or transfer to Franchisor or Franchisor's nominee as provided for in this Agreement, and will furnish to Franchisor, within ten (10) days after the effective date of termination, written evidence satisfactory to us of Franchisee's compliance with these obligations;

(j) give Franchisor, at Franchisee's sole cost, evidence satisfactory to Franchisor of Franchisee's compliance with these obligations within thirty (30) days after the expiration or termination of this Agreement;

(k) comply with all other applicable provisions of this Agreement which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect, subsequent to and notwithstanding this Agreement's expiration or termination, and until such obligations are satisfied in full or by their nature expire; and.

(l) Not make a claim for refund of the Unit Franchise Fee, Training Fee, Royalty Fees, Additional Support Fees, Travel Expenses and other fees and expenses because such fees and expenses are non-refundable.

22.2 <u>Alteration of Store</u>. If this Agreement expires or is terminated for any reason or if the Store ever ceases to be used for Franchisee's TONCHIN Business, then within 30 days after the date of the expiration or termination of this Agreement or the date on which the Store is no longer used for Franchisee's TONCHIN Business (whichever is applicable), Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Store so that it will be clearly distinguished from the standard appearance of an TONCHIN Business. At a minimum, such changes and modifications to the Store will include, but not be limited to: (a) repainting and, where applicable, recovering both the exterior and interior walls of the Store with entirely different colors, including removing any distinctive colors and designs from the walls; (b) removing all furniture, fixtures and other decor items associated with TONCHIN Businesses and replacing them with other decor items not of the general type and appearance customarily used in TONCHIN Businesses; (c) removing all exterior and interior TONCHIN signs; and (d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in TONCHIN Businesses.

22.3 Telephone Listings. Upon termination or expiration of this Agreement, or if Franchisor acquires Franchisee's TONCHIN Business pursuant to this Agreement, Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and any classified or other directory listings for the Store and to authorize the telephone company and all listing agencies to transfer to Franchisor or its assignee all telephone numbers and directory listings of Franchisee's TONCHIN Business. Franchisee acknowledges and agrees that Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and Franchisee hereby authorizes Franchisor to direct the telephone company and all listing agencies to transfer Franchisee's telephone numbers and directory listings to Franchisor or to an assignee of Franchisor if this Agreement expires or is terminated or if Franchisor acquires Franchisee's TONCHIN Business. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of Franchisor to such telephone numbers and directory listings and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Franchisor. This Agreement will constitute a release of the telephone company and listing agencies by Franchisee from any and all Claims and Damages that Franchisee may at any time have the right to allege against them in connection with this Section. Franchisee will execute the Telephone Listing Agreement attached as an exhibit to this Agreement and such other documents as Franchisor may require for completing the transfer of the telephone numbers as contemplated herein.

22.4 Continuation of Obligations. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

22.5 Liquidated Damages.

(a) Sections 10.10, 10.12, 10.13 and 10.30 regarding compliance with laws; Section 13 regarding Confidential Information; Section 18 regarding use of Intellectual Property; or, Section 25 regarding Restrictive Covenants, Franchisee acknowledges that Franchisee's following defaults would constitute irreparable harm to Franchisor for which there is no adequate remedy at law: (1) breaching Section 10.10, 10.12, 10.13 of the Agreement; (2) breaching Section 13 of the Agreement; (3) breaching Section 18 of the Agreement; (4) breaching Section 20 of the Agreement; (5) breaching Section 21 of the Agreement; (6) breaching Section 25 of the Agreement; (7) breaching Section 27 of the Agreement; (8) Franchisee, or any of Franchisee's directors, officers and shareholders is convicted of a felony or other crime that may have an adverse effect on the reputation and/or goodwill related to the Franchise System or Intellectual Property; or, (9) operating the Franchise Business in a way that endangers public health or safety. Therefore, upon breach of Franchisee's obligations under any of the aforementioned provisions, Franchisor will be entitled to claim liquidated damages equal to the sum of the then-current Unit Franchise Fee for each breach, as a non-exclusive remedy for each such breach. The parties hereto acknowledge and agree that it would be impracticable to precisely determine the damages Franchisor would incur from the breach mentioned above. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages and agree that it does not constitute a penalty. Such liquidated damages shall be in addition to and not in place of Franchisor's equitable and other remedies, including but not limited to injunctive relief.

(b) Notwithstanding the above, Franchisee will not be immune from any and all liabilities (including, but not limited to, liability in excess of the amount of the liquidated damages set forth in this Section and all liabilities in any other case) based on liability for default, tort, or other reasons, excluding the amount of money already paid in accordance with Section 22.5.

22.6 Franchisor's Right to Enforce. In addition, Franchisor has the right to enter into the Franchisee's office and/or Store and take all the necessary measures, at the cost of Franchisee and at any time Franchisor determines is necessary or appropriate, if Franchisee fails to perform each of the obligations as set forth in Sections 21and 22.

23. OPTION OF FRANCHISOR TO PURCHASE

23.1 Terms of Option. Franchisee will not Transfer or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to Franchisor in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction with the third party, including price and payment terms ("**Franchisee's Offer**"). Franchisor will have 30 days after receipt of Franchisee's Offer to give Franchisee written notice of Franchisor's desire to either waive its option to purchase ("**Waiver Notice**") or its intention to exercise its rights to purchase or acquire the Major Assets according to the terms contained in Franchisee's Offer ("**Notice of Intent to Purchase**").

23.2 Due Diligence Review. If Franchisor provides Franchisee with a Notice of Intent to Purchase within 30 days after receipt of Franchisee's Offer, then Franchisor will have 90 days after the date the Notice of Intent to Purchase is received by Franchisee ("**Notice Date**") to conduct a "**due diligence**" review. Franchisee will promptly provide Franchisor with all Financial Records and other information requested by Franchisor or its representatives to conduct its due diligence review. Franchisor will have the absolute and unconditional right to terminate the Notice of Intent to Purchase and any obligation to purchase the Major Assets from Franchisee for any reason and at any time during the 90-day due diligence review period by giving Franchisee written notice.

23.3 Good Faith Negotiations. Unless Franchisor terminates its Notice of Intent to Purchase as provided in Section 23.2, then Franchisee and Franchisor will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets (other than those objective terms and conditions contained in Franchisee's Offer) and the closing date for the sale of the Major Assets to Franchisor will take place within 120 days after the Notice Date.

23.4 Sale to Purchaser. Franchisee will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in Franchisee's Offer to Franchisor if: (a) Franchisor delivers a Waiver Notice to Franchisee, (b) Franchisor fails to deliver either a Waiver Notice or the Notice of Intent to Purchase to Franchisee within 30 days after receiving Franchisee's Offer, (c) Franchisor terminates its Notice of Intent to Purchase during the due diligence period pursuant to the provisions of Section 23.2, or (d) Franchisee and Franchisor fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by Franchisor from Franchisee (other than those objective terms and conditions contained in Franchisee's Offer) on or before the 120th day after the Notice Date.

23.5 Negotiated Changes with Purchaser. If Franchisor does not purchase the Major Assets from Franchisee under the terms and conditions contained in Franchisee's Offer, then if during any negotiations with the purchaser Franchisee agrees to negotiate, change, delete, or modify any of the terms and conditions contained in Franchisee's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by Franchisee during negotiations that were not acceptable to Franchisor, then Franchisee will be required to re-offer to sell the Major Assets to Franchisor under the new terms and conditions offered to the purchaser in accordance with the provisions of this Section, and Franchisee's failure to do so will be a material breach of this Agreement.

23.6 Financing Exception. This Section will not apply to the Transfer of any of the Major Assets (with the exception of this Agreement) by Franchisee to a bank, financial institution or other lender in connection with Franchisee's financing of (a) the real estate or leasehold improvements for the Store, (b) the Operating Assets for Franchisee's TONCHIN Business, (c) inventory or supplies for the TONCHIN Business, or (d) working capital required by the Franchise Business.

23.7 Compliance with Agreement. Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay all Fees and to operate the business as an TONCHIN Business, will in no way be affected or changed because of non-acceptance by Franchisor of Franchisee's Offer and, as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Franchisor not to exercise the option to purchase granted to it pursuant to this Section will not, in any way, be deemed to grant Franchisee the right to terminate this Agreement and will not affect the term of this Agreement. Moreover, if Franchisor does not exercise the option to purchase granted to it pursuant to this Section and if Franchisee sells or otherwise disposes of its Major Assets to a third party, then both Franchisee and the purchaser will be required to comply in all respects with the terms and conditions of Section 20 of this Agreement. Any Transfer of the Major Assets of Franchisee's TONCHIN Business that does not include a Transfer of this Agreement to the transferee will constitute a wrongful termination of this Agreement by Franchisee.

23.8 Transfer of Ownership Interest. The Ownership Interests owned by Franchisee or by the Owners of Franchisee may not be Transferred by Franchisee or the Owners until the

Ownership Interests have first been offered to Franchisor in writing. If Franchisee or the Owners desire to Transfer their Ownership Interests, then they will first offer the Ownership Interests in Franchisee to Franchisor in writing under the same terms and conditions as those being offered to any party. Franchisor will have 30 days to accept any offer to purchase the Owner's Ownership Interest in Franchisee. The Owner will be required to comply with the provisions of Section 20.4 if Franchisor does not exercise its right to purchase the Owner's Ownership Interest.

23.9 Acknowledgment of Restrictions. Franchisee and Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and are necessary to protect the Franchise System and the Marks, as well as the reputation and image of Franchisor, and are for the protection of Franchisor, Franchisee and all other franchisees and developers who operate TONCHIN Businesses. Any Transfer permitted by this Agreement will not be effective until Franchisor receives a completely executed copy of all Transfer documents and Franchisor consents to the Transfer in writing.

23.10 Right of Franchisor to Purchase Major Assets. If this Agreement expires or is terminated by either Franchisor or Franchisee for any reason whatsoever, if Franchisee wrongfully terminates this Agreement by failing to comply with Section 20 or if Franchisee at any time ceases to do business as an TONCHIN Business, then Franchisor will have the right, but not the obligation, to purchase from Franchisee any or all of the Major Assets. Within two business days after this Agreement expires or is terminated by either party, is wrongfully terminated by Franchisee, or Franchisee ceases to do business as an TONCHIN Business, Franchisee must give Franchisor written notice of Franchisee's asking price for each of the Major Assets. If Franchisee fails to give Franchisor written notice of the asking price for the Major Assets and/or if Franchisor and Franchisee cannot agree on the price of the Major Assets, then either party will have the right to demand that the price of the Major Assets be determined by arbitration conducted in Denver, Colorado in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com). The arbitration hearing will be held as soon as possible, but in no event later than seven (7) days after the date arbitration is demanded by either party. The Arbitrator will not consider any value for goodwill associated with the name **"TONCHIN"** in determining the fair market value of the Major Assets since the right of purchase granted to Franchisor pursuant to this provision applies only after this Agreement has expired or been terminated or Franchisee has ceased doing business. The Arbitrator may not include the value of the Lease for the Store if Franchisor gives the Arbitrator written notice that it intends to exercise its right to assume the Lease under Section 28 of this Agreement. If the Arbitrator is unable to determine the fair market value of any of the Major Assets, then they will be valued at book value as determined by generally accepted accounting principles (cost less depreciation). Franchisor will have the right, but not the obligation, to purchase any or all of the Major Assets from Franchisee for cash within 20 days after the fair market value of the Major Assets has been established by the Arbitrator in writing. Nothing in this provision may be construed to prohibit Franchisor from enforcing the post-term obligations and conditions of this Agreement, including the covenants not to compete contained in Section 25.

23.11 Bankruptcy Issues. If Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Transfer of Franchisee's obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee will be subject to all of the provisions of this Section.

24. REPRESENTATIONS, WARRANTIES AND COVENANTS OF FRANCHISEE

24.1 Organization. If Franchisee is a corporation, limited liability company, partnership or other entity, then Franchisee and the Owners represent, warrant and covenant that:

(a) Franchisee is duly organized and validly existing under the law of the state or territory where formed;

(b) Franchisee is duly qualified and is authorized to do business in the jurisdiction where the TONCHIN Business is located and in each jurisdiction where it conducts business, maintains offices, owns real estate or where qualification is required;

(c) Franchisee's articles of incorporation, certificate of formation, by-laws, operating agreement, member control agreement, partnership agreement or other organizational documents ("**Organizational Documents**") will at all times provide that Franchisee's business activities will be confined exclusively to the ownership and operation of the TONCHIN Business, unless otherwise consented to in writing by Franchisor;

(d) The execution of this Agreement and the consummation of the transactions contemplated by this Agreement are within the powers granted to Franchisee by the Organizational Documents and have been duly authorized and approved by Franchisee or by the board of directors, board of governors, managing members, managing partner, or other governing body of Franchisee;

(e) Copies of all Organizational Documents and any other documents, agreements or resolutions in Franchisee's possession will be provided to Franchisor upon written request;

(f) The names of the Owners of Franchisee and their Ownership Interests in Franchisee are accurately stated and completely described in Franchisee Ownership Statement attached to this Agreement;

(g) Franchisee will at all times maintain a current schedule of the Owners of Franchisee and their Ownership Interests, and Franchisee will immediately provide Franchisor with a copy of the updated Ownership schedule whenever there is any change of Ownership. The Ownership schedule will contain the name, address, telephone number and e-mail address of each Owner of Franchisee and will state the percentage of Ownership that each Owner has in Franchisee;

(h) If any person or entity ceases to be one of Franchisee's Owners, or if any individual or entity becomes an Owner of Franchisee, then Franchisee will notify Franchisor in writing and within five days Franchisee will require the new Owner to execute all documents then required by Franchisor;

(i) Franchisee's Organizational Documents and any documents representing Ownership in Franchisee will provide that no Ownership Interest in Franchisee may be assigned or transferred to any person or entity unless it is in strict compliance with the terms, conditions and restrictions contained in this Agreement;

(j) Franchisee has no material liabilities, adverse claims, commitments or obligations of any nature as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, except as disclosed to Franchisor in writing or set forth in the financial statements of Franchisee that have been provided to Franchisor;

(k) Each of Franchisee's directors, officers, owners, beneficial owners and their spouses will execute the Personal Guaranty attached hereto;

(l) Franchisee will, at all times, maintain sufficient working capital to operate the TONCHIN Business and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill Franchisee's obligations to maintain, remodel and modernize the TONCHIN Business premises as required under this Agreement; and

(m) The representations, warranties and covenants contained in this Section are continuing obligations of Franchisee and the Owners and that any failure to comply with such representations, warranties and covenants will constitute a material breach of this Agreement.

24.2 Compliance with Agreement. Franchisee and the Owners represent, warrant and covenant that they will comply with all requirements and will perform all obligations in accordance with the terms and conditions of this Agreement.

25. FRANCHISEE'S RESTRICTIVE COVENANTS

25.1 Consideration. Franchisee and the Owners acknowledge that Franchisee, the Managing Owner, the Owners, Managers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Franchisor pertaining to the Franchise System and the operation of the TONCHIN Business. In consideration for this information, Franchisee and the Owners will comply in all respects with the provisions of this Section. Franchisor has advised Franchisee that this is a material provision of this Agreement and that Franchisor will not grant the Franchise Rights to any person or Entity that owns or intends to own, operate or be involved in any Competitive Business; however, Franchisor may, under certain circumstances, exclude from the coverage of Sections 25.2 and 25.3 existing operational store(s) operated by Franchisee on the date of this Agreement (if any), and Franchisee may, with the written consent of Franchisor, continue to own and operate such stores during the term of this Agreement and thereafter. Franchisee warrants and represents that it does not, except as disclosed to and approved by Franchisor pursuant to this Section 25.1, own, operate or have any involvement with or interest in any Competitive Business.

