

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 <u>Yi Fang Taiwan Fruit Tea</u> Shuang Jiang Cream-in Tea 1986 business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be <u>Yi Fang Taiwan Fruit Tea</u> Shuang Jiang Cream-in Tea 1986 franchisee?	Item 20 or Exhibit C lists 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

The Franchisor's Business

We act solely as a franchisor of Yi Fang Taiwan Fruit Tea franchises. We intend to begin franchising in June 2018. We do not operate businesses of the type being franchised and we do not engage in other business activities.

The Business the Franchisee Will Conduct

The Yi Fang Taiwan Fruit Tea franchise is a license to independently own and operate a single retail store ("Outlet"), that sells items to retail customers from a focused menu featuring our proprietary tea beverage, the "Yi Fang Taiwan Fruit Tea", as well as a variety of other teas and juice drinks using teas, milk teas and juices, tapioca balls, recipe and preparation techniques, freshly prepared and available for carry-out or consumption at the Outlet (collectively, "Yi Fang Taiwan Fruit Tea Products"), and related products and accessories to retail customers using designated recipes, authorized equipment and techniques.

Forms of Franchise Agreements for Area Development Offering

When entering into an Area Development offering, franchisees will sign the following forms of agreements:

1. Area Development Agreement:

The franchisee (referred to as the "Area Developer") will enter into an Area Development Agreement with the franchisor. This agreement grants the Area Developer the right and obligation to open and operate multiple franchise units within a specified territory according to a development schedule. The Area Development Agreement outlines the number of units to be developed, the development timeline, and the specific geographic area where the units will be located.

This agreement includes provisions related to site selection, training, support, and the fees associated with securing the development rights for the designated territory.

2. Individual Franchise Agreements:

For each franchise unit that the Area Developer opens under the terms of the Area Development Agreement, a separate Individual Franchise Agreement must be signed. The Individual Franchise Agreement governs the operation of each specific franchise unit. It includes terms and conditions related to the operation, management, and financial obligations of the franchise unit.

Each Individual Franchise Agreement includes details on franchise fees, royalty payments, marketing contributions, and operational standards that must be adhered to for each franchise location.

The signing of Individual Franchise Agreements ensures that each unit operates under the standard franchising terms set by the franchisor while being part of the broader development plan outlined in the Area Development Agreement. By entering into both the Area Development Agreement and the Individual Franchise Agreements, the Area Developer commits to a comprehensive development strategy that allows for the systematic growth of multiple franchise units within a designated territory, ensuring consistency and compliance with the franchisor's operational standards for each location.

~~If you want to and are financially and operationally qualified in our judgment to do so, you and we may enter into an Area Development Agreement (“ADA”), under which you will be granted the opportunity to develop a minimum of 2 additional Outlets under a mutually agreed timetable and within a negotiated development area. The form of ADA is attached as Exhibit E of this disclosure document.~~

General Market for Franchised Products and Services

The general market you will operate the business involves retail tea and coffee shops and other restaurants offering specialty teas and other food products that are like Yi Fang Taiwan Fruit Tea Products. The market for Yi Fang Taiwan Fruit Tea Products is all individuals within a reasonable proximity to the Outlet. This type of business is fully developed and is not seasonal. Our initial approach to the marketing of our business is to grant franchises in areas in the United States where the population of ethnic Taiwanese and other Asians is greatest and where potential customer awareness of the brand is most likely. After we establish franchises in those areas, we will expand our marketing efforts to other areas in the United States, which will not involve sales primarily to a certain group.

Industry Specific Laws or Regulations

You will need a business license and reseller's permit and you must comply with federal, state and local laws applicable to the operation and licensing of our type of business, including obtaining all applicable health permits and inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your Yi Fang Taiwan Fruit Tea Outlet must also meet applicable municipal, county, state and federal building codes and handicap access codes.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local

Vietnam, 5 in the United Kingdom, 1 in Singapore, and 12 in Canada).

