FRANCHISE DISCLOSURE DOCUMENT

Yi Mei Franchising, INC
A **California** Corporation
4487 Rowland Ave
El Monte, CA 91731
(626) 552-8862
info@yimeideli.com
yimeideli.com

Yi Mei Franchising, INC grants franchises involving a distinctive system for the operation of a brick and mortar retail store offering traditional Taiwanese breakfast food items and related products/drinks**.** Franchisee will provide these services to both individuals and businesses, operating under the Marks and using the System.

The Initial Franchise Fee is $**40,000**. The estimated required initial investment ranges from $**326,000** to $**631,500**.

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 can sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive Your disclosure document in another format that is more convenient for You. To discuss the availability of disclosures in different formats, contact Jason Ting at 4487 Rowland Ave, El Monte, CA 91731 or (626)552-8862.

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

Buying a franchise is a complex investment. The information in this disclosure document can help You make up Your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help You understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, 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.

ISSUING DATE: August 17, 2017

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit “F” for information about the franchisor, or about franchising in Your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDATION IF MEDIATION IS UNSUCCESSFUL, THE DISPUTES WILL BE RESOLVED BY ARBITRATION, WITH LIMITED EXCEPTION ANY MEDIATION OR ARBITRATION WILL BE HELD AT A NEUTRAL LOCATION IN LOS ANGELES COUNTY, CALIFORNIA OUT-OF-STATE MEDATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE

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

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

4. THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME (JULY, 24, 2017). THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDING WHETHER TO MAKE THIS INVESTMENT.

5. THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED. IF THE FRANCHISOR’S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR. THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES YOU OFFER.

6. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE MAY NOT HAVE AN OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE’S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

The Effective Date of this Disclosure Document is 9/6/2017 unless otherwise noted on the following page

State	Effective Date
California	9/6/2017
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

Table of Contents

Attachments:

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

Definitions.

To simplify this Franchise Disclosure Document, "We" means **Yi Mei Franchising, INC**, the franchisor. Sometimes "Our" or "Us" refers to **Yi Mei Franchising, INC**, when appropriate. We refer to the person or company that buys a franchise as “You”. If You, the franchisee, are a Corporation, Limited Liability Company or other business entity, Our disclosures also apply to Your owners. "Licensed Business" means the business You will operate under the Franchise Agreement, offering and selling traditional Taiwanese breakfast food items and related products/drinks operating under Our Marks and following Our System.

Our Predecessors and Affiliates

YM Café, INC and YMC CH, INC are Our predecessors and are affiliates. YM Café, INC is located at 943 W. Duarte Rd., Monrovia, CA 91016. YMC CH, INC is currently located at 3210 Chino Ave. #A, Chino Hills, CA 91709. Both affiliates do business and use the trademark and business name “Yi Mei”.

YMC CH, INC will be the only supplier/distributor of raw and processed foods for all Yi Mei Franchises. YMC CH, INC will conduct this business from 4487 Rowland Ave., El Monte, CA 91731.

Our Names.

We do business under Our corporate name, **Yi Mei Franchising, INC.** We do not do business under any other name.

Our Address and Agent for Service.

Our principal business address is **4487 Rowland Ave., El Monte, CA 91731**. Our agent for service of process in California is the Commissioner of the California Department of Business Oversight. Attachment E identifies any agents We have in certain other states.

Our Business Form.

We are a **California** corporation, organized July 24, 2017.

Our Business and Franchises Offered.

The Yi Mei concept primarily serves traditional Taiwanese breakfast food items and related products/drinks. The first Yi Mei restaurant was opened in Monterey Park, CA in 1978. Since then, the Yi Mei brand has been widely known in the Asian community as the leader in providing quality Taiwanese cuisine. The main target customers are Asians but the market has been expanding as more people are exposed to the menu. Sales are generally consistent year round. There are some competitors who have a similar menu.

We have just begun offering franchises for Yi Mei stores under this Disclosure Document. This service is provided at a retail brick and mortar store. A Yi Mei store is licensed to use the Yi Mei brand (Our “Mark”) and the distinctive Yi Mei franchised system (the “System”). We have never granted any franchises in any other line of business.

YMC CH, INC will be the exclusive supplier for all prepared and raw menu items, which are manufactured according to Yi Mei’s standards, recipes, specifications and/or formulas. YMC CH, INC will also be the exclusive supplier of all packaging, disposables, company t-shirts, and receipt paper. All Yi Mei Franchise Stores must purchase and use these items for use in their Franchised Business.

Prior Business Experience

We do not own or operate any businesses of the type being offered.

Our affiliates (and predecessors):

YM Café INC has operated a business similar to yours since 12/12/2012

YMC CH INC has operated a business similar to yours since 3/8/2017

We have not operated a business of the type You will be operating. This is Our first offering of franchises in any line of business.

Laws Affecting Your Licensed Business

Your store must comply with federal, state and local laws and regulations affecting the business, including state and local licensing laws, advertising, consumer protection statutes, zoning, land use and construction regulations, federal and state environmental laws and regulations and various health, safety, sanitation and fire standards. Counties typically establish health and safety standards and regulations which Yi Mei Stores must meet, including health permit and food handling certifications. These requirements can vary widely among jurisdictions, can be very strict and may involve Public Health Department inspections. You should anticipate food preparation and on-site consumption to be highly regulated areas and be careful to ensure that You have a full understanding of the laws and regulations that may apply to Your Store and its location. You must also comply with employment laws, like the Fair Labor Standards Act, and state laws covering matters like minimum wages, overtime and working conditions. You also must assist Us in complying with federal anti-terrorism laws and regulations applicable to Your market area, regardless of any advice or information that We may give You.

This Disclosure Document describes a summary of the terms and conditions on which We offer franchises in this state as of the Effective Date. The descriptions in this Disclosure Document are required to be brief and are for general informational purposes only. In many cases, the Disclosure Document contains only excerpts or summaries of other documents. You should refer to the franchise agreement in Exhibit B and other exhibits to this Disclosure Document for more complete information. We also recommend You consult with independent advisors who can provide legal, business and/or economic guidance, such as a lawyer and an accountant.

A fundamental requirement of Your joining and remaining part of the Yi Mei franchise community will be Your commitment to the operation of Your Franchised Business according to Your Franchise Agreement, as well as any Manual and Our policies and procedures, which We can change over time.

The establishment of a new business, including the Franchised Business, involves substantial business risks. Significant investment beyond that outlined in this Disclosure Document bay be required to succeed. Additionally, We are inexperienced as a franchisor and Our franchised System is unproven and subject to revisions and modifications as the franchise business model evolves. We do not guarantee Your success or any level of sales volume, profits (if any) or revenues. Any profit and possible success are primarily dependent on Your personal business judgment, Your sales ability and Your talent as an independent business operator, Your financial management and marketing judgment, and other business and personal skills, as well as Your proper use of the System.

Item 2. Business Experience

Mr. Jason Ting President and Managing Member

Mr. Ting has served in his current positions with Us since Our inception. He also serves as President of both YM Café, INC. and YMC CH, INC since their inception in 2011 and 2016 respectively.

Item 3. Litigation

No litigation is required to be disclosed in this Franchise Disclosure Document

Item 4. Bankruptcy

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

Item 5. Initial Fees

Initial Fee.

The Initial Fees for the **Yi Mei** franchise are $**40,000**.

You will also need to purchase certain inventory items from YMC CH, INC before opening Your Store, such as but not limited to, processed and raw goods for Yi Mei menu items, packaging, disposable items, and branded t-shirts. You need to stock these items at Your Store in quantities that You expect will meet reasonably anticipated consumer demand. We estimate that costs to purchase an adequate opening supply of these items to range from $10,000 to $20,000.

Payment of Initial Fee.

The initial fee must be paid to Us by electronic funds transfer or other method We choose when You sign Your franchise agreement. The initial franchise fee is paid in a lump sum. For franchises located in the State of California, payment of the initial franchise fee will be due when Your business is open and We have completed all of Our material pre-opening obligations to You.

Refund of Initial Franchise Fee.

The initial fee is partially refundable only if We terminate the franchise agreement because You don't attend or successfully complete the initial training program, and then only if You sign a general release. In that case, We pay a refund in the amount of the initial franchise fee You paid to Us, less $10,000 to compensate Us for expenses We've incurred relating to Your Franchise.

Item 6. Other Fees

Type of fee	Amount	Due Date	Remarks
Royalty Fees[1]	For newly-developed Franchised Restaurants, 10% of Gross Sales for the first 2 years, 12% of Gross Sales for years 3 and 4, 15% of Gross Sales starting year 5. For all other Franchised Restaurants, including "Turnkey Restaurants",15% of Gross Sales	Payable weekly by Electronic Funds Transfer. Funds must be in Your designated bank account in time so that We can obtain them by Tuesday of the week following the week for which You pay the Royalty Fee.	Gross Revenues includes the full price of all goods and services You sell, whether or not You have received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees You are required to collect on behalf of the government. Gross Revenues are calculated at the time You sell the goods or services, without regard to when You receive or expect to receive payment.
Initial Training Program for Additional Personnel[1]	Currently $4,000/per additional person We can change these fees as necessary.	In advance of the training program(s)	These fees only apply if more than 2 people attend initial training. Designated Owner must complete initial training program.
Additional Training Fees and Possible Expenses[1]	Varies	In advance of the training program(s)	Designated Owner must complete initial training program and any applicable mandatory training programs or remedial training You are responsible for any costs associated with Your and Your employees' participation in additional training, including transportation, lodging, meals, incidentals and training fees Additional training can be online or in person. Travel may be required, and We can charge a reasonable fee for participants.
Transfer[1]	$10,000	Before completing transfer	Payable only if You sell Your franchise or any part of Your business. We do not charge a fee if You transfer to a corporation or other entity with the same identical ownership and control.
Audit (less than 3% under reporting)[1]	1.5% per month interest on amount of underpayment plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that You have under reported Gross Revenues, but by less than 3 percent.
Audit (3% or more under reporting)[1]	1.5% per month interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that You have under reported Gross Revenues by 3 percent or more.

Type of fee	Amount	Due Date	Remarks
Renewal[1]	25% of the then Initial Franchise Fee for a five (5) year renewal. 40% of the then Initial Franchise Fee for a ten (10) year renewal.	Before consummating Renewal	Subject to Franchisor agreeing to renew Franchise Agreement.
Costs of Collection[1]	Varies	Immediately upon billing	You are responsible for all reasonable costs of collection We incur in connection with any late payments, including legal costs and attorneys' fees
Indemnification	Unknown	Immediately upon billing	You indemnify Us and Our Affiliates concerning Your Store and operations
Optional On-Site Consultation[1]	$25/hour and any incidental costs of transportation, lodging, and other living expenses	Immediately upon billing	We may, but are not obligated to provide You this assistance if You request it.
Gift Card/Loyalty Program Participation Fees and Expenses	Unknown	As incurred, if a program is implemented	Possible costs of compliance with requirements We could establish involving these programs and related required equipment/software expenses, if any
Required Store Update Expenses (Note B)	Unknown	As incurred	You must bring Your Store up to new Store design and facility standards with a total update once each term and as a condition to any renewal term

1. These fees are imposed by and are payable to Us. All fees are non-refundable.

Notes Regarding Other Fees:

Note A. Royalty Fees

You will pay a weekly Royalty Fee. You will pay by electronic funds transfer. We may, upon 30 days prior written notice, require You to pay Royalties by check, pre-authorized check, electronic funds transfer or similar mechanism. We may, upon notice, require You to pay Your Royalty Fees on a different periodic basis. You must complete and execute any bank authorization or other form We require to authorize Our selected payment method. You must maintain an account at a bank or other financial institution that has the capacity to perform electronic debits to its account and also maintain account balances sufficient to meet any electronic payments that We require.

Note B. Store Update

In addition to a Store Update, You must, at Your own expense keep the condition and appearance of the interior and exterior of the Store and the Store assets clean, in good repair and consistent with Our quality standards and System on any ongoing basis. You must replace all worn, obsolete or non-repairable assets with those meeting any then current System Standards.

Item 7. Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Description (Note A)	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM MADE
Initial Fee	$40,000.00	$40,000.00	Lump Sum	On signing franchise agreement. For Franchises located in California, payment of the initial franchise fee will be due when Your business is open and We have completed all of Our material pre-opening obligations to You	Us
Travel & Living Expenses While Attending Initial Training	$500	$4,000.00	As Arranged	Before, During & After Training	Vendors, Airlines, Hotels, Car Rental Companies, etc.
Architect Fees, Engineering Plans, Construction, Remodeling, Decorating, Real Estate Improvements, Fixtures, Furniture and exterior Signage (Note B)	$190,000	$400,000	As Arranged	As Incurred	Contractors, vendors and Approved Suppliers
Rent & Security Deposit	Note C		As agreed with Landlord	As Arranged	Lessor
Opening Inventory and Supplies (Note D)	$10,000	$20,000	As Arranged	As Incurred	YMC CH, INC.
Equipment	$25,000.00	$50,000.00	As Arranged	As Incurred	Approved Vendors and Suppliers
Computers, Point of Sale System and Related Software	$4,000.00	$9,000.00	As Arranged	As Incurred	Approved Vendors and Suppliers
Security and Utility Deposits, Licenses, Permits, Certificates and other Prepaid Expenses (Note E)	$3,000.00	$15,000.00	As Arranged	As Incurred	State, County, City, and Local Utilities
Insurance (Note F)	$1,000.00	$3,500.00	As Arranged	As Incurred	Insurance Companies
Legal, Accounting	$1,500.00	$5,000.00	As	As Incurred	Your Lawyer, CPA,

Costs(Note G)			Arranged		etc
Additional Funds (3 months) (Note H)	$50,000.00	$80,000.00	As Arranged	As Incurred	Various Suppliers
Miscellaneous Opening Costs (Note I)	$1,000.00	$5,000.00	As Incurred	As Incurred	Vendors, Suppliers, Utilities, Tradesmen, Deposits etc.
Total	$326,000.00	$631,500.00			

Notes Regarding Initial Investment:

Note A: Fees.

All fees are non-refundable, except as described in Item 5. We do not offer direct or indirect financing.

Note B: Build Out Expenses.

This range estimates certain build out expenses associated with a 1500 to 2500 square foot "Vanilla Box" space. The range includes costs relating to the purchase and installation of the minimum number and types of equipment, fixtures, counters, television menu boards, tables/chairs, and cabinets required to build out Your Store according to Our current standards and specifications. The total number of these items may vary depending on the square footage of Your Store, as well as related costs. Approved suppliers may be identified in any Manual or will be provided in a separate list.

Note C: Rent and Security Deposit

Rental and related costs vary dramatically based on location, local market conditions and other factors, so We are unable to estimate accurately Your rent. The preferred Store square footage is between 1500 to 2500 square feet.

Note D: Opening Inventory and Supplies

You determine how to stock Your Store before opening, although We have certain minimum standards which must be met. The estimated range provided includes product inventory purchases from Us as described in Item 5, as well as typical Store supplies

Note E: Security Deposits, Licenses, Permits and other Prepaid Expenses

You must obtain all required licenses, permits and certificates to build out and operate Your Store and must have a clear understanding of the local public health department regulations that will apply to Your Store operation and related licensing and cost requirements. You and Your staff are also required to obtain food handler's certifications from a licensed provider. Additionally, You must obtain and renew, as needed, a Food Manager's License.

Note F: Insurance

We require You to purchase and maintain, at Your expense, throughout the term of this Agreement, commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. You must purchase and maintain professional liability (errors and omissions) insurance and contractor's pollution liability insurance. You must purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to Us or with a state agency. You must provide Us with one or more certificates of insurance evidencing such coverage and naming Us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverage under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Us. Upon Our request, You must provide Us with a true copy of any insurance policy, including all endorsements. Every insurance policy must provide that coverage is primary/non-contributory. Every insurance policy must be with an insurance company that meets Our criteria as set forth in the Manual.

Note G: Legal and Accounting

We encourage You to consult with independent professional advisors like a lawyer and a CPA concerning the operation of Your Store, permitting and regulatory requirements and business formation/taxation matters.

Note H: Additional Funds.

This estimates Your initial start up expenses. You may have to use some of these additional funds to pay for Our Management Assistance if You request from Us extraordinary management or support services during the early stages of Your Licensed Business. In addition, these estimates include payroll costs and various service costs such as utilities. These estimates do not include owner compensation or return on investment. These figures are estimates and We cannot guarantee that You will not have additional expenses starting the business. Your costs will depend on factors such as; how closely You follow Our methods and procedures; Your management skill, experience and business acumen; local economic conditions; the local market for the products and services You offer; the prevailing wage rate; competition; and the sales level You reach during the initial period. You may need additional funds before Your Licensed Business breaks even.

Note I. Miscellaneous Costs

This estimate is for a reserve to cover incidental unexpected costs. You may want to reserve more.

Going Concern Value Not Included

If You purchase an existing operating (“Turnkey”) **Yi Mei** business from Us or from another franchisee, You should expect to pay, in addition to the estimated initial investment, an amount representing the fair market going concern value of the business. That value might exceed the estimated initial investment. Any purchase of existing business assets and goodwill would be under a separate agreement negotiated between You and the seller.

Services by Affiliate and others

We may provide certain services to You under the Franchise Agreement by sub-contracting with others, including Our Affiliate, to provide them. These arrangements will not result in increased costs to You for the services.

Item 8. Restrictions on Sources of Products and Services

Our reputation and goodwill is based on, and can only be maintained by providing consistent quality products and service in a professional manner. To keep a consistent quality of products offered, YMC CH, INC will be the exclusive supplier to Your Franchised Business. This includes, but not limited to, processed and raw menu items, disposables, packaging, branded t-shirts, and receipt paper. You will have an opportunity to review the current product price list before You sign the franchise agreement, but prices are subject to change. Additionally, We will request that You sign a confidentiality agreement in the form attached to this Disclosure Document as Exhibit I before We share the price list with You.

Certain equipment and supplies can be purchased from a vendor of Your choice but they must meet Our specifications. We issue specifications in writing and incorporate them in the Manual. The specifications include brand name, quality, performance, design and appearance. You must purchase items that comply with Our reasonable subjective determination of whether they meet the standards and comport with the **Yi Mei** image. If We have not provided specifications, You may purchase any items that reasonably meet the requirements of the Licensed Business.

We and Our Associates have the right to receive rebates, incentive amounts, discounts and other economic benefits from any supplier to the Franchised Businesses and to earn a profit on the sale of Products and Services We sell to You and other stores. We and Our Associates also can be approved suppliers, exclusive or otherwise, of Products and Services that a Store must use and/or purchase.

We publish a list of approved vendors and order procedures in the Manual. We may approve other vendors if You request it in writing or if a vendor requests it and if the vendor demonstrates to Our satisfaction that it is financially stable and can provide product(s) or service(s) that meet Our specifications and that are consistent with Our image. We may charge a reasonable fee to cover Our costs in evaluating a proposed vendor. We will give You a good faith estimate of Our cost of evaluating a proposed vendor within a reasonable time after You make the request, but before We begin the evaluation process. We will normally make Our decision within sixty days. We reserve the right to disapprove any previously approved vendor whose performance falls below Our standards. We will make any approvals of new vendors or revoke approval of vendors in writing and will incorporate Our decision in the Manual.

Please review Item 11 for information regarding computer hardware and software You must purchase or license.

Because this is the first time We have offered franchises, Our historic information about how much You will spend on equipment, supplies and inventory from Us or approved vendors is an estimate based upon historic spending for one similar business operated by Our affiliate. Thus, We have almost no historic information about how much You will spend on equipment, supplies and inventory that must meet Our specifications.

Your employees and manager(s) must complete certain training programs at Your expense. We have no historic information about how much You will spend on mandatory training programs. See Item 6.

We estimate that Your purchases of goods and services, in accordance with specifications, will represent approximately 90 to 100% of Your total purchases in connection with establishing Your Licensed Business and approximately 90 to 100% of Your total purchases in connection with operating Your Licensed Business.

We do not participate in any purchasing or distribution cooperatives.

We do no negotiate purchase arrangements with any suppliers.

We do not provide any material benefits to a franchisee based on a franchisee’s purchase of particular products or services or use of particular suppliers.

The numbers contained in this Item 8 are Our good faith estimates. We have little historic data from which to derive accurate numbers or percentages. In the interest of providing You with some point of reference, We have provided these estimates. Both We and Our affiliate(s) have the right to make a profit on items You purchase from Us. Any profits would be within the range of standards in the industry for the item(s) in question.