25.2 In-Term Covenant Not to Compete. Franchisee and the Owners covenant that they will not, during the term of this Agreement, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, Affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, manage, maintain, lease, franchise, conduct, engage in, consult, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Business, except with the prior written consent of Franchisor.

25.3 Post-Term Covenant Not to Compete.

(a) Except as provided to the contrary in Section 25.1, for a period of 24 months after the termination, non-renewal, or expiration of this Agreement, Franchisee and the Owners covenant they will not, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, Affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, manage, maintain, lease, franchise, conduct, engage in, consult, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Business which is located within 25 miles of the Store and any other TONCHIN Business. Franchisee and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect Franchisor and its other franchisees and developers if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to give Franchisor the opportunity to resell and/or develop a new TONCHIN Business at or in the area near the Store.

(b) If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or arbitrator having valid jurisdiction in an unappealed final decision to which Franchisor is a party, but would be enforceable if modified, Franchisor, Franchisee and the Owners expressly agree that same will be enforced to the fullest extent permitted by law, as if the modified covenant were separately stated in and made a part of this Section.

(i) Franchisee and the Owners understand and acknowledge that Franchisor has the right to reduce the scope of any covenant set forth in this Section, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Owners agree that they will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Section.

(ii) Franchisee and the Owners expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

25.4 Injunctive Relief. Franchisee and the Owners agree that the provisions of this Section are necessary to protect the legitimate business interest of Franchisor and its franchisees and developers including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of Franchisor and its franchisees and developers, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system, preventing duplication of the

Franchise System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting Franchisor's intellectual property rights. Franchisee and the Owners also agree that Damages alone cannot adequately compensate Franchisor if there is a breach of this Section 25 by Franchisee or the Owners, and that injunctive relief against Franchisee is essential for the protection of Franchisor and its franchisees and developers. Franchisee and the Owners agree therefore, that if Franchisor alleges that Franchisee or the Owners have breached this Section 25, then Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against Franchisee and the Owners, in addition to all other remedies that may be available to Franchisor. Franchisor will not be required to post a bond or other security for any injunctive proceeding. If Franchisor is granted ex parte injunctive relief against Franchisee or Franchisee's Owners, then Franchisee or the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

26. INDEPENDENT CONTRACTORS

26.1 Independent Contractors. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Franchisee as a subsidiary, joint venturer, partner, agent or employee of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any warranty or representation on behalf of Franchisor other than those contained in any disclosure document prepared by Franchisor for use by Franchisee, nor is Franchisee authorized to create any obligation or enter into any contract binding on Franchisor.

26.2 Operation of Business. Franchisee will be totally and solely responsible for the operation of its TONCHIN Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee, including the right to hire and fire its employees. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Franchisor will not have any right, obligation or responsibility to control, supervise or manage Franchisee's employees, agents or independent contractors, and will no way be involved in the day-to-day operations of Franchisee's TONCHIN Business.

27. INDEMNIFICATION

27.1 Indemnification. Franchisor and its Affiliates and their respective employees, Executive Management, shareholders, members, Owners, directors, officers, attorneys, accountants and agents (individually and collectively, the "**Indemnified Parties**") will not be obligated to any person or Entity for any Damages arising out of, from, in connection with, relating to, or as a result of Franchisee's negligence, Franchisee's wrongdoing or the operation of Franchisee's TONCHIN Business. Except as provided for in Section 18.7, Franchisee will indemnify and hold harmless the Indemnified Parties against, and will reimburse the Indemnified Parties for, all Damages that the Indemnified Parties incur in the defense of or as a result of any Claim brought against the Indemnified Parties arising from, in connection with, arising out of, relating to, or as a result of Franchisee's negligence, Franchisee's wrongdoing or the operation of Franchisee's TONCHIN Business. Franchisee will indemnify the Indemnified Parties, without limitation, for all Damages arising from, out of, in connection with, relating to, or as a result of any and all Claims including, but not limited to:

(a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of Franchisee or its Executive Management, employees, agents or representatives;

(b) any failure on the part of Franchisee to comply with any requirement of any federal or state laws or any rules or regulations of any Governmental Authority;

(c) any failure of Franchisee to pay any of its obligations to any person or Entity;

(d) any failure of Franchisee to comply with any requirement or condition of this Agreement, the Manual, or any other agreement with Franchisor and/or the Indemnified Parties;

(e) any misfeasance or malfeasance by Franchisee or its Executive Management, employees, agents or representatives;

(f) any tort committed by Franchisee or its Executive Management, employees, agents or representatives;

(g) any determination by a court or agency that Franchisor is the employer or a joint employer of any of Franchisee's employees;

(h) any claim, action, suit, or proceeding by Franchisee's employees, including but not limited to workers' compensation, unemployment, and wage-and-hour claims;

(i) Breaches of Security, regardless of whether an Indemnified Party is required to take any action under any state or federal law;

(j) violation of any privacy laws or data protection regulations;

(k) failure to comply with the PCI DSS and/or other information security standards required by Franchisor; and

(l) any other Claims brought against any of the Indemnified Parties.

Franchisee will not be obligated to indemnify the Indemnified Parties for any Damages attributable to, arising out of, from, in connection with, or as a result of any gross negligence or intentional misconduct by the Indemnified Parties. Any of the Indemnified Parties will have the right to defend any Claim made against it arising from, as a result of, in connection with or out of the operation of Franchisee's TONCHIN Business.

27.2 Payment of Costs and Expenses. Franchisee will pay all reasonable attorneys' fees, costs and expenses incurred by the Indemnified Parties to defend any action brought by a third party against any of the Indemnified Parties as set forth in Section 27.1. These indemnification provisions under this Section and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

28. LEASE AS SECURITY; TERMINATION OF LEASE

28.1 Franchisee's Assignment of the Lease. Franchisee hereby assigns all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to Franchisor as security for Franchisee's performance of the terms and conditions of this Agreement. If an Event of Default occurs, then Franchisor will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted for by Franchisee. Franchisee authorizes Franchisor to file a UCC-1 Financing Statement and agrees to execute such other documents as may be reasonably required by Franchisor's attorneys to perfect and record Franchisor's security interest in the Lease. An "**Event of Default**," for the purposes of this Section, will occur if:

(a) this Agreement is terminated by either Franchisor or Franchisee for any reason whatsoever;

(b) Franchisee wrongfully terminates this Agreement by failing to comply with Section 21 of this Agreement or otherwise;

(c) Franchisee at any time ceases to do business at the Store as an TONCHIN Business;

(d) this Agreement expires, and Franchisee is not granted the right to enter into a Successor Franchise Agreement as provided for in Section 3.2;

(e) the Lease for the Store is terminated by either the Landlord or Franchisee for any reason whatever; or

(f) this Agreement expires, and Franchisee fails to renew the Lease pursuant to any provisions relating to a Successor Term.

This right granted by Franchisee to Franchisor to assume Franchisee's position as the tenant under the Lease will be at Franchisor's sole election, and Franchisor will bear no responsibility for any of Franchisee's past-due obligations under the Lease.

28.2 Perfected Assignment; Notice. This assignment will constitute a perfected, absolute and present assignment; provided, however, Franchisor will have no right under this assignment to enforce the provisions of the Lease until an Event of Default has occurred. After an Event of Default has occurred, Franchisor will have the right, but not the obligation, to enforce the provisions of this assignment and to take possession of the Store by giving Franchisee and the Landlord written notice that it has affirmatively exercised its rights under this assignment. The written notice will state:

(a) that Franchisor is taking and assuming the Lease from Franchisee;

(b) the date on which Franchisor will take physical possession of the Store; and

(c) that Franchisor agrees to be bound by the terms and conditions of the Lease being assumed for the remaining term of the Lease.

Franchisor will execute the appropriate documents at the time it gives written notice to Franchisee and the Landlord of its assumption of the Lease.

28.3 No Prior Assignment; Estoppel. Franchisee represents and warrants that:

(a) there has been no prior assignment of the Lease to a third party;

(b) it has the right to assign the Lease to Franchisor;

(c) the Lease is a valid and enforceable agreement,

(d) neither the Landlord nor Franchisee is in default to the other thereunder; and

(e) all covenants, conditions and agreements have been performed as required by the Lease.

No change in the terms of the Lease will be valid without the written approval of Franchisor. Franchisee will not assign the Lease to a third party or encumber its interest in the Lease so long as this assignment is in effect. During the term of this Agreement, Franchisee will not lease or sublease all or any part of the Store without Franchisor's prior written consent.

28.4 Enforcement of Franchisee's Rights. Franchisee hereby irrevocably constitutes and appoints Franchisor as its attorney-in-fact to demand, receive and enforce Franchisee's rights with respect to the Lease, to make payments under the Lease and to give appropriate receipts, releases and satisfactions for and on behalf of and in the name of Franchisee or, at the option of Franchisor, in the name of Franchisor, with the same force and effect as Franchisee could do if this assignment had not been made. This appointment is coupled with an interest and is irrevocable.

28.5 Franchisor's Rights and Remedies. Upon taking physical possession of the Store, Franchisor may, without affecting any of its rights or remedies against Franchisee under any other instrument, document or agreement, exercise its rights under this Agreement as Franchisee's attorney-in-fact in any manner permitted by law and, in addition, Franchisor will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided by law. If Franchisor elects not to take physical possession of the Store following termination or expiration of this Agreement, it will have the right to enter upon the premises to ensure that the alterations required pursuant to Section 22.2 are made.

28.6 Proration of Rents and Expenses. At the time Franchisor takes physical possession of the Store, all charges, real estate taxes, utilities and rentals will be prorated between Franchisor and Franchisee. Franchisor will have no obligation to pay any past-due obligations or arrearages of Franchisee to any person or Entity, including the Landlord.

28.7 Possession; Obligations of Franchisor and Franchisee. Subject to Section 28.6, Franchisor will hold Franchisee harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the Store from the date that Franchisor takes physical possession of the Store. Franchisee will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, common area maintenance expenses, insurance, rental overrides, real estate taxes, repairs and maintenance, up to and including the date that Franchisor takes physical possession of the Store. With the specific and limited exception of rental payments and other obligations to the Landlord arising from Franchisor's use of the Store after taking physical possession of the premises, Franchisee will indemnify and hold Franchisor harmless from and against any and all Claims and Damages to which Franchisor may become exposed, or which Franchisor may incur, in exercising any of its rights under this assignment.

28.8 Landlord's Consent to Assignment of Lease as Security. Franchisee will secure the Landlord's written consent to the provisions contained in this Section in the form attached as an exhibit to this Agreement.

28.9 Assignment by Franchisor. Franchisor will have the right to assign its right, title and interest in the Lease to any persons or Entities upon giving written notice to Franchisee and the Landlord without any consent whatsoever from Franchisee or the Landlord, and any such assignment to any person or Entity will be valid and binding upon Franchisee and the Landlord as fully as if each had expressly approved the same. Subject to the limitation on further assignment by Franchisee contained in Section 28.4, this assignment will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of Franchisee, Franchisor and the Landlord.

28.10 Lease Not Yet Executed. In the event that Franchisee has not yet entered into the Lease for the Store at the time this Agreement is executed, the provisions of Sections 28.2, 28.3 and 28.5 of this Agreement will take effect immediately upon the execution of the Lease. The representations of Franchisee contained in Section 28.3 will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed. Franchisee will execute all additional documents required by Franchisor's attorneys to perfect the assignment of the Lease.

29. MANDATORY NON-BINDING MEDIATION

29.1 Disputes Subject to Mediation. Except as provided in Section 29.6, all disputes between Franchisor and Franchisee will be subject to mandatory non-binding mediation. The mediator will be appointed in accordance with the Code of Procedure of the National Arbitration Forum unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation.

29.2 Purpose. Franchisor and Franchisee acknowledge that resolving disputes prior to commencing court proceedings is in the best interests of both parties, all other franchisees and developers, and the Franchise System. Therefore, the parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

29.3 Mediation Protocol. If either party alleges that a dispute exists between them, then either party will have the right to demand non-binding mediation within 10 days after the complaining party has provided the other party with written notice describing the dispute and the desired action. All mediation sessions will take place exclusively in Wilmington, Delaware, and will be held within 30 days after the mediator has been appointed. The mediation hearing will be informal, and the mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the mediator will be paid equally by the parties.

29.4 Conditions. Franchisor and Franchisee will not have the right to commence any legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to commence legal proceedings prior to any mediation proceedings; however, neither party will have the right to prosecute any legal proceedings beyond commencement of an action until the mediation has concluded. If the mediation proceedings have not been concluded within 30 days after the first meeting with the mediator, then either party will have the right to pursue all other remedies available to them under this Agreement.

29.5 Miscellaneous. All matters, testimony, arguments, evidence, allegations, documents and memorandums, and the decision of the mediator will be confidential in all respects and will not be disclosed to any other person or Entity by either party. Franchisor and Franchisee will continue to perform their respective obligations pursuant to this Agreement during the mediation process.

29.6 Disputes Not Subject to Mediation. The following disputes between Franchisor and Franchisee will not be subject to mediation:

(a) use of the Marks by either Franchisor or Franchisee;

(b) the obligations of Franchisee and Franchisor upon termination or expiration of this Agreement;

(c) any alleged breach of the provisions of this Agreement relating to data security, Confidential Information, and in-term and post-term covenants not to compete contained in Section 25;

(d) any dispute regarding Franchisee's obligations to indemnify Franchisor and/or an Affiliate for any Claims or Damages pursuant to Section 27 of this Agreement; and

(e) any injunctive actions commenced by either party pursuant to this Agreement or pursuant to any statutory or common law rights.

30. ENFORCEMENT

30.1 Choice of Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between Franchisor and Franchisee will be governed by the laws (statutory or otherwise) of the State of Delaware. If this Agreement conflicts with or contradicts applicable governing law, it will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into as of the Effective Date. Franchisee waives the rights and protections that may be provided through the franchise or business opportunity laws of any state other than the state in which the Store is located.

30.2 Remedies**.** No right or remedy conferred upon or reserved to Franchisor by this Agreement is, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

30.3 Injunctive Relief. Either Franchisee or Franchisor will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to:

(a) the use of the Marks and/or the Franchise System by Franchisor or Franchisee;

(b) the obligations of Franchisee or Franchisor upon termination or expiration of this Agreement; and

(c) any breaches of the provisions of this Agreement by either Franchisee or Franchisor relating to Confidential Information and the provisions of Section 25 relating to the interpretation, construction or enforcement of the covenants not to compete.

30.4 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 of them against the other, whether or not there are other parties in such action or proceeding.

30.5 WAIVER OF PUNITIVE DAMAGES. FRANCHISEE AND FRANCHISOR AND THEIR AFFILIATES OFFICERS, DIRECTORS, MEMBERS, OWNERS AND REPRESENTATIVES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY THEM.

30.6 Arbitration.

(a) Subject to Sections 29 and 30.3, any dispute between the parties, including their Affiliates, Owners and guarantors, which cannot be resolved amicably will be referred to and finally heard and resolved by arbitration administered by the American Arbitration Association (the "**AAA**") under its Commercial Arbitration Rules (the "**AAA Rules**"), including the Emergency Interim Relief Procedures Rules, which are deemed to be incorporated by reference into this Section 30.6.

(b) In any arbitration commenced pursuant to this Section:

(i) the number of arbitrators will be one (1), except that should the dispute be for a claim of more than US $5,000,000 the number of arbitrators will be three (3);

(ii) the seat, or legal place, of arbitration will be Wilmington, Delaware, USA; and

(iii) The language to be used in the arbitration will be English.