Shuang Jiang Cream in Tea

In addition to Yi Fang Taiwan Fruit Tea, we also franchise the Shuang Jiang Cream in Tea brand. Shuang Jiang Cream in Tea focuses on tapioca tea, fruit tea, sweets, and other tea-based beverages. This brand aims to recreate the 1980s drink and beverage culture, targeting customers who seek to relive their childhood memories through its unique product offerings and nostalgic ambiance.

Corporate Structure and Affiliates

We operate both Yi Fang Taiwan Fruit Tea and Shuang Jiang Cream in Tea. We ensure that both brands receive consistent support and resources, leveraging our experience and expertise across our franchise operations.

Operational Requirements

The operational requirements for both Yi Fang Taiwan Fruit Tea and Shuang Jiang Cream in Tea are similar and include:

1. Equipment: Both brands use similar equipment necessary for the preparation and sale of tea beverages.
2. Supply Chains: We have established efficient supply chains to ensure the consistent quality and availability of ingredients and supplies for both brands.
3. Day-to-Day Management: The day-to-day management practices for both brands are designed to ensure smooth and efficient operations, focusing on customer service, quality control, and operational efficiency.

Store Design and Branding

While the operational requirements are similar, the store design and branding for each brand are entirely different:

1. Yi Fang Taiwan Fruit Tea: Features a modern and contemporary design that emphasizes authenticity and quality. The branding focuses on traditional Taiwanese fruit tea, appealing to customers looking for authentic tea experiences.
2. Shuang Jiang Cream in Tea: The store design is centered around the 1980s drink and

beverage culture, creating a nostalgic environment for customers. The design elements include vintage decor and retro-themed furnishings, aiming to evoke childhood memories and attract customers who want to relive their past experiences through the ambiance and product offerings.

Brand-Specific Experience

By offering distinct experiences through our different brands, we cater to a wide range of customer preferences and market segments. Yi Fang Taiwan Fruit Tea provides a modern and authentic tea experience, while Shuang Jiang Cream in Tea delivers a nostalgic journey into the 1980s beverage culture.

We have no affiliates that offer franchises in any line of business. However, our affiliate Inkism-Taiwan will provide you with products and services.

ITEM 2: Business Experience

Tzu-Kai Ko: Chief Executive Officer and Manager

Mr. Ko is our Founder, and he was named our Chief Executive Officer and Managing Member at our inception in April 2018. He also serves as Chief Executive Officer of our parent entity Inkism-Taiwan, Taichung, Taiwan (since May 2006).

ITEM 3: Litigation

Applicant: Inkism International Co., LLC d/b/a Yi Fang Taiwan Fruit Tea (org-296986; app-15485)

The YI FANG TAIWAN FRUIT TEA franchise was offered in California without prior registration with the Department of Business Oversight, which was subsequently renamed the Department of Financial Protection and Innovation on September 29, 2020. This action was in contravention of the California Franchise Investment Law (CFIL). A Notice of Violation pertaining to CFIL was duly filed with the Department of Financial Protection and Innovation on September 3, 2019. This Notice was formally approved as conforming to the stipulations of Corporation Code sections 31303 and 31304 on October 2, 2019.

In the Matter of Investigation by Letitia James, Attorney General of New York, of Inkism Intl., Co., LTD, and Tzu Kai ko (AOD No. 19-004)

Inkism International Co. Ltd., the franchisor's parent company, sold two franchises in New York without first registering a franchise offering prospectus with the Office of the Attorney General of