Item 9. Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Articles 1, 6, 9, 12, 15, 17, Exhibits A, B, & E Exhibit H (if applicable)	Items 5, 8, 9, 11, 12, & 17 Attachment B, Exhibits A, B & E Attachment B, Exhibit H (if applicable)
b. Pre-opening purchases/leases	Articles 1, 6, 7, & 8 Exhibits A, B, C & D Exhibit H (if applicable)	Items 5, 6, 7, 8, 9 & 17 Attachment B, Exhibits A, B, C & D Attachment B, Exhibit H (if applicable)
c. Site development and other pre-opening requirements	Articles 1, 2, 4, 6, 7, 8, 11, 15 & 17, Exhibits A, B, C & D Exhibit H (if applicable)	Items 5, 6, 9, 11, 12 & 17 Attachment B, Exhibits A, B, C & D Attachment B, Exhibit H (if applicable)
d. Initial and ongoing training	Articles 1, 4, 5, 6, 7, 9, 11, 12, 13, 15 & 20	Items 5, 6, 7, 8, 9, 11, 14, 15 & 17
e. Opening	Articles 1, 2, 4, 6, 7, 8, 11, 12, 19, Exhibits A, B, C, D, E, F, G, H (if applicable), I & K	Items 5, 6, 7, 8, 9, 11, 12, 16, 17, 22, Attachment B, Exhibits A, B, C, D, E, F, G, H (if applicable) I & K
f. Fees	Articles 2, 3, 4, 5, 7, 9, 11, 12, 17, 18, 20 & Exhibit G; Exhibit L (if applicable)	Items 5, 6, 7, 8, 9, 10, 17, Attachment B, Exhibit G; Attachment B, Exhibit L (if applicable)
g. Compliance with standards and policies/Operating Manual	Articles 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 & 15 & Exhibits C & D	Items 8, 9, 12, 13, 16, 17, Attachment B, Exhibits C & D

Obligation	Section in Agreement	Item in Franchise Disclosure Document
h. Trademarks and proprietary information	Articles 1, 2, 5, 6, 7, 11, 15, 16, 17, 18 (if applicable) & Exhibits A, B, D, F, G, I & L (if applicable)	Items 1, 2, 8, 9, 11, 12, 13, 14, 16, 17, Attachment B, Exhibits A, B, D, F, G, I & L (if applicable)
i. Restrictions on products/services	Articles 1 & 7 & Exhibit D	Items 1, 8, 9, 12, 13, 14, 16 & 17 & Attachment B, Exhibit D
j. Warranty and customer service requirements	Articles 1, 2, 3, 4, 5, 7, 8 & 15,	Items 1, 8, 9, 12, 13, 14, 15, 16 & 17
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Articles 4, 5, 7 & 15, Exhibits C & D	Items 6, 8, 9, 16, & 17, Attachment B, Exhibits C & D
m. Maintenance, appearance and remodeling requirements	Articles 1, 6, 7, 9, 11, 12, 15, 16 & 17, Exhibits A, C & D	Items 6, 7, 9, 13, 15, 16 & 17, Attachment B, Exhibits A, C & D
n. Insurance	Articles 8 & 15	Items 7, 9 & 17
o. Marketing	Articles 1, 2, 3, 6, 7, & 15	Items 7, 8, 9, 13, 14, 16, 17 & 18
p. Indemnification	Articles 8, 11 & 15	Items 7, 9 & 17
q. Owner's participation/management/staffing	Articles 4, 5, 7, 11, 13, 15 & 17, Exhibits G & I	Items 7, 8, 9, 12, 13, 15, 16, & 17, Attachment B, Exhibits G & I
r. Records/reports	Articles 3, 7, 8, 12 & 15	Items 8, 9, 15 & 17
s. Inspections/audits	Articles 3, 7, & 15	Items 6, 8, 9, 16 & 17
t. Transfer	Articles 1, 6, 7, 11, 12, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
u. Renewal	Articles 9, 10 & 15	Items 6, 9 & 17
v. Post-termination obligations	Articles 5, 8, 10, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
w. Non-competition covenants	Articles 1, 5, 7, 11, 15, 16 17 & 18 (if applicable)	Items 9, 13, 14 & 17
x. Dispute resolution	Article 19	Items 9 & 17

Item 10. Financing

We do not offer financing for any purpose. Should We establish relationships with sources of financing, We would make such information available to You. Financing availability and qualification requirements would probably change and vary widely. We do not guarantee any of Your notes, leases or other obligations. If We make financing available to You, We would expect to make a profit from the financing. We do not require You to obtain financing from Us.

We do not have any arrangements where We receive compensation for assisting You in obtaining financing. If We make such an arrangement, We will disclose the arrangement(s) to any franchisee(s) to whom We make it available.

We do not intend to sell, assign or discount to a third party any note(s), contract(s) or other obligation(s) You have signed. However, the Agreement places no restriction upon Our right to transfer, assign or discount any such instruments, the Agreement, any other agreements, or the System.

Item 11. Franchisor's Assistance, Advertising, Computer Systems and Training

Pre-opening Obligations.

Except as listed below, We need not provide any assistance to You.

Before You open Your Licensed Business, We will:

1. License You to use Our Marks and System in connection with Your Licensed Business (Franchise Agreement - Article 1);
2. Designate Your Territory (Franchise Agreement - Article 1);
3. Review and approve or disapprove Your selected business Premises (Franchise Agreement - Articles 1 & 7) as follows:

   a. You are responsible for securing a location. Although We will provide You with any information We have about available locations, You should independently evaluate the proposed location. We do not own Premises and rent them to You.
   b. You are responsible for complying with all local ordinances and building permits and to obtain any required permits.
   c. We require You to maintain and repair the Premises and equipment. We may require You to replace equipment to comply with Our current specifications and image every three years.
   d. You must obtain and install the required equipment, signs, fixtures and supplies from approved suppliers. Please refer to Item 8 for more information.
   e. The factors We will consider in reviewing any proposed site will be unique to that site. However, We will generally consider such factors as: demographics of the surrounding area; the type of nearby development; zoning; physical characteristics of the proposed site; the status of nearby competition; the economics of the proposed site; and access issues. No one factor or combination of factors will be determinative in every case.
   f. In some cases We will offer franchises on a fully equipped basis and You will purchase the Premises and equipment at Our installed and delivered cost plus a reasonable profit.
   g. If You do not secure a location that We can reasonably approve within 90 days (or any extension We agree to) You will forfeit Your Initial Fee. We are interested in locations, not forfeitures, so if You are making a reasonably diligent effort to secure a good location, We would ordinarily expect to agree to reasonable extensions. We expect You to communicate with Us about Your efforts.

4. Provide initial training for You and one general manager, if applicable, as follows:

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
Orientation to Yi Mei	1 Hour	NA	Our corporate office in El Monte, California
Menu Training	80-120 Hours	NA	Our corporate office in El Monte, California
Business Management	20-24 Hours	NA	Our corporate office in El Monte, California

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
People Management	2 Hours	NA	Our corporate office in El Monte, California
Computer Systems	4 Hours	NA	Our corporate office in El Monte, California
Food Safety Training	1 Hour	NA	Our corporate office in El Monte, California

The Initial Training program is taught by Jason Ting. Since We are just beginning to offer franchises, We anticipate offering the Initial Training Program as needed, rather than according to a particular schedule.

We do not charge for the initial training for You (initial training for a total of two people is included in Your Initial Fee), but You must pay the travel and living expenses for You and Your employee(s). All training occurs at Our **El Monte, CA** training center and at one or more operating **Yi Mei** business(es). Please refer to Item 2 for information regarding the experience of the training instructors. You must successfully complete the initial training program. We will decide whether You successfully complete the initial training program based upon knowledge, test results and Our observations of Your ability to use the knowledge effectively. If We determine You have not successfully completed the Initial Training Program, We can terminate the franchise agreement. If We elect to terminate, then We will refund to You the Initial Franchise Fee, less $10,000 to compensate Us for Our expenses.

Obligations after opening, We will:

1. Take any actions We deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1);

2. While We are not obligated to produce a manual or similar publication(s), if We publish a manual, We will loan You a copy or access to an electronic version of it.

3. Provide a periodic training program for Your general manager(s) and for certain other employees, at Our regular charge for the training (Franchise Agreement - Articles 4 & 5). Please refer to Item 6 for information regarding the frequency and number of training programs We may require You to participate in.

After You open the Licensed Business, We expect to be in regular contact with You to discuss Your operation of the Licensed Business and to generally be of assistance. We plan to provide additional on-going training for You and Your general manager(s) and employees at Our usual charges. The Agreement does not obligate Us to provide such services, however.

You may not engage in sales through alternative distribution channels or the Internet without Our prior written approval. We are not required to give You such approval. (Franchise Agreement – Article 1)

We currently do not have an advisory council. If We form or approve an advisory council, You must participate. Any advisory council would not have decision-making power. It would be advisory only. We have the right to form, change or dissolve any advisory council.

Advertising

We may, but are not required to, provide advertising templates for You to adapt and use in advertising Your Store. Store advertising must be conducted in a professional and ethical manner and conform to any policies We might establish.

We have no advertising council composed of franchisees that advise Us on advertising policies.

We can request that You display information material regarding Our franchise opportunities in Your Store, at Our own expense.

Site Selection & Starting Operation

You propose Your own site for Your Store. Before You sign any lease for that site, or occupy the premises, You must provide Us with a description of the location along with any other information We request. In most instances, an employee of Yi Mei Franchising, INC. will request to visit the proposed site. You will need to arrange with the landlord/broker to facilitate the visit. We will consider a variety of factors when deciding whether or not to accept Your proposed location, such as the general location/neighborhood, traffic patterns, parking, size, accessibility, demographics, competition, and growth potential. Our acceptance of a proposed site is not a representation or warranty as to the suitability of the location for Your Franchised Business. We are not required to approve or disapprove a proposed location within any particular time, but expect that We will notify franchisees within 30 days after they submit site information to Us. If We are unable to agree on an Accepted Location within 90 days of the franchise agreement Effective Date and We have not granted a written time extension, We can return any Initial Franchise Fee paid by You to Us, less $10,000 for Our expenses, as long as You sign a mutual termination agreement and release (Franchise Agreement – Article 6)

Your Store site will be called Your Accepted Location. You will have 365 days to open for business from that location, unless We extend the time in writing, which is Your "Opening Period Deadline". You cannot open Your store for business until You have Our written consent to do so (Franchise Agreement – Article 6) Our consent is conditioned on (I) Our determination that the Store development requirements have been met (II) You have completed the initial training requirements to Our reasonable satisfaction (III) Our receipt of proper certificates of insurance coverage (IV) evidence that the Designated Owner has successfully obtained a Food Manager's License and (V) receipt of all Initial Franchise Fees and any other amounts due.

Failure to open by the Opening Period Deadline is a breach of the franchise agreement and Your franchise agreement can be terminated (Franchise Agreement – Article 6)

Computer Software

We require You to use certain computer equipment and software. You may select any computer hardware that meets or exceeds Our current minimum requirements. You are responsible to maintain and repair Your hardware and to update or upgrade Your software. We may recommend or require additional hardware. We may require You to purchase specified point of sale or register equipment and software and/or portable hand-held devices. We currently require You to use the following computer hardware and software:

Computer: Windows PC with Windows 10

CPU: 1.8GHz or Better Intel Based

RAM: 2 GB or More

Hard drive: 4GB or More

Software: Aldelo POS Pro

Notes:

1. We do not provide any support for computer hardware or "Proprietary Software" operated on computer systems. As report preparation and processing software and office management programs become more sophisticated, You may need to upgrade or supplement hardware and related items.
2. You must provide Us with an security code to access the back office reports in Aldelo. This will allow Us to audit reported sales as well as review menu item sales. There are no contractual limitation on Our rights to access the information and data. Unless otherwise required by law, We will not provide the information to any other person except in summary or statistical formats-and with Your identifying information removed.

3. We currently require Cable, DSL or Fiber Optic Internet connection that is always on. We recommend that You obtain Your Internet access from a major supplier.

Item 12. Territory

We will grant You a geographic territory ("Territory") which We will describe in Exhibit B to the Franchise Agreement. If You are not in breach of the Agreement, We will not locate or open a competitive business under the Marks and using the System in Your Territory, either company-owned or franchised, during the term of the Agreement. You are permitted to operate the Franchised Business only at one location and only within Your Territory. There are no restrictions on where customers may come from. You may only engage in direct marketing within Your Territory, except with Our prior approval or through a Regional Marketing Cooperative.

The Agreement excludes certain sites from Your Territory, even though they may be located within the boundaries of Your Territory. Exclusions are: Home shows, trade fairs, exhibitions and online product sales of related industry equipment. We, or a person We designate, may directly or indirectly sell and distribute goods and services at those locations, including the same goods and services You offer and may use the Marks, without paying You or any other franchisee. In addition, We may offer products and services under the same or a different trade name or trademark, including within Your Territory through alternative distribution methods, including through independent retail outlets, catalogs, mail order and through electronic media, including television, radio, the “internet” and through other new or emerging commercial technological media without paying You or any other franchisee. You may not market Your goods and services over the Internet or through other alternative distribution methods without Our prior written approval.

Although you will have some territorial protections, you will not receive an “exclusive” territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Agreement permits Us to modify the boundaries and size of Your Territory if the population of Your territory increases by twenty five percent (25%) or more from the estimated population at the time You sign the Agreement. Population and demographic data will be obtained from Esri. If a modification reduces the size of Your Territory, and You are in full compliance with the Agreement, You will have a sixty day first right of refusal to license and operate another **Yi Mei** franchise in the newly created territory. If a modification reduces the size of the territory of more than one franchisee, the affected franchisees will have rights of refusal in the order of the amounts of population severed from each territory; but if more than one territory is reduced by approximately the same percentage, then the affected franchisees will receive rights of refusal in the order of their seniority as **Yi Mei** franchisees in the affected territories.

In determining the original size and boundaries of Your Territory, We will consider demographic and other factors that We deem appropriate, including the number of people living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. We will not necessarily give any single factor or combination of factors controlling weight. Your Territory will not be identical to that of any other franchise and You must make Your decision whether to purchase the franchise based upon Your knowledge of Your proposed Territory.

Except as described above, We and Our affiliate(s) will not establish other franchised or company-owned **Yi Mei Restaurants** within Your Territory. Except as described above, We will not alter Your Territory. Your continued Territory rights are not affected by Your sales volume, market penetration or any other contingency.

Item 13. Trademarks

We give You the right to use the name “**Yi Mei”** and other trade names, trademarks, service marks, trade dress and logos We currently use or which We may adopt or approve (the “Marks”) in the Licensed Business. You must follow Our rules when You use the Marks. You may only use the Marks exactly as We specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

We own the right to use the name and service mark “**Yi Mei**”

*In addition to Our common law rights to the Mark, We have filed for Principal Register federal registration of the Mark. Our filing date was **June 26, 2017**; the United States Patent and Trademark Office has issued to Us Serial Number **87504958**. We expect to be granted registration within a year. We are not aware of any opposition to Our registration and none has been filed with the United States Patent and Trademark Office.*

We do not have a federal registration for Our principal trademark. Therefore, Our trademark does not have many legal benefits and rights as a federally registered trademark. If Our right to use the trademark is challenged, You may have to change to an alternative trademark, which may increase Your expenses.

There are no presently active determinations of the Patent Office, the Trade Mark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to Your ability to use the Marks in connection with the Licensed Business.

There are no agreements that significantly limit Our rights to use or license You to use the Marks in any manner material to the Licensed Business.

You must inform Us if You become aware of any misuse or misappropriation of the Marks or anything confusingly similar. You may not start any litigation relating to the wrongful use of the Marks without Our prior written approval. We may take whatever action We deem appropriate to protect or defend the Marks or System, but We need not take any action.

If a third party sues You claiming that You are infringing the trademark or trade name of the third party by using the Marks, You must inform Us immediately. We will indemnify You as to that claim only and have the right to control the litigation.

It may become necessary in Our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks. In that event, You must immediately adopt the new or revised Marks and Our maximum liability, including for any purported goodwill, is to reimburse You for the actual out-of-pocket costs of changing the principal signs identifying Your Premises.

We do not know of any person claiming or having superior rights to any of the Marks or of any infringing uses of the Marks that could materially affect Your use of the Marks.

Item 14. Patents, Copyrights and Proprietary Information

We do not currently own any patents or copyrights that are material to the franchise. We do claim common law rights in any Manuals, any proprietary recipes or formulations, vendor arrangements, advertisements and promotional materials. As a franchisee, You will learn information that belongs to Us as trade secrets. Our proprietary information includes any Manuals, techniques, instructional material, training, proprietary recipes, processes, policies, systems, data, pricing and terms, Yi Mei Store layouts and designs, operation and franchising of Yi Mei Stores, and any other non-public information regarding the System or Yi Mei Stores. Non-public information can include potential location plans, System statistics, profits, financial data, marketing plans and business strategies, Store performance information, customer lists and related data for all Yi Mei Stores, and all other operating data/information. Your franchise agreement requires You to keep all of this material confidential while You are a franchisee and afterward. You cannot use the Yi Mei intellectual property in any activity other than operating Your franchise. You must use any and all reasonable procedures that We request to help protect Our secrets and confidential information.

The domain name yimeideli.com is Our property. You cannot register or use any domain name or URL that contains uses or displays the words “Yi Mei” or any Marks or other words or symbols related or similar to any of them without Our written authorization.

Item 15. Obligation to Participate in the Operation of the Franchised Business

You must either devote Your full time and effort to managing and operating the Licensed Business or delegate its management or operation to a responsible person. You must reserve and exercise ultimate authority and responsibility over operation and management of the Licensed Business. If You delegate management and operation to a general manager, the general manager must first successfully complete Our initial training program within sixty days after assuming the role of manager. If You are a corporation or other entity, each owner must personally guaranty the Agreement and the entity must designate a competent general manager. The personal guaranty extends to each owner's spouse. We do not require the designated general manager to be an equity owner of the franchised business. You must, at all times, employ at least one **General Manager**. You must require each manager and employee to whom You disclose Our trade secrets to be subject to the trade secrets section of the Franchise Agreement (Franchise Agreement – Article 5). You must require every manager and employee with access to trade secrets to sign a confidentiality agreement. The current form of confidentiality agreement is Exhibit I to the Franchise Agreement.

You must maintain the assets and the condition and appearance of the Store in good repair and consistent with Our quality standards. We can notify You if We feel these standards are not being met, and give You timeframes for correcting the deficiencies. You will take all steps needed to correct each deficiency within the timeframe We require. These Store Maintenance Activities are additional to Your Store Update requirements that must be met each Franchise Term and as a condition to renewal. Store Updates are indented to bring the Store current with Our then existing new Store standards and can include significant structural renovations/remodels and related capital investments.

Item 16. Restrictions on What the Franchisee May Sell

You may offer for sale only products and services We approve at Your Store. You cannot offer or sell any products or services We have not approved. We have the right to change authorized products or services at any time during the term of the Agreement.

You have the right to determine Your Store retail prices, although We have the right to establish minimum and maximum prices to the extent permitted under applicable law. We also may recommend pricing.

Item 17. Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Article 1	10 years.
b.	Renewal or extension of the term	Article 9	If You are in good standing and We continue the franchise system in Your area, We may permit You to renew for another term under the then-current agreement, which may be materially different than the agreement We are now offering. The renewal is either 5 or 10 years.
c.	Requirements for franchisee to renew or extend	Article 9	Be in good standing with Us, sign new agreement, update or replace Restaurants and equipment, retain Premises, give 12 months notice and pay a fee of twenty five percent (25%) of the then Initial Franchise Fee for a five (5) year renewal or forty percent (40%) of the then Initial Franchise Fee for a ten (10) year renewal.
d.	Termination by franchisee	Article 18	Not applicable
e.	Termination by Franchisor without cause	None	We cannot terminate agreement without cause.
f.	Termination by Franchisor with cause	Article 15	We may terminate only for cause.
g.	"Cause" defined – curable defaults	Article 15	You have 5 days to cure: failure to pay Us or Our affiliate or another **Yi Mei** franchisee; You become insolvent; failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of Franchise; refusal to permit an audit; conviction of a felony; failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance; or termination of any other agreement between You and Us for cause. You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period.

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined – non-curable defaults	Article 15	Non-curable defaults: abandonment; You are adjudged bankrupt; assignment for benefit of creditors; levy made upon restaurant; seizure of business, equipment or premises; loss of lease; convicted or plead guilty to violating law relating to Licensed Business, failure to complete the Initial Training Program; failure to reach milestones during pre-opening; unauthorized assignment, transfer or sublicense of franchise; material misrepresentation by Franchisee; unauthorized use of company Marks, submission of 3 or more falsified/inaccurate sales reports, purchasing processed or raw food items from an unapproved vendor, failure to maintain sufficient insurance, failure to comply with health and consumer protection standards as imposed by local and federal law, and unauthorized use or disclosure of Trade Secrets.
i.	Franchisee's obligations on termination/nonrenewal	Articles 16 & 17	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Manual; certain notification obligations; payment of sums due to Us; We have option to lease or assume lease for Your Premises; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and We have option to purchase any part of Your business assets. If We elect to assume Your lease and to operate a **Yi Mei** business from Your Premises, You must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting Us to use Your furniture, fixtures and equipment for up to 60 days, and permitting Us to communicate directly with Your employees, vendors and customers in order to facilitate a smooth transition.
j.	Assignment of contract by Franchisor	Articles 12, 14 & 21	No restriction on Our right to assign except that if Our assignee assumes all of Our obligations to You then We are free of further liability to You.
k.	"Transfer" by Franchisee - defined	Articles 11, 12, 13 & 14	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of Your business, the Premises, or of any ownership interest in the Franchisee if You are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for franchisor approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to Us; You are not in material breach of the Agreement; You have paid all debts of Your business; new Franchisee signs release of claims against Us for representations You made; You sign a mutual termination and release of the Agreement; We receive transfer fee ($10,000); new Franchisee signs the then-current form of Agreement (except preserving Your financial terms for balance of Your term); new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to Your Premises lease, if applicable; and We receive 30 day right of first refusal. There is no fee to transfer to an entity with identical ownership.
n.	Franchisor's right of first refusal to acquire franchisee's business	Article 12 & 17	We may match any offer for Your business.
o.	Franchisor's option to purchase franchisee's business	Article 17	On termination, We may purchase any part of Your business at the fair market value of the tangible personal property purchased.
p.	Death or disability of franchisee	Articles 12 & 13	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Licensed Business to a third party, subject to Article 13 of the Agreement. If We deny a request to continue to operate the business, the 90 days to sell begins on the date of Our denial. The same applies if You become disabled as defined in Article 14 of the Agreement.
q.	Non-competition covenants during the term of the franchise	Article 16	No involvement in any competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	Articles 16 & 18 (if applicable)	For 24 months, You and Your family members must not compete with Us within 20 miles of the boundaries of Your Territory, solicit or divert any of Our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets, or solicit or hire any of Our employees, former employees or franchisees. For 24 months, You will not be employed by or in business with any person or entity that does any of those things. (Subject to state law See State Addendum G)
s.	Modification of the agreement	Article 21	Only by written agreement; We may modify any Manual at any time.
t.	Integration/merger clause	Article 21	Only the terms of the Agreement are binding (subject to state law). Any other promises or agreements may not be enforceable.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Article 19	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or Marketing Fees or to enforce trademark or trade secret rights and covenants against competition, We will settle all disputes with You by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation. (See State Addendum G)
v.	Choice of forum	Articles 19 & 21	Litigation or arbitration must be in Los Angeles County, California (See State Addendum G)
w.	Choice of law	Article 21	The law of the state where Your Licensed Business is located applies.