(c) If the tribunal is to consist of one arbitrator, Franchisor and Franchisee will jointly appoint the single arbitrator in accordance with the AAA Rules; however, if the parties fail to agree on the appointment of a single arbitrator, such appointment will be made by the AAA in accordance with the AAA Rules. If the tribunal is to consist of three arbitrators, Franchisor and Franchisee will each appoint one arbitrator and the two arbitrators so appointed will appoint a third arbitrator to act as Chairman of the tribunal. If a party fails to nominate an arbitrator within thirty (30) days from the date when the Claimant's Request for Arbitration has been communicated to the Defendant such appointment will be made by the AAA in accordance with the AAA Rules. The two arbitrators thus appointed will attempt to agree upon the third arbitrator to act as Chairman. If said two arbitrators fail to nominate the Chairman within thirty (30) days from the date of appointment of the second arbitrator to be appointed, the Chairman will be appointed by the AAA in accordance with the AAA Rules. For purposes of appointing arbitrators, Franchisee and all Principals will be considered to be the same party and will together have the right to appoint only one arbitrator. All arbitrators must be fluent in English and at least one arbitrator must be a lawyer licensed to practice in a state of the United States of America.

(d) Subject to the limitations in Section 30.5, the arbitrators will have the power to grant any remedy or relief that they deem appropriate including injunctive relief, whether interim or final, and any provisional measures ordered by the arbitrators may be specifically enforced by any court of competent jurisdiction. The arbitrators are not empowered, however, to act *ex aequo et bono* or as *amicable compositeurs*. Franchisor retains the right to seek interim measures from any court of competent jurisdiction or other governmental authority, and any such requests will not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

(e) The arbitrators may award to the prevailing party, if any, as determined by the arbitrator's, its costs and expenses, including attorneys' fees. Judgment upon any award rendered by the arbitrators may be entered in and enforced by any court of competent jurisdiction.

(f) No information concerning any arbitration, beyond the names of the parties and the relief requested, may be unilaterally disclosed to a party by any party unless required by applicable law. Any documentary or other evidence given by a party or witness in the arbitration will be treated as confidential by any party whose access to such evidence arises exclusively as a result of his participation in the arbitration, and will not be disclosed to any third party (other than a witness or expert), except as may be required by applicable law.

(g) Arbitral tribunal constituted under this Agreement may, unless consolidation would prejudice the rights of any party, consolidate an arbitration hereunder with an arbitration under any development agreement or franchise agreement between Franchisor (or its affiliates) and Franchisee, its Owners and Affiliates if the arbitration proceedings raise common questions of law or fact. If two or more arbitral tribunals under this Agreement issue consolidation orders, the order issued first will prevail. Notwithstanding the foregoing, no arbitration proceedings may be consolidated with any proceedings instituted by or against any other franchisee not related to Franchisee or its Owners.

(h) This arbitration provision will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

30.7 Payments to Franchisor. Franchisee will not, on grounds of the alleged nonperformance by Franchisor of any of its obligations under this Agreement, any other contract between Franchisor and Franchisee, or for any other reason, withhold the payment of any Fees due to Franchisor. Franchisee will not have the right to "**offset**" or withhold any liquidated or unliquidated amounts, Damages or other funds allegedly due to Franchisee by Franchisor against any Fees due to Franchisor by Franchisee. Franchisor will have the right to deduct from amounts payable to Franchisee by Franchisor or an Affiliate any Fees or other payments owed to Franchisor, an Affiliate or a third party. Franchisor will also have the right to apply the Fees and other payments made to Franchisor by Franchisee in such order as Franchisor may designate from time to time. As to Franchisee and its Affiliates, Franchisor will have the right to:

(a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by Franchisee, except that Advertising Fees may only be credited to the Advertising Fund;

(b) set off, from any amounts that may be owed by Franchisor, any amount owed to Franchisor, the Advertising Fund or any other fund or account; and

(c) retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers or otherwise, as a payment against any Fee owed to Franchisor.

Franchisor will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Franchisor and/or any Affiliate.

30.8 Effect of Wrongful Termination. If Franchisor or Franchisee takes any action to terminate this Agreement or Franchisee takes any action to convert its Store to another business, and such actions were taken without first complying with the terms and conditions of this Agreement, including Section 20 (Transfer) or Section 21 (Termination Rights of Franchisor) of this Agreement, as applicable, then:

(a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement;

(b) the terms and conditions of this Agreement will remain in full force and effect; and

(c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

30.9 Attorneys' Fees and Costs. The prevailing party in an action will be entitled to all reasonable attorneys' fees and costs incurred by the prevailing party in any proceeding or court action brought against the other party to enforce the terms and conditions of this Agreement, including a breach of this Agreement.

30.10 Venue and Jurisdiction. All court proceedings, lawsuits and court hearings initiated by Franchisee or Franchisor must and will be venued exclusively in Wilmington, Delaware. Franchisee, the Managing Owner and Franchisee's Executive Management and its Owners do hereby agree and submit to personal jurisdiction in Wilmington, Delaware for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Store or Franchisee's TONCHIN Business, and do hereby agree and stipulate that any such suits, proceedings and hearings will be venued exclusively in Wilmington, Delaware. Franchisee, its Executive Management and its Owners waive any rights to contest such venue and jurisdiction and waive any rights to argue or contest before any court or Arbitrator the validity of such venue and jurisdiction.

30.11 Limitation of Actions. Except as provided otherwise in this Agreement or by applicable law, any and all Claims arising out of or relating to this Agreement, the relationship between Franchisee and Franchisor, or Franchisee's operation of the Franchise Business brought by either party against the other, whether in mediation, arbitration or any court proceeding, must be commenced within 12 months after the earlier of (a) the occurrence of the facts giving rise to such Claims or (b) the date on which the complaining party becomes aware of the occurrence of such facts, or such Claims will be absolutely barred and unenforceable.

30.12 Severability. All provisions of this Agreement are severable. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable, such provision will be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section 30.12 will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable.

30.13 Waiver. Franchisor and Franchisee may, by written instrument signed by Franchisor and Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Franchisor of any payment by Franchisee and the failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations hereunder will not constitute a waiver by Franchisor of any provision of this Agreement. Franchisor will have the absolute right to waive obligations or restrictions for other franchisees and developers under their franchise agreements without waiving those obligations or restrictions for Franchisee and, except to the extent provided by law, Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees and developers without granting those same rights to Franchisee and without incurring any liability to Franchisee whatsoever.

30.14 No Oral Modification. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of Franchisee and the Chief Executive Officer or Chief Financial Officer of Franchisor.

30.15 Entire Agreement. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either Franchisor or Franchisee that are not contained in this Agreement will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made by Franchisor in the Franchise Disclosure Document provided to Franchisee prior to the execution of this Agreement by Franchisee.

30.16 Headings; Terms. The headings of the Sections are for convenience only and do not in any way define, limit or construe the contents of such Sections. The term “**Franchisee**” as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to “**Franchisee**,” “**assignee**” and “**Transferee**” which are applicable to an individual or individuals means the Owner or Owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is an Entity.

30.17 Franchisor’s Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment (“**Reasonable Business Judgment**”) in making a decision or exercising a right. Franchisor’s decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor’s decisions or actions are intended, in whole or significant part, to promote or benefit the Franchise

System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the Franchise System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the Franchise System.

30.18 Miscellaneous. The rights of Franchisor hereunder are cumulative and no exercise or enforcement by Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by Franchisor of any other right or remedy hereunder or which Franchisor is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest. If Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

31. NOTICES AND APPROVALS

All notices and approvals required or permitted under this Agreement must be in writing and made by personal service to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: [NAME]
TONCHIN HOSPITALITY LLC
____
____
Email: xxxx@xxxxx.com

With a copy to: Kei Miyoshi
Miyoshi & Associates Law Firm
Yajima Bldg. 7th Floor,
11-3, Ginza 7-chome,
Chuo-ku, Tokyo 104-0061, Japan
Email: miyoshi-law@nifty.com

Notices to Franchisee:_________________________
____
____
____
Email:

For the purposes of this Agreement, "in writing" and "written" also means communications in hardcopy, facsimile, or other electronic communication such as email unless otherwise stated in this Agreement and/or agreed by both parties; and, personal service will include service by a recognized overnight delivery service (such as Federal Express, Airborne Express or UPS) which requires a written confirmation of delivery to the addressee. Any notice or approval delivered in the manner specified above will be deemed delivered and received, regardless of whether the recipient refuses or fails to sign for or acknowledge receipt of the notice or approval, if addressed to the recipient at the address set forth above or the last designated or last known physical or electronic mail address of the recipient, and will be deemed effective upon confirmation of delivery to the recipient by the delivery service or three business days after being sent, whichever is applicable.

32. ACKNOWLEDGMENTS; DISCLAIMER; MISCELLANEOUS

32.1 Disclaimer. Franchisor does not warrant or guarantee that Franchisee will derive income or profit from its Franchise Business, or that Franchisor will refund all or part of the Unit Franchise Fee paid by Franchisee or repurchase any of the Products, technology, or Operating Assets supplied or sold by Franchisor or by an Approved or Designated Supplier if Franchisee is in any way unsatisfied with its Franchise Business. Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Sales, economics, business or financial success, or value of Franchisee's TONCHIN Business except as specifically contained in the Franchise Disclosure Document received by Franchisee.

32.2 Acknowledgments by Franchisee. Franchisee acknowledges that it has conducted an independent investigation of the Franchise Business and recognizes that the business venture contemplated by this Agreement and the operation of the Franchise Business involve business and economic risks. Franchisee acknowledges that the financial, business and economic success of Franchisee's TONCHIN Business will be primarily dependent upon the personal efforts of Franchisee, its management and employees, on economic conditions in the area where the Store is located, and economic conditions in general. Franchisee acknowledges and agrees that the officers, directors, employees, and agents of Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or Entities other than Franchisor has or will have any duties or obligations to Franchisee under this Agreement. Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Gross Sales, income, profits, earnings, expenses, financial or business success, value of the Franchise Businesses, or other economic matters pertaining to the Franchise Business from Franchisor or any of its agents that were not expressly set forth in the Franchise Disclosure Document received by Franchisee from Franchisor ("**Representations**"). Franchisee further acknowledges that if it had received any such Representations, it would not have executed this Agreement, promptly notified the Chief Executive Officer of Franchisor in writing of the person or persons making such Representations, and provided to Franchisor a specific written statement detailing the Representations made.

32.3 Other Franchisees. Franchisee acknowledges that other TONCHIN franchisees and developers have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

32.4 Receipt of Agreement and Franchise Disclosure Document. Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven calendar days prior to the date that this Agreement was executed by Franchisee. Franchisee further acknowledges that it received a copy of Franchisor's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. Franchisee confirms receiving the Franchise Disclosure Document on the date Franchisee signed the acknowledgment of receipt page ("**Receipt Page**") attached to the Franchise Disclosure Document. Franchisee and Franchisor each acknowledge receiving a signed and dated copy of the Receipt Page.

32.5 Franchisor's Approval. Except where expressly provided to the contrary, any approval, consent, authorization, clearance, exemption, waiver, or similar affirmation required from or by Franchisor under the terms of this Agreement must be in a written communication from an authorized representative of Franchisor and will be granted or withheld by Franchisor in its reasonable discretion.

33. FRANCHISEE'S LEGAL COUNSEL

Franchisee acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon Franchisee. Franchisee has been advised by Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review The TONCHIN Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, including the Lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the TONCHIN Business, to determine compliance with applicable laws, to advise Franchisee on economic risks, liabilities, obligations and rights under this Agreement, and to advise Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Franchise Business, and other legal and business matters. The name and telephone number of Franchisee's attorney or other advisor will be included in the Addendum to this Agreement.

34. GOVERNING LAW; STATE MODIFICATIONS

34.1 Governing Law; Severability. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051, et seq.), this Agreement and the relationship between Franchisor and Franchisee will be governed by the laws of the State of Delaware, unless applicable state law specifically provides otherwise, and further provided that the parties expressly agree that this Agreement is not intended to confer on any franchisee that is not a resident of the State of Delaware, or operating an TONCHIN Business in the State of Delaware, the benefit of the Delaware franchise law or any other Delaware law providing specific protection to franchisees residing or operating in the State of Delaware. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by Franchisee and Franchisor.

34.2 Applicable State Laws. If applicable, various states have statutes and regulations which may supersede the provisions of this Agreement relating to Franchisee's relationship with Franchisor in the areas of termination and renewal of the Franchise Rights. Various states may have court decisions that may supersede the provisions of this Agreement in Franchisee's relationship with Franchisor in the areas of termination and renewal of the Franchise Rights.

Signatures on following page

IN WITNESS WHEREOF, Franchisor, Franchisee and the Owners have respectively signed this Agreement effective as of Effective Date.

"Franchisor"	**"Franchisee"**
TONCHIN HOSPITALITY LLC	______________________________ Legal Name
By______________________________ Signature	By______________________________ Signature
______________________________ Print Name	______________________________ Print Name
Its______________________________ Title	Its______________________________ Title

ATTACHMENT A

LOCATION

Address of Franchised Location: ____
____

Pursuant to Section 1.44, the Required Opening Date for Franchisee's TONCHIN Business is: ____________________________________

Pursuant to Section 33, the name and telephone number of Franchisee's attorney or other advisor is: ____________________________________; Telephone Number: ____________ (_____) ; E-Mail Address: ________________________

Description of area where the Franchisee will have the right to locate the TONCHIN Business until the address of the franchised location has been determined: ______________________
____
____

This Attachment is Dated: __________________________

"Franchisor"	**"Franchisee"**
TONCHIN HOSPITALITY LLC	________________________________ Legal Name
By________________________________ Signature	By________________________________ Signature
________________________________ Print Name	________________________________ Print Name
Its________________________________ Title	Its________________________________ Title

ATTACHMENT B
FRANCHISEE OWNERSHIP STATEMENT

Each of the undersigned Owners of Franchisee hereby confirms that the Ownership Interests set forth below for each Owner are true and correct and, as a condition to Franchisor agreeing to enter into this Agreement with Franchisee, each Owner who owns at least 10% of the issued and outstanding Ownership Interests in Franchisee agrees to execute and be bound by the terms and conditions of the Personal Guaranty attached to this Agreement.

Names of Owners:	Percentage of Ownership:
______________________ Signature	____________%
______________________ Print Name	
______________________ Signature	____________%
______________________ Print Name	
______________________ Signature	____________%
______________________ Print Name	

Total 100%

Managing Owner:

____
Name

____
Address

____
City, State, Zip Code

____
Telephone

____
Cell Phone

____
E-Mail Address

ATTACHMENT C
PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "**Personal Guaranty**") is made and entered into on __________________________, ("**Effective Date**"), by and between Tonchin Hospitality LLC, a Delaware limited liability company ("**Franchisor**"), and each one of the undersigned personal guarantors ("**Personal Guarantors**").

WHEREAS, Franchisor and **_____________**, (a/an) ("**Franchisee**") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised TONCHIN Business at the Store set forth in the Franchise Agreement ("**Franchise Agreement**").

WHEREAS, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by Franchisor, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by Franchisee.

<u>Obligations under Agreement</u>. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. Each one of the Personal Guarantors acknowledges having received a copy of the Franchise Agreement which is incorporated herein by reference.

<u>Default of Franchisee</u>. If Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Franchisor the Unit Franchise Fee, Royalty Fees, Advertising Fees and all other Fees due and payable to Franchisor under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by Franchisee from Franchisor or any Affiliate of Franchisor.