Additional Training Fee ¹ (seasonal training)	\$6,000	At time of training ³	After the Outlet opens, and upon reasonable notice, we may require attendance of your Store Manager, Principal Equity Owners and other designated personnel at training courses, seminars, conferences or other programs intended for U.S.-based franchisees (typically these are provided in California and will not exceed two days in duration). We may, at our discretion, charge an additional training fee of up to \$500 per day for Yi Fang Taiwan Fruit Tea training courses, seminars, conferences or other programs that we require you or your representatives to attend. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings
<u>Audit Fee</u>	<u>Cost of audit, estimated at \$1,500</u>	<u>Upon Invoice</u>	<u>If an audit reveals underreporting of sales, the franchisee must pay the cost of the audit, estimated at \$1,500.</u>
<u>Insurance Fee</u>	<u>Varies</u>	<u>Upon invoice</u>	<u>The cost of insurance varies and is paid annually to the insurance company.</u>
<u>Transfer fee</u>	<u>\$10,000</u>	<u>Upon Transfer</u>	<u>This fee is paid to the franchisor upon the transfer of the franchise agreement to a new owner.</u>
<u>Local Advertising Requirement</u>	<u>Minimum \$1,000 per month</u>	<u>Monthly</u>	<u>Franchisees are required to spend a minimum amount each month on local advertising through third-party vendors.</u>
<u>Product and Supply Costs</u>	<u>Varies</u>	<u>Upon invoice</u>	<u>These costs vary and are paid when invoiced to us or approved suppliers for products and supplies required for the operation of the franchise.</u>

y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable	Not applicable
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ITEM 10: Financing

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

ITEM 11: Franchisor's Assistance, Advertising, Computer System, and Training

Except as listed below, we are not required to provide you with any assistance. Our Pre-Opening Obligations

Before you open your business, we will:

- (1) Designate your franchise territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).
- (2) Provide you with initial training and orientation in the Yi Fang Taiwan Fruit Tea system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). Your Store Manager must successfully complete initial training to our satisfaction before you can open your Outlet.
- (3) Provide you with a general plan for the layout, furnishing and equipping of your Outlet, together with a written schedule of all foods, food items and beverages that must be sold at your Outlet and a list of approved and designated suppliers (see section 7.2(a) of the Franchise Agreement).
- (4) Assist you in selecting a site for your Outlet. Although we do not typically pre-select the site for your Outlet, we must give our final consent to the location before your Outlet can be placed there (see section 7.2(a) of the Franchise Agreement). You have 180 days after signing the Franchise Agreement to locate an acceptable site for your Outlet. We will review and either consent to or decline the proposed site for your Outlet within 5 business days after you provide us with its address. If you are unable to locate an acceptable site within 180 days, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement). The factors that we consider in consenting to a site for the Outlet include general location and neighborhood, population demographics and probable awareness of the Yi Fang Taiwan Fruit Tea brand, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Outlet will be located. ~~Our review and consent to the location of the Outlet is no guarantee or assurance that you will be successful there.~~
- (5) Provide you with a copy of, electronic access to, the Manual (see section 7.2 of the Franchise Agreement).

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet will be 9 months. Factors that may affect this length of time include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If you do not begin operating your Franchised Business within 180 days after we consent to the site for your Outlet, or within 365 days after you sign the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement) and if we do so under those circumstances, we are not obligated to refund your initial franchise fee and development fee under an ADA.

Our Obligations during the Operation of the Franchise

During the operation of the franchised business, we:

- (1) Will provide you with access to, and integrate information about your Outlet into, the Yi Fang Taiwan Fruit Tea website (see sections 6.2 and 6.3 of the Franchise Agreement).
- (2) Will be reasonably available by phone and e-mail for guidance in the operation and management of your Outlet (see sections 6.2 and 6.3 of the Franchise Agreement). However, we do not provide you with assistance in hiring employees.
- (3) May visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping, accounting and inventory control procedures. If you request this assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge an additional training fee of up to \$200 per day for Yi Fang Taiwan Fruit Tea training courses, seminars, conferences or other programs that we require you or your representatives to attend. The nature, frequency and duration of this assistance by representatives of We will be in our sole discretion. (See section 6.2 of the Franchise Agreement.)
- (4) In connection with your ongoing obligation to maintain the Outlet in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Outlet or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

~~(5) Deleted.~~

	2023	1	0	0	0	0	0	1
WA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	2021	8	4	0	0	0	0	12
	2022	12	14	1	0	0	0	25
	2023	25	0	1	0	0	0	24

Table No. 4
Status of Company-Owned Outlets For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected New Franchised Outlets as of December 31, 2023

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
CA	0	1	0
VA	0	1	0
FL	0	1	0
Totals	0	3	0

Note: All unit franchises in California were sold by subfranchisors.