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

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

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

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

The franchise agreement requires binding arbitration. The arbitration will occur at Los Angeles County, California with the costs being borne by equally by both parties.

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

Item 18. Public Figures

We do not currently use any public figure to promote Our franchise.

Item 19. Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representations either orally or in writing. If You are purchasing an existing outlet, however, We may provide You with the actual records of that outlet. If You receive any other financial performance information or projections of Your future income, You should report it to the franchisor's management by contacting Yi Mei Franchising, Inc., 4487 Rowland Ave., El Monte, CA 91731, (626) 552-8862, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. Outlets and Franchisee Information

Table 1

Systemwide Outlet Summary

For years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	0	0	0
	2016	0	0	0
	2017	0	0	0

Table 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)

For years 2015 to 2017

State	Year	Number of Transfers
CA	2015	0
	2016	0
	2017	0
Total	2015	0
	2016	0
	2017	0

Table 3

Status of Franchised Outlets

For Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
CA	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

Table 4

Status of Company-Owned Outlets

For Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Table 5

Projected Openings As of December 31, 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Fiscal Year
CA	0	0	0
Totals	0	0	0

Item 21. Financial Statements

Attachment A contains Our Audited Financial Statements dated March 31, 2018 for the period then ending. Our fiscal year ends on December 31.

Item 22. Contracts

We urge You to read all of the contracts and agreements carefully. This Franchise Disclosure Document cannot possibly contain all of the terms of the various agreements. It is important that You understand all of those terms. We have attached the following contracts and agreements:

Attachment B - Franchise Agreement

with:

Exhibit A, Location of Licensed Business;
Exhibit B, Territory;
Exhibit C, Required Equipment;
Exhibit D, Items Pursuant to Specifications
Exhibit E, Lease Conditional Assignment Agreement
Exhibit F, Assignment of Telephone Numbers
Exhibit G, Personal Guaranty
Exhibit H, Master Lease (if applicable)
Exhibit I, Trade Secrets and Confidentiality Agreement
Exhibit J, Mutual Termination and Release Agreement
Exhibit K, Consent, Waiver and Release for Training
Exhibit L, Release from Continuing Obligations
Exhibit M, Confidentiality Agreement—Additional Information
Exhibit N, Conversion Addendum

Item 23. Receipt

A receipt for this Franchise Disclosure Document is attached at the end of this document. You must remove one copy, sign it and return it to Us.

FRANCHISE DISCLOSURE DOCUMENT

ATTACHMENTS

Attachment A – Financial Statements

J&S | CPAS
a Professional Corporation

YI MEI FRANCHISING INC

Financial Statements

For the period ended December 31,

2017 (With Independent Auditor's

Report)

YI MEI FRANCHISING INC

Table of Contents

J&S | CPAs
a Professional Corporation

Independent Auditors' Report

To Board of Directors
Yi Mei Franchising Inc

Report on the Financial Statements

We have audited the accompanying financial statements of Yi Mei Franchising Inc (the Company), which comprise the balance sheet as of December 31, 2017, and the related statements of income, statement of equity, and statement of cash flows for the period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; the includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

J&S | CPAs
a Professional Corporation

Opinion

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

J & S CPAs, a professional corporation

Walnut, California

March 31, 2018

YI MEI FRANCHISING INC
Balance Sheet
As of December 31, 2017
(In USD)

ASSETS

		As of December, 2017
CURRENT ASSETS		
Cash and Cash Equivalents	$	10,000
Total Current Assets		10,000
OTHER ASSETS		
Deferred Tax Asset (Note 3)		364
Total Other Assets		364
TOTAL ASSETS	$	10,364

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accrued Expenses	$	2,000
Loan from Shareholders (Note 4)		424
Total Current Liabilities		2,424
TOTAL LIABILITIES		2,424
STOCKHOLDERS' EQUITY		
Common Stock		10,000
Retained Earnings		(2,060)
TOTAL STOCKHOLDERS' EQUITY		7,940
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	10,364

See Independent Accountant's Report and Accompanying Notes

YI MEI FRANCHISING INC
Statement of Income
For the period ended December 31, 2017
(In USD)

FRANCHISE AND LICENSE FEES INCOME	**$**	**-**
OPERATING EXPENSES		
License and Permit		25
Legal & Professional Fees		2,399
Total Operating Expenses		2,424
INCOME(LOSS) BEFORE INCOME TAXES		(2,424)
Income Tax Benefit (Expenses) (Note 3)		364
Net Income (Loss)	$	(2,060)

See Independent Accountant's Report and Accompanying Notes

YI MEI FRANCHISING INC
Statement of Equity
As of December 31, 2017
(In USD)

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, July 24, 2017	$ 10,000	$ -	$ 10,000
Net Income (Loss)		(2,060)	(2,060)
Balance, July 31, 2017	$ 10,000	$ (2,060)	$ 7,940

YI MEI FRANCHISING INC
Statement of Cash Flows
For the period ended December 31, 2017
(In USD)

OPERATING ACTIVITIES		
Net Income (Loss)	$	(2,060)
Adjustments to reconcile Net Income to net cash provided by operations:		
Depreciation and Amortization		
(Increase) decrease in:		
Deferred Tax Asset		(364)
Increase (decrease) in:		
Accrued Expenses		2,000
Net cash provide by Operating Activities		(424)
INVESTING ACTIVITIES		
Net cash provide by investing activities		-
FINANCING ACTIVITIES		
Common Stock		10,000
Loan from Shareholders		424
Net cash provided by financing activities		10,424
Net Cash and cash equivalents increase for the period		10,000
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	$	10,000
Supplemental Cash Flow Information		
Income Taxes Paid		-
Interest Paid		-

YI MEI FRANCHISING INC
Notes to Financial Statements
For the period ended December 31, 2017

Note 1 — Nature of Business

Yi Mei Franchising Inc (the "Company") was originally organized in July 24, 2017 as a California corporation. The Company is engaging in the restaurant franchise business which principal revenue will be consist of franchise fee, royalties, as well as renewal fees.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements and the underlying accounting records have been prepared using the accrual method in conformity with generally accepted accounting principles in the United States of America ("US GAAP").

Use of Estimates
When preparation of the financial statements, management make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Significant estimates affecting the financial statements, which include, but are not limited to, accounting for allowances for doubtful receivables, valuation and collectability of loan and assets useful lives, have been prepared on the basis of the most current and best available information. However, actual results from the resolution of such estimates and assumptions may vary from those used in the preparation of the financial statements.

Revenue Recognition
As required by financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. Upon evidence of completion of all initial obligations (training, site selection, etc.) required by the franchise or license agreement, the Company would recognize the revenue from the initial franchise fee. Royalty revenue is recognized as the franchisee’s sales took place over the period of operation. Renewal fees will be recognized when renewal agreement becomes effective.

Cash and Cash Equivalents

The company considers all short-term, high liquid, unrestricted investment with original maturities of three months or less when purchased, to be cash equivalents.

YI MEI FRANCHISING INC
Notes to Financial Statements
For the period ended December 31, 2017

Note 2 — Summary of Significant Accounting Policies (cont.)

Income Taxes
The Company records income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measure using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Note 3 — Deferred Tax Asset

As of December 31, 2017, deferred tax asset recognized for taxable temporary differences total $2,424, with enacted tax rate 15%, Deferred tax assets recognized for net operating loss carryforwards total $364. Management estimates that future profits warrant the full realization of the asset.

Note 4 — Related Party Transactions

The Company has loan from shareholder of $424.00 which funded for organization cost. The loan is non-interest bearing and is due on demand.

Attachment B – Franchise Agreement

SEE FRANCHISE AGREEMENT

Franchise Agreement

Franchise Agreement No.: ____________

DATED:	___________________________	("Effective Date")
BETWEEN:	**Yi Mei Franchising, INC**	("Franchisor")
AND:	____	("Franchisee")
	____	
	____	

_______|_______
initials

Yi Mei Franchising, INC
Yi Mei Franchise Agreement

This franchise Agreement ("Agreement") is made and entered into on ______________20____ (the Effective Date) by and between Yi Mei Franchising, INC, a California Corporation with its principal address at 4487 Rowland Ave., El Monte, CA 91731 ("Franchisor") and ________________________________ a ______________________________ with a principal address of ______________________ (Franchisee)

RECITALS

WHEREAS Franchisor has developed a unique system for identifying, operating and marketing businesses offering Taiwanese breakfast food items and related products/drinks operating under the Marks and using the System (hereinafter the "System");

WHEREAS Franchisor owns the trade name "**Yi Mei**" and related logos and marks and trade dress as more fully described in this Agreement (hereinafter the "Marks");

WHEREAS, as between Franchisor and Franchisee, Franchisor is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Franchisee acknowledges;

WHEREAS Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license for a "**Yi Mei**" business (hereinafter the "Licensed Business");

WHEREAS Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time;

WHEREAS Franchisee is aware of the risks, business and otherwise, associated with owning a **Yi Mei** Licensed Business and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's Franchise Disclosure Document—revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions; and

WHEREAS, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material;

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

Article 1 - License And System

1.01 Grant Of Franchise.

1.01.01 Franchisor grants to Franchisee, and Franchisee accepts the nonexclusive right to use the System and Marks only for the establishment and operation of a retail store using and selling Franchisor approved products and services from the Accepted Location (the Franchised Business). The Accepted Location is identified in Exhibit A below. Franchisee shall not open or operate any additional Franchises or engage in any resale and/or sublicensing or franchising of the Marks, System, Manuals, or any other elements of the Franchise. Franchisee shall not provide any Products or Services from or at a location other than the Accepted Location, except as authorized in wiring by Franchisor in its sole discretion. Franchisee must not conduct any activities from or at the Franchise other than the operation of a Yi Mei Franchised Business without the Franchisor's prior written consent.

1.01.02 If this agreement is awarded for a new Franchise, the term starts on the Effective Date and expires on the tenth (10^{th}) anniversary of the Effective Date (the Initial Term).

1.02 Location And Territory.

1.02.01 Except as specifically permitted by this Agreement, Franchisee's **Yi Mei** franchise shall be the only **Yi Mei** franchise to operate within the geographical territory described in Exhibit B hereto (the "Territory"). Franchisor will not locate or open a competitive **Yi Mei** franchise in the Territory, either company-owned or franchised, during the term of this Agreement, so long as Franchisee is not in breach of this Agreement. However, there shall be no geographic restrictions upon where customers may come from for any **Yi Mei** franchise, company-owned or franchised. Franchisee shall not distribute or publish advertising or otherwise market outside Franchisee's territory except in compliance with this Agreement.

1.02.02 Exclusions from Territory. The following, and any substantially similar locations, shall be excluded from Franchisee's **Yi Mei** Territory: Home shows, trade fairs, exhibitions and online product sales of related industry equipment. As to such excluded locations, Franchisor shall have the right, directly or indirectly, to sell and distribute goods and services, including those normally offered by Franchisee and using the Marks, without compensation to Franchisee or any other franchisee(s). Franchisor may, directly, indirectly, or through a franchisee or licensee offer products and services under the same or a different trade name or trademark, including within Franchisee's Territory through alternative distribution methods, including through catalogs, mail order, independent retail outlets, and through electronic media, including television, radio, the "Internet" and through other new or emerging commercial technological media. Franchisor shall have no obligation to share any revenues from alternative distribution activities with Franchisee. Without limiting the foregoing, Franchisee shall not, without Franchisor's prior written approval, which approval may be withheld for any reason whatsoever, use the Marks or any part of the Marks or anything similar to the Marks as part of a domain name or in any other manner in connection with any commerce on the Internet or similar media. Franchisee shall not use the Marks in or market through alternative distribution methods without Franchisor's prior written approval, which approval may be withheld for any reason whatsoever.

1.02.03 Modifications of Territory. The parties agree that the estimated population of the Territory contained in Exhibit B is a reasonable estimate of the population of the Territory based upon available governmental data. In the event the population of the Territory increases by twenty five percent (25%) or more from the estimated population contained in Exhibit B, based upon reliable governmental data (United States Bureau of the Census or successor if in the United States), Franchisor shall have the option of dividing Franchisee's Territory and creating a new Territory, which may include portion(s) of the territories of other franchisees. If, at the time Franchisor exercises the option to modify Franchisee's Territory, Franchisee is in full compliance with all of the terms of this Agreement and has had no notices of default within the prior twelve calendar months, then Franchisee shall have a sixty (60) day first right of refusal to license and operate another **Yi Mei** franchise in the newly created territory. If Franchisor's modification of Territory boundaries reduces the size of more than one franchisee's Territory, the franchisees shall receive rights of refusal in the order of the percent(s) of population severed from their respective territories as determined by Franchisor. If the territories of two or more franchisees are reduced by substantially equal percentages of population, the franchisees will receive rights of refusal in the order in which they executed their original franchise agreements for the affected territories.

1.03 Licensed Business.

1.03.01 The term "Licensed Business" means a business in which the Franchisee engages in the business of Taiwanese breakfast food items and related products/drinks. Franchisee will provide these services to both individuals and businesses, operating under the Marks and using the System (hereinafter the "System"). Franchisor shall have the right to add or delete or change product and service offerings at any time and Franchisee agrees to comply with such changes.

1.04 System And Marks.

1.04.01 Franchisee agrees to operate the Licensed Business only according to the System and only under the Marks pursuant to the Manual. Franchisee acknowledges that Franchisor owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, any Operating Manual furnished to the Franchisee as amended from time to time, Franchisor's name, training, formulas, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Licensed Business. Franchisor's unique trade dress is part of the Marks.

1.04.02 Unless otherwise first approved by Franchisor in writing or unless otherwise required by applicable law, Franchisee agrees to do business only under the name "**Yi Mei".** Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta tag(s) or similar use.

1.04.03 Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever. Franchisee agrees to fully cooperate with Franchisor in any action anticipated by or taken by or on behalf of Franchisor. Franchisee understands that it may become necessary, in Franchisor's sole discretion, to change, totally or in part, the Marks, as a result of litigation or otherwise. In that event, Franchisee agrees to immediately adopt the new or revised Marks, and Franchisor's maximum liability, including for any purported goodwill, shall be to reimburse Franchisee the actual out-of-pocket costs of changing the principal signs identifying the Premises.

1.04.04 Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other franchisees. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement.

1.04.05 Franchisee agrees to operate no other business whatsoever, including coin-operated devices, in or about the Premises of the Licensed Business or otherwise in connection with the System or Marks without first obtaining Franchisor's written approval; provided that, Franchisee may provide any service(s) or product(s) permitted according to the Manual. Franchisee acknowledges that Franchisor owns, in connection with the Marks, all goodwill associated with or to become associated with the telephone numbers and telephone listings and agrees to execute an Assignment of Telephone Numbers in the form of Exhibit F, attached.

1.04.06 Nothing contained herein shall be construed as authorizing or permitting Franchisee to use the Yi Mei Marks or the Yi Mei System at any location other than the Location or for any purpose or in any manner other than that authorized herein; or in connection with the sale of any products for resale, or any products not required or approved by the Company, or any products prepared at any place other than at the Location; provided, however, that catering and special event sales may be undertaken by Franchisee in strict adherence with the limitations and procedures set forth in the Manual. Notwithstanding anything to the contrary contained herein, the Company may require Franchisee to discontinue the preparation, offer or sale of any product or item which, in the opinion of the Company or any of its representatives, does not conform to the quality standards or image of the Company and its products.

1.04.07 Franchisee agrees that the business franchised hereunder shall be named "**Yi Mei**" without any suffix or prefix attached thereto. Franchisee shall use signs and other advertising which denote that the Restaurant is named "**Yi Mei**" and which are approved by the Company in advance. If Franchisee is an Entity (as defined below), the name of such corporation shall not contain any of the Yi Mei Marks.

1.04.08 Franchisee agrees that in all public records, in its relationship with other persons or companies, and in any offering circular, prospectus or similar document, Franchisee shall indicate clearly that Franchisee's business is independently owned and that the operations of said business are separate and distinct from the operation of the Company's business. Franchisee shall display at the Restaurant, in such locations as may be specified by the Company and in all correspondence and forms, a notification that the Restaurant is operated by an independent operator and not by the Company.

1.04.09 Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or in part, the Yi Mei Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time.

1.04.10 Franchisor is the owner of, and will retain all right, title and interest in and to the domain name "yimeideli", and the URL: www.yimeideli.com, all existing and future domain names, URLs, future addresses and subaddresses using the Yi Mei Marks in any manner; all software; all content prepared for, or used on, the Website; and all intellectual property rights in and to any of them.

1.05 Manual.

1.05.01 While franchisor has no obligation to produce a manual or a similar document, if Franchisor chooses to publish any Manual, Franchisor shall lend to Franchisee one (1) copy of any such Manual. Franchisor can choose to provide Franchisee with a hard copy or electronic online access to any Manual, which may consist of one (1) or more separate manuals and other materials as designated by Franchisor. Any Manual will contain mandatory and suggested specifications, standards, and operating procedures that Franchisor develops for a Store and information related to other obligations of a Yi Mei franchisee. Franchisor has the right to add to and otherwise modify a Manual in any manner, and Franchisee will comply with any mandatory changes as specified by Franchisor and at Franchisees sole expense. Franchisor's master copy of any Manual will control in the event of any dispute regarding the Manual. As of the Effective Date of this Agreement, Franchisor has not published any Manual.

1.05.02 Franchisor and Franchisee acknowledge and agree that Franchisor neither dictates or controls labor or employment matters for Franchisee and Franchisee employees, including to not limited to, hiring, firing and/or discipline of Franchisee employees, or the manner and means by which they carry out their duties. Franchisee further acknowledges and agrees that any personnel and security-related policies or procedures in any Manual or other written information from Franchisor are for Franchisees optional use and are not mandatory provisions. It is Franchisees sole responsibility to determine to what extent, if any, any such policies and procedures described in any Manual or otherwise by Franchisor might be applicable to operations at Franchisees Store. Franchisor and Franchisee agree that neither is nor will be deemed to be a joint employer with the other and Franchisee will defend, indemnify and hold harmless Franchisor, its Licensor and Franchisor Associates with respect to any such or similar claims against any or all of them.

Article 2 - Franchise Fees And Advertising

2.01 Initial Fee.

The Initial Fee for the **Yi Mei** Franchise is **Forty Thousand Dollars ($40,000.00).** The Initial Fee shall be paid as stated in the Licensee's Application Agreement attached hereto as Attachment B-1 or Attachment B-2, as applicable. The Initial Fee is not refundable for any reason except if through no fault of Franchisee, Franchisor determines that Franchisee has not successfully completed the initial training, in which case Franchisor will refund one half of the Initial Fee. If Franchisee acquires an existing **Yi Mei** business from Franchisor in connection with this franchise, Franchisee will pay the fair market going concern value of the assets purchased pursuant to a separate asset purchase and sale agreement to be negotiated, in addition to the Initial Fee. If the parties are unable to reach an agreement on the purchase and sale of assets within ninety days following the date of this Agreement, either party may terminate this Agreement by giving not less than ten business days notice to the other. Termination shall be pursuant to the terms of Articles 17 and 18.

2.02 Royalties.

For newly-developed Franchised Restaurants, Franchisee shall pay to Franchisor a weekly royalty of ten percent (10%) of Gross Sales. For all other restaurants, Franchisee shall pay to Franchisor a weekly royalty in an amount equal to the lesser of twenty percent (20%) of Gross Revenues or $3500.00 payable without setoff. The royalties are payable weekly by Electronic Funds Transfer. Funds must be in Franchisee's designated bank account in time so that Franchisor can obtain them on or before close of business on Tuesday of the week following the week on which the Royalties are based. Franchisor may, upon thirty (30) days prior written notice require Franchisee to pay Royalties by check, pre-authorized check, electronic funds transfer or other mechanism or to pay on a different periodic basis. If Franchisee owns more than one **Yi Mei** franchise, Franchisee shall report and pay royalties for each franchise independently, unless otherwise directed by Franchisor.

2.03 National Marketing Fee.

2.03.01 Franchisor does not currently charge any Marketing Fee but may implement a fee not greater than two percent (2%) of Gross Sales during the term of the Agreement.