<u>Noncompliance by Franchisee</u>. If Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of Franchisee.

<u>Obligations to Franchisor</u>. If Franchisee is at any time in default on any obligation to pay monies to Franchisor or any Affiliate of Franchisor, whether for the Unit Franchise Fee, Royalty Fees, Advertising Fees, goods or services purchased by Franchisee from Franchisor or any Affiliate of Franchisor, or for any other indebtedness of Franchisee to Franchisor or any Affiliate of Franchisor, then each of the undersigned, their heirs, successors and assigns, do hereby,

individually, jointly and severally, promise and agree to pay all such monies due and payable by Franchisee to Franchisor or any Affiliate of Franchisor upon default by Franchisee.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Franchisor.

Jurisdiction and Venue. Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement, and each one of the Personal Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

Personal Guarantors

Signature	Signature
Print Name	Print Name
Address	Address
City, State and Zip Code	City, State and Zip Code
Telephone	Telephone
Signature	Signature
Print Name	Print Name
Address	Address
City, State and Zip Code	City, State and Zip Code
Telephone	Telephone

ATTACHMENT D
AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS

PAYEE: TONCHIN HOSPITALITY LLC

BANK NAME:

ACCOUNT NO.:

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, drafts, orders and electronic debits (collectively "**debits**") drawn on such account which are payable to the above-named Payee. It is agreed that the Depository's rights with respect to each such debit will be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever. This authorization will continue in force until the Depository and the Payee have received at least thirty (30) days written notification from the Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify the Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend, at the Depositor's own cost and expense, any action which might be brought by any persons or Entities because of any actions taken by the Depository or the Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or the Payee's participation therein.

Name of Franchisee's Bank ("**Depository**"):____

Bank Address:____

Address, City, State, Zip Code

Bank Telephone Number:________________ Bank Fax Number:______________________

Account No.: __________________________ Routing No.:__________________________

(Please attach one voided check for the above account.)

Name of Franchisee ("**Depositor**") as Listed on Account:__________________________________

Franchisee's TONCHIN Business Address:____
Address, City, State, Zip Code

Franchisee's Telephone Number:____

By________________________________ __________________________________
Franchisee's Authorized Representative Title

Date:_________________________, 20___

ATTACHMENT E

TELEPHONE LISTING AGREEMENT

THIS AGREEMENT is made and entered into on __________________, by and between TONCHIN HOSPITALITY LLC ("**Franchisor**"), and __________________ ("**Franchisee**").

WHEREAS, Franchisor is the franchisor of TONCHIN Businesses and the licensor of the name **"TONCHIN"** and certain other trademarks, trade names, service marks, logos and commercial symbols ("**Marks**"); and

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement, dated the same date as this Agreement ("**Franchise Agreement**") pursuant to which Franchisee is granted the right to operate a franchised TONCHIN Business ("**TONCHIN Business**) and to use the Marks in on-line and/or printed book versions of telephone directory listings for Franchisee's TONCHIN Business; and

WHEREAS, Franchisee is authorized to continue using the Marks until such time as the Franchise Agreement is terminated or expires.

NOW, THEREFORE, Franchisor and Franchisee hereby agree as follows:

1. Franchisee is authorized to obtain telephone service for Franchisee's TONCHIN Business. Such service will not be used in conjunction with any other business or residential telephone service.

2. Franchisee is authorized to secure on-line and printed book White Pages, Yellow Pages and directory assistance listings for Franchisee's TONCHIN Business only in the name of "**TONCHIN**" (as designated by Franchisor)." No other names may be used in conjunction with the TONCHIN Business and the Marks, and no additional listings may be used with the telephone number(s) assigned to the TONCHIN Business, unless approved in writing in advance by Franchisor.

3. All telephone directory listings, Yellow Pages display advertising, layout, and copy will be approved in advance in writing by Franchisor, and Franchisee agrees that it will not place any such copy unless the written approval of Franchisor is attached. Placement of display advertising by Franchisor or its advertising agency for Franchisee through a national Yellow Pages service will constitute automatic approval.

4. Franchisee agrees that the telephone numbers and telephone directory listings for the TONCHIN Business will be considered to be the sole property of Franchisor. Franchisee acknowledges that Franchisor has the absolute right and interest in all of the telephone numbers and telephone directory listings associated with the Marks, and Franchisee hereby authorizes Franchisor to direct the telephone company and all listing agencies to transfer all of Franchisee's telephone numbers and directory listings to Franchisor or Franchisor's assignee if the Franchise Agreement expires or is terminated for any reason whatsoever at any time.

5. Upon the expiration or termination of the Franchise Agreement for any reason, Franchisee agrees that it will immediately cease all use of such telephone numbers and telephone directory listings and that all such telephone numbers and telephone directory listings will remain the sole property of Franchisor, subject to Franchisor's obligation to pay all fees due therefor that become due and payable after the date of the cessation of Franchisee's right to use the Marks and the telephone numbers and telephone directory listings associated with the Marks.

6. Franchisee hereby releases and forever discharges Franchisor and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or indirectly from Franchisor's exercise of its rights hereunder or from the telephone company's cooperation with Franchisor in effecting the terms of this Agreement.

7. Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and all classified and other directory listings under the "**TONCHIN**" name and to authorize the telephone company and all listing agencies to transfer to Franchisor or its assignee all telephone numbers and directory listings of Franchisee's TONCHIN Business.

8. The telephone company and all listing agencies will have the right to accept this Agreement as evidence of the exclusive rights of Franchisor to such telephone numbers and directory listings, and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Franchisor. Franchisee will not make any claims or commence any action against the telephone company and the listing agencies for complying with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

"Franchisor"	"Franchisee"
TONCHIN HOSPITALITY LLC	
	____________________ Legal Name
By____________________ Signature	By____________________ Signature
____________________ Print Name	____________________ Print Name
Its____________________ Title	Its____________________ Title

ATTACHMENT F
LANDLORD'S CONSENT TO ASSIGNMENT OF LEASE

The undersigned landlord ("**Landlord**") hereby consents to the assignment by the undersigned Franchisee of TONCHIN HOSPITALITY LLC ("**Franchisee**") of its right, title and interest in and to the premises lease dated as of ________________, by and between the Landlord and Franchisee ("**Lease**"), to TONCHIN HOSPITALITY , LLC ("**Franchisor**"), pursuant to a Franchise Agreement between Franchisor and Franchisee, dated as of _________________, ("**Franchise Agreement**"), and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee, agrees with Franchisor as follows:

1. In the event of default by Franchisee under the Franchise Agreement, Franchisor or its designee may assume, enforce and perform the obligations of the Lease with the same force and effect as if assumed, enforced and performed by Franchisee. The Landlord will accept Franchisor's (or its designee's) performance in lieu of performance by Franchisee in satisfaction of Franchisee's future obligations under the Lease.

2. The Landlord will not terminate the Lease on account of any default of Franchisee without giving written notice to Franchisor and first providing to Franchisor a reasonable opportunity, but not less than 30 days, to: (a) cause Franchisee to cure the default; or (b) declare Franchisee in default under the Franchise Agreement and exercise its rights under the Franchise Agreement. In the event Franchisor elects to exercise its rights under the Franchise Agreement, the Landlord agrees not to terminate the Lease so long as Franchisor or its designee agrees, within 30 days from the date Franchisor gives written notice to the Landlord of its election to exercise its rights under this assignment, to perform the future obligations of Franchisee under the Lease. However, nothing herein will require Franchisor to cure any default of Franchisee under the Lease, but only gives it the option to assume Franchisee's future rights and obligations under the Lease. If Franchisor elects not to take physical possession of the premises under the Lease, the Landlord will permit Franchisor to enter upon the premises to ensure that the alterations required pursuant to Section 22.1(e) of the Franchise Agreement are made.

3. The Landlord hereby represents and warrants to Franchisor that: (a) the Lease is a valid and enforceable agreement; (b) there has been no prior assignment of the Lease of which the Landlord has notice or is aware; (c) neither the Landlord nor Franchisee is in default under the Lease; and (d) all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof.

4. Landlord hereby acknowledges that Franchisor assumes no duty, liability or obligation under the Lease, except only under the circumstances, terms and conditions specifically set forth in the Franchise Agreement and only after express written assumption of the Lease by Franchisor.

Dated: _________________________

"**Landlord**"

____

By___________________________________

Its___________________________________

ATTACHMENT G

TONCHIN HOSPITALITY LLC
FORM OF LEASE ADDENDUM

LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _________________, is entered into by and between __________________ ("**Lessor**"), and __________________ ("**Lessee**"). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease.

A. The parties hereto have entered into a certain Lease Agreement ("**Lease**"), dated _________________, and pertaining to the premises located at _______________________ _____________________________ ("**Premises**").

B. Lessor acknowledges that Lessee intends to operate an TONCHIN Business franchise from the leased Premises pursuant to a Franchise Agreement ("**Franchise Agreement**") with TONCHIN HOSPITALITY LLC ("**Franchisor**") under the name "TONCHIN" or other name designated by Franchisor (herein referred to as "**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment or Subletting. Lessee shall agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee shall have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached hereto as **Attachment G-1**: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate, (b) to a duly authorized franchisee of Franchisor, (c) in connection with a merger, acquisition, reorganization or consolidation, or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary

or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee shall at all times remain liable under the terms of the Lease. Franchisor shall have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a). Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor shall be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor shall not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

TONCHIN HOSPITALITY LLC
16192 Coastal Hwy.]
Lewes, Delaware 19958
Attention: [INSERT NAME]
Phone: 646-692-9912

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease (together with this Addendum), Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which shall be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided Franchisee agrees to assume Lessee's obligations and the Lease.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the "TONCHIN" marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Attachment G-1**.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Competition by Other Lessees of Lessor. Lessor agrees that it will not do business with nor lease to another business whose primary business is the operation in competition with or similar to TONCHIN Businesses, and specifically featuring Ramen Foods and other complementary products similar to those offered by TONCHIN Businesses.

8. No Radius Clause. The radius restriction set forth in the Lease is hereby deleted.

9. No Relocation Clause. Any relocation clause found in the Lease is hereby deleted.

10. Casualty and Condemnation. In the event the Premises are completely or partially damaged by fire or other casualty or are condemned by a governmental agency in whole or in part, such that the Premises cannot, in Lessee's reasonable business judgment, be used by Lessee for their intended purposes, or can only be partially used by Lessee (it being understood that Lessee, in its reasonable business judgment, shall decide whether to remain open prior to the completion of repairs to the Premises) and this Lease is not terminated as otherwise provided in this Lease, there shall be an equitable abatement of rent, any percentage rent and other charges payable by Lessee hereunder for any days the Lessee cannot use the entire Premises. In the event the Premises are not repaired or restored by Lessor within 180 days after the date of the casualty or condemnation, Lessee may elect to terminate this Lease upon 30 days' prior written notice to Lessor.

11. Common Areas-No Changes**.** Lessor shall not change or alter the common areas in any manner which would alter the dimensions or location of the Premises or adversely affect the use, operation or conduct of Lessee's business being conducted in the Premises, adversely affect the accessibility or visibility of the Premises or reduce the existing parking facilities of the Shopping Center by more than 10%.

12. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous Materials**"). Notwithstanding any provision of this Lease to the contrary, Lessee shall have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the Shopping Center, the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor shall be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor shall indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorneys' fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Shopping Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

13. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self-insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered from such insurance (or which would have been recovered had the party carried the insurance required to be carried pursuant to the terms of the Lease), including any deductibles under such policies..

14. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Premises and has full right, power and authority to enter into this Lease; (ii) that the Store is in compliance with the Americans with Disabilities Act ("**ADA**"); (iii) that the

permitted "use" of the Premises does not currently violate the terms of any of Lessor's insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Premises and shall maintain throughout the term of this Lease general liability insurance coverage for the Premises consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Premises in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein beyond all applicable notice and cure periods, Lessee shall peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof shall not be disturbed. Lessor covenants and agrees that Lessor shall take no action that will interfere with Lessee's intended usage of the Premises. Lessor shall indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor's operation of the Franchised Business, (y) Lessor's breach in the performance of any of its obligations under this Lease, or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification shall survive expiration or termination of this Lease.

15. Lessor Work And Repair. Lessor shall perform all work described in the Lease and Exhibit __ attached hereto and incorporated herein. Lessor shall be responsible for the payment of all tap fees and system development fees incurred in connection with Lessor's provision of utilities to the Premises. Utilities shall be "stubbed" to the Premises at no cost to Lessee. All Lessor work shall be performed in a workmanlike manner with quality materials in compliance with all laws, codes and all regulations. If Lessor's work is not performed as herein required, or if such work or the Premises is not in compliance with all laws, codes or other regulations, Lessor shall perform the necessary remedial work at its sole cost and expense. Lessor covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Lessee, to keep, maintain and replace, if necessary, the foundations, the exterior paint, the plumbing system, the electrical system, the utility and sewer lines and connections to the Premises, the sprinkler mains, if any, structural systems including, without limitation, the roof, roof membrane roof covering (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

16. Mitigation. Lessor shall use reasonable efforts to mitigate its damages in the event of a Lessee default.

17. Lessee Financing. Lessee shall have the right from time to time during the term of the Lease, and without Lessor's prior approval, to grant and assign a mortgage or other security interest in Lessee's interest under this Lease and all of Lessee's personal property located within the Premises to its lenders in connection with Lessee's financing arrangements and any lien of Lessor against Lessee's personal property (whether by statute or under the terms of this Lease) shall be subject and subordinate to such security interest. Lessor shall execute such documents as Lessee's lenders may reasonably request in connection with any such financing.

18. Closure of Business Operation. Notwithstanding anything in the Lease to the contrary, Lessee may close its business once every five (5) years for a reasonable time to refurbish and redecorate the Premises.

19. Removal of Trade Dress/Personal Property. Lessor shall permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor shall permit Lessee to remove its trade dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section __, whichever later occurs.

20. Alterations. Lessor's consent shall not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

21. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

22. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

23. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Lease and this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:	**LESSEE:**
______________________________	______________________________
By:___________________________	By:___________________________
Name:_________________________	Name:_________________________
Title:__________________________	Title:__________________________

ATTACHMENT G-1
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of ______________________ ("**Effective Date**"), the undersigned, __________________________________ ("**Assignor**"), hereby assigns, transfers and sets over unto TONCHIN HOSPITALITY LLC ("**Assignee**") all of Assignor's right, title and interest as Lessee, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** ("**Lease**") with respect to the premises located at ______________________ ("**Premises**"). This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement ("**Franchise Agreement**") for an TONCHIN Business between Assignee and Assignor, or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in that event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any Successor Terms thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees or instructs in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[Signatures on following page]

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

"Assignee"	**"Assignor"**
TONCHIN HOSPITALITY LLC	______________________________
	Legal Name
By______________________________	By______________________________
Signature	Signature
______________________________	______________________________
Print Name	Print Name
Its______________________________	Its______________________________
Title	Title

EXHIBIT A

LEASE

With Respect to Premises Located at:

____

(To Be Attached)

ATTACHMENT H

**MULTI-STATE ADDENDUM
TO THIS
FRANCHISE AGREEMENT**

ADDITIONAL STATE DISCLOSURES

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provision in the Franchise Disclosure Document ("FDD")[1] will be amended as follows:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(remainder of page intentionally left blank)

[1] Addenda provisions to the Franchise Disclosure Document ("FDD") also are amendments to all Exhibits attached as listed in the FDD Table of Contents and Receipt Pages.