Exhibit C lists, as of December 31, 2023, (i) the names, addresses and telephone numbers of all open and operating Yi Fang Taiwan Fruit Tea franchise outlets and (ii) the names, addresses and telephone numbers of all franchisees who signed franchise agreements but have not yet opened their Yi Fang Taiwan Fruit Tea outlets.

Exhibit D lists, as of December 31, 2023, the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. Your

LIST OF FRANCHISE OUTLETS

The following ~~master~~ franchise outlets were open and operating on December 31, 2023:

State	Contact Name and Address	Tel No.
CA	Roy Lam 2516 Bancroft Way, Berkeley, CA 94704	415-939-5600
	360 Fahrenheit LLC 847 Jamestown Ave, Apt# 101, San Francisco, CA 94124	415-939-3929
	Formosa Bay LLC 870 Washington Street, San Francisco, CA 94108	415-734-1733
	Agent King Inc 4923 Junipero Serra Blvd., Colma, CA 94104	415-866-3796
	Okcha Brew Co. 2661 Totten St, Castro Valley, CA 94546	510-381-2227
	Yosemitea LLC 20 Hana Vista Lane, Daly City, CA 94014	415-254-9949
	Fresh Nation LLC 110 S B Street, San Mateo CA 94401	510-838-5512
	Lucky River LLC 29875 Cantera Dr., Hayward, CA 94544	510-289-9934
	Yuxin Trading Company 645 Irving St, San Francisco, CA 94122	415-845-5006
	Yongshi Liang 2288 Noriega St, San Francisco, CA 94122	415-519-5872
	Myni Ventures LLC 45426 Rutherford Terrance, Fremond, CA 94539	510-329-5008
	Fresh Legend LLC 2288 Noriega St, San Francisco, CA 94122	415-519-5872
	San Vong 6615 Casa Del Este Way, Sacramento, CA 95828	916-628-7332
GA	Sam Kok 5705 Buford Highway NE Doraville, GA 30340	405-965-7878
HI	GCH OHANA, LLC Manuel Tony Wong Cam 602 Dillingham Blvd, Honolulu, HI 96817	808-829-2514
MA	Peng Chen 215 Newbury St., Boston, MA 02116	347-836-3876
MD	Dai Wen Chen 777 Hungerford Dr, Rockville, MD 20850	865-437-9777
NJ	Run Jiang 561 US-1S A5 Edison NJ 08817	470-299-8110
NV	Elaine Song 5000 University Way NE, Ste. C, Seattle, WA 98105	425-945-6231
NY	Run Jiang 135-15 40th Road Flushing NY 11354	929-300-7485
PA	Ron Chen 941 Race St., Philadelphia, PA 19107	267-992-1616

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:

Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
~~Commissioner of the Department of Business-~~
~~Oversight~~
~~1515 K St., Ste. 200, Sacramento, CA 95814~~
~~(916) 445-7206~~

Hawaii:

Commissioner of Securities, Dept. of Commerce and
Consumer Affairs, Business Registration Div.,
Securities Compliance Branch
335 Merchant St., Rm. 203, Honolulu
HI 96813-2921
(808) 586-2722

Illinois:

Office of the Attorney General
Franchise Division
500 S. 2nd St., Springfield IL 62701-1771
(217)782-4465

Indiana:

Indiana Securities Division, Franchise Section
302 W. Washington St., Rm E111
Indianapolis, IN 46204-2738
(317) 232-7781

Maryland:

Office of the Attorney General
Securities Division
200 Saint Paul Pl. Baltimore, MD 21202-2020
(410)576-6360

Michigan:

Michigan Attorney General
Consumer Protection Division
PO Box 30213, Lansing, MI 48909-7713
(517)373-7117

Minnesota:

Commissioner of Commerce
85 7th Pl. E., Ste 280
Saint Paul, MN 55101-3165
(651) 539-1600

New York:

NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Flr.
New York, NY 10005-1495
(212) 416-8236