2.03.02 Franchisor shall maintain all National Marketing Fees collected, net of any taxes Franchisor is required to pay on account of having collected the National Marketing Fees, in one or more bank accounts separate from Franchisor's regular account(s). Franchisee authorizes Franchisor to commingle Franchisee's National Marketing Fees with those paid by other Franchisees. Franchisor will provide an unaudited annual accounting to all Franchisees as to the aggregate amount of National Marketing Fees collected and their use and application by general category, which accounting will be prepared within ninety days following the end of Franchisor's fiscal year. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement. Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related, or similar laws to the broadest extent permitted by law.

2.03.03 Franchisor shall use National Marketing Fees collected, net of taxes and governmental fees, for advertising, marketing and promotion for the benefit of Franchisor's System. Selection of marketing, advertising and promotion location, scope, content, copy, timing and approach shall be by Franchisor and in Franchisor's sole discretion. Franchisor may use some of the funds, in its discretion, for market research, production and administration of the advertising program. Franchisor will attempt to benefit all of Franchisor's franchisees through the marketing program over all; however, not every element of the marketing and promotion program will necessarily directly benefit any specific franchisee. In making its marketing decisions, Franchisor will consider but not be bound by advice from any advisory committee(s) of franchisees recognized by Franchisor.

2.03.04 Franchisor shall have no duty to conduct any marketing program and if Franchisor does conduct a program, Franchisor makes no representations or warranties regarding the nature of the marketing to be conducted or about how it will affect Franchisee’s revenue.

2.04 Management Assistance.

In the event Franchisee requests Franchisor to provide extraordinary management or support services at Franchisee’s location or in Franchisee’s Territory Franchisee shall pay Franchisor’s usual fee for such extraordinary services, which shall be due and payable no later than the second date for payment of royalties following the date of the services. The current amount is $25/hour and any incidental costs of transportation, lodging, and other living expenses. This amount can be changed during the term of the Agreement.

2.05 Gross Sales.

The term "Gross Sales" shall mean the full price of all goods and services sold by Franchisee from or relating to the Licensed Business, whether or not Franchisee has received cash or other consideration. The only thing not included in Gross Sales is taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore.

2.06 Local and Cooperative Marketing.

There are currently no local or cooperative marketing fees.

2.07 Grand Opening.

There are no current regulations regarding Grand Opening. Franchisee is responsible for all Grand Opening marketing and signage. Marketing material and signage must be submitted to Franchisor for written approval.

2.08 Rebates, Discounts and Allowances*.*

Franchisee authorizes Franchisor to collect all available rebates, discounts and allowances (RDA) from vendors or others with whom Franchisee does business, provided that, in Franchisor’s reasonable business judgment, it is appropriate to collect them. Franchisor shall place all collected RDAs in either the National Marketing fund or in a separate account and shall apply all such funds for purposes of subsidizing the cost of franchisee conventions, meetings and incentive programs. Franchisee authorizes Franchisor to commingle Franchisee's RDA funds with those received on account of business conducted by other franchisees. Franchisor is authorized to pay from the collected RDA funds any taxes and assessments payable on account of having received the funds and a reasonable portion of the administrative and marketing costs of securing, managing and disbursing such funds. Franchisor will provide an un-audited annual accounting as to the aggregate amount of RDA funds collected and their use and application by general category, which accounting will be prepared within ninety days following the end of Franchisor's fiscal year and will be provided to Franchisee upon written request. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement. Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law.

Article 3 - Reports And Audits

3.01 Records And Reports.

Franchisee, shall at all times, maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall, on a weekly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, reports of Gross Revenues, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Franchisor is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any purpose in Franchisor's sole discretion. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law

3.02 Failure to Report.

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee’s average weekly Royalties over the prior twelve months or (b) the average weekly Royalties of all similar franchisees within Franchisee’s region as defined by Franchisor. Franchisee hereby authorizes Franchisee’s bank to make such transfers upon Franchisor’s request. No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee’s liability to pay fees under this Agreement.

3.03 Audits And Inspections.

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Sales, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Sales by three (3) percent or more for any week, then Franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, Franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of Franchisee's Licensed Business, Franchisee shall cause a copy of the report of said audit to be delivered to Franchisor without any cost or expense to Franchisor.

Franchisee shall permit Franchisor and/or Franchisor’s agents/representatives, at any time during business hours, without causing any undue business interruption and without prior notice to i) inspect the condition of Franchisee’s Store, its Equipment and inventory, customer service menu item preparation and other operations and to record and/or photograph the same; ii) remove samples for testing and analysis; iii) interview personnel and customers and iv) review operations processes and sample product quality. Franchisee agrees to promptly correct, at Franchisee’s expense, any deficiencies identified by franchisor’s costs and expenses incurred in connection with such and investigation to the extent the investigation is motivated by Franchisee’s repeated or continuing failure to comply with this Agreement as determined by Franchisor.

3.04 Contact With Others.

Franchisor shall have the right, in Franchisor's sole discretion and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

Article 4 - Training

4.01 Initial Training.

4.01.01 As a condition subsequent to this Agreement, Franchisee and Franchisee's designated general manager, if applicable, shall successfully complete Franchisor's initial training program. The initial training program will be approximately 108 to 152 hours in length and shall be conducted at Our El Monte, CA training center and at one or more operating Yi Mei business(es). Franchisee and Franchisee’s general manager, if applicable, will be required to execute a consent, waiver and release in the form of Exhibit K before beginning training, relieving Franchisor or other franchisees who might be involved in the training of liability for wages, benefits, and for injury, damages or harm that might occur while training in the facilities of Franchisor or another franchisee. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Franchisor will be available for such reasonable consultation as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated general manager, if applicable, do not satisfactorily complete the initial training program, Franchisor may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement.

4.02 Manager Training.

At all times, Franchisee or Franchisee's general manager in charge of operating the Licensed Business shall be an individual who has successfully completed Franchisor's general manager training program and who otherwise meets Franchisor's general manager criteria.

4.03 Employee Training.

Franchisee is responsible for all employees training.

4.04 Subsequent Training.

Franchisor may require Franchisee and Franchisee's general manager and employees to complete additional training at a location determined in Franchisor's sole discretion. Franchisee shall pay Franchisor's usual fee(s) for such mandatory training. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

4.05 Training Materials.

Franchisor may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's general manager(s) and employees. Franchisor may charge a reasonable fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its managers and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

4.05 No Warranty of Success.

Franchisor’s determination that Franchisee or Franchisee’s employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operates the Licensed Business or any aspect thereof.

Article 5 - Trade Secrets and Confidentiality

Franchisee will have access during the course of this Agreement to trade secrets that are the property of Franchisor. Trade Secrets include, but are not limited to, the System, the Manual, formulas, methods, customer lists and related information, vendor and pricing lists and policies, the Training, and other programs, techniques and policies as they may be developed by Franchisor from time to time. Franchisee acknowledges that the Trade

Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Franchisor. Franchisee shall hold all such information in complete confidence. Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this article. Franchisee shall cause every manager and every employee who has access to Trade Secrets to sign a Confidentiality and Nondisclosure Agreement in the form prescribed by Franchisor, the current form of which is Exhibit I hereto. Franchisee agrees that Franchisor shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated Trade Secrets by Franchisor in the Manual or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes. In addition to all other remedies available to Franchisor, upon proof of violation of this Article by Franchisee, Franchisee agrees that Franchisor shall be entitled to liquidated damages in an amount equal to the greater of: (a) the sum of the average weekly Royalty Fees paid or payable by Franchisee during the preceding twelve months, multiplied by the number of weeks, or portion thereof, during which Franchisee was in violation of this Article or (b) one hundred percent of the gross revenues received or receivable by Franchisee or any transferee of any Trade Secrets during every day, or portion thereof, during which Franchisee was in violation of this Article. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Article, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty.

Article 6 - Pre-Opening Obligations

6.01 Premises And Lease.

6.01.01 Franchisee shall submit a proposed site for the Restaurant for acceptance by Franchisor, together with such site information as may be reasonably required by Franchisor to evaluate the proposed site. Franchisor shall, provided there exists no default by Franchisee under this Agreement or any other development, franchise or other agreement between Franchisor and Franchisee, evaluate the site proposed for which Franchisee has provided all necessary evaluation information, and shall promptly, but not more than sixty (30) days after receipt of Franchisee's proposal, send to Franchisee written notice of acceptance or non-acceptance of the site. Site approval does not assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon Developer purchasing or leasing the proposed site.

Within ninety (90) days after Franchisor's site acceptance, Franchisee shall:

a) Submit in writing to Franchisor, satisfactory proof to Franchisor that Franchisee:

  (i) owns the site; or

  (ii) has leased the site for a term which, with renewal options is not less than the initial term of the Franchise Agreement; or

  (iii) has entered into a written agreement to purchase or to lease the approved site on terms provided herein, subject, only to obtaining necessary governmental permits.

  (iv) If Developer has leased the site, the lease shall contain the provisions required in Section 6.01.02 below.

6.01.02 After execution of this Agreement, Franchisee will be required to achieve certain milestones to assure the timely development of the Restaurant:

a. Franchisee shall complete the acquisition of the Location, resulting in a fully executed lease or recorded grant deed (for real property which includes the Location) in the name of Franchisee within ninety (90) days following the date of Company's execution of this Agreement; and

b. Within six (6) months following the date of Company's execution of this Agreement, Franchisee must have completed all of the site development work (including, but not limited to, engineering, architectural/design, entitlements, and permitting) and commence construction of the Restaurant.

c. Within twelve (12) months following the date of Company's execution of this Agreement, Franchisee must have completed construction of the Restaurant at the Location and the Restaurant shall be open to the public.

The Company shall have no liability under any lease or purchase agreement for the Location and shall not guaranty Franchisee's obligations under the same. In the event that Franchisee executes a lease for the Location site, Franchisee shall furnish to the Company a copy of the executed lease within fifteen (15) days of the date of execution of such lease. Company shall have no obligation to assist Franchisee to negotiate such lease.

The lease may not contain a non-competition covenant which restricts the Company, or any franchisee of the Company, from operating a Yi Mei Restaurant or any other retail restaurant, unless such covenant is approved by the Company in writing prior to the execution of the lease.

Any lease entered into by Franchisee shall include the following terms and conditions:

i. The landlord consents to Franchisee's use of the premises as an Yi Mei restaurant and such restaurant may be open for business during the required days and hours set forth in the Agreement;

ii. The landlord agrees to furnish the Company with copies of any and all notices of default, if any, pertaining to the lease and the premises, at the same time that such notices are sent to Franchisee; and

iii. The landlord agrees that, subject to any other applicable provisions in this Agreement, the Company shall have the right, at its sole option and without any obligation whatsoever to do so, to assume Franchisee's occupancy rights under the lease for the remainder of its term upon Franchisee's default or termination under such lease, the termination of this Agreement, or the exercise by the Company of its right of first refusal or right to purchase as set forth in Section 12 and 17 of this Agreement.

iv. That upon expiration or termination of the lease for any reason, Franchisee shall, upon Company's demand, remove all of the Yi Mei Marks from the Restaurant and the Location and modify the decor of the Restaurant and Location so that it no longer resembles, in whole or in part, a "Yi Mei" restaurant and that if Franchisee shall fail do so, Company will be given written notice and the right to enter the Location to make such alterations, in which event Franchisee shall reimburse Company for all direct and indirect costs and expense it may incur in connection therewith, including attorney's fees.

6.01.03 Franchisee shall complete and open the Restaurant for business, in accordance with the provisions of this Agreement, no later than twelve (12) months from the date of Company's execution hereof; provided, however, if Franchisee purchases a currently operating or Company-owned Restaurant from the Company (a "Turnkey Restaurant"), then Franchisee shall begin operation of the Restaurant on the date possession of the Restaurant is transferred to Franchisee pursuant to the agreement entered into between Franchisee and the Company for the purchase of such restaurant facility. Failure to reach each milestone described in Section 6.01.02 a.-c above, within the specified time frames, shall constitute a material default hereunder. Prior to opening the Restaurant, Franchisee shall obtain and thereafter maintain throughout the term of this Agreement all necessary business licenses, permits and other documentation necessary for the operation of a Yi Mei restaurant.

6.01.04 Franchisee understands and acknowledges that in accepting Franchisee's Location, or by granting a franchise for a Location (whether or not formerly operated as a Company-owned Restaurant), the Company does not in any way endorse, warrant or guarantee either directly or indirectly the suitability of such Location or the success of the franchise business to be operated by Franchisee at such Location. The suitability of the Location and the success of the franchise business depend upon a number of factors outside of the Company's control including, but not limited to, the Franchisee's operational abilities, site location, consumer trends and such other factors that are within the direct control of the Franchisee. Franchisor may require, as a condition to its approval of a site, a site description and analysis, traffic and other demographic information, all in such format as the Company may require, which information shall include, without limitation, a study prepared by a third party reasonably acceptable to the Company analyzing the impact of the proposed site on other franchised restaurants surrounding or within the vicinity of such proposed site. All such analyses, information and studies shall be prepared at the sole cost and expense of Franchisee.

6.02 Specifications.

6.02.01 If the Location is other than a Turnkey Restaurant, then this Section 6.02 will apply to the building, reconstruction, remodeling, or other changes necessary to conform the Location to the requirements set forth in this Section or as provided and updated by the Company from time to time in accordance with this Section.

6.02.02 Franchisee, at its sole expense, shall construct or, in the case of an existing building, remodel the Location and install such signs, fixtures, furniture and equipment at the Location as are required in accordance with the Company's current requirements and specifications for same. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations. Franchisee shall obtain from applicable governmental authorities all permits, licenses and certifications required for lawful construction or remodeling work and for the operation of the Restaurant. If requested by the Company, Franchisee shall submit to the Company a copy of all such required permits, licenses and certifications for the construction or remodeling work prior to commencing the construction or remodeling of the Location.

6.02.03 The Company shall provide Franchisee with standard plans and a sample layout for a typical Yi Mei restaurant and a set of typical construction, equipment and decor specifications (the "Plans"). At all times, Franchisee shall use its best efforts to treat and keep the Plans and the information contained therein as confidential as possible and limit access to the Plans to employees and independent contractors of Franchisee on a need to know basis only. Franchisee acknowledges that the unauthorized use or disclosure of the Company's Plans and the confidential information contained therein will cause irreparable injury to the Company and that damages are not an adequate remedy. Franchisee accordingly covenants that without the Company's prior written consent, Franchisee shall not disclose (except to such employees, agents, contractors or subcontractors as must have access to such Plans in order to construct the Restaurant at the Location) or use or permit the use of such Plans (except as may be required by applicable law or authorized by this Agreement), or copy, duplicate, record or otherwise reproduce such Plans, in whole or in part, or otherwise make the same available to any person or source not authorized in writing by the Company to receive such Plans or the information contained therein at any time during the term of this Agreement or thereafter.

6.02.04 Franchisee, at its sole expense, shall employ architects, designers, engineers or others as may be necessary to complete, substitute, adapt or modify the Plans for the Restaurant so as to create a set of final plans and specifications. FRANCHISEE SHALL SUBMIT TO THE COMPANY A COMPLETE SET OF FINAL PLANS AND SPECIFICATIONS, INCLUDING A SITE PLAN, AND OBTAIN THE COMPANY'S WRITTEN APPROVAL OF SUCH PLANS AND SPECIFICATIONS PRIOR TO COMMENCING THE CONSTRUCTION OF THE RESTAURANT OR, IN THE CASE OF AN EXISTING BUILDING, THE REMODELING WORK FOR THE RESTAURANT. The Company shall review such final plans and specifications promptly and approve or disapprove the same, and the Company may provide comments on the plans and specifications to Franchisee. Such review and approval by the Company will be limited to items and issues relating to the Yi Mei System only and is not intended to be a verification or approval of the structure of the building, mechanical systems or document accuracy. Examples of conceptual areas related to the Yi Mei System include signs, logos, finishes, decor and aesthetics, guest comfort, and ability to serve food within the Company's standards for quality, timeliness and cleanliness.

6.02.05 Franchisee shall use a qualified licensed general contractor to perform the construction or remodeling work at the Restaurant. The Company shall not be responsible for delays in the construction, equipping or decoration of the Restaurant or for any loss resulting from the Restaurant design or construction. The Company must approve in writing any and all changes in the Restaurant plans relating to the Yi Mei System, as described in Section 6.02.04 above, prior to the construction or remodeling of the Restaurant or the implementation of such changes. FRANCHISEE SHALL PROVIDE WRITTEN NOTICE TO THE COMPANY OF THE DATE UPON WHICH CONSTRUCTION OF THE RESTAURANT COMMENCED WITHIN SEVEN (7) DAYS AFTER COMMENCEMENT AND THEREAFTER SHALL PROVIDE TO THE COMPANY MONTHLY PROGRESS REPORTS OF THE STATUS OF THE CONSTRUCTION WORK SIGNED BY FRANCHISEE'S ARCHITECT OR GENERAL CONTRACTOR. Franchisee's failure to commence the design, construction or remodeling, equipping and opening of the Restaurant promptly and with due diligence shall be grounds for the termination of this Agreement. The Company shall make a final inspection of the completed Restaurant and Location and may require such corrections and modifications as it deems necessary to bring the Restaurant and the Location into compliance with approved final plans and specifications. FRANCHISEE SHALL NOTIFY THE COMPANY OF THE DATE OF COMPLETION OF CONSTRUCTION AND, WITHIN A REASONABLE TIME THEREAFTER, THE COMPANY SHALL CONDUCT THE FINAL INSPECTION OF THE RESTAURANT AND ITS PREMISES. Franchisee acknowledges and agrees that Franchisee shall not open the Restaurant for business without the express written authorization of the Company and that the Company's authorization to open shall be conditioned upon Franchisee's furnishing to the Company:

a. A letter from the general contractor responsible for the construction or remodeling of the Restaurant indicating that the Restaurant has been constructed or remodeled in substantial conformance with the approved final plans and specifications, including any changes thereto approved by the Company, and in accordance with all applicable state and local governmental laws, statutes and ordinances regulating such construction including, without limitation, building, fire, health and safety codes; and

b. A temporary or final Certificate of Occupancy issued by the applicable local governmental entity.

6.02.06 Franchisee shall, at its sole expense, purchase all required signs, fixtures, furniture and equipment for the Restaurant and Location from a reputable distributor/manufacturer. The items purchased shall be installed in strict accordance with the specifications of the Company and erected and displayed in the manner and at such locations as are approved and authorized by the Company in writing. Franchisee shall maintain and display signs which reflect the current image of Yi Mei restaurants and shall not place additional signs at the Restaurant without the prior written consent of the Company. Franchisee shall discontinue the use of and remove, or modify, as applicable, such signs that are declared obsolete by the Company within thirty (30) days after Franchisee's receipt of the Company's written request, subject to reasonable extension if Franchisee is unable after using reasonable diligence to obtain required governmental approvals for modification of such signs. Proper signage is fundamental to the Yi Mei System and Franchisee hereby grants to the Company the right to enter the Restaurant in order to remove and de-identify any unapproved or obsolete signs in the event Franchisee has failed to do so within the above-specified time frame.

6.02.07 Franchisee is solely responsible for the acts or omissions of its contractors regarding compliance with all of the provisions of this Section 6, and the Company shall have no responsibility for such acts or omissions. The Company shall not be liable for any loss or damage arising from the design or plan of the Restaurant by reason of its approval of plans and specifications, or otherwise. Franchisee shall indemnify the Company for any loss, cost or expense, including attorneys' fees, that may be sustained by the Company because of the acts or omissions of Franchisee's contractors or arising out of the design, construction or remodeling of the Restaurant, except to the extent that any such loss, cost or expense arises as a result of the negligent acts or omissions of the Company, its employees and/or agents.

6.02.08 Franchisee shall give to the Company at least thirty (30) days prior written notice of the anticipated Opening Date. If Franchisee did not deliver to the Company a final Certificate of Occupancy prior to the Opening Date, Franchisee shall deliver to the Company a copy of an unconditional final Certificate of Occupancy issued by the applicable local governmental entity no later than ninety (90) days following the Opening Date.

6.03 Required Equipment

Franchisee shall acquire install and use, at Franchisee's sole expense the Required Equipment. The current list of Required Equipment is contained in Exhibit C. Franchisee understands that the specific list of Required Equipment may be different for Franchisee's Licensed Business than for other franchisees or company-owned offices on account of differences in the Premises, lease terms, demographics or otherwise and that Franchisor shall have the right to modify the list of Required Equipment in the Manual or otherwise in writing. All Required Equipment shall meet or exceed Franchisor's specifications. Franchisee shall purchase the Required Equipment only from vendors approved by Franchisor.

Article 7 - Operation Of Licensed Business

7.01 Independent Contractor.

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), joint venturers, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor, indicating the name of the Franchisee and stating that the Licensed Business is independently owned and operated. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Licensed Business is independently owned and operated in such form as Franchisor may specify.

7.02 Personal Participation.

Throughout the term of this Agreement, Franchisee shall either devote Franchisee's full time and effort to actively managing the Licensed Business or delegate its management to a responsible person. Notwithstanding any delegation of authority hereunder, Franchisee shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Licensed Business. If Franchisee employs a general manager to run the day to day operations, the general manager shall be required to attend and successfully complete Franchisor's training program prior to taking over full day-to-day responsibilities, at Franchisee's sole cost and expense (except for Franchisee's first general manager whom Franchisor will train at no additional charge to Franchisee for the training—but Franchisee shall be solely responsible for all travel and living costs of trainees). Franchisee shall devote such time and effort to the Licensed Business as Franchisee determines, but shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Licensed Business.