CALIFORNIA

California-Specific Modification to Franchise Agreement

California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving the Franchisor the right to terminate in the event of the Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

Section 4.1 and 4.2 of the franchise agreement are revised to include the following:

The California Department of Financial Protection and Innovation requires that Franchisor defer the collection of all initial fees from California franchisees until Franchisor has completed all its pre-opening obligations and Franchisee is open for business.

SECTIONS 32.1 AND 32.2 DO NOT APPLY TO YOU IF YOU ARE A RESIDENT OF OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.

REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

"Franchisor"	**"Franchisee"**
TONCHIN HOSPITALITY LLC	____________________ Legal Name
By____________________ Signature	By____________________ Signature
____________________ Print Name	____________________ Print Name
Its____________________ Title	Its____________________ Title

ILLINOIS

Illinois-Specific Modification to Franchise Agreement

Franchise Fee Deferral. The Illinois Attorney General's Office has imposed the franchise fee deferral requirement because of our financial condition. Section 4.1 of the Franchise Agreement is hereby revised to state that payment of the initial franchise fee shall be deferred until after all of Franchisor's initial obligations are complete and the Franchise is open for business.

Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "**Illinois Act**") and Illinois law will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by the Franchisor; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for mediation and arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action maintained by the Franchisee to enforce any liability created by the Illinois Act; (5) any representations made by the Franchisor in the Franchise Disclosure Document provided to the Franchisee will remain valid and enforceable by the Franchisee after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring the Franchisee to waive compliance with any provision of the Illinois Act is void; and (7) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Illinois Act.

"Franchisor"	"Franchisee"
TONCHIN HOSPITALITY LLC	
	______________________ Legal Name
By______________________ Signature	By______________________ Signature
______________________ Print Name	______________________ Print Name
Its______________________ Title	Its______________________ Title

INDIANA

The following is hereby added at the end of Section 32.2 of the Franchise Agreement:

> Notwithstanding anything to the contrary in this provision, Franchisee does not waive any right under the Indiana statutes with regard to prior representations made by the Franchisor.

"Franchisor"

TONCHIN HOSPITALITY LLC

By___________________________________
Signature

____
Print Name

Its___________________________________
Title

"Franchisee"

____
Legal Name

By___________________________________
Signature

____
Print Name

Its___________________________________
Title

MARYLAND

Maryland-Specific Modification to Franchise Agreement

Maryland. In accordance with the laws of the State of Maryland: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Washington will be deleted from this Agreement, and the Franchisee will have the right to commence litigation, lawsuits and other court proceedings alleging claims arising under the Maryland Franchise Registration and Disclosure Law (the "**Maryland Law**") in the State of Maryland; (2) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Law; (3) any limitation on the period of time during which claims must be brought will not act to reduce the thee-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Law, and any claims arising under the Maryland Law must be brought within three years after the grant of the Franchise; and (4) notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement will be construed to disclaim any representations made by the Franchisor in the Franchise Disclosure Document.

"Franchisor"	**"Franchisee"**
TONCHIN HOSPITALITY LLC	
	______________________________ Legal Name
By______________________________ Signature	By______________________________ Signature
______________________________ Print Name	______________________________ Print Name
Its______________________________ Title	Its______________________________ Title

MINNESOTA

Minnesota-Specific Modification to Franchise Agreement

Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, the Franchisor must give the Franchisee at least 180 days prior written notice of nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if the Franchisor gives the Franchisee written notice that the Franchisee has breached this Agreement, such written notice will be given to the Franchisee at least 90 days prior to the date this Agreement is terminated by the Franchisor, and the Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether the Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Franchisee or the Owners; and (4) notwithstanding any provisions of this Agreement to the contrary, the Franchisee will have up to three years after the cause of action accrues to bring an action against the Franchisor pursuant to Minn. Stat. §80C.17.

Section 4.1 of the Franchise Agreement is hereby amended to state that payment of the initial franchise fee will be deferred until We have satisfied Our pre-opening obligations, and You have commenced business operations.

Section 7.3 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Fee to $30 per occurrence pursuant to Minnesota Statute 604.113.

Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

“Franchisor”

TONCHIN HOSPITALITY LLC

By__________________________________
Signature

____
Print Name

Its__________________________________
Title

“Franchisee”

____
Legal Name

By__________________________________
Signature

____
Print Name

Its__________________________________
Title

NEW YORK

New York-Specific Modification to Franchise Agreement

New York. The following is added to section 3.2, of the Franchise Agreement titled "Successor Term" and Section 20.4 of the Franchise Agreement, "Conditions for Transfer", 20.6 of the Franchise Agreement, "Transfer Fees" and 20.7 of the Franchise Agreement, "Prohibition on Transfer to Competitor by Franchisee and Owners" entitled "Conditions for franchisor approval of transfer":

"However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non- waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied."

The following is added to sections of 30.10 of the Franchise Agreement and Section 30.11 of the Franchise Agreement:

"The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York."

Attachment L, Franchisee Acknowledgement Addendum, is amended to provide that no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

"Franchisor"	"Franchisee"
TONCHIN HOSPITALITY LLC	______________________ Legal Name
By______________________ Signature	By______________________ Signature
______________________ Print Name	______________________ Print Name
Its______________________ Title	Its______________________ Title

NORTH DAKOTA

North Dakota-Specific Modification to Franchise Agreement

North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the consent by the Franchisee to jurisdiction and venue in the State of Washington contained in this Agreement will be inapplicable to the Franchisee; and (4) any provisions of this Agreement which limit the statute of limitations period for claims under the North Dakota Franchise Investment Law (the "**North Dakota Law**") or the parties' rights or remedies under the North Dakota Law, such as the right to recover exemplary or punitive damages or to a jury trial, will not be enforceable.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

"Franchisor"	"Franchisee"
TONCHIN HOSPITALITY LLC	______________________ Legal Name
By______________________ Signature	By______________________ Signature
______________________ Print Name	______________________ Print Name
Its______________________ Title	Its______________________ Title

RHODE ISLAND

Rhode Island-Specific Modification to Franchise Agreement

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

"Franchisor"	"Franchisee"
TONCHIN HOSPITALITY LLC	______________________________ Legal Name
By______________________________ Signature	By______________________________ Signature
______________________________ Print Name	______________________________ Print Name
Its______________________________ Title	Its______________________________ Title

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **<u>Nonsolicitation Agreements</u>.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **<u>Questionnaires and Acknowledgments</u>.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **<u>Prohibitions on Communicating with Regulators</u>.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **<u>Advisory Regarding Franchise Brokers</u>.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Section 32.1 does not apply in Washington.

Section 32.2 does not apply in Washington.

Section 33 does not apply in Washington.

Section 4.1 and 4.2 of the Franchise Agreement are hereby amended to state that payment of all of the initial franchise fees will be deferred until We have satisfied Our pre-opening obligations, and You have commenced business operations.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Signatures on next page

"Franchisor"	**"Franchisee"**
TONCHIN HOSPITALITY LLC	______________________________ Legal Name
By______________________________ Signature	By______________________________ Signature
______________________________ Print Name	______________________________ Print Name
Its______________________________ Title	Its______________________________ Title
Dated______________________________	Dated______________________________

ATTACHMENT I

WEBSITE USE AGREEMENT

THIS AGREEMENT is entered into on ________________________, by and between TONCHIN HOSPITALITY LLC, a Delaware corporation ("**Franchisor**") and ____________, a(n) ___________ ("**Franchisee**").

INTRODUCTION

Franchisor has developed a distinctive business system for operating and franchising stores under the name **"TONCHIN"** ("**Franchise System**"), and has extensively publicized the name "**TONCHIN**" to the public as an organization of store businesses operating under the Franchise System.

Franchisee has signed a Franchise Agreement with Franchisor on the date of this Agreement ("**Franchise Agreement**"). Franchisee will operate a franchised TONCHIN Business utilizing the Franchise System pursuant to the Franchise Agreement ("**TONCHIN Business**").

The Franchise System includes the website and mobile application developed and designed by Franchisor to conduct certain business functions as defined in the Franchise Agreement (the website and mobile application are collectively referred to herein as "**Franchise Website**"). Franchisee desires to obtain the right to have access to and to use the Franchise Website in connection with the operation of its franchised TONCHIN Business.

Pursuant to the above Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, Franchisor and Franchisee agree, and contract as follows:

1. <u>Grant of Use</u>.

Franchisor grants to Franchisee a nonexclusive and nontransferable right to use the Franchise Website in connection with the operation of Franchisee's TONCHIN Business, subject to the terms and conditions of this Agreement. Franchisee is strictly prohibited from using the Franchise Website (a) in a manner other than as prescribed by Franchisor, (b) for any purpose other than to support the operation of Franchisee's TONCHIN Business, or (c) after the expiration or termination of this Agreement or the Franchise Agreement. All references to Franchisee's TONCHIN Business will be removed from the Franchise Website immediately upon the termination or expiration of this Agreement or the Franchise Agreement.

2. <u>Term</u>.

Unless sooner terminated by Franchisor as provided for herein, the term of this Agreement and the rights granted herein will commence on the date set forth above and will continue until the expiration or termination of the Franchise Agreement.

3. <u>Internet Website</u>.

Franchisor will establish and maintain the Franchise Website to advertise, promote and conduct business at the TONCHIN Businesses, including Franchisee's TONCHIN Business. Franchisee acknowledges and agrees that all features of the Franchise Website, including the domain name, content, features, graphics, functionality, color schemes, designs, format, procedures and links to other websites, will be determined by Franchisor, in its sole discretion. Franchisor will have the right to modify, enhance, suspend or temporarily or permanently discontinue the Franchise Website at any time, in its sole discretion. Franchisee will not have the right to establish a website or home page on the Internet, or a mobile application, to advertise or promote its TONCHIN Business.

4. Costs of Development and Maintenance.

Proceeds from the Advertising Fund, as defined in the Franchise Agreement, will be used to develop and maintain the Franchise Website.

5. Technology.

The Franchise Website, certain images, user interfaces, databases, software programs and source codes, computer processes, methods of operation, processes, procedures, know-how and accompanying data relating to the Franchise Website (collectively, the "**Technology**") may be made available to Franchisee by Franchisor for its access and/or use pursuant to this Agreement. The Technology is protected by United States and worldwide copyright laws and treaty provisions. The Technology constitutes Confidential Information, and as such is subject to the provisions of the Franchise Agreement relating to Confidential Information. In recognition of the above, Franchisee agrees that it may not and will not, directly or indirectly, for its own benefit or for the benefit of any other person or Entity: (a) copy, reproduce, modify, use, display, publish, upload, post, transmit or distribute any portion of the Technology in any way without Franchisor's express prior written permission; (b) use, copy, modify or display any of the Marks in any way or for any purpose without Franchisor's express prior written permission; or (c) use the Franchise Website, any Confidential Information or Technology for any business or personal purpose or use other than those purposes expressly authorized by Franchisor pursuant to this Agreement.

6. No Warranty.

Franchisee is provided with access to the Technology on an "**AS IS**" and "**AS PROVIDED**" basis. THE FRANCHISOR AND ITS SUPPLIERS MAKE NO, AND SPECIFICALLY DISCLAIM ANY, WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, WHETHER BY STATUTE, COMMON LAW, CUSTOM, USAGE OR OTHERWISE, AS TO ANY MATTER INCLUDING, WITHOUT LIMITATION, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, MERCHANTABILITY, INTEGRATION, SATISFACTORY QUALITY, FITNESS FOR ANY PARTICULAR PURPOSE, PERFORMANCE OR RESULTS THE FRANCHISEE OR ITS CUSTOMERS MAY OBTAIN BY USING THE TECHNOLOGY. THE FRANCHISOR AND ITS SUPPLIERS MAKE NO WARRANTY THAT OPERATION OF THE TECHNOLOGY WILL BE UNINTERRUPTED, TIMELY, SECURE OR ERROR-FREE, AND MAKE NO WARRANTY REGARDING ANY SERVICES OBTAINED THROUGH USE OF THE TECHNOLOGY OR ANY TRANSACTIONS ENTERED INTO THROUGH USE OF THE TECHNOLOGY. Franchisee will not have the right to use the Technology after the termination of this Agreement.

7. Limitation of Liability.

IN NO EVENT WILL THE FRANCHISOR OR ITS SUPPLIERS BE LIABLE TO THE FRANCHISEE OR ANY THIRD PARTY FOR ANY DAMAGES, CLAIMS, AS DEFINED HEREIN, OR COSTS WHATSOEVER OR FOR ANY CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES, OR FOR ANY LOST PROFITS OR LOST SAVINGS ARISING OUT OF, RELATING TO OR RESULTING FROM THIS AGREEMENT, THE TECHNOLOGY, THE USE OR INABILITY TO USE THE TECHNOLOGY, ANY SERVICES OBTAINED OR TRANSACTIONS ENTERED INTO PURSUANT TO THIS AGREEMENT, ANY LOSS OR UNAUTHORIZED ALTERATION OF ANY DATA, OR ANY UNAUTHORIZED ACCESS TO ANY DATA. THE FOREGOING LIMITATIONS AND EXCLUSIONS WILL APPLY TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW EVEN IF THE FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES, DAMAGES, CLAIMS, AS DEFINED HEREIN, OR COSTS. IF THE FRANCHISOR OR ITS SUPPLIERS BREACH THIS AGREEMENT, OR IF THE FRANCHISEE IS DISSATISFIED IN ANY RESPECT WITH THE SERVICES PROVIDED BY THE FRANCHISOR OR ANY SUPPLIER PURSUANT TO THIS AGREEMENT, THEN THE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDY WILL BE TO TERMINATE THIS AGREEMENT AND CEASE USING THE LOVE BOAT WEBSITE. UNDER NO CIRCUMSTANCES WILL THE FRANCHISOR BE LIABLE FOR LOSS OF DATA, REPROCUREMENT COSTS, LOST REVENUE OR PROFITS, INTERRUPTION OF THE FRANCHISEE'S BUSINESS OPERATIONS, OR FOR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES EVEN IF THEY WERE FORESEEABLE OR THE FRANCHISEE HAS INFORMED THE FRANCHISOR OF SUCH POTENTIAL DAMAGES. Franchisor is acting on behalf of its suppliers for the purpose of disclaiming, excluding and/or limiting obligations, warranties and liability as provided in this Agreement, but in no other respects and for no other purpose.

8. Dispute Resolution.

Except when injunctive relief is sought, all controversies arising from, as a result of or under this Agreement will be resolved in accordance to the dispute resolution provisions of the Franchise Agreement. All actions, hearings and any court proceedings, including injunctive actions, will be held exclusively in Wilmington, Delaware, and the parties hereby expressly consent to personal jurisdiction and venue in Wilmington, Delaware.

9. Franchisor's Rights.

Franchisee acknowledges and agrees that if Franchisee breaches the terms of this Agreement, its access to the Franchise Website may be temporarily or permanently disabled and Franchisee may be held liable for all Damages incurred by Franchisor caused by Franchisee's breach of the terms and conditions of this Agreement.

10. Default.

Any of the following occurrences will constitute an "**Event of Default**" under this Agreement: (a) Franchisee fails to pay when due any charge or fee payable to Franchisor or its Affiliates pursuant to this Agreement or any other agreement; (b) Franchisee breaches or is in default of any other provision of this Agreement and such breach or default is not corrected within 30 days, or such other period of time specified by applicable law, after Franchisor gives Franchisee written notice of breach; (c) the Franchise Agreement is terminated by either party or expires and is not renewed; or (d) Franchisee is in default of any of its obligations under the Franchise Agreement and fails to correct such default in accordance with the notice and cure provisions of the Franchise Agreement.