North Dakota:

Securities Department
600 E. Boulevard Ave., 5th Flr.
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island:

Dept. of Business Regulations
Division of Securities
1511 Pontiac Ave. Bldg. 69-1
Cranston, RI 02920-4407
(401)462-9527

South Dakota:

Division of Insurance, Securities Regulation
124 S. Euclid Ave., Ste.104
Pierre SD 57501-3168

Virginia:

State Corporation Commission, Div. of Securities &
Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219-3630
(804) 371-9051

Washington:

Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW, Tumwater, WA 98501-6456
(360) 902-8760

Wisconsin:

Securities Division
201 W. Washington Ave. Ste. 300
Madison, WI 53703-2640
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:

Department of Financial Protection and
Innovation
2101 Arena Boulevard
Sacramento, CA 95834

85 7th Pl. E., Ste 280, Saint Paul, MN 55101-3165
(651) 539-1600

~~Commissioner of the Department of Business
Oversight~~

~~1515 K St., Ste. 200, Sacramento, CA 95814
(916) 445-7206~~

New York:

Secretary of State
28 Liberty St., 21st Fl.,
New York, NY 10005-
1495
(212) 416-8236

Hawaii:

Commissioner of Securities
Dept. of Commerce and Consumer Affairs,
Business Registration Div., Securities
Compliance Branch
335 Merchant St., Rm. 203
Honolulu, HI 96813-2921
(808) 586-2722

North Dakota:

Securities Commissioner
600 E. Boulevard Ave., 5th Fl.
Bismarck, ND 58505-0510
(701) 328-4712

Illinois:

Office of the Attorney General
Franchise Division
500 S. 2nd St., Springfield IL 62701-1771
(217) 782-4465

Rhode Island:

Director of the Division of Business Regulation
1511 Pontiac Ave. Bldg. 69-1
Cranston RI 02920-4407
(401) 462-9527

Indiana:

Secretary of State
302 W. Washington St., Rm E111
Indianapolis, IN 46204-2738
(317) 232-7781

South Dakota:

Director of the Division of Securities
124 S. Euclid Ave., Ste. 104
Pierre SD 57501-3168

Maryland:

Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202-2020
(410) 576-6360

Virginia:

Clerk, Virginia State Corporation Commission
1300 E. Main St., 9th Fl.
Richmond, VA 23219-3630
(804) 371-9051

Michigan:

Michigan Attorney General, Consumer
Protection Division
PO Box 30213, Lansing, MI 48909-7713
(517) 373-7117

Washington:

Director of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501-6456
(360) 902-8760

Minnesota:

Commissioner of Commerce

Wisconsin:

Administrator, Division of Securities
Department of Financial Institutions
201 W. Washington Ave. Ste. 300, Madison, WI 53703-
2640

10. Neither the franchisor, nor any person or franchise broker listed 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. §78A *et seq.*), suspending or expelling these persons from membership in such association or exchange.

11. The Department of Financial Protection and Innovation (formerly the Department of Business Oversight) requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations, and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit is deferred until that unit is open.

12. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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.

~~No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.~~

**INKISM INTERNATIONAL CO., LLC
ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Subfranchise Agreement (the “Agreement”) hereby agree as follows:

1. The Franchise Agreement requires binding arbitration. The arbitration will occur at Los Angeles, California with the costs being borne by both parties equally. The arbitration will occur in Los Angeles County, California, or other county where the franchisor's headquarters is then located, with the costs being borne equally by both parties but reimbursable to the prevailing party. Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281 and the Federal Arbitration Act) to any provision of a franchise agreement that restricts venue to a forum outside of California.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 *et seq.*)
3. The Franchise Agreement contains a covenant not to compete that extends beyond the termination or transfer of the franchise. This provision may not be enforceable under California Law.
4. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.
5. 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.

INKISM INTERNATIONAL CO., LLC

FRANCHISEE

By: _____
Name: Tzu Kai Ko
Title: President and CEO
Date: _____

By: _____
Name: _____
Title: _____
Date: _____