7.03 Retail Prices.

We may, from time to time, make suggestions to You with regard to Your pricing policies. Notwithstanding any suggestions, You have the sole and exclusive right as to the minimum prices You charge for the services offered at the Restaurant. We retain the right to establish maximum prices to be charged by You for sales promotions or otherwise. Any list or schedule of prices We furnish to You may, unless otherwise specifically stated as to the maximum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between You and Us.

7.04 Compliance With Laws.

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Licensed Business. Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Licensed Business, including, but not limited to, licensing, health, safety, environmental, consumer and labor regulations. Franchisee shall timely pay all applicable taxes as they come due, but may challenge the amount or applicability thereof; provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Franchisor from any and all liabilities for taxes based upon Franchisee's operations.

7.05 Franchisee Business Operation.

Franchisee understands and acknowledges that every detail of the System and of the operation of the Licensed Business is important to Franchisee, Franchisor and other **Yi Mei** franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for goods and services sold by Franchisor and all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

7.05.01 Compliance with Manual. Once a manual has been written and distributed, Franchisee shall operate the Licensed Business in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in any Manual or otherwise, to insure that the highest degree of quality and service is uniformly maintained. Franchisee shall acquire and maintain, at all times, all equipment and software required by Franchisor for operation of the Licensed Business.

7.05.02 Image. Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the Licensed Business whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor shall have sole discretion in determining what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

7.05.03 Business Dealings. Franchisee shall not, at any time, engage in any business dealings in relation with the Licensed Business or the Franchise which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

7.05.04 Maintenance. Maintenance and repair of the Restaurant are the sole responsibility and shall be done at the expense of Franchisee. For the term of this Agreement, Franchisee, at its sole cost and expense, shall maintain the Restaurant and the Location, including, but not limited to, the Restaurant building, the Location and parking lot, equipment, decor, furnishings, fixtures, wares, utensils, supplies, and inventory, in good working order and condition and in compliance with all laws. Franchisee shall replace any of the Restaurant's equipment, furnishings and fixtures and repaint the Restaurant as necessary to satisfy this Section 7. Without limiting the generality of the foregoing, upon notice from Company of any change required or recommended by applicable law, rule or regulation, or if Company discovers any circumstance which is or may result in a danger to public health, Franchisee shall promptly, remove, repair, replace or modify any equipment or fixtures used in the Restaurant necessary to satisfy or rectify the same. All replacement equipment, furnishings and fixtures shall comply with the Company's then-current requirements and specifications.

7.05.05 Advisory Committees. Franchisee shall participate, at Franchisee's sole expense, in local, regional and national franchisee advisory committees or councils if established or sanctioned by Franchisor.

7.06 Restrictions On Sources Of Products And Services.

7.06.01 Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as We designate and approve in writing from time to time for sale by Your Restaurant. You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products. We have the right to make modifications to these items from time to time, and You agree to comply with any modifications. You may not offer or sell any other product or service at the Authorized Location without Our prior written consent.

7.06.02 Authorized Products and Ingredients. You must use in the operation of the Restaurant and in the preparation of Menu Items and other food and beverage products only the proprietary sauces and mixes and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and must prepare and serve Menu Items and products in such portions, sizes, appearance, taste and packaging, all as We specify in Our most current product preparation materials or otherwise in writing. We will supply to You a copy of the current product preparation materials prior to opening the Restaurant. You acknowledge and agree that We may change these periodically and that You are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet Our standards of uniformity and quality. You acknowledge that the Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Restaurant at maximum capacity.

7.06.03 Approved Supplies and Suppliers. Franchisee agrees that the only approved supplier is YM Café Inc. Franchisee will be required to submit an order list of products/ingredients on a daily basis. The order list must be submitted by 2PM on the day prior to delivery. Order submittal does not guarantee that items will be available for delivery. Franchisee is not authorized to purchase any items for use at the Authorized Location unless written permission is given by Us. Franchisee agrees to the pricing list included in Exhibit N.

7.06.04 Specifications. As to all equipment, fixtures, supplies and inventory ("Items") necessary to operate the Licensed Business, except as otherwise specified herein, Franchisee must purchase them from a vendor from Franchisor's approved list. The current list of Items subject to specifications is included as Exhibit D. Franchisor reserves the right to change the list of Items that Franchisee must purchase in accordance with specifications. Franchisor reserves the right to require Franchisee to purchase only from suppliers that Franchisor has approved.

7.06.05 Items Bearing Marks and Proprietary Items. Franchisee shall purchase only from Franchisor all Items used to start or operate the Licensed Business that contain or bear the Marks or that are proprietary to Franchisor. In addition, Franchisee shall purchase from a supplier approved by Franchisor, all signs used to identify the Licensed Business.

7.06.06 Other Suppliers. Franchisor will approve other suppliers of non-proprietary items if Franchisor is not able to provide the required supplies in a timely manner. Franchisee must obtain written approval from Franchisor for approval of any supplier/vendor.

7.06.07 Unspecified Products. Franchisee may obtain any Item used in the Licensed Business that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Franchisor's image. Should Franchisor later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement.

7.06.08 Inventory. Franchisee shall, at all times, maintain a sufficient inventory of Items so that the Licensed Business can operate at maximum capacity.

7.06.09 Training and Other Services. Certain services may be available to Franchisee only through Franchisor or an affiliate, including mandatory training. Franchisee will be required to pay the usual price for any of these services, unless otherwise provided in this Agreement.

7.06.10 Proprietary Items. Proprietary Items are Items that contain one or more unique characteristics or ingredients which are either not known to the general public or which are subject to protection as intellectual property or Trade Secrets, and can include packaging, trademarks or containers. Patented or patentable Items are Proprietary Items. Franchisor or its Affiliate(s) may develop Proprietary Items. Franchisor or an Affiliate will (i) manufacture, supply and sell Proprietary Items to franchisees of Franchisor, and/or (ii) disclose the formulae for and methods of preparation of the Proprietary Items to one or more supplier(s) who will be authorized by Franchisor to manufacture Proprietary Items to Franchisor's precise specifications and sell Proprietary Items to franchisees of Franchisor and/or (iii) license Franchisee to use them pursuant to this Agreement. If required, Franchisee shall purchase and use Proprietary Items from Franchisor or from supplier(s) so authorized by Franchisor. Franchisor or its Affiliate(s) will derive revenue and profits from Franchisee's purchases of any Proprietary Items. Franchisor or its Affiliate(s) may distribute Proprietary Items through alternative channels of distribution, including near Franchisee's location.

7.07 Minimum Hours.

Subject to any contrary requirements of local law, Your Restaurant must be opened to the public every day (365 days a year) at 7AM and operated at least 13 hours each day of the year, unless special accommodations have been approved prior to the commencement of this agreement. You acknowledge and agree that if Your Restaurant is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without Our prior written consent, such closure constitutes Your voluntary abandonment of the franchise and business and We have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of God, war, strikes, riots or other force majeure cause preventing You temporarily from complying with the foregoing will suspend compliance for the duration of such interference.

7.08 Signs.

All signs to be used in connection with the Restaurant, both exterior and interior, must conform to the Company's sign criteria as to type, color, design and location and be approved in writing by the Company prior to installation or display. Franchisee shall change its signs to conform with updated or revised requirements of the Company when such revisions have been implemented.

7.09 Computer System.

Computer System. You must purchase and use any computer system that We develop or select for the Restaurant, including all future updates, supplements and modifications (the "Computer System"). Computer System may include all hardware and software used in the operation of the Restaurant, including electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information. Franchisee shall provide the Company or its employees with a key/code to permit access to back office programs to permit readings at any time, at the Company's discretion. The computer software package developed for use in the Restaurant may include proprietary software. You may be required to license the proprietary software from Us, an affiliate or a third party and You also may be required to pay a software licensing or user fee in connection with Your use of the proprietary software. All rights, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to specifications We develop. We reserve the right to designate a single source from whom You must purchase the Computer System. You acknowledge and agree that We will have full and complete access to information and data entered and produced by the Computer System. You must, at all times, have at the Authorized Location internet access with a form of high speed connection as We require and You must maintain: (i) an email account for Our direct correspondence with the Control Person; and (ii) a separate email account for the Restaurant.

7.10 Communications Equipment and Systems.

Franchisee shall purchase and use in the Licensed Business communications equipment or systems and service as required by Franchisor and shall update or replace such equipment, systems and service as required, but Franchisor will not require replacement more than once per year. Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Franchisor in communicating with Franchisor and other franchisees relating to the Licensed Business. Franchisor shall have a proprietary interest in all communications made through any communications systems maintained or provided by Franchisor. Franchisee acknowledges that the provisions of this paragraph 7.10 are reasonable and necessary and beneficial to the **Yi Mie** franchise system. Franchisee shall monitor and respond to all communications in a timely manner.

7.11 Equipment Maintenance.

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all equipment required, recommended or permitted pursuant to this Agreement.

7.12 Warranties.

Franchisee shall not represent to any customer or the public that Franchisor provides any warranty as to the quality of any product or service, unless Franchisor has specifically authorized such warranty in writing. If Franchisee offers any warranties, they shall be in writing and shall clearly state, both in the warranty and in any promotional or advertising materials that the warranty is available and will be honored only by Franchisee. Franchisee hereby indemnifies, holds harmless, and agrees to defend Franchisor, its related companies and all other **Yi Mei** franchisees from any and all claims of whatever nature arising from any such additional warranties made by Franchisee. Franchisee shall participate in and comply with any warranty program that Franchisor may adopt from time to time.

7.13 No Pirating Of Personnel.

During the term of this Agreement and for a period of two (2) years following Termination or Nonrenewal of this Agreement for any reason whatsoever, Franchisee shall not: (a) induce, or attempt to induce any employee of Franchisor, an Affiliate or of any other franchisee to leave their current employer; (b) without the prior written approval of Franchisor (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any employee of Franchisor, an Affiliate, or of any other franchisee; or (c) without the prior written approval of Franchisor (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any former employee of Franchisor, an Affiliate, or of any other franchisee, who has, voluntarily or otherwise terminated his or her relationship with Franchisor, an Affiliate, or any other franchisee during the prior eighteen (18) calendar months. The terms of this paragraph 7.13 shall survive termination or nonrenewal of this Agreement for any reason. Any waivers of this paragraph 7.13 must be in writing and signed by the Franchisor.

7.14 Marketing.

While there are currently no marketing funds/plans in place, Franchisee shall be responsible for all future marketing fees, of not more than 2% of gross sales. Franchisee shall not market their services, including the use of television, radio or Internet advertising unless authorized by Franchisor in writing.

7.15 Leads and Service Area.

There are no restrictions on where Franchisee may provide services, provided Franchisee is in full compliance with all applicable laws, ordinances and regulations, for customers who may contact Franchisee directly. Franchisor shall make a reasonable effort to channel calls received at its corporate location to the franchisee in the territory where the customer needs services. Franchisor may adopt and follow non-discriminatory policies for distributing calls and leads if Franchisee does not respond or perform in compliance with the Manual which may result in another franchisee being permitted to perform work in Franchisee’s Territory.

7.16 New Developments.

Franchisor shall be the sole and exclusive owner of all new developments, including inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Licensed Business. Franchisee shall immediately disclose any and all such new developments to Franchisor and shall execute any documents necessary, in Franchisor’s opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers. Franchisor shall not, otherwise, be required to compensate Franchisee for such new developments.

7.17 Staffing Requirements.

Franchisee is responsible to staff their Restaurant as Franchisee deems necessary. Franchisor will recommend staffing to Franchisee based on sales projections, but Franchisee acknowledges and agrees that any recommendation from Franchisor is non-binding and the Franchisee is responsible for final staffing decisions.

Article 8 - Indemnity And Insurance

8.01 Indemnity.

Franchisee agrees to defend at its own cost and to indemnify and hold harmless the Company, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (each an "Indemnity") from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition, construction, equipment, decorating, maintenance or operation of the Restaurant, and including the preparation and sale of any product made in or sold from the Restaurant, and including any labor or other employee related claims of any kind including, without limitation, any claims made by an employee of Franchisee resulting from the employee's training in a Company operated facility or restaurant, and including Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind the Company for any purpose. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Restaurant, whether or not discoverable by the Company, and those arising from the death of or injury to any person or arising from damage to the property of Franchisee or the Company, their agents or employees, or any third person or Entity, whether or not such losses, claims, costs, expenses, damages or liabilities resulted from any strict liability imposed on the Company or any of its officers, agents or employees. Notwithstanding the foregoing, Franchisee shall not be responsible to an Indemnity for any loss, claim, cost, expense, damage or liability which arises as a result of the negligence of such Indemnity.

8.02 Insurance.

8.02.01 During the term hereof, Franchisee shall obtain and maintain insurance coverage with insurance carriers acceptable to the Company in accordance with the Company's current insurance requirements. The coverage shall commence when the Location is secured by Franchisee by executed deed or lease and shall comply with the requirements of Franchisee's lease, if any, for products liability and broad form contractual liability coverage in the amount of at least two million dollars ($2,000,000.00) combined single limit. Franchisee shall also carry fire and extended coverage insurance with a maximum deductible of $10,000 and with endorsements for vandalism and malicious mischief, covering the building, structures, equipment, improvements and the contents thereof in and at the Restaurant, on a full replacement cost basis, insuring against all risks of direct physical loss except for unusual perils such as nuclear attack, earth movement and war, and business interruption insurance in actual loss sustained form covering the rental of the Location, previous profit margins, maintenance of competent personnel and other fixed expenses. Franchisee shall also carry such worker's compensation insurance as may be required by applicable law. In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, Franchisee shall maintain Builder's All Risks Insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, acceptable to the Company. As proof of such insurance, a certificate of insurance shall be submitted by Franchisee for the Company's approval prior to Franchisee's commencement of any activities or services to be performed under this Agreement. Franchisee shall deliver a complete copy of Franchisee's then-prevailing policies of insurance to the Company within thirty (30) days following the delivery of the certificate of insurance.

8.02.02 The Company shall be named as an additional insured on all of such policies referenced in Section 8.1 above to the extent of its interests and shall be provided with certificates of insurance evidencing such coverage prior to the Opening Date and promptly following the date any policy of insurance is renewed, modified or replaced during the term of this Agreement. All coverages shall be placed with an insurer with a rating of A or better from Moody's or S&P or a rating of A-VIII or better from Best's. All public liability and property damage policies shall contain a provision that the Company, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to it, its affiliates, officers, agents and employees by reason of the negligence of the Company, the Franchisee, or their respective principals, contractors, agents or employees. All policies shall extend to and provide indemnity for all obligations assumed by Franchisee hereunder and all other items for which Franchisee is required to indemnify the Company under the provisions of this Agreement, whether or not the liability arose from the negligence of the Company, its principals, contractors, agents or employees, and shall provide the Company with at least thirty (30) days prior written notice of cancellation, termination or material reduction of coverage. The Company reserves the right to specify reasonable changes (which may include increases) in the types and amounts of insurance coverage required by this Section 8. Should Franchisee fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to the Company or to maintain it throughout the term of this franchise, the Company may in its discretion, but without any obligation to do so, obtain such coverage for Franchisee, in which event Franchisee agrees to pay the required premiums or to reimburse the Company therefore. The amount of such premiums shall be set forth in a written invoice delivered to Franchisee by the Company. Franchisee shall reimburse the Company for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee. Failure to maintain the required insurance or to promptly reimburse the Company for any premiums paid on behalf of the Franchisee by the Company shall constitute a default hereunder.

Article 9 - Renewal

9.01 Conditions Of Renewal.

After expiration of the term of this Agreement, if Franchisor has made a business decision, in Franchisor's sole discretion, to continue the **Yi Mei** Franchise System in Franchisee's area, Franchisee will be permitted to renew Franchisee's Franchise Agreement, but only upon the following terms and conditions:

9.01.01 Franchisee shall have the right, subject to the conditions contained in this Section 9.01, to acquire a successor franchise for the Restaurant on the terms and conditions of the Company’s then current form of franchise agreement and for a term of either five (5) years (a “Five Year Successor Term”) or a term of ten (10) years (a “Ten Year Successor Term”) commencing on the expiration of the term of this Agreement. Franchisee’s right to a successor franchise shall be conditioned upon the satisfaction of each of the following conditions prior to the expiration of the term of this Agreement: (a) Franchisee is in compliance with this Agreement in all respects including financial and operational compliance and has been in substantial compliance with this Agreement throughout the term; (b) the Company has not notified Franchisee of its decision that any federal or applicable state legislation, regulation or rule which is enacted, promulgated or amended after the date hereof may have an adverse effect on the Company’s rights, remedies or discretion in franchising Yi Mei restaurants; (c) Franchisee maintains the right to possession of the Location for the term of the successor franchise agreement; (d) Franchisee shall have paid the renewal fee described in the final sentence of this Section 9.01.01; and (e) Franchisee satisfies each of the conditions and executes and delivers the agreement described in Sections 9.01.02, 9.01.03 and 9.01.04 below. Franchisee will be obligated to pay a renewal fee equal to (i) 25% of the Company’s then current standard initial franchise fee if Franchisee elects a Five Year (5) Successor Term or (ii) 40% of the Company’s then current standard initial franchise fee if Franchisee elects a Ten Year (10) Successor Term.

9.01.02 Franchisee must give the Company written notice of Franchisee’s desire to acquire a successor franchise at least three hundred sixty (365) days prior to the expiration of this Agreement and shall indicate in such notice whether it has selected a Five Year Successor Term or a Ten Year Successor Term. The Company will give Franchisee notice, not later than sixty (60) days after receipt of notice, of the Company’s decision as to whether or not Franchisee has the right to acquire a successor franchise pursuant to Section 9.01. Notwithstanding notice of the Company’s decision that Franchisee has the right to acquire a successor franchise for the Restaurant, Franchisee’s right to acquire a successor franchise will be subject to Franchisee’s continued compliance with all of the terms of this Agreement up to the date of its expiration.

9.01.03 If Franchisee exercises the right to acquire a successor franchise in accordance with Section 9.01.01 above, Franchisee shall enter into an agreement with the Company within sixty (60) days following delivery of the written notice pursuant to Section 9.01.02, agreeing to remodel the Restaurant, add or replace improvements, fixtures, furnishings, equipment and signs, and otherwise modify to upgrade the Restaurant to the specifications, image and standards then applicable for new Yi Mei restaurants. All such remodeling, additions and replacements must be completed prior to the effective date of such successor franchise agreement.

9.01.04 If Franchisee has the right to acquire a successor franchise in accordance with Section 9.01 and exercises that right in accordance with Section 9.01.02, the parties must execute the form of franchise agreement (which may contain provisions, including royalty and advertising fees, materially different from those contained herein) and all ancillary agreements which the Company then customarily uses in granting renewal franchises for the operation of Yi Mei restaurants, and Franchisee must execute general releases, in form and substance satisfactory to the Company, of any and all claims against the Company and its affiliates, officers, directors, employees, agents, successors and assigns. Failure by Franchisee to sign such agreements and releases within thirty (30) days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to acquire a successor franchise.

Article 10 - Continuation

If, following the termination or expiration of this Agreement for any reason, whether voluntary or involuntary, Franchisee continues to operate the Licensed Business or occupy the Premises with the express or implied consent of Franchisor, but without a renewal franchise agreement, such continuation shall constitute a month-to-month extension of this Agreement and shall be terminable by either party upon the lesser of (a) thirty (30) days written notice or (b) such shorter notice by Franchisor as would otherwise be applicable in a termination for cause. Franchisee acknowledges and agrees that such continuation shall be good cause for termination of this Agreement. Both parties shall continue to be subject to all terms of this Agreement during any such continuation period.

Article 11 - Entity Franchisee

11.01 Entity Definition.

An "Entity" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

11.02 Founding Document Restriction.

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the Licensed Business to an Entity, the founding document(s) of the Entity must provide as follows:

> This [insert type of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [insert type of Entity] or of any owner of the [insert type of entity] under the **Yi Mie** Franchise Agreement dated _______________, ______. Any such agreement or undertaking is void.

11.03 Liability Of Owner(s).

Every owner of an equity or other interest in any Entity franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity franchisees) shall personally guaranty this Agreement. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement.

11.04 Restriction On Certificates Of Ownership.

Each and every document, if any, issued by any Entity franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

> Ownership of this [insert type of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the
>
> **Yi Mei** Franchise Agreement dated _____________, _____. Any other transfer or attempted transfer is void.

11.05 Additional Requirements Of Entity Franchisee.

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

Article 12 - Assignment Or Transfer

12.01 Prior Consent.

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Assign" or "Assignment"), in whole or in part this Agreement, the Franchisee, the Licensed Business, any option or first right of refusal relating to this Agreement, the Franchisee or the Licensed Business, the assets of the Licensed Business or the leasehold of the Licensed Business or represent to any person that such an Assignment has been made without Franchisor's prior written approval. For purposes of this Paragraph 12.01, the terms "Assign" or "Assignment" shall include any assignment, transfer, sale or encumbrance of any shares of stock of a Franchisee that is a corporation, any partnership interest of a Franchisee that is a partnership, any membership interest of a Franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity. Any attempted Assignment without Franchisor's prior written consent shall be void and a breach of this Agreement.