11. Franchisor's Remedies Upon Default.

Upon the occurrence of any Event of Default, Franchisor will have the right to exercise any or all of the following rights and remedies: (a) terminate this Agreement; (b) declare all amounts owed to Franchisor pursuant to this Agreement to be immediately due and payable; (c) cease performance of all of Franchisor's obligations under this Agreement without liability to Franchisee; (d) temporarily or permanently disable Franchisee's access to the Franchise Website; (e) remove Franchisee's TONCHIN Business from the Franchise Website; and/or (f) hold Franchisee liable for all Damages incurred by Franchisor caused by Franchisee's default.

12. Sole Agreement; Modification.

This Agreement is the sole agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of either party. This Agreement may be amended only by a writing executed by the party against whom enforcement is sought.

13. Governing Law.

This Agreement will be interpreted in accordance with the substantive laws of the State of Delaware.

14. Costs and Attorneys' Fees.

Franchisee will indemnify Franchisor for all costs that Franchisor incurs in any lawsuit or proceeding to enforce this Agreement including, without limitation, actual attorneys' fees, expert witness fees, costs of investigation, court costs, litigation expenses, Travel Expenses, and all other costs incurred by Franchisor.

15. Severability.

All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable.

16. Waiver; Consent.

Franchisor and Franchisee may, by written instrument signed by both parties, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Franchisor of any payment by Franchisee and the failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations will not constitute a waiver by Franchisor of any provision of this Agreement. Whenever this Agreement requires Franchisor's prior written consent, such consent may be withheld by Franchisor for any reason whatsoever.

17. No Rights of Offset.

Franchisee will not, on grounds of the alleged nonperformance by Franchisor of any of its obligations or for any other reason, withhold payment of any payments due Franchisor pursuant to this Agreement or pursuant to any other contract, agreement or obligation. Franchisee will not have the right to "**offset**" any liquidated or unliquidated amounts, Damages or other funds allegedly due to Franchisee by Franchisor against any payments due to Franchisor under this Agreement.

18. Franchisor's Rights Cumulative.

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

19. Jurisdiction; Venue.

All litigation, court hearings, or other proceedings initiated by either party against the other party will be initiated, venued and maintained in strict accordance with the corresponding applicable provisions of the Franchise Agreement.

20. Binding Agreement.

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

21. Notices.

All notices to Franchisor or Franchisee will be given in accordance with and subject to the corresponding applicable terms and conditions of the Franchise Agreement.

22. Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, will have the meanings ascribed to such terms in the Franchise Agreement.

23. Counterparts.

This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year first above written.

"Franchisor"	**"Franchisee"**
TONCHIN HOSPITALITY LLC	_______________________________ Legal Name
By_______________________________ Signature	By_______________________________ Signature
_______________________________ Print Name	_______________________________ Print Name
Its_______________________________ Title	Its_______________________________ Title

ATTACHMENT J-1

NONDISCLOSURE AND NONCOMPETITION AGREEMENT (OWNER)

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into on _________________ by and among TONCHIN HOSPITALITY LLC ("**Franchisor**"), __________________________ ("**Franchisee**), and ______________________________ ("**Owner**"). Franchisor, Franchisee and Owner are collectively referred to herein as the "**Parties**" and individually as a "**Party**". All capitalized terms not specifically defined in this Agreement shall have the meaning given to them in the Franchise Agreement.

WHEREAS, Franchisor is the franchisor of TONCHIN Businesses and the licensor of the name "**TONCHIN**" and certain other trademarks, trade names, service marks, logos and commercial symbols (the "**Marks**");

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement, dated the same date as this Agreement (the "**Franchise Agreement**") pursuant to which Franchisee is granted the right to operate a franchised TONCHIN Business featuring Ramen Foods and other complementary products in a distinctive atmosphere (the "**TONCHIN Business**");

WHEREAS, the TONCHIN Business is operated (a) under Franchisor's trademark "**TONCHIN**" and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively "**Marks**") and (b) by using Franchisor's proprietary and distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, trade secrets, operating procedures and know-how (collectively, "**Trade Secrets**").

WHEREAS, Franchisee is authorized to use the Marks and Confidential Information to the extent provided under the Franchise Agreement.

NOW, THEREFORE, to confirm the obligation and covenants of Franchisee and the Owner with respect to the prohibited use and disclosure of the Confidential Information, and for good and valuable consideration, the sufficiency of which each Party hereby acknowledges, the Parties hereby agree as follows:

1. Definitions. All capitalized terms not specifically defined in this Agreement, shall have the meaning given to them in the Franchise Agreement. As used herein, the term "**Trade Secrets**" shall be deemed to constitute Confidential Information (within the meaning of the Franchise Agreement).

2. Cumulative Rights and Remedies. The rights and obligations of the Parties set forth herein are cumulative of and do not in any way limit the rights and obligations of the Parties as set forth in the Franchise Agreement which are independently enforceable.

3. Non-Disclosure of Confidential Information.

(a) Each of Franchisee and each Owner acknowledges that Franchisee, the Managing Owner, the Owner and Executive Management, and certain of Franchisee's employees have or will receive Confidential Information from Franchisor pertaining to the operation of the TONCHIN Business. In consideration for access to and use of the Confidential Information, Franchisee and the Owner will comply in all respects with the provisions of the Franchise Agreement, including Section 25.

(b) Each of Franchisee and each Owner acknowledges that (i) the Confidential Information developed and utilized in connection with the operation of the TONCHIN Business are unique and the exclusive property of Franchisor or its affiliates, (ii) any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor or its affiliates, (iii) Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, (iv) Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and (iv) it would be very costly to Franchisor in the event competitors were to acquire or duplicate the Confidential Information.

(c) Nondisclosure. During the Initial Term and any Successor Term of the Franchise Agreement and for a period of two years after the expiration or termination of the Franchise Agreement (unless such information is a Trade Secret in which case the requirements will remain in place for as long as such information constitutes a Trade Secret), Franchisee and the Owner shall not at any time, publish, disclose, divulge or use, directly or indirectly, for its own benefit or otherwise, the Confidential Information.

4. Covenant Not to Compete.

(a) In-Term Covenant Not to Compete. During the Initial Term and any Successor Term of the Franchise Agreement, none of Franchisee or any Owner shall, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Business, except with the prior written consent of Franchisor, which consent may be withheld in Franchisor's sole discretion.

(a) Post-Term Covenant Not to Compete. Except as provided to the contrary in Section 25 of the Franchise Agreement, for a period of 24 months after the termination or expiration of the Franchise Agreement, none of Franchisee or any Owner shall, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Business which is located within 25 miles of the Store, within 25 miles of any other TONCHIN Business, or within any territory granted by Franchisor pursuant to another territorial agreement. Each of Franchisee and each Owner expressly agrees that the nature of Franchisor's business is such that if they were to directly or indirectly own or operate a Competitive Business it would be virtually impossible for Franchisee and the Owner not to rely on or use the Confidential Information.

(b) Each of Franchisee and each Owner agrees that the limitations of time, geography, and scope of the prohibited activity are reasonable because, among other things, (i) Franchisor is engaged in a highly competitive industry, (ii) Franchisee and the Owner will have access to the Confidential Information, including Franchisor's confidential and proprietary Manual, (iii) these limitations are necessary to protect Franchisor's Confidential Information, goodwill and the goodwill of its other franchisees and developers, (iv) that this covenant not to compete is necessary to give Franchisor the opportunity to resell and/or develop a new TONCHIN Business at or in the area near the Store, and (v) Franchisee and the Owner are able to engage in lawful trade and business in a suitable and satisfactory manner without violating the terms of this Agreement. Each of Franchisee and each Owner further agrees that these provisions are necessary to protect the legitimate business interest of Franchisor, including protecting the integrity of the TONCHIN franchise system and preventing duplication of the Franchise System by unauthorized third parties.

(c) Each of Franchisee and each Owner also agrees that money damages alone cannot adequately compensate Franchisor if there is a breach of this Agreement by Franchisee or the Owner, and that injunctive relief against Franchisee and/or the Owner is essential for the protection of Franchisor and its franchisees and developers. Each of Franchisee and each Owner agrees therefore that, if Franchisor alleges that Franchisee or the Owner have breached this Agreement, then Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against Franchisee and the Owner, in addition to all other remedies that may be available to Franchisor. Franchisor will not be required to post a bond or other security for any injunctive proceeding. If Franchisor is granted ex parte injunctive relief against Franchisee or the Owner, then Franchisee or the Owner will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

(d) In any litigation, arbitration or other proceeding concerning Franchisor's enforcement of its rights hereunder, Franchisee and the Owner, for value, voluntarily waive such defenses as they might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the Parties that no action or lack of action on the part of Franchisor will entitle or permit Franchisee or the Owner to use or disclose any such Confidential Information in any circumstances.

5. <u>Entire Agreement; Amendments; Waivers</u>. This Agreement and the Franchise Agreement contain the entire agreement between the Parties relating to the matters set forth herein. No amendments or other variation to this Agreement will be effective unless in writing and signed by an authorized person on behalf of each Party. Any waiver of any provision of this Agreement must be in writing and signed by the Party whose rights are being waived. No waiver of any breach of any provision of this Agreement will be, or be deemed to be, a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement

6. <u>Governing Law, Jurisdiction, and Attorneys' Fees</u>. The laws of the State of Delaware will govern this Agreement (regardless of its or any other jurisdiction's choice-of-law principles). Each of Franchisee and each Owner expressly consents to the personal jurisdiction of

the state and federal courts located in Wilmington, Delaware, for any lawsuit arising from or relating to this Agreement. If any Party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees from the non-prevailing Party. This instrument shall be governed by and construed under the laws of the State of Delaware.

7. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the remaining provisions of this Agreement will remain in full force and effect. The Parties further expressly agree that if the scope of enforceability of the terms hereof is disputed at any time, a court or arbitrator, as the case may be, may modify such terms to the extent that it deems necessary to make such provisions enforceable under applicable law.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have signed this Nondisclosure and Noncompetition Agreement on the date first above written.

FRANCHISOR:

TONCHIN HOSPITALITY LLC

By: ______________________________

Name and Title: ______________________

Date: _____________________________

FRANCHISEE:

____

By: ______________________________

Print Name: _______________________

Date: _____________________________

OWNER:

____

____
Print Name

____
Signature

____
Address

____
City, State and Zip Code

ATTACHMENT J-2

NONDISCLOSURE AND NONCOMPETITION AGREEMENT (MANAGEMENT STAFF)

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into on ________ by and between ________________________ ("**Franchisee**") and ____________________________ ("**Associate**"), who resides or has a principal place of address at ____. Franchisee and Associate are collectively referred to herein as the "**Parties**" and individually as a "**Party**".

WHEREAS, TONCHIN HOSPITALITY LLC ("**Franchisor**"), located at [INSERT ADDRESS], the franchisor of TONCHIN Businesses and the licensor of the name "**TONCHIN**" and certain other trademarks, trade names, service marks, logos and commercial symbols (the "**Marks**");

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement, (the "**Franchise Agreement**") pursuant to which Franchisee is granted the right to operate a franchised TONCHIN Business featuring Ramen Foods and other complementary products (the "**TONCHIN Business**");

WHEREAS, the TONCHIN Business is operated (a) under Franchisor's trademark "TONCHIN" (as designated by Franchisor) and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively "**Marks**") and (b) by using Franchisor's proprietary and distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, trade secrets, operating procedures and know-how, all of which constitutes Confidential Information as defined herein;

WHEREAS, Associate is a member of Franchisee's management staff, or is an employee of Franchisee whose job duties will cause Associate to be given access to the Confidential Information;

WHEREAS, pursuant to the Franchise Agreement, Franchisee is obligated to, among other things, maintain the confidentiality of the Confidential Information and to ensure that all persons associated with Franchisee who receive access to the Confidential Information agree not to disclose or use the Confidential Information in connection with a Competitive Business as defined herein; and

NOW THEREFORE, to confirm the obligations and covenants of the Associate with respect to the prohibited use and disclosure of Franchisor's Marks and Confidential Information, and for good and valuable consideration, the sufficiency of which each Party hereby acknowledges, the Parties hereby agree as follows:

1. Definitions.

(a) "**Competitive Business**" means any business or store, other than another TONCHIN Business, (a) operating in competition with or similar to TONCHIN Businesses, and specifically featuring Ramen Foods and other complementary products similar to those offered by TONCHIN Businesses, or (b) that employs or incorporates one or more distinctive elements of the Franchise System, or (e) that uses a menu that is similar to those used in the TONCHIN Businesses.

(b) "**Confidential Information**" means and includes all of the business, technology, marketing, operational, and proprietary information developed, created, owned or licensed by Franchisor including, but not limited to, the following: (a) all plans and specifications relating to the construction of any TONCHIN Business, drawings and renderings, Operating Assets specifications and pricing, the names of all Approved Suppliers and Designated Suppliers, pricing information for any Products sold to any TONCHIN Business, unpublished menus and menu designs, and all food recipes and cooking techniques, (b) all business information, financial data and information, practices, procedures, processes, "**know how**" and business and operational systems of Franchisor, (c) all marketing strategies, programs, and concepts, training programs, Manual and materials, and operational and business development concepts, including but not limited to all store design, schematics, construction documents, and artwork, (d) all exclusive sales and marketing processes taught to Franchisee's personnel during any training programs, (e) all training programs and materials, (f) all trade secrets, intellectual property, proprietary databases, computer processes, computer systems, computer software programs and all source codes for all computer software programs (excluding commercially available off-the-shelf third-party software programs), (g) all copyrighted materials that have not been publicly disclosed by Franchisor which are marked as "**confidential**," (h) all patents of Franchisor, including pending patents, (i) all password-protected websites designed, created and developed by Franchisor, including all passwords, text, content, color schemes, images, graphics, information, look and feel, layout, methodology, metrics, graphical interfaces and functionality, and (j) all other written materials disclosed to Franchisee which have been designated as "**confidential**" by Franchisor. Franchisee and its employees and agents will not disclose to any person or Entity the name, addresses or any other information relating to any customers or guests of any TONCHIN Business, including Franchisee's TONCHIN Business, except as authorized electronically or in writing by the customer or guest.

2. <u>Non-Disclosure of Confidential Information.</u>

(a) Associate acknowledges that Associate will receive from Franchisee Confidential Information pertaining to the operation of the TONCHIN Business.

(b) Associate acknowledges that the Confidential Information developed and utilized in connection with the operation of the TONCHIN Business are unique and the exclusive property of Franchisor or its affiliates, and that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor or its affiliates. Associate further acknowledges that Franchisor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information, that Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

(c) During the term of Associate's employment or affiliation with Franchisee and for a period of two years after the expiration or termination of such employment or affiliation (unless such information is a trade secret in which case the requirements will remain in place for as long as such information constitutes a trade secret), Associate shall not at any time, publish, disclose, divulge or use, directly or indirectly, for Associate's own benefit or otherwise, the Confidential Information.

3. Post-Term Covenant Not to Compete.

(a) For a period of 24 months after the termination or expiration of the Associate's employment or affiliation with Franchisee, Associate shall not, on Associate's own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or owner of any other person or entity, own, operate, lease, franchise, conduct, engage in, be employed by or connected with, have any interest in or assist any person or entity engaged in any Competitive Business which is located within 25 miles of the Store, within 25 miles of any other TONCHIN Business, or within any territory granted by Franchisor pursuant to another territorial agreement. The Associate expressly agrees that the nature of both Franchisee's and Franchisor's business is such that if Associate were to directly or indirectly act in violation hereof in connection with a Competitive Business it would be virtually impossible for the Associate not to rely on or use the Confidential Information.