12.02 Conditions Of Assignment.

As preconditions for obtaining Franchisor's consent to an Assignment, at least the following terms and conditions must be met:

12.02.01 Franchisee shall first offer such Assignment to the Company by notifying the Company in writing of the material terms and conditions, including price and identity of transferee upon which Franchisee would be willing to make such an Assignment. Franchisee shall also concurrently provide the Company with the estoppel certificate identified in Section 12.05 below and such other information as needed by the Company to enable the Company to evaluate the offer. The Company shall have the first right to acquire said rights, privileges and interests of Franchisee by accepting the offer in accordance with said terms and conditions or equivalent cash, as determined by Company in its reasonable business judgment. If, within thirty (30) days after receipt of Franchisee's notice, the Company advises Franchisee of its acceptance of the offer as stated in the notice, Franchisee agrees to promptly make the Assignment to the Company on the stated terms and conditions. Should the Company elect to exercise its right of first refusal, Franchisee shall, if requested by the Company, cause Franchisee's lease or sublease, if any, with the lessor for the Location to be assigned to the Company. Notwithstanding the foregoing, the Company shall have at least sixty (60) days from the date of its notice of exercise to Franchisee to close the transaction and the Company shall also be entitled to all customary and reasonable representations and warranties from Franchisee regarding the Restaurant.

12.02.02 If, within thirty (30) days after receipt of Franchisee's notice, the Company does not indicate its acceptance of the offer as stated in the notice, Franchisee shall thereafter have the right, subject to the prior written consent of the Company, to make the Assignment to the proposed transferee on the same terms and conditions as stated in the notice. Should the Company not exercise its right of first refusal and should the contemplated Assignment not be completed within thirty (30) days from the date of Franchisee's notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed Assignment or altered terms and conditions of the current transaction must again be offered to the Company in accordance with the terms of these Sections 12.03 and 12.04. Franchisee shall notify the Company in writing of any proposed assignee and shall promptly furnish the Company with such other information and documentation as the Company may request for the purpose of considering whether to grant its written consent. Franchisee acknowledges and agrees that the Company shall be entitled, at its election and without liability to Franchisee, to provide assignee with information relating to the Restaurant, including information in the Company's possession relating to operations and sales. The Company shall not unreasonably withhold its consent to an Assignment provided that the Franchisee and the assignee satisfy such reasonable terms and conditions which may be imposed by the Company as a condition to obtaining the Company's consent, which may include, without limitation, the following:

a. The assignee (and its partners or the officers, directors, principal shareholders, or members of the assignee, as the case may be) shall be determined by the Company:

i. To have the appropriate business qualifications, restaurant operations experience, reputation, character, and aptitude necessary to operate and maintain the Restaurant;

ii. To have the ability to devote full time and best efforts to operating and maintaining the Restaurant;

iii. To be financially responsible, possess a favorable credit rating, be economically capable of carrying on the Restaurant business;

iv. To not have been convicted of a felony or other criminal misconduct that is relevant to the operation of the Restaurant;

v. Shall neither directly nor indirectly own, operate, control or have any financial interest in any other business which would constitute a "Competitive Business" (as such term is defined in Article 16 of this agreement); and

vi. Shall have demonstrated to the Company's satisfaction that assignee meets all of the Company's then-current requirements for new Yi Mei franchisees, which requirements are subject to change by the Company from time to time in its sole discretion.

b. At the election of the Company, the assignee shall either expressly assume in writing, for the benefit of and in form and substance satisfactory to the Company, all of the obligations and liabilities of Franchisee under this Agreement or enter into the Company's then-current form of franchise agreement; provided, however, that the term of such new agreement shall be equal to the remaining term of this Agreement and assignee shall not be required to pay a new initial franchise fee. In addition, if assignee is an Entity, Company may require that one or more of the partners, shareholders or members of assignee, as applicable, and Franchisee in the case of a transfer by Franchisee to an Entity to be owned in whole or in part by Franchisee, execute a personal guaranty, in form and substance satisfactory to the Company, guaranteeing each of assignee's obligations and liabilities. The number and identity of those partners, shareholders and members of assignee which will be required to execute guarantees shall be those persons and entities which, in the reasonable judgment of the Company, have a sufficient net worth to ensure assignee's performance under this Agreement. If the assignee is a corporation, partnership or limited liability company, it also shall demonstrate to the reasonable satisfaction of the Company that it has established transfer instructions prohibiting the transfer on its records of any equity securities, partnership interests or ownership interests in violation of the requirements set forth in this Section 12 and that each stock, partnership or ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to the Company that the assignment or transfer is subject to all of the restrictions imposed upon assignments by this Agreement;

c. The assignee or the assignor agrees to the reimage and/or remodel of the Restaurant to the Company's then-current standards, format, design and image, as designated pursuant to plans and specifications provided by the Company. The assignee must deposit into an escrow account the sums the Company deems necessary to complete the required reimage and/or remodel of the Restaurant. Franchisee will have a specified period of time to complete required reimage and/or remodel of the Restaurant, and the sum deposited into escrow will not be released to Franchisee until the Company determines that the required reimage and/or remodel of the Restaurant has been completed to its satisfaction;

d. The assignee, or if assignee is an Entity, its designated general operations manager (who has at least a ten percent (10%) equity interest in assignee), and a person designated as the general manager, have successfully completed the Company's management training program;

e. The assignee shall represent and warrant to the Company in writing that the assignee:

i. Has conducted an independent study of the Restaurant and the business therein;

ii. Has not in any way relied upon statements or representations of the Company or its employees or agents except as may be contained in an Offering Circular or other comparable disclosure document which may be required to be delivered to such assignee in accordance with applicable law; and

_______|_______
initials

iii. Acknowledges and understands that the assignee's rights upon assignment are conditioned on full performance of Franchisee's obligations hereunder and are limited to those expressly provided for in this Agreement.

f. As of the date of such assignment, Franchisee shall have fully performed and complied with all of its obligations to the Company, whether under this Agreement or any other agreement, arrangement or understanding with the Company;

g. Franchisee shall pay and discharge all outstanding obligations to third parties arising from the existence, operation or maintenance of the Restaurant including, without limitation, amounts owing under the lease, if any, for the Location or to employees, vendors, taxing authorities, utility companies and others as of the assignment date;

h. Franchisee shall pay to the Company a transfer fee to reimburse the Company for costs and expenses incurred in connection with such Assignment including, without limitation, the cost of credit investigations and the preparation of Assignment agreements and disclosure documents which may be required to be delivered to such assignee under applicable federal or state law. The transfer fee shall be Ten Thousand Dollars ($10,000.00); and

i. Upon consent of the Company to any assignment, Franchisee shall execute a general release, in form and substance satisfactory to the Company, of all claims against the Company.

12.02.03 Upon the Company's request, Franchisee shall, concurrently with any offer submitted to the Company by Franchisee regarding a transfer or purported Assignment or at any other time at the Company's request, furnish the Company with an estoppel agreement indicating any and all claims, demands and causes of action, if any that Franchisee may have against Franchisor or if none so exist, so stating, and a list of all owners having an interest in this Agreement or in Franchisee, the percentage interest of each owner and a list of all officers, directors, members and/or shareholders in such form as the Company may require.

12.02.4 Any encumbrance, assignment or purported encumbrance or assignment of Franchisee's rights, privileges or interests under this Agreement without the Company's written consent shall be null and void, of no force and effect, and shall constitute grounds for termination of this Agreement as provided in Section 12.01 hereof.

12.03 Assignment To An Entity.

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may assign this Agreement to an Entity, as defined in Article 11, formed under the laws of the state where the Licensed Business is located, which is wholly owned by Franchisee; provided that the individual Franchisee shall first provide written notice of the assignment to Franchisor and shall personally guarantee the performance of this Agreement. If Franchisee is an Entity, Franchisee may assign this Agreement to another Entity, formed under the laws of the state where the Licensed Business is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee; provided that each of the individual equity or other owners of the new Entity shall personally guarantee the performance of the Agreement. The personal guarantee shall be in the form of Exhibit G hereto. No assignment under this paragraph shall change or limit the liability of any person or entity under this Agreement. Franchisee shall pay to Franchisor a processing fee of five hundred dollars ($500.00) for an assignment pursuant to this paragraph 12.03.

12.04 Approval Process.

Franchisor may use its own discretion in approving or rejecting prospective transferees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their financial ability, character, business reputation, experience and capability to conduct the type of business involved. The approval of one Assignment does not obligate Franchisor to approve any other or subsequent Assignment. If Franchisee is an Entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or assignment of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the Entity for any reason is subject to the same considerations as any other Assignment.

12.05 Transfer By Franchisor.

There shall be no restriction upon Franchisor's right to encumber, transfer or assign this Agreement or the System. Following such a transfer or assignment, Franchisor shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of Franchisor's liabilities and obligations to Franchisee. Upon Franchisor's request, Franchisee shall execute and deliver a certificate to Franchisor, as described in Paragraph 21.05, in connection with an anticipated transfer or financing procedure by Franchisor. Franchisee agrees to accept any transferee of Franchisor, including any subfranchisor and perform for such transferee the same as for Franchisor.

12.06 No Sublicensing.

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the System or any part thereof to any person or entity for any purpose. Any attempted or purported sublicense shall be void.

Article 13 - Death Or Incapacity

13.01 Alternatives Upon Death Or Incapacity.

In the event of the death or incapacity of an individual franchisee, or of any individual equity or other owner of an Entity franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within ninety (90) days of such event:

13.01.01 Apply to Franchisor for the right to continue to operate the franchise and the Licensed Business for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 12 of this Agreement (except that no transfer fee shall be required); or

13.01.02 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 12 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, transfer or convey shall be computed from the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

13.02 Effect Of Failure To Comply.

In the event of the death or incapacity of an individual franchisee, or any owner of an equity or other interest in an Entity franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Articles 17 and 18.

13.03 Incapacity Defined.

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the Licensed Business on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity franchisee has an incapacity. However, Franchisee's failure or inability to advise Franchisor of Franchisee's incapacity shall not limit Franchisor's rights under this sub-paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Licensed Business is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for 60 consecutive days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity.

Article 14 - Successors And Assigns

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto.

Article 15 – Default and Termination

In addition to all other available rights and remedies, Company shall have the right to terminate this Agreement only for "cause". "Cause" is hereby defined as a material breach of this Agreement, including but not limited to any of the facts or circumstances specified in Sections 15.01.01 or 15.01.02.

15.01 Immediate Termination

In addition to all other available rights and remedies, the Company shall have the right upon the occurrence of any of the following events to immediately terminate this Agreement by giving written notice to Franchisee, which termination shall become effective immediately upon the giving of such notice.

a. Abandonment of the Restaurant by Franchisee by failing to operate the Restaurant business for two (2) consecutive days or any shorter period of time after which the Company reasonably determines that Franchisee does not intend to continue to operate the business, unless such failure is due to fire, flood, earthquake or other similar cause beyond Franchisee's control;

b. Franchisee admits to an inability to pay its debts as the same become due, is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;

c. A levy of execution is made upon the Restaurant, the license granted by this Agreement or upon any property used in the Restaurant business, and it is not discharged within five (5) days of such levy;

d. The Restaurant's business, equipment or premises are seized, taken over or foreclosed by a creditor, lienholder or lessor, provided that a final judgment rendered against Franchisee remains unsatisfied for at least thirty (30) days and a supersedes or other appeal bond has not been filed;

e. The right to occupy or lease the Location is lost or terminated;

f. Franchisee or any of its partners, officers, directors or principal shareholders is convicted of a felony or any other criminal misconduct that is relevant to the operation of the Restaurant;

g. The failure of Franchisee to reach each milestone and to open and operate the Restaurant in accordance with and by the time set forth in Section 6.01.02;

h. Any purported assignment, transfer or sublicense of this franchise, or any right hereunder, without the prior written consent of the Company;

i. Any material misrepresentation is made by Franchisee in connection with the acquisition of the franchise herein;

j. Franchisee engages in conduct which reflects materially and unfavorably upon the operation, the reputation of the Restaurant business, the Yi Mei System, or the goodwill associated with the Yi Mei Marks;

k. Franchisee repeatedly fails to comply with one (1) or more material standards or requirements of this Agreement (or as specified in any Manual), whether or not corrected after notification thereof. A repetition within a one-year period of any default shall justify the Company in terminating this Agreement upon written notice to the Franchisee without allowance for any curative period;

l. Failure of Franchisee, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation and maintenance of the Restaurant, including, but not limited to, public health and safety requirements; or

m. Reasonable determination on the part of the Company that continued operation of the Restaurant by Franchisee will result in an imminent danger to public health or safety.

15.02 Remedial Contract Breach

Except for any default by Franchisee under Section 15.01, or as otherwise expressly provided in this Agreement, Franchisee shall have 5 days, after Company's written notice of a material default, within which to remedy any material default under this Agreement, and to provide evidence of such remedy to Company. If any such default is not cured within that time period, or such longer time period as applicable law may require or as Company may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

Franchisee shall be in material default under this Section for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include, but are not limited to, the occurrence of any one or more of the following events:

a. Failure of Franchisee to pay to the Company or another Yi Mei franchisee any fees, costs, charges or other amounts due under this Agreement;

b. Failure of Franchisee to pay, when due, any rent, taxes or other payments required under any sublease with the Company for the Location;

c. Failure of Franchisee to cure any default by Franchisee under any loan, note or other obligation which is obtained to assist Franchisee to make any payment due the Company hereunder or which is secured by all or any part of Franchisee's interest in the Restaurant, the Location, and/or the improvements or furniture, fixtures or equipment therein;

d. Refusal to permit an audit;

e. Unethical or dishonest business dealings;

f. Failure to maintain proper insurance;

g. The attachment of any involuntary lien in the sum of One Thousand Dollars ($1,000.00) or more upon any of the business assets or property of Franchisee, which lien is not removed, or for which Franchisee does not post a bond sufficient to satisfy such lien, within thirty (30) days of the filing of such lien;

h. In the event that Franchisee leases or subleases the Location and/or the leasehold improvements thereon from a third party, the failure of Franchisee to cure any and all defaults under the terms and provisions of any such lease or sublease within the time provided for the curing of any such default(s) in any such lease or sublease;

i. The failure of Franchisee to cure any and all defaults under the terms and provisions of any other agreement with the Company, or any third party relating to this franchise or the operation or ownership of the Restaurant, including any other franchise agreement, lease or promissory note between the Company or its affiliate and Franchisee within the time provided for the curing of any such defaults in any such other agreement, lease or promissory note;

j. Franchisee's misuse or unauthorized use of the Yi Mei Marks; or

k. Failure of Franchisee to comply with any standard or requirement of this Agreement which is not otherwise covered in this Section 15.

15.03 Conformation to Local Law

Notwithstanding anything to the contrary contained in this Section 15, in the event any valid, applicable law of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit Company's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Company shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

15.04 Franchisee Rights

Franchisor shall not, and cannot be held in breach of this Agreement until (i) Franchisor has received written notice from Franchisee describing in detail any alleged breach; and (ii) Franchisor has failed to remedy the breach within a reasonable period of time after such notice, which period shall not be less than 60 days plus such additional time as reasonably required by Franchisor if because of the nature of the alleged breach it cannot reasonably be cured within said 60 days, provided Franchisor promptly commences and continues diligently to cure such alleged breach. Except for breach hereof by the Company (subject to the preceding sentence). Franchisee shall have no right to terminate this Agreement

15.04 Discontinued Products/Services

If Franchisor delivers a notice of default to Franchisee, Franchisor has the right to stop selling and/or providing any goods (Proprietary Products or otherwise) and /or services, including Franchisee's participation in the Yi Mei Website or intranet, until Franchisee has cured all defaults. Franchisee shall pay to Franchisor all damages, costs and expenses, including all costs of collection, damages and expenses as well as reasonable Attorney's Fees incurred by Franchisor in connection with the enforcement of any provisions of this Agreement, both during and after the termination or expiration of this Agreement and this obligation shall survive any such termination or expiration.

Article 16 - Competition With Franchisor

16.01 Competing Business Activities During Term.

During the term of this Agreement, Franchisee shall not engage, directly or indirectly, either personally or as an employee, partner, member, manager, franchisor, franchisee, agent, consultant, shareholder, director, officer, advisor or otherwise, in any other business the same as or similar to that defined under "Licensed Business" herein or which is or would directly or indirectly compete with the Licensed Business or otherwise with the business of Franchisor or with any other franchisee of Franchisor. This prohibition includes, but is not limited to, any business offering and selling Taiwanese breakfast food items and related products/drinks. Franchisee shall not operate any other business from the Premises. Franchisee shall not use nor permit to be used any Trade Secret(s) of Franchisor or the Marks or anything resembling the Marks in connection with any other business, whether or not such other business is owned, controlled by or associated with Franchisee.

16.02 Competing Business Activities After Term.

16.02.01 Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal ("the Termination Date"), Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

a. Compete with Franchisor or any franchisee of Franchisor within a twenty mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the Termination Date, in the operation of any business offering and selling Taiwanese breakfast food items and related products/drinks, or any aspect of such Licensed Business as it exists on the Termination Date, or any business substantially similar thereto or tending to compete for the same customers as Franchisor or its Franchisees ("Prohibited Activities);

b. Solicit, take away, or divert, and/or influence or attempt to influence any customers, franchisees, vendors, clients, and/or patrons of Franchisor or of any franchisee of Franchisor, which customers, franchisees, vendors, clients, and/or patrons were served by Franchisor or a franchisee of Franchisor at any time during the four (4) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or Franchisor's franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Licensed Business;

c. Solicit or attempt to hire any person who was an employee of Franchisor or of any other franchisee of Franchisor during the two (2) year period ending on the Termination Date, or attempt to influence any such person to terminate his employment with Franchisor or Franchisor's franchisee(s).

16.02.02 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, or otherwise transfer to any party other than Franchisor, including, but not limited to, a person or Entity, for or not for consideration, the Trade Secrets, or any part thereof;

16.02.03 Franchisee covenants and agrees that, for a period of twenty-four (24) months from the Termination Date, Franchisee will not, individually or together with another, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, member, agent, stockholder of any class, or as a partner, officer, director, trustee, franchisee, franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which does any of the following:

a. Competes with Franchisor or any franchisee of Franchisor;

b. Solicits, takes away, or diverts, and/or influences or attempts to influence any customers, clients, franchisees, vendors, and/or patrons of Franchisor or of any other franchisee of Franchisor, which customers, clients, franchisees, vendors, and/or patrons were served by Franchisor or any franchisee of Franchisor at any time during the four (4) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or any other franchisee to any other person or Entity engaged in the Prohibited Activities or anything similar to the Licensed Business;

c. Solicits or attempts to hire any person who was an employee of Franchisor or of any other franchisee of Franchisor during the two (2) year period ending on the Termination Date, or attempts to influence any such person to terminate his employment with Franchisor or any franchisee of Franchisor.

16.02.04 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, agent, stockholder of any class, or as a member, partner, officer, director, trustee, franchisee, Franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which, discloses or causes to be disclosed, sells, or otherwise transfers to any party other than Franchisor, including, but not limited to, a person, sole proprietorship, partnership, joint venture, firm, limited liability company, corporation, trust, or other Entity, for or not for consideration, the Trade Secrets, or any part thereof;

16.02.05 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Franchisor and its franchisees. Franchisee would desire at least this same protection against competitive activities by another former franchisee whose franchise agreement was either expired, terminated or non-renewed. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and/or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and/or limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

16.02.06 For purposes of this Agreement, all references to Franchisor shall be deemed to include: (a) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, and (c) any sub franchisor or other assignee of Franchisor.

16.02.07 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Franchisor by a violation of this Article 16 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 16, Franchisor shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Franchisor's actual damages would be and is not a penalty.

16.02.08 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law. In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars. The substantially prevailing party in any such enforcement action shall be entitled to recover their attorney's fees and costs incurred therein in addition to any and all other remedies.

16.02.9 Nothing in this Article 16 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other franchisee or former franchisee. Nothing in this Article 16 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other franchisee or former franchisee.

16.02.10 The terms of this Article 16 shall survive the termination or expiration of this Agreement for any reason unless as defined by applicable local law.

Article 17 - Effect Of Termination

17.01 Loss Of Rights.

After the Termination Date, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or any Manual. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Franchisor or to any other **Yi Mei** franchisee as of the Termination Date shall become immediately due and payable. As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Franchisor or Franchisor's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the Premises. If Franchisor elects to assume the lease for the Premises, pursuant to the Lease Conditional Assignment Agreement or otherwise, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Franchisor or it's designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Franchisor or Franchisor's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Franchisor shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within sixty (60) days following the Termination Date.