(b) The Associate further agrees that the limitations of time, geography, and scope of the prohibited activity are reasonable because, among other things, (i) Franchisee and Franchisor are engaged in a highly competitive industry, (ii) in Associate's position with Franchisee, Associate will have access to the Confidential Information, including Franchisor's confidential and proprietary Manual, (iii) these limitations are necessary to protect Franchisor's Confidential Information, goodwill and the goodwill of its other franchisees and developers, and (iv) Associate is able to engage in lawful trade and business in a suitable and satisfactory manner without violating the terms of this Agreement. The Associate further agrees that these provisions are necessary to protect the legitimate business interest of Franchisee and Franchisor, including protecting the integrity of the TONCHIN franchise system and preventing duplication of the TONCHIN Franchise System by unauthorized third parties.

(c) The Associate also agrees that money damages alone cannot adequately compensate Franchisee or Franchisor if there is a breach of this Agreement by Associate, and that injunctive relief against the Associate is essential for the protection of Franchisor and Franchisee. Associate agrees therefore that, if Franchisee or Franchisor alleges that Associate has breached this Agreement, then Franchisee and Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Associate, in addition to all other remedies that may be available. Franchisee and/or Franchisor will not be required to post a bond or other security for any injunctive proceeding. If ex parte injunctive relief is granted against the Associate, then the Associate will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

(d) In any litigation, arbitration or other proceeding concerning enforcement of Franchisee's or Franchisor's rights hereunder, Associate, for value, voluntarily waive such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of Franchisee; it being specifically understood and agreed between the Parties that no action or lack of action on the part of Franchisee will entitle or permit the Associate to use or disclose any such Confidential Information in any circumstances.

(e) The restrictions of this Section 3 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

4. Entire Agreement, Amendments; Waivers. This Agreement contains the entire agreement between Associate and Franchisee relating to the matters set forth herein. No amendments or other variation to this Agreement will be effective unless in writing and signed by an authorized person on behalf of each Party. Any waiver of any provision of this Agreement must be in writing and signed by the Party whose rights are being waived. No waiver of any breach of any provision of this Agreement will be, or be deemed to be, a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

5. Third Party Beneficiary. Franchisor shall be a third-party beneficiary of this Agreement and shall be entitled to enforce it.

6. Governing Law, Jurisdiction, and Attorneys' Fees. The laws of the State of Delaware will govern this Agreement (regardless of its or any other jurisdiction's choice-of-law principles). Associate expressly consents to the personal jurisdiction of the state and federal courts located in Wilmington, Delaware, for any lawsuit instituted by Franchisor arising from or relating to this Agreement. If any Party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees from the non-prevailing Party. This instrument shall be governed by and construed under the laws of the State of Delaware.

7. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the remaining provisions of this Agreement will remain in full force and effect. The Parties further expressly agree that if the scope of enforceability of the terms hereof is disputed at any time, a court or arbitrator, as the case may be, may modify such terms to the extent that it deems necessary to make such provisions enforceable under applicable law.

8. No Employment Relationship With Franchisor. Associate also acknowledges and agrees that notwithstanding Associate's execution of this Agreement and Franchisor being a third-party beneficiary hereof, Franchisor is not Associate's employer and Associate has no relationship, employment or otherwise, with Franchisor. Associate is employed solely by Franchisee.

9. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the remaining provisions of this Agreement will remain in full force and effect. The Parties further expressly agree that if the scope of enforceability of the terms hereof is disputed at

any time, a court or arbitrator, as the case may be, may modify such terms to the extent that it deems necessary to make such provisions enforceable under applicable law.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have signed this Nondisclosure and Noncompetition Agreement on the date first above written.

FRANCHISEE:	**ASSOCIATE:**
______________________________	______________________________
By: ____________________________	By: ____________________________
Title: __________________________	Print Name: _____________________
Date: __________________________	Date: __________________________

ATTACHMENT K

MARKS

Mark(s)	**Registration/Application No.**	**Registration/Application Date**	**Register**
TONCHIN	Reg. No. 5,498,981	January 19, 2018	Principal
	Reg. No. 5,667,082	January 29, 2019	Principal

ATTACHMENT L

FRANCHISEE ACKNOWLEDGMENT ADDENDUM

As you know, you and we are entering into a Franchise Agreement for the operation of a TONCHIN® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA AND WASHINGTON.

Acknowledgments and Representations*.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement; **or** (b) if you are a resident of **Iowa** or **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration; **or** (c) if you are a resident of **Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one: ☐ Yes ☐ No. If no, please comment: ________________________________

   ____

2. Have you studied and carefully reviewed our Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment:______________________

   ____

3. If the Franchisor made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement was executed? Check one: ☐ Yes ☐ No. If no, please comment:

   ____

4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____________

   ____

5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: ____________________________

   ____

6. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of TONCHIN HOSPITALITY LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or

projected sales, revenues, earnings, income or profit levels at any SpeedPro Imaging® location or business, or the likelihood of success at your franchised business?

Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: ____
____

7. Do you understand that the franchise granted is for the right to develop and operate the Store, as stated in the Franchise Agreement, and that, according to the Franchise Agreement, we and our affiliates have the right to distribute products and services through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, using the TONCHIN® Marks and any other trademarks; and; including using the TONCHIN® Marks via alternative channels of distribution?

Check one: ☐ Yes ☐ No. If no, please comment: ______________________________
____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Store, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: ________________________
____

9. Do you understand that the success or failure of your Store will depend in large part upon your skills and experience, your business acumen, your location, the local market for products and services under the TONCHIN® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your TONCHIN® Business may change? Check one: ☐ Yes ☐ No. If no, please comment: ____
____

10. Do you understand that the current economy and financial situation in the U.S. and abroad could have a negative impact on the printing and reprographics industry, the TONCHIN® franchise system and your business? Check one: ☐ Yes ☐ No. If no, please comment: ___
____
____

11. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interests of the TONCHIN® system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: ____

____

12. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the TONCHIN® brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, training, supervision and termination of your employees and all other employment and employee related matters? Check one: ☐ Yes ☐ No. If no, please comment: ________________________________

____

13. Do you understand that the COVID-19 pandemic and financial situation could have a negative impact on the franchise industry, the food service industry and your TONCHIN Business? Do you also understand that the impact from the COVID-19 pandemic may worsen? Check one: ☐ Yes ☐ No. If no, please comment: ________________________

____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: ______________________________

Print Name: __________________________

Date: ________________________________

APPROVED ON BEHALF OF TONCHIN HOSPITALITY LLC

By: _________________________________

Title: _______________________________

Date: ________________________________

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law. Except to the extent we have negotiated changes to the Franchise Agreement that differ from the FDD, nothing in this Acknowledgement Addendum or in any related agreement is intended to disclaim representations made in TONCHIN HOSPITALITY LLC 2020 FDD that was furnished to you.

EXHIBIT B

TONCHIN

FINANCIAL STATEMENTS

TONCHIN HOSPITALITY LLC

FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

TONCHIN HOSPITALITY LLC
AUGUST 31, 2025 AND 2024

CONTENTS

BARTON CPA

Certified Public Accountants and Advisors
A PCAOB Registered Firm
713-489-5635 bartoncpafirm.com Cypress, Texas

INDEPENDENT AUDITOR'S REPORT

To the Management and Member of
Tonchin Hospitality LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tonchin Hospitality LLC, which comprise of the balance sheets as of August 31, 2025 and 2024, and the related statements of operations, changes in member's equity, and cash flows for the year ended August 31, 2025 and for the period from December 15, 2023 (inception) through August 31, 2024, and the related notes to the financial statements.

In our opinion, the above mentioned accompanying financial statements present fairly, in all material respects, the financial position of Tonchin Hospitality LLC as of August 31, 2025 and 2024, and the results of its operations and its cash flows for the year ended August 31, 2025 and for the period from December 15, 2023 (inception) through August 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Tonchin Hospitality LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tonchin Hospitality LLC's ability to continue as a going concern for a reasonable period of time.

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

Barton CPA PLLC

Cypress, Texas
December 26, 2025

TONCHIN HOSPITALITY LLC
BALANCE SHEETS

	As of August 31, 2025	As of August 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 21,663	$ -
Accounts receivable	22,312	-
Unbilled accounts receivable	12,676	-
Member's contribution receivable	-	10,000
Due from member	43,759	-
Total current assets	100,410	10,000
Total Assets	$ 100,410	$ 10,000
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 1,903	$ 1,550
Total current liabilities	1,903	1,550
Security deposit	10,000	-
Total non-current liabilities	10,000	
Total Liabilities	$ 11,903	$ 1,550
Member's equity		
Member's contribution	10,000	10,000
Accumulated earnings (loss)	78,507	(1,550)
Total Member's Equity	88,507	8,450
Total Liabilities and Member's Equity	$ 100,410	$ 10,000

See accompanying notes to the audited financial statements

TONCHIN HOSPITALITY LLC
STATEMENTS OF OPERATIONS

	For the Year Ended August 31, 2025		For the Period from December 15, 2023 (Inception) through August 31, 2024	
Revenue				
Initial Royalty	$	60,000	$	-
Running Royalty		39,772		-
Franchise support service revenue		129,412		-
Total Revenue		229,184		-
Cost of service- related party		129,412		-
Gross profit	$	99,772	$	-
Operating expenses:				
General and administrative		19,715		1,550
Total operating expenses		19,715		1,550
Net income (loss)	$	80,057	$	(1,550)

See accompanying notes to the audited financial statements

TONCHIN HOSPITALITY LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY

FOR THE YEAR ENDED AUGUST 31, 2025 AND THE PERIOD FROM DECEMBER 15, 2023 (INCEPTION) THROUGH AUGUST 31, 2024

	Member's contribution	Accumulated earnings (loss)	Total
Balance at December 15, 2023 (inception)	$ -	-	-
Member's contribution receivable	10,000	-	10,000
Net loss	-	(1,550)	(1,550)
Balance at August 31, 2024	$ 10,000	(1,550)	$ 8,450
Net income	-	80,057	80,057
Balance at August 31, 2025	$ 10,000	78,507	$ 88,507

See accompanying notes to the audited financial statements

TONCHIN HOSPITALITY LLC
STATEMENTS OF CASH FLOWS

	For the Year Ended August 31, 2025	For the Period from December 15, 2023 (Inception) through August 31, 2024
Cash flows from operating activities:		
Net income (loss)	$ 80,057	$ (1,550)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Changes in operating activities:		
Accounts receivable	(22,312)	-
Unbilled accounts receivable	(12,676)	-
Due from member	(43,759)	-
Accounts payable	353	1,550
Security deposit	10,000	-
Net cash provided by (used in) operating activities	11,663	-
Cash flows from financing activities:		
Contribution	10,000	-
Net cash provided by financing activities	10,000	-
Change in cash and cash equivalents during the period	21,663	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at period ended	$ 21,663	$ -
Supplemental disclosure of non-cash financing activities:		
Member's contribution receivable	$ -	$ 10,000

See accompanying notes to the audited financial statements

NOTE 1: Nature of operations and going concern

Nature of the business

Tonchin Hospitality LLC (the "Company"), was formed in the State of Delaware on December 15, 2023. The Company is part of a group of Japanese restaurants that is planning to franchise restaurants in the United States. The Company's headquarters is located in New York City, New York. The Company is 100% owned by Foodex US Holdings, Inc.

NOTE 2: Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") on the accrual basis, in which income is recognized when earned and expenses are recognized when incurred. The Company's fiscal year-end is August 31.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Receivables and credit policy

Accounts receivable consists primarily of amounts due from franchisees for royalties and other contractually agreed fees and are stated at their net realizable value. Unbilled accounts receivable represents earned but not yet invoiced amounts, primarily related to running royalty revenue that has been earned based on franchisee sales but invoiced subsequent to the reporting period.

The Company evaluates accounts receivable and unbilled accounts receivable in accordance with Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326), which requires the recognition of expected credit losses over the contractual life of financial assets. The adoption of ASC 326 did not have a material impact on the Company's financial statements due to the limited number of franchisees, the short collection cycle, and the Company's historical collection experience.

NOTE 2: Summary of significant accounting policies (continued)

Receivables and credit policy (continued)

On a monthly basis, management reviews accounts receivable and unbilled accounts receivable on a customer-by-customer basis and evaluates whether an allowance for expected credit losses is necessary. In performing this evaluation, management considers factors including, but not limited to, the franchisee's payment history, contractual terms, aging of receivables, current financial condition of the franchisee, and other relevant qualitative factors. Any amounts deemed uncollectible are written off against the allowance for credit losses when collection efforts have been exhausted and recovery is considered remote.

Management determined that no allowance for doubtful accounts was required as of August 31, 2025 or August 31, 2024, and accordingly, the allowance for doubtful accounts was $0 for both periods.

As of August 31, 2025, the Company has only one single franchisee and the Company's accounts receivable and unbilled accounts receivable balances were $22,312 and $12,676, respectively. As of August 31, 2024, the Company had no accounts receivable or unbilled accounts receivable outstanding. As of August 31, 2025, 100% of the accounts receivable and unbilled accounts receivable balances are due from one customer.

Start-up costs

In accordance with ASC 720-15-20, *Start-Up Activities*, the Company expenses all costs incurred in connection with start-up and organization of the Company.

Security deposit

Security deposit consists of amounts received from the franchisee and is refundable upon the fulfillment of contractual obligations. As of August 31, 2025, the Company security deposit totaled $10,000 and is expected to be returned beyond one year and are therefore classified as non-current liabilities.

Income taxes

The Company is a limited liability company ("LLC") and is included in the consolidated federal income tax return of its parent company, Foodex US Holdings, Inc. Accordingly, federal income taxes are determined and paid at the parent company level. For the years ended August 31, 2025 and 2024, no federal income tax expense was recorded by the Company, as the consolidated group reported a net operating loss for federal income tax purposes.

At the state level, the Company is subject to Delaware taxation. For the years ended August 31, 2025 and 2024, no Delaware income tax expense was recorded, as the Company's royalty income is exempt from Delaware corporate income tax.

As of August 31, 2025 and 2024, the Company had no uncertain tax positions that would require recognition or disclosure under ASC 740, Income Taxes.

NOTE 2: Summary of significant accounting policies (continued)

Revenue recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). For the year ended August 31, 2025 and 2024, revenue was $229,184 and $0, respectively.

Under ASC 606, the Company recognizes revenue by applying the following steps:

(1) identify the contract with a customer;
(2) identify the performance obligations in the contract;
(3) determine the transaction price;
(4) allocate the transaction price to each performance obligation in the contract; and
(5) recognize revenue when each performance obligation is satisfied.

The Company's revenue is primarily derived from franchise arrangements with franchisees and the Company recognizes revenue in accordance with ASC 606 across the following streams:

Initial franchise fees, which represent consideration for granting franchise rights, including the right to use the Company's trademark, operating system, and intellectual property. Initial franchise fees are recognized at a point in time when the franchise agreement is executed and control of the franchise rights is transferred to the franchisee.

Running royalty fees, which are calculated as a fixed percentage of franchisee gross sales, net of applicable taxes. Royalty revenue is recognized over time as the underlying franchisee sales occur and the related performance obligations are satisfied.

The Company evaluates its arrangements to determine whether it acts as a principal or an agent in accordance with ASC 606. Franchise support service revenue includes training, support services, dispatching services, and reimbursable services provided under franchise arrangements, the Company has concluded that it acts as the principal, as it is contractually responsible for fulfilling the services and controls the services prior to delivery to franchisees. Accordingly, amounts billed to franchisees for these services are recognized as revenue on a gross basis. Related personnel, travel, accommodation, and other service costs incurred by related parties are recorded separately as intercompany expenses with corresponding intercompany balances.