17.02 Change Of Identity.

In the event of expiration or earlier termination of this Agreement:

a. Franchisee shall promptly cease to use, in any manner and for any purpose, directly or indirectly, the Yi Mei Marks, the Yi Mei System, Company's trade secrets, propriety information, policies, procedures, techniques, methods and materials used by Franchisee in connection with the franchise relationship and shall immediately return to Company any and all tangible (including electronic) copies of any of the foregoing, including, but not limited to:

i. Specifications, recipes and descriptions of food products;

ii. Any Manuals, memoranda, bulletins, forms, reports, instructions and supplements thereto;

iii. Training methods and materials provided by the Company hereunder;

iv. Brochures, posters and other advertising materials; and

v. All items bearing or containing the Yi Mei Marks, including without limitation, all trademarks, trade names, service marks, logotypes, designs and other identifying symbols and names pertaining thereto.

b. Franchisee shall immediately remove, obliterate or destroy all signs and advertisements identifiable in any way with the Company's name and perform such reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in the Company's judgment, to distinguish it from a Yi Mei restaurant. To the extent that Company is required under applicable law to repurchase certain goods from Franchisee, Franchisee hereby grants to the Company the option to purchase all paper goods, containers and all other items containing the Company's name or the Yi Mei Marks which are in re-saleable or reusable condition at the lower of their cost or fair market value at the time of termination;

c. The Company may retain all fees paid pursuant to this Agreement;

17.03 Changeover Procedure.

Upon termination of this Agreement, either by expiration, non-renewal, or otherwise, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate an **Yi Mei** restaurant from that location, the parties agree to cooperate in the changeover of the Licensed Business to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Franchisor shall be entitled to take control of the Premises, including by changing the locks; terminate vendor accounts at Franchisor's option; conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or it's designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy.

17.04 Continuing Royalties.

Franchisor shall be entitled to receive royalties on all Gross Revenues received or receivable by Franchisee as of the Termination Date. All such royalties shall be due and payable on the Termination Date.

17.05 Option To Purchase Certain Assets.

On any termination or expiration of this Agreement, whether due to a default of Franchisee or otherwise, the Company shall have the right, at its option, for thirty (30) days after such termination or expiration to elect to purchase Franchisee's interest in the leasehold improvements and furniture, fixtures, equipment, and any or all of the other tangible Restaurant assets at a purchase price equal to the lesser of Franchisee's cost or the fair market value of such leasehold improvements, furniture, fixtures, equipment and other assets, and to purchase Franchisee's inventory at Franchisee's cost thereof. If the parties hereto cannot agree on the fair market value within forty-five (45) days of any such date of termination or expiration, the Company shall designate an independent appraiser whose determination shall be binding. If the Company elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee and the costs of the appraisal, if any, against any payment therefore. In addition, should the Company elect to exercise its option hereunder, Franchisee shall cause all third party liens on the assets or business to be released and take all action necessary to cause Franchisee's lease or sublease, if any, with the lessor for the Location to be assigned to the Company.

17.06 Payment And Terms.

Upon the expiration or termination of this Agreement, Franchisee shall promptly pay all sums owing to the Company and its subsidiaries and affiliates. In the event of termination by reason of any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by the Company as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of the Company against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee located in the Restaurant operated hereunder at the time of any such default. Franchisee agrees to pay interest to the Company on any amounts which may become due to the Company from Franchisee, if such are not paid when due, at the rate of fifteen percent (15%) per annum or the maximum interest rate permitted by law, whichever is less.

17.07 Survival Of Terms.

The terms of this Article 17 shall survive the termination, non-renewal or expiration of this Agreement for any reason.

Article 18 – Release From Franchisee Obligations.

18.01 Release From Continuing Obligations.

At any time, upon not less than ninety (90) days prior written notice to Franchisor, Franchisee may secure a release from Franchisee's continuing obligations under this Agreement by executing a Release From Continuing Obligations in substantially the form of Exhibit L and by electing one of the alternatives contained in the Release From Continuing Obligations. Upon receipt of a notice pursuant to this paragraph, Franchisor may, but is not obligated to, accelerate the effective date of Franchisee's termination to such date as Franchisor may select in Franchisor's sole discretion.

Article 19 - Arbitration of Disputes.

19.01 Agreement to Arbitrate.

Except as provided in paragraph 19.04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall take place in **Los Angeles County, California**. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator.

19.02 Conduct of Arbitration.

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful. Damages would be an adequate remedy for any such wrongs. The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Franchisor. The arbitrators shall permit discovery between the parties pursuant to the Federal Rules of Civil Procedure.

19.03 Conditions Precedent to Arbitration.

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this paragraph 19.03. Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph. Such award of attorney's fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article. For the limited purpose of enforcing this paragraph 19.03, each party hereby waives arbitration and the matter shall be heard in the **State of California**. Within not more than sixty days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim. The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired. The non-aggrieved party shall respond to the Notice within thirty days following its receipt. If the Notice and response does not resolve the dispute, the parties shall meet, in person, within sixty days following the date of the non-aggrieved party's response, in the corporate offices of the Franchisor, and attempt to informally resolve the matter. If the informal meeting does not resolve the matter, the parties shall, within sixty days following the date of the informal meeting, submit to non-binding mediation in **Los Angeles County, California** with a mediator selected according to the rules of the American Arbitration

Association. If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within ninety days following the date that either party or the mediator has declared the mediation terminated. The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this paragraph 19.03. Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein.

19.04 Limited Exceptions to Arbitration and Mediation.

The requirements of paragraphs 19.01, 19.02, and 19.03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or Marketing Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Franchisor's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and claims shall be brought in the **State of California**. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to paragraphs 19.01, 19.02 and 19.03.

Article 20 - Representations Of Franchisee

20.01 Representations

Franchisee represents and warrants as follows:

20.01.01 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;

20.01.02 Franchisee is executing this Agreement and purchasing the license herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);

20.01.03 Franchisee intends to be actively involved in the Licensed Business for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;

20.01.04 Franchisee is basing Franchisee's decision to purchase this license, in full, upon statements and representations contained in this Agreement and the **Yi Mei** Franchise Disclosure Document and upon facts obtained pursuant to Franchisee's own investigation. Franchisee is not relying upon any statements or any information received either directly or indirectly from Franchisor or any person acting or purporting to act on behalf of Franchisor which information or statements are not contained in this Agreement or the **Yi Mei** Franchise Disclosure Document or otherwise in writing and signed by an officer of Franchisor. Franchisee has not received any earnings claims or financial performance information, directly or indirectly, from Franchisor excepting only such information as may be contained in Item 19 of the **Yi Mei** Franchise Disclosure Document.

20.01.05 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

Article 21 - Miscellaneous Provisions

21.01 Nonwaiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

21.02 Attorneys Fees.

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by paragraph 19, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorney's fees and costs, including expert fees and fees on appeal.

21.03 Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

21.04 Warranty Of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

21.05 Estoppel Certificate

In the event that Franchisor is considering transferring, assigning or encumbrancing this Agreement, the System, or any other of Franchisor's rights or assets, or upon request by Franchisor at any time, Franchisee shall, within ten (10) calendar days after Franchisor shall request the same, execute, acknowledge and deliver to Franchisor, a written certificate that (a) this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement as so modified is in full force and effect); (b) the date to which royalties or other charges have been paid in advance, if any; (c) there are not, to Franchisee's knowledge, any uncured defaults on the part of Franchisor or Franchisee hereunder, or specifying such defaults if any are claimed; (d) setting forth the dates of commencement and expiration of the Term of this Agreement; (e) Franchisee has and knows of no basis for any claims of any kind against Franchisor (or, if Franchisee has or knows of any such claims, a detailed statement of all such claims and a statement that Franchisee has and knows of no other claims); and (f) any other matter upon which certification is requested by Franchisor or a prospective assignee or encumbrancer. Franchisor may rely upon any certificate given pursuant to this sub-paragraph as may any prospective purchaser or encumbrancer of all or any portion of Franchisor's rights hereunder. Any failure or refusal to timely execute a truthful certificate pursuant to this sub-paragraph shall be a material breach of this Agreement.

21.06 Paragraph Headings.

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

21.07 Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to “Franchisee” shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

21.08 No Third Party Beneficiary.

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and any other franchisee(s). Nothing in this Agreement shall be construed to give to any other franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

21.09 Choice Of Law.

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the state or province in which the Licensed Business is located.

21.10 Notices.

All notices required or permitted by this Agreement ("Notice” or “Notices") shall be sent to the respective parties at the addresses set forth herein. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail, (b) two (2) days following deposit with the United States Postal Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee.

21.11 Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith are hereby fully superseded.

21.12 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

21.13 Effective Date.

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Licensed Business is located.

21.14 Time Of Essence.

Time is of the essence of this Agreement.

Article 22 - Business Risk.

22.01 No Promises.

Franchisee has been informed by Franchisor, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee's abilities in operating and managing the Licensed Business. Except to the extent expressly set forth in the **Yi Mei** Franchise Disclosure Document, neither Franchisor nor anyone acting or purporting to act on behalf of Franchisor has made any promises or warranties, expressed or implied, as to Franchisee's potential sales, profits or success. As to those issues, Franchisee has made its own investigation and evaluation.

22.02 Receipt For Disclosure Document.

Franchisee has received a copy of this Agreement and the **Yi Mei** Franchise Disclosure Document at least ten (10) days before signing this Agreement or paying any fee to Franchisor. Franchisee has received a complete copy of this Agreement and all exhibits and addenda, with all material blanks filled in, at least five (5) days before signing this Agreement. Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: ______________________ [effective date]

FRANCHISOR:
Yi Mei Franchising, INC

By ____
Jason Ting, CEO
4487 Rowland Ave.
El Monte, CA 91731
626-552-8862

Date signed: ______________________________

FRANCHISEE:

____
Franchisee
Address: ________________________________
____
Phone: ________________________

EXHIBIT A

Location of Licensed Business

The location of Franchisee's "Yi Mei" Licensed Business Premises shall be:

Street Address: ____

City: ____

State: ____

EXHIBIT B

Territory

Franchisee's designated Territory shall be defined as follows:

The geographic boundaries (all geographic boundaries shall be as they exist on the date of this Agreement): ____
____
____
____
____
____

The estimated population of the Territory is: ____

Map(s): Please see attached map(s).

EXHIBIT C

Required Equipment

The required equipment for the "Yi Mei" Licensed Business is as follows:

30qt Mixer – Hobart HL300 or Globe SP30

Maple Work Table – John Boos 5 – 6' table with open base

Ingredient Bin – Allstrong DN-FB100 or similar

Griddle – 36" Thermostatic

Range w/Convection Oven – Imperial IHR-6-C

Stock Pot Stove – American Range ARSP-18-2 or similar

Microwave – Sharp R21LCF or similar

Rice Cooker – Panasonic SR-GA721 or similar

Rice Warmer – Thunder Group SEJ22000 or similar

Countertop Food Warmer – APW Wyott W-3Vi or similar

EXHIBIT D

Items Subject To Specifications

You must purchase the following items or categories of items in compliance with Franchisor's specifications.

- All Items You will offer or sell from the Licensed Business
- Signs, banners, business cards, marketing materials and promotional items
- All Items bearing the Marks
- All items of required equipment

EXHIBIT E

Lease Conditional Assignment Agreement

This Rider is attached to and is part of that certain Lease, by and between: ________________________ ____________Lessor) and _________________________________ (Lessee) dated __________________ for the premises located at: ____, legally described in Annex A hereto.

A. CONDITIONAL ASSIGNMENT: Lessee hereby conditionally assigns all of the Lessee's right, title and interest in this lease to **Yi Mei** (hereinafter, "Franchisor"). This assignment shall become effective only upon occurrence of both of the following conditions:

l. Termination of the **Yi Mei** Franchise Agreement between Franchisor and Lessee as Franchisee for the operation of an **Yi Mei** franchise within the leased premises, and

2. Exercise by Franchisor of its option to assume the obligations of and to replace Lessee as the lessee under this lease as provided in the said Franchise Agreement within fifteen (15) days after termination of said Franchise Agreement.

B. Lessor hereby consents to the said conditional assignment and hereby agrees that if said conditional assignment becomes effective, Franchisor shall thereafter be substituted for Lessee as the Lessee in this lease, Lessee shall be relieved of all liability accruing under this lease after the effective date of the assignment and Franchisor shall have the right to reassign this lease to a new Franchisee of Franchisor without the prior consent of Lessor. In the event of such reassignment, Franchisor shall be relieved of all liability accruing under this lease after the date of said reassignment.

C. Lessee agrees that at such time as Franchisor exercises its option to become the Lessee under this lease, Lessee will immediately vacate the demised premises without removing any fixtures, parts, or accessories except as authorized in the Franchise Agreement and Lessor will permit Franchisor to enter upon and take possession of the demised premises. Lessor will cooperate in all legal action necessary to remove lessee if lessee refuses to vacate premises.

D. Lessor is hereby authorized and directed to rely solely upon written notice by Franchisor of the termination of the said **Yi Mei** Franchise Agreement and exercise by Franchisor of its option to become the Lessee under this lease and is hereby relieved of any and all liability to Lessee for any action it takes in so relying.

E. DEFAULT BY LESSEE: Lessor agrees to give Franchisor thirty (30) days prior written notice of its intention to reenter and repossess the premises and to cancel the lease on account of Lessee's default of any of the terms, conditions or provisions thereof. During the thirty (30) day period Franchisor may cure such default or otherwise exercise its rights under the conditional assignment.

F. OPTION TO RENEW: In the event that Lessee fails to exercise any option which he might have under the lease to renew same prior to the expiration thereof, Lessor agrees to notify Franchisor in writing of lessee's failure to renew the lease and Franchisor shall then have fifteen (15) days from the receipt of such notice to exercise any option to renew and replace Lessee as the lessee under the lease.

Dated: ________________________[effective date] Date signed: ______________________________

CompanyABC
(Franchisor/Assignee)

By ______________________________________
Jason Ting, CEO

4487 Rowland Ave.
El Monte, CA 91731

LESSOR:

FRANCHISEE

____
Franchisee
Address: ______________________________
____
____
Phone: ________________________________

____

By: _______________________________________

Its _____________________________________

ACKNOWLEDGMENTS

STATE OF ______________________)

COUNTY OF ___________________) ss

On this day personally appeared before me ______________________________, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that _________ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this ______ day of __________________ 20______.

____
Notary Public in and for the State of __________
residing at ______________________________

My appointment expires: ___________________

* * *

STATE OF ______________________)

COUNTY OF ___________________) ss

On this day personally appeared before me ______________________________, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that _________ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this ______ day of __________________ 20______.

____
Notary Public in and for the State of __________
residing at ______________________________

My appointment expires: ___________________

* * *

STATE OF _______________________)

COUNTY OF ____________________) ss.

On this day personally appeared before me ____, to me known to be the ______________________ [Title], of __________________________________, a _________________ _____________ [Type of Entity and State of Organization], the Entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that __he__ is/are authorized to execute the said instrument on behalf of said Entity.

WITNESS my hand and official seal this ____ day of _________________, 20____.

____
Notary Public in and for the State of __________
residing at ______________________________

My appointment expires: ___________________

EXHIBIT F

Assignment of Telephone Numbers

____________________________ Franchisee/Assignor, in consideration of Franchisor/Assignee granting an **Yi Mei** franchise contemporaneously herewith, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns to **Yi Mei** all telephone numbers and listings utilized or to be utilized by Franchisee/Assignor in the operation of his **Yi Mei** Licensed Business. The Assignee hereby assumes the performance of all of the Terms, Covenants, and Conditions of the agreement(s) with the telephone company with respect to such telephones, telephone numbers and telephone listings with the same force and effect as if Assignee had been originally issued such telephone, telephone numbers, telephone listings and the usage thereof. This Assignment is valid on the effective date and is irrevocable. It applies equally to any numbers first used after the effective date. The telephone company is authorized to rely upon this Assignment at any time that it is delivered to the telephone company by Franchisor/Assignee. Assignee and Assignor each agree to hold harmless and indemnify the telephone company from any claims based upon the telephone company's reliance upon this Assignment. Assignee and Assignor each agree to sign any other documents necessary in the opinion of the telephone company to give effect to this Assignment.

Dated: ________________________[effective date]

CompanyABC
(Franchisor/Assignee)

By ____
Jason Ting, CEO

4487 Rowland Ave.
El Monte, CA 91731

Subject telephone number(s):
(as of date of this document)

Date signed: ______________________________

FRANCHISEE
(Assignor)

____
Franchisee
Address: __________________________________
____
____
Phone: _________________________
____
____
____

EXHIBIT G

Personal Guaranty

IN CONSIDERATION of and to induce the consent by Yi Mei Franchising INC, a **California** corporation ("Franchisor") to the assignment of all right, title, and interest in and to the **Yi Mei** Franchise Agreement dated ______________________ to ____, a ___________________ [Type of Entity and State of organization] ("Franchisee"), [or alternatively, in consideration of and to induce Franchisor's consent for the undersigned to enter into the Franchise Agreement in the Entity form], and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Franchisor:

1.01 Payment Of Obligations.

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys fees paid or incurred by Franchisor or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty; and

1.02 Continuing Performance.

The timely performance of each term, covenant, and obligation of the license set forth in the **Yi Mei** Franchise Agreement described above. This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned.

2.01 Execution And Delivery.

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Franchisor's rights against the Franchisee until the Franchisee's liabilities and obligations to Franchisor are paid and satisfied in full. Payment by the undersigned shall be made at the office of Franchisor in **El Monte, CA** or such other location as Franchisor may designate in writing.

3.01 Rights Of Company

Franchisor may, at its option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part:

3.01.01 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered;

3.01.02 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

3.01.03 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and

3.01.04 apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee remain unpaid. Franchisor may, at its option, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

4.01 Irrevocable.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement. Franchisor may at its option, elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others. This Guaranty shall operate as a continuing Guaranty and shall be non-revocable, except with the express written consent of Franchisor.

4.02 Joint And Several Liability.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

4.03 Successors And Assigns.

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Franchisor and of the undersigned.

4.04 Noncompetition.

The undersigned hereby agree that they shall be individually bound by the provisions of the Franchise Agreement relating to trade secrets, confidentiality, and non-competition.

4.05 Bankruptcy Or Insolvency Of Franchisee.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable.

WITNESS our hands at ____________________________, on this the _______ day of _______________, 20__.

______________________________	______________________________
[SIGNATURE]	[SIGNATURE]
_______% owner of Franchisee	_______% owner of Franchisee
______________________________	______________________________
[SIGNATURE]	[SIGNATURE]
_______% owner of Franchisee	_______% owner of Franchisee
______________________________	______________________________
[SIGNATURE]	[SIGNATURE]
_______% owner of Franchisee	_______% owner of Franchisee

EXHIBIT H

Master Lease

__________ See Attached.

__________ None Applicable.

EXHIBIT I

Trade Secrets & Confidentiality Agreement

This Agreement is made and entered into by and between ____, (hereinafter, "the Employer") and ____ , (hereinafter, "Employee").

WHEREAS, Employer is engaged in the business of offering and selling traditional Taiwanese breakfast food items and related products/drinks under the Marks and using the System, pursuant to a franchise agreement with **Yi Mei Franchising, INC.** (herein, "the Licensed Business") according to a unique formula and under the trade name and mark, "Yi Mei".

WHEREAS, Employer has a need for a manager or key employee for the Licensed Business;

WHEREAS, Employee is willing and able to become a manager or key employee for the Licensed Business;

WHEREAS, Employer is willing to hire Employee or to promote Employee to the position of manager or key employee of the Licensed Business, but only upon the terms and conditions set forth herein,

NOW THEREFORE, for and in consideration of the mutual covenants herein contained and other good and faithful consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereby agree as follows:

1. Employment.

Employer agrees to employ Employee as __________________________, and to pay compensation as follows: ____
____
____
____
____
____
____.

1. Trade Secrets

Employee agrees that all of the information provided to Employee by Employer in the course of employment relating to the Licensed Business, its operation, management, policies, relationship with its Franchisor, identity of is customers, members and vendors, pricing structures and formulas, product mix, and similar information, constitutes trade secrets. Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and that it derives independent economic value from not being widely known. Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets; however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are trade secrets if analyzed in isolation, become and are part of the trade secrets and are subject to this Agreement. Employee further acknowledges that should the information be misappropriated or transferred to any third party, the Employer and Employer's Franchisor would suffer irreparable harm. Trade secrets does not include information on public record or readily available from a third party without consent by Employer.

2. Employer Owns All Incidents

Employer shall be entitled to all of the benefits, profits and other issues arising from or incident to all work, services, and advice of Employee relating to the Trade Secrets or arising out of discussions with Employer regarding same, and in any way communicated to Employer or becoming known to Employer during or after the term of employment.

3. Nondisclosure

Employee shall not at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any unauthorized person(s) any information regarding any trade secret(s) or any proprietary information of Employer. All such information shall be held by Employee in complete confidence. Such information is important, material, and confidential and gravely affects the effective and successful conduct of Employer's Licensed Business and goodwill. Should Employee, at any time, cease to be an employee of Employer, Employee shall immediately return to the Employer the originals and all copies of all documents or other media containing or representing trade secrets. Breach of any of the terms of this paragraph shall be a material breach of this Agreement. The terms of this paragraph shall survive termination of this Agreement for any reason. Employee shall be in breach of this Agreement during any month in which Employee or any third party has possession or use of any trade secrets in violation of this Agreement.

4. Remedies

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other interim relief and that the maximum bond to be required of Employer for such relief shall be ten dollars ($10.00). Employee waives any right to a higher bond. Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies. In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for the greater of (a) Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this Agreement. The parties mutually agree that the liquidated damages agreed herein are not a penalty, but are a best good faith effort to estimate what Employer's actual damages would be in the event of a breach under circumstances where actual damages may, because of facts known at that time, not be readily susceptible of accurate calculation.

5. Enforcement By Franchisor

Both Employer and Employee acknowledge and agree that this Agreement is for the benefit not only of the Employer, but also of the Employer's Franchisor, **Yi Mei Franchising, INC.** Employer and Employee each agree that **Yi Mei Franchising, INC** shall have the same right to enforce this Agreement as Employer has; provided only that as between Employer and **Yi Mei Franchising, INC.**, they shall be entitled to only one recovery of damages or liquidated damages.

6. Effectiveness

This Agreement shall become effective when signed and shall be enforceable at any time thereafter.

6.1. Nonwaiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

6.2. Attorneys Fees.

In the event that legal action or arbitration is commenced by either party to enforce this Agreement or to determine the rights of any party, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable attorney's fees and costs.

6.3. Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

6.4. Warranty Of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

6.5. Paragraph Headings.

The various paragraph headings are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

6.6. Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs.

6.7. Choice Of Law.

This Agreement shall be governed by and construed under the laws of the state in which the Licensed Business is located.

6.8. Notices.

All notices required or permitted by this Agreement shall be sent to the respective parties at the addresses set forth herein. The place of notice may be modified by appropriate registered or certified mailing to the other party. All notices shall be sent by certified mail, return receipt requested, postage prepaid, or personally delivered. Notices shall be deemed given at the earlier of (a) receipt by the addressee or (b) two (2) days following deposit with the United States Postal Service or its successor.

6.9. Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior representations, promises, contracts or agreements are hereby fully superseded.

6.10. Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Employer. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Employer.

Date: ____

THE EMPLOYER

By ______________________________________

___________________, its ____________

Address: ____

____

____

EMPLOYEE

____

Signature

Address: ________________________________

____

Phone: _________________________________

EXHIBIT

Mutual Termination of Franchise Agreement and Release

This Mutual Termination of **Yi Mei** Franchise Agreement and Release is entered into by and between _____ ____ (Franchisee) and **Yi Mei Franchising, INC** (Franchisor).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated ___________ _____________ (the Agreement), governing a Licensed Business located at ______________________________ ____ ______;

WHEREAS Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

WHEREAS Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of **Yi Mei** Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of **Yi Mei** Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: _____________________

Franchisee(s)	**Franchisor**
	Yi Mei Franchising, INC.
______________________________ Franchisee	By: ______________________________
	________________________, its ________

EXHIBIT K

Consent, Waiver And Release For Training

This Consent, Waiver and Release is entered into by and between ________________________________ __________________________(Franchisee) and **Yi Mei Franchising, INC** (Franchisor) and shall also be for the benefit of any franchisee of **Yi Mei** in whose office or premises Franchisee receives any part of his training under Franchisee's Franchise Agreement (Trainer).

Franchisee recognizes and acknowledges the value of receiving part of Franchisee's training (or Franchisee's employees' training, if appropriate) under the **Yi Mei** Franchise Agreement in an actual **Yi Mei** office owned and operated by another **Yi Mei** franchisee. At least some of the training will be "hands-on", actually operating the Licensed Business or some aspect of the Licensed Business on a day-to-day basis. In some cases, Franchisee may be left solely in charge of the **Yi Mei** office of the Trainer for some periods of time. "Franchisee" as used in this agreement shall include any employee(s) of franchisee who obtain training.

In consideration of the value of the hands-on, on-location training, Franchisee covenants and agrees:

Franchisee is not and will not be or become an employee of Trainer unless by a separate written agreement.

Franchisee covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits.

Franchisee shall not make any statement(s) or representation(s) inconsistent with this agreement.

Franchisee hereby assumes the risk of injury or death arising out of Franchisee's presence on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Franchisor or Trainer.

Franchisee hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Franchisee while on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Franchisee's negligent or intentional acts.

Franchisee consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two weeks or until Franchisee has achieved a level of competency as determined by Franchisor.

Franchisee understands and acknowledges that each **Yi Mei** franchisee conducts the Licensed Business slightly differently and that Franchisee is advised to consider Trainer's methods and procedures, in light of Franchisee's own study of the Manual(s), as one way of operating the Licensed Business. Franchisee is solely responsible for Franchisee's conduct of Franchisee's Licensed Business. If Franchisee is in doubt as to the appropriateness of a procedure or manner of operating the Licensed Business, Franchisee shall obtain clarification from the Franchisor directly. Franchisee understands that it would not be a defense to a later breach of contract notice that he/she acted consistently with what Trainer did.

Trainer covenants and agrees as follows:

Trainer shall not be or become an employer of Franchisee, unless by separate written agreement.

Trainer covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits to Trainer.

Trainer shall not make any statement(s) or representation(s) inconsistent with this agreement.

Trainer hereby assumes the risk of injury or death arising out of Franchisee's presence on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Franchisor.

Trainer hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Trainer and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Trainer's negligent or intentional acts.

Trainer consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two weeks or until Franchisee has achieved a level of competency as determined by Franchisor.

Trainer will make best efforts to teach Franchisee the operation of the Licensed Business in accordance with the current version of the Manual(s) and to remind Franchisee that, if Franchisee has questions about the proper procedure under the Manual(s) to obtain clarification from the Franchisor. If Franchisor requests it, Trainer will immediately modify the training to comply with the Manual(s).

Franchisor undertakes as follows:

Franchisor will be responsible for determining whether Franchisee has achieved a level of competency sufficient to satisfy the training requirement under the Franchise Agreement.

By signing below, the parties each hereby agree to be bound by this Consent, Waiver and Release for Training Agreement.

Executed this __________ day of ______________, ____________

Trainer: ____ ____	Franchisee ____ ____
Franchisor: **Yi Mei Franchising, INC** By: _______________________________________ **Jason Ting**, CEO	

EXHIBIT L

Release From Continuing Obligations

This Release From Continuing Obligations is entered into by and between ___________________________ ______________ (Franchisee) and **Yi Mei Franchising, INC** (Franchisor).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated ___________ ______________ (the Agreement), governing a Licensed Business located at ______________________________ ____;

WHEREAS Franchisee desires to be released from certain of Franchisee's continuing obligations under the terms of the Agreement; and

WHEREAS Franchisor is willing to release Franchisee from certain continuing obligations under the terms of the Agreement, but only upon the terms and conditions herein,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Release from Continuing Obligations.

For the consideration set forth in the alternative selected by Franchisee below, Franchisor hereby releases Franchisee from Franchisee's continuing obligations under the Agreement to the extent set forth in the alternative selected by Franchisee. Except to the extent specifically released by Franchisor according to this Release from Continuing Obligations, Franchisee shall continue to be obligated and shall continue to fully and timely perform all of Franchisee's continuing obligations under the Agreement.

2. Election by Franchisee and Terms of Release

Franchisee, by initialing one of the following options, hereby elects to be released from certain continuing obligations under the Franchise Agreement (and to continue to fully perform otherwise) as set forth in the option:

A
initials

A. By selecting this Option A, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets), 17 (no competition), 18 (effect of termination) and 20 (arbitration) of the Agreement. In consideration of this Release, Franchisee shall pay to Franchisor $5,000.00 (USD).

B
initials

B. By selecting this Option B, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement. In consideration of this Release, Franchisee shall pay to Franchisor the sum of $30,000.00 (USD) plus the greater of (a) 1.5 times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) 1.5 times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement. The consideration for this Option B shall be due and payable upon execution of this Release of Continuing Obligations.

C
initials

(Initial Only One Box)

C. By selecting this Option C, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement. In addition, for so long as Franchisee is not in breach of any term of this Release of Continuing Obligations, Franchisor hereby agrees to not open or permit to be opened a company-owned or franchised **Yi Mei** restaurant within Franchisee's Territory as described in the Agreement, as modified to the date of this Release of Continuing Obligations, for the greater of two calendar years following this date or the balance of the Term of the Agreement had it not been terminated by this Release of Continuing Obligations. In consideration of this Release, Franchisee shall pay to

Franchisor the sum of **$100,000** (USD) plus the greater of (a) two times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) two times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement. The consideration for this Option C shall be due and payable upon execution of this Release of Continuing Obligations.

3. Mutual Release and Termination

3.01 Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein. The parties specifically agree to fully and timely perform pursuant to this Release From Continuing Obligations.

3.02 Except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement specifically preserved by this Release From Continuing Obligations, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the time of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3.03 Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided goods or services for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Release of Continuing Obligations shall be binding upon Franchisee and the heirs, legal representatives, successors and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement. Jurisdiction and Venue shall be in **Los Angeles County, Los Angeles**. The law of the state where the Licensed Business is located (except any choice of law provisions thereof) shall govern interpretation of this Agreement. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: ______________________

Franchisee(s)	**Franchisor**
	Yi Mei Franchising, INC
____ Franchisee	By: ____________________________________
	___________________________, its __________
____ Franchisee	

EXHIBIT M

Confidentiality Agreement – Additional Information

[Applicable only if additional information requested by Franchisee]

This Confidentiality Agreement is entered into by and between ____________________________________ ________(Franchisee) and **Yi Mei Franchising, INC** (Franchisor).

Whereas Franchisee is considering purchasing a **Yi Mei** Franchise;

Whereas Franchisee has requested additional information from Franchisor beyond that contained in the Franchise Disclosure Document;

Whereas the Franchisor regards the information Franchisee has requested to be proprietary, confidential information, and Trade Secrets;

Whereas, notwithstanding the foregoing, Franchisor is willing to provide certain additional information, but only upon the terms of this Confidentiality Agreement.

Therefore, the parties agree as follows, acknowledging the existence and sufficiency of consideration, and fully intending to be bound hereby.

1. Upon receipt of this Confidentiality Agreement, unaltered and fully executed by Franchisee, Franchisor will make a reasonable effort to provide to Franchisee one copy of the following information (the "Confidential Information"):

____
____
____
____
____

2. Franchisee shall be entitled to review the Confidential Information and may permit Franchisee's advisors with a genuine need to know and who are disclosed herein, including attorneys, accountants and confidential business advisors, to review it. No person shall make any reproduction, photo, electronic or other copy of the Confidential Information or any part thereof for any purpose, including summaries. No person shall use the Confidential Information or any part thereof for any purposes except as specifically permitted pursuant to this Confidentiality Agreement. Franchisee warrants that every person, including attorneys, accountants and confidential business advisors, who reviews any portion of the Confidential Information shall be subject to this Confidentiality Agreement, has been informed of the contents of this Confidentiality Agreement before reviewing any of the Confidential Information and has indicated, in writing, a willingness to be bound by this Confidentiality Agreement.

Franchisee's advisors whom Franchisee may permit to review the Confidential Information on Franchisee's behalf are as follows. Franchisee shall not, directly or indirectly, permit any other person to review the Confidential Information or any part thereof:

Name	Address & Telephone	Relationship to Franchisee

[Attach and initial an additional page if necessary]

3. Franchisee agrees that, immediately upon completion of Franchisee's review of the Confidential Information, regardless of whether Franchisee ever purchases a **Yi Mei** franchise, to return the original and all copies of the Confidential Information to Franchisor, including all summaries of the information contained therein.

4. No person shall ever transfer or convey the Confidential Information or any part thereof to any person not specifically authorized to review the information pursuant to this Agreement. No person shall ever use, directly or indirectly, the Confidential Information or any part of it for any purpose whatsoever except as specifically permitted by this Confidentiality Agreement.

5. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisee agrees to defend, hold harmless and indemnity Franchisor and its officers, directors, attorneys, agents and assigns, from and against any claims and liability arising out of or resulting from the violation, including, but not limited to claims by any person that the information provided constituted earnings claims or financial performance information which was unlawfully provided to a prospective franchisee. The obligation to defend, indemnify and hold harmless contained in this paragraph shall specifically require Franchisee to pay any attorneys fees, costs and expert witness fees incurred by Franchisor and the other beneficiaries of this paragraph in defending any such claim or in monitoring Franchisee's defense of any such claim.

6. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisee agrees to pay to Franchisor, as liquidated damages, an amount calculated as the greater of: (a) all gross revenues of the person or entity who improperly had any of the Confidential Information during the time the person or entity retained or used any of the Confidential Information for any purpose; or (b) $250.00 per page, or equivalent, of Confidential Information as to which this Confidentiality Agreement is violated for each day that any provision of this Confidentiality Agreement is violated. Franchisee acknowledges and agrees that calculating actual damages would be impossible and that the liquidated damages calculated pursuant to this paragraph would be a reasonable approximation of actual damages Franchisor would sustain on account of such breach and does not constitute a penalty.

7. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisor shall be entitled to obtain a temporary and a permanent injunction or similar equitable relief from any court having jurisdiction thereof and any statutory or other requirement of a bond in excess of $100.00 as a condition of obtaining such relief is hereby waived to the extent permitted by applicable law.

8. This Agreement shall be construed under the laws of the State of California and jurisdiction and venue of any action brought to enforce or interpret this Agreement shall be in **Los Angeles County, California**. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement.

9. If any action is brought to enforce or interpret this Confidentiality Agreement, the substantially prevailing party, in addition to all other remedies, shall be entitled to an award of their attorney's fees and costs, including expert witness fees and any fees on appeal.

10. This Confidentiality Agreement is the complete agreement of the parties with regard to the Confidential Information and supersedes any prior or contemporaneous written or unwritten communications, representations or agreements.

11. Time is of the essence of this Agreement.

DO NOT SIGN THIS CONFIDENTIALITY AGREEMENT UNTIL YOU HAVE HAD THE YI MEI FRANCHISE DISCLOSURE DOCUMENT FOR AT LEAST TEN BUSINESS DAYS AND UNTIL AT LEAST FIVE DAYS AFTER ALL BLANKS IN THIS CONFIDENTIALITY AGREEMENT HAVE BEEN FILLED IN.

Dated: ____________________________

Franchisee(s)

____
Franchisee

____
Franchisee

Franchisor
CompanyABC

By ____________________________________
Jason Ting, CEO

4487 Rowland Ave.
El Monte, CA 91731

Attachment C – List of Current and Former Franchisees

As of the date of this Disclosure Document, We have no current tor former Yi Mei Franchises.

Attachment D – Manual Table of Contents

YI MEI FRANCHISING, INC

OPERATIONS MANUAL

We currently do not have an operations manual. Should one be created, Franchisee will either be provided with a paper copy or access to the manual online.

Attachment E – Registered Agents

Registered Agents

Franchisor's agents for service of process are as follows:

California:
California Commissioner of Business Oversight
Department of Business Oversight
1 Sansome Street, Suite 600
San Francisco, California 94104

Hawaii:
Commissioner of Securities
Departmet of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois:
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana:
Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

Maryland:
Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Michigan:
Department of Attorney's General's Office
Consumer Protection Division
670 Law Building
Lansing, Michigan 48913

Minnesota:
Commissioner of Commerce
85 7th Place E
St Paul, MN 55101

New York:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota:
Commissioner of Securities
600 East Blvd., 5th Floor
Bismark, North Dakota 58505

Rhode Island:
Director of Business Regulation
Division of Securities
John O Pastore Complex 69-1
1511 Pontiac Avenue
Cranston, RI 02920

South Dakota:
Director
Securities Divison
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington:
Director
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

Wisconsin:
Administrator
Department of Financial Institutions
Division of Securities
201 W. Washington Ave.
Madison, Wisconsin 53703

Attachment F – State Franchise Law Administrators

California:

Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

1515 K Street, Suite 200
Sacramento, CA 95814-4052

1350 Front Street, Room 2034
San Diego, CA 92101-4233

1-866-ASK-CORP

Hawaii:

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois:

Office of the Attorney General
500 South Second Street
Springfield, IL 62706

Maryland:

Office of the Attorney General
Division of Securities
200 Saint Paul Place
Baltimore, MD 21202-2020

Michigan:

Michigan Attorney General's Office
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G Mennen Williams Building, 1st Floor
Lansing, MI 48913

Minnesota:

Minnesota Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

New York:

Office of the New York Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 (phone)
(212) 416-6042 (fax)

Attachment F – State Franchise Law Administrators

North Dakota:

North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, ND 58505

Oregon:

Director
Department of Consumer & Business Services
Division of Finance & Corporate Securities
P.O. Box 14480
Salem, Oregon 97309-0405

Rhode Island:

Division of Securities
1511 Pontiac Avenue
John O Pastore Complex, Building 69-1
Cranston, RI 02920-4407

South Dakota:

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501

Virginia:

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219

Washington:

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033

Wisconsin:

State of Wisconsin
Office of the Commissioner of Securities
201 W. Washington Ave.
Madison, WI 53703

Attachment G - State Law Addendum

ADDENDUM TO THE YI MEI Franchising, INC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

1. 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.
2. 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.)
3. The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide You with a Disclosure Document before asking You to agree to a material modification of an existing franchise.
5. Neither We nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling the persons from membership in that association or exchange.
6. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE 31512 VOIDS A WAIVER BY THE PERSON ACQUIRING A FRANCHISE OF CERTAIN RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF CERTAIN RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE 20000 THROUGH 20043).
7. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
8. The franchise agreement requires mediation, and if necessary, resolves disputes through binding arbitration. The mediation and arbitration will occur in Los Angeles County, California, with the costs of arbitration being borne equally by the parties. Each party will bear its own expenses, including attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.
9. OUR WEBSITE, yimeideli.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS

CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF OVERSIGHT AT www.dbo.ca.gov.

10. If Your Licensed Business will be in California, You will not pay Your Initial Fee to Us until Your business is open and We have completed all of Our material pre-opening obligations to You. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for Our pre-opening obligations. You must have Your bank verify that You have sufficient funds available at the time We sign the Agreement. The only condition on Your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to You.

______|______
initials

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Date signed: ____________________

Dated: ______________________ [effective date]

FRANCHISOR:
Yi Mei Franchising, INC

By ______________________________________
CEO

Jason Ting

4487 Rowland Ave.
El Monte, CA 91731
(626) 522-8862

FRANCHISEE:

____
Franchisee
Address: ____________________________
____
____
Phone: ___________________________

________|________
initials

Attachment H – Effective Dates

Attachment I – Franchise Application

Date: ________________________

APPLICATION FOR AN YI MEI FRANCHISE (US)

I/We ____

of ____
hereby submit an application to **Yi Mei Franchising**, Inc. **4487 Rowland Ave. El Monte, CA 91731** for a **Yi Mei** Franchise:

Our **Yi Mei** Franchise is to be located in:

______________________________, in the state of _________________ (the "State"). This application once submitted is subject to the following terms and conditions:

1. Initial Franchise Fee for this franchise is $**40,000.00** payable in cash/check as follows:

   a. Forty Thousand Dollars ($40,000) is due and payable to Yi Mei Franchising, INC. within seven (7) days of notification that my/our application has been approved. At such time, I/we will execute the Yi Mei Franchise Agreement and appropriate Exhibits.

   b. For any Franchise located in California, Forty Thousand Dollars ($40,000) is due and payable to Yi Mei Franchising, INC. when Your business is open and We have completed all of Our material pre-opening obligations to You.

2. I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received **Yi Mei Franchising, INC's** current form of Franchise Disclosure Document applicable to the State. I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it.

3. I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on **Yi Mei Franchising, INC's** form and I/we hereby authorize **Yi Mei Franchising, INC.** to conduct an investigation of my/our background(s) to verify the information submitted.

4. I/we acknowledge and understand that submission of this application does not bind or obligate **Yi Mei Franchising**, Inc. to issue a **Yi Mei** Franchise to me/us.

______________________________	______________________________
(Signature)	(Signature)
______________________________	______________________________
Applicant (Print Name)	Applicant (Print Name)

RECEIPT

[Retain This Copy For Your Records]

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all Exhibits carefully.

If Yi Mei Franchising, Inc. offers You a franchise, it must provide this disclosure document to You 14 calendar-days before You sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. (Or sooner if required by applicable state law)

If Yi Mei Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, C.C. 20580 and the appropriate state agency listed in Attachment F.

The franchisor is Yi Mei Franchising, INC, located at 4487 Rowland Ave., El Monte, CA 91731. Its telephone number is (626) 522-8862.

Issuance Date August 17, 2017

The franchise seller for this offering is:

Jason Ting
4487 Rowland Ave.
El Monte, CA 91731
(626) 522-8862

Yi Mei Franchising, INC authorizes the agents listed in Attachment E to receive service of process for it, where applicable.

I have received a Franchise Disclosure Document, Effective Date ___________________. This disclosure document includes the following Attachments:

A. Financial Statements
B. Franchise Agreement
C List of Current and Former Franchisees
D. Manual Table of Contents
E. Agents For Service of Process
F. State Agencies
G. State Law Addendum
H. Effective Dates
I. Application for Franchise

Date:_________________________

____
Signature

____
Printed Name

____
Address

____
City State Zip

RECEIPT

[Return This Copy To Us]

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all Exhibits carefully.

If Yi Mei Franchising, Inc. offers You a franchise, it must provide this disclosure document to You 14 calendar-days before You sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. (Or sooner if required by applicable state law)

If Yi Mei Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, C.C. 20580 and the appropriate state agency listed in Attachment F.

The franchisor is Yi Mei Franchising, INC, located at 4487 Rowland Ave., El Monte, CA 91731. Its telephone number is (626) 522-8862.

Issuance Date August 17, 2017

The franchise seller for this offering is:

Jason Ting
4487 Rowland Ave.
El Monte, CA 91731
(626) 522-8862

Yi Mei Franchising, INC authorizes the agents listed in Attachment E to receive service of process for it, where applicable.

I have received a Franchise Disclosure Document, Effective Date ___________________. This disclosure document includes the following Attachments:

A. Financial Statements
B. Franchise Agreement
C List of Current and Former Franchisees
D. Manual Table of Contents
E. Agents For Service of Process
F. State Agencies
G. State Law Addendum
H. Effective Dates
I. Application for Franchise

Date:__________________________

____
Signature

____
Printed Name

____
Address

____
City State Zip