Disaggregation of revenue

For the year ended August 31, 2025, the Company derives its revenue from various sources, which are disaggregated below:

Initial Royalty	$60,000
Running Royalty	39,772
Franchise support service revenue	129,412
Total revenue	$229,184

For the year ended August 31, 2025, 100% of the revenue earned by the Company is from one customer.

NOTE 2: Summary of significant accounting policies (continued)

Cost of service – related party

The employees at Foodex US Holdings, Inc, the Company's sole member, are utilized in providing the support services to the Company's franchisees, including training, dispatch and reimbursable services on behalf of the Company. The cost of service represents the direct costs for personnel and other reimbursable expenses incurred on behalf of the Company in providing these services. The cost incurred for the support services usually equals the support service revenue earned by the Company. For the year ended August 31, 2025, the Company incurred and recorded such costs for cost of service-related party of $129,412 which is presented on the statements of operations.

Recent accounting pronouncements

No recent accounting pronouncements are believed by management to have a material impact on the Company's present financial statements.

NOTE 3: Commitments and contingencies

Legal

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company.

NOTE 4: Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities.

As of August 31, 2024, the Company has $10,000 member's contribution receivable due from Foodex US Holdings, Inc.

As of August 31, 2025, the Company had a net amount due from Foodex US Holdings, Inc. of $43,760, primarily related to total advances made to member for group cash management of $190,000 and expenses paid of $146,241 by Foodex US Holdings, Inc. on behalf of the Company. The reimbursable expenses paid on behalf of the Company by member included $129,412 for cost of service (see Note 2). Due to/due from member balance are settled after year-end and presented on a net basis as the sole member Foodex US Holdings, Inc. has the legal right to offset advances received as prepayments against expenses it paid on behalf of the Company.

NOTE 5: Member's equity

The Company received a $10,000 contribution from Foodex US Holdings, Inc., a related party, on September 30, 2024.

NOTE 6: Subsequent events

The Company has evaluated all events that have occurred after the balance sheet date through December 26, 2025, the date the financial statements are available to be issued.

NOTE 6: Subsequent events (continued)

On September 16, 2025, the Company entered into a franchise agreement with a second franchisee located in Ohio, United States.

Based upon the evaluation, the Company did not identify any other recognized or non-recognized subsequent events that would have required adjustment or disclosure in the accompanying balance sheet. Management is not aware of other events requiring disclosure.

EXHIBIT C

TONCHIN

LIST OF
COMPANY-OWNED STORES, CURRENT AND FORMER FRANCHISEES AND SIGNED BUT NOT OPENED

EXHIBIT C

LIST OF COMPANY-OWNED STORES, CURRENT FRANCHISEES, FORMER FRANCHISEES AND SIGNED BUT NOT OPENED

COMPANY-OWNED STORES

STATE	NAME	ADDRESS	CITY	TELEPHONE
New York	TONCHIN New York	13W 36th St, New York, NY 10018	New York	(646) 692-9912
New York	TONCHIN BROOKLYN	109 N 3rd St, Brooklyn, NY 11249	New York	(347) 457-5528
California	TONCHIN LOS ANGELS	5665 Melrose Ave, Los Angeles, CA 90038	Los Angeles	(323) 380-6072

CURRENT FRANCHISEES

STATE	NAME	ADDRESS	EMAIL	TELEPHONE
MEXICO	TONCHIN CDMX	Av. P.º de la Reforma 380-local Planta Baja, Juárez, Cuauhtémoc, 06600 Ciudad de México, CDMX	arosas@impactasesores.com	+52 55 5525 8662

FORMER FRANCHISEES

None

SIGNED BUT NOT YET OPENED
As of the date of this disclosure document

STATE	NAME	ADDRESS	EMAIL	TELEPHONE
Ohio	L&L Hospitality Group LLC	1831 Ridgecliff Rd, Upper Arlington OH 43221	Liuzhes@hotmail.com	TBD

EXHIBIT D

TONCHIN

SAMPLE RELEASE

SAMPLE RELEASE

Unless precluded by applicable state law, if you sell, assign or transfer your Franchise Agreement or Multi-Unit Development Agreement to a third party, you will sign a joint and mutual release containing language substantially similar to the following:

This Joint and Mutual Release is made, entered into and effective this ____ day of ______________, 20__, by and between [(the "**Franchisor**") and (the "**Franchisee**").

The Franchisee entered into a Franchise/Multi-Unit Development Agreement, dated ______________, 20__ with the Franchisor (the "**Agreement**") authorizing the Franchisee to open and operate a franchised Store(s) at/in _________________.

The Franchisee desires to transfer, sell and assign the Agreement to a third party (the "**Assignee**").

The Franchisor has agreed to consent to the transfer, sale and assignment of the Agreement by the Franchisee to the Assignee, a condition of which is the execution of the following joint and mutual release by the Franchisor and the Franchisee:

1. Release of Franchisor by Franchisee. For and in consideration of the execution of this Joint and Mutual Release and the consent by the Franchisor to the assignment of the Agreement to the Assignee, the Franchisee and its affiliates hereby release and forever discharge the Franchisor and its affiliates from any and all claims which the Franchisee and its affiliates have had or now have or may in the future have against the Franchisor and its affiliates or any of them, for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the date of this Joint and Mutual Release including, but not limited to, any alleged violations of the Federal Trade Commission's Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, "mini" FTC laws, deceptive or unfair trade practices laws, franchise laws or securities laws, and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged breaches or violations of the Agreement and/or any other agreements between the Franchisee and its affiliates and any of them, and the Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release; and, does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

2. Release of Franchisee by Franchisor. For and in consideration of the execution of this Joint and Mutual Release and the consent by the Franchisor to the assignment of the Agreement to the Assignee, the Franchisor and its affiliates hereby release and forever discharge the Franchisee and its affiliates from any and all claims which the Franchisor and its affiliates have had or now have against the Franchisee and its affiliates for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through, up to and including the date of this Joint and Mutual Release including, but not limited to, any local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged violations of the Agreement, and/or any other agreements between the Franchisee and its affiliates and any of them, and the Franchisor and its

affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

“**Franchisor**”	“**Franchisee**”
TONCHIN HOSPITALITY LLC	______________________________
By______________________________	By______________________________
Its______________________________	Its______________________________

The above language may be modified or supplemented to address issues specific to the transfer of your Franchise Agreement or Multi-Unit Development Agreement to a third party, or to comply with applicable law (see Addendum to the Franchise Disclosure Document).

EXHIBIT E

TONCHIN

STATE AGENCY/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General’s Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same

<table>
<tr><th>STATE</th><th>STATE ADMINISTRATOR</th><th>AGENT FOR
SERVICE OF PROCESS</th></tr>
<tr><td>LOUISIANA</td><td>Department of Urban & Community Affairs
Consumer Protection Office
301 Main Street, 6th Floor
One America Place
Baton Rouge, LA 70801
504-342-7013 (gen. info.) 504-342-7900</td><td>Same</td></tr>
<tr><td>MAINE</td><td>Department of Business Regulations
State House - Station 35
Augusta, ME 04333
207-298-3671</td><td>Same</td></tr>
<tr><td>MARYLAND</td><td>Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
410-576-6360</td><td>Maryland Securities Commissioner
Same Address</td></tr>
<tr><td>MICHIGAN</td><td>Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
517-373-7117</td><td>Michigan Department of Commerce
Corporations and Securities Bureau
Same Address</td></tr>
<tr><td>MINNESOTA</td><td>Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
651-539-1500</td><td>Minnesota Commissioner of Commerce
Same Address</td></tr>
<tr><td>NEBRASKA</td><td>Department of Banking and Finance
Bureau of Securities/Financial Institutions Division
1526 K Street, Suite 300
Lincoln, NE 68508-2732
P.O. Box 95006
Lincoln, Nebraska 68509-5006
Tele: 402-471-2171</td><td>Same</td></tr>
<tr><td>NEW HAMPSHIRE</td><td>Attorney General
Consumer Protection and Antitrust Bureau
State House Annex
Concord, NH 03301
603-271-3641</td><td>Same</td></tr>
<tr><td>NEW YORK</td><td>New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222</td><td>Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 474-8583</td></tr>
<tr><td>NORTH CAROLINA</td><td>Secretary of State’s Office/Securities Division
2 South Salisbury Street
Raleigh, NC 27601
919-733-3924</td><td>Secretary of State
Secretary of State’s Office
Same Address</td></tr>
<tr><td>NORTH DAKOTA</td><td>North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor
Bismarck, ND 58505-0510
701-328-4712; Fax: 701-328-0140</td><td>North Dakota Securities Commissioner
Same Address</td></tr>
</table>

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance, Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT F

TONCHIN

STATE-SPECIFIC ADDENDUM

STATE-SPECIFIC ADDENDUM

The following modifications are to the TONCHIN Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the disclosure document and/or franchise agreement and area development agreement, if applicable contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the disclosure document is supplemented by the following language:

No person disclosed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.78(a) et seq., suspending or expelling such persons from membership in such association or exchange.

B. Item 5 of the disclosure document and Section 4.1 and 4.2 of the franchise agreement are revised to include the following:

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all our pre-opening obligations and you are open for business.

C. Item 17 of the disclosure document is supplemented by the following language.

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

ii. 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.).

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

iv. The franchise agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

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

2. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

5. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

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

7. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

HAWAII

The following is added to the Cover Page:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:

   None

2. This proposed registration is or will shortly be on file in the following states:

   None

3. States which have refused, by order or otherwise, to register these franchises are:

   None

4. States which have revoked or suspended the right to offer the franchises are:

   None

5. States in which the proposed registration of these franchises has been withdrawn are:

   None

ILLINOIS

Franchise Fee Deferral

The Illinois Attorney General's Office has imposed the franchise fee deferral requirement because of our financial condition. Item 5 and Item 7 of the FDD and Section 4.1 of the Franchise Agreement are hereby revised to state that payment of the initial franchise fee shall be deferred until after all of our initial obligations are complete and you are open for business.

Item 17, item v., is amended to provide that if the Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

Item 17, item w., is amended to provide that (a) the Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control; and (b) if the Franchise Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

The "Summary" column in both ITEM 17.t. tables of the Franchise Disclosure Document is deleted, and the following is inserted in its place:

> "Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us."

The "Summary" column in both ITEM 17.u. tables of the Franchise Disclosure Document is deleted, and the following is inserted in its place:

> "Except for certain claims, all disputes must be arbitrated in Indiana. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, AND

> Multi-Unit Development Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, Multi-Unit Development Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act."

The "Summary" column in both ITEM 17.v. tables of the Franchise Disclosure Document is deleted, and the following is inserted in its place:

> "Litigation regarding Franchise Agreement in Indiana; other litigation in Washington. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, and Multi-Unit Development Agreement including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act."

The "Summary" column in both ITEM 17.w. tables of the Franchise Disclosure Document is deleted, and the following is inserted in its place:

> "Indiana law applies to disputes covered by Indiana franchise laws; otherwise Washington law applies."

MARYLAND

(a) The Summary column for Items 17.v., "Choice of Forum" (Franchise Agreement chart) is amended as follows:

> "Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at our corporate headquarters. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us."

(b) Item 17.c., "Requirements for you to renew or extend" (Franchise Agreement chart) and Items 7.m. "Conditions for our approval of transfer" (Franchise Agreement charts) are amended by the addition of the following:

> "The Code of Maryland Regulations COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise

Agreement relating to renewal, sale, assignment or transfer of the Franchise Agreements."

(c) Item 17 is amended to add the following note at the end of that Item:

"Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

(d) the addition of the following as the last paragraph of Item 17:

"A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101."

MINNESOTA

Minnesota-Specific Modification to Franchise Disclosure Document

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 5 and 7 of the FDD and Section 4.1 of the Franchise Agreement are hereby amended to state that payment of the initial franchise fee will be deferred until We have satisfied Our pre-opening obligations, and You have commenced business operations.

Item 6 of the FDD and Section 7.3 of the Franchise Agreement are hereby amended to limit the Insufficient Funds Fee to $30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS

VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of ltem 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of ltem 17(c), titled "Requirements for a franchisee to renew or extend," and Item l7(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non- waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of ltem 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of ltem 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Attachment L to the Franchise Agreement, Franchisee Acknowledgement Addendum --No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with§ 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Tonchin, for use in the Commonwealth of Virginia shall be amended as follows:

> “Additional Disclosure: The following statements are added to Item 17.h.:
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the development agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

Washington Addendum to the Franchise Disclosure Document, the Franchise Agreement, and all Related Agreements

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related

agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any

employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Item 5 and 7 of the FDD and Section 4.1 and 4.2 of the Franchise Agreement are hereby amended to state that payment of all of the initial franchise fees will be deferred until We have satisfied Our pre-opening obligations, and You have commenced business operations.

EXHIBIT G

TONCHIN

OPERATIONS MANUAL TABLE OF CONTENTS

OPERATIONS MANUAL TABLE OF CONTENTS

Total Pages: 40

EXHIBIT H

TONCHIN

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Not Registered
Florida (exemption)	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Kentucky (one-time exemption)	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
Nebraska (one-time exemption)	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Texas (one-time exemption)	April 10, 2024
Utah (exemption)	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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

EXHIBIT I

TONCHIN

RECEIPT

RECEIPT
YOUR COPY

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 we offer you a franchise, we must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 agency listed in the State Agency/Agents for Service of Process exhibit (**Exhibit E**).

Issuance Date: December 30, 2025**.**

The effective dates for this Disclosure Document in the franchise registration states are listed on the third page of this Disclosure Document.

The franchise seller(s) for this offering is ____

We authorize the respective state agencies identified in the State Agency/Agents for Service of Process exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated December 30, 2025, that included the following exhibits:

EXHIBIT A:	FRANCHISE AGREEMENT AND ATTACHMENTS
EXHIBIT B:	FINANCIAL STATEMENTS
EXHIBIT C:	LIST OF CURRENT AND FORMER FRANCHISEES, COMPANY-OWNED RESTAURANTS AND FRANCHISE AGREEMENTS SIGNED BUT NOT OPENED
EXHIBIT D:	SAMPLE RELEASE
EXHIBIT E:	STATE AGENCY/AGENTS FOR SERVICE OF PROCESS
EXHIBIT F:	STATE-SPECIFIC ADDENDUM
EXHIBIT G:	OPERATIONS MANUAL TABLE OF CONTENTS
EXHIBIT H	STATE EFFECTIVE DATES
EXHIBIT I:	RECEIPT

Signed:________________________________	Signed: ________________________________
Print Name:____________________________	Print Name:____________________________
Address:_______________________________	Address: _______________________________
City/State/Zip: _________________________	City/State/Zip:__________________________
Telephone:_____________________________	Telephone: _____________________________
Dated:_________________________________	Dated: _________________________________

Copy To: Franchisee

RECEIPT
OUR COPY

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If we do 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 agency listed in the State Agency/Agents for Service of Process exhibit (**Exhibit E**).

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EXHIBIT I:	RECEIPT

Signed:_________________________	Signed: _________________________
Print Name:_____________________	Print Name:______________________
Address:________________________	Address: ________________________
City/State/Zip: __________________	City/State/Zip:___________________
Telephone:______________________	Telephone: ______________________
Dated:__________________________	Dated: __________________________

Copy To: Takao Shishido at 13W 36th St., New York, NY 10018,
e-mail address info@tonchinhospitality.com, telephone number 646-692-9912.