# FRANCHISE DISCLOSURE DOCUMENT

Cho Dang Franchise, Inc.
6281 Beach Blvd. #146
Buena Park, CA 90621
(949) 923-8100
www.chodangus.com

We offer franchises for the operation of a Korean restaurant specialized in menu items using "soon-doobu," or soft tofu, under the name of "Cho Dang." A Cho Dang Restaurant sells and offers Korean soft tofu ("soon-doobu") soup bowls and related menu items, including, but not limited to, bibimbap, beef short rib, as well as other related Korean food items and services, including on-premises dining and carry-out services.

The total investment necessary to begin operation of a single-unit Cho Dang Restaurant ranges from $366,000 to $658,000. This includes $65,000 to $75,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Cho Dang Franchise, Inc. at the address and telephone number provided in this page.

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 and thoroughly. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Date of Issuance: March 17, 2026

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-Of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us in California than in your own state.

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

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

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

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW)**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN PROVISIONS THAT ARE SOME TIMES IN FRANCHISE DISCLOSURE DOCUMENT. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU**.

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise:

A. Prohibition on the right of a franchisee to join an association of franchisees.

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice and a reasonable opportunity, which will not be more than 30 days, to cure such failure.

D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be direct to:

Michigan Department of Attorney General
G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48909
(517) 335-7567

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Exhibit B – State Specific Addendum
Exhibit C – Franchise Agreement and its exhibits
Exhibit D – Table of Contents of Confidential Operating Manual
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Exhibit F – List of Franchisees Who Have Left the System
Exhibit G – Financial Statements

RECEIPT

## ITEM 1

## THE FRANCHISOR AND ANY PARENTS PREDECESSORS AND AFFILIATES

### A. Terms

To simplify the language in this Disclosure Document, "we" or "us" means Cho Dang Franchise, Inc., the Franchisor. "You" means the person that buys the franchise. If a corporation, partnership or other entity buys the franchise, "you" refers collectively to all persons who own an interest in the entity. "Cho Dang Restaurant" means the Restaurant we license you to operate. "Single unit franchise" means the right to own and operate one Cho Dang Restaurant.

### B. Our Business

We are in the business of selling franchises for a Korean restaurant specialized in menu items using soft tofu, under the name of "CHO DANG" and other related trademarks, service marks, logos and commercial symbols (collectively, the "Marks"). A Cho Dang Restaurant ("Restaurant") is a retail food services operation offering Korean soft tofu ("SOON-DOOBU") soup bowls and related menu items (collectively, "Menu Items"), including, but not limited to, bibimbap, beef short rib, as well as other related Korean food items and services, including on-premises dining and carry-out services. We refer to this business as the "Franchised Business" in this disclosure document.

If you acquire a Cho Dang Restaurant, you must operate your Restaurant according to our business formats, methods, procedures, designs, layouts, standards and specifications (the "System"). You must sign our standard Franchise Agreement (the "Franchise Agreement") in the form attached as Exhibit "C" to this disclosure document to operate a single Cho Dang Restaurant at a location that you choose and that we approve. Cho Dang Restaurants will generally be in leased spaces of approximately 500-3,000 square feet in a shopping center, shopping mall, or free-standing unit. Our Menu Items are prepared according to proprietary recipes and procedures and use high quality ingredients, some of which are branded, trademarked, and/or packaged exclusively for our system and our franchise owners.

### C. We, Our Parents Predecessors and Affiliates

We are a California corporation formed on November 14, 2022. Our principal business address is 6281 Beach Blvd. #146, Buena Park, CA 90621. We do business under our brand name "Cho Dang" and our corporate name "Cho Dang Franchise" We do not do business under any other name. We are a franchising company which promotes and sells franchises for the operation of Cho Dang Restaurants. We have offered Cho Dang franchises since July 2023. We have not offered franchises for any other line of business. We have not conducted business in any other line of business. We do not own or operate a business of the type being franchised, but we have an affiliate that owns and operates Cho Dang Restaurants, the business of the type being franchised. This affiliate does not offer franchises in this or any other line of business and is not an approved supplier of any product or service that you must purchase.

Except as described above, we have no parents, affiliates or predecessors to be disclosed under this Item.

### D. Special Industry Regulation

You must comply with laws and regulations that apply to businesses generally, and also

specifically to restaurants and businesses serving food and beverages. Various federal agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture, and state and local health and sanitation agencies have regulations for the preparation of food and the condition of restaurants and food service facilities. Generally, applicable laws and regulations include tax rules, labor and employment laws, business license requirements, laws on construction of business premises, zoning rules, requirements for parking and access, the Americans with Disabilities Act, export control laws pertaining to technology, and laws on storage, preparation, packaging, labeling and sale of food to the public.

Federal and state laws affecting businesses generally include smoking restrictions, public posting of notices re: health hazards (e.g., tobacco smoke or other carcinogens), fire safety and emergency preparedness laws, rules on use, storage and disposal of waste, insecticides and other hazardous materials, environmental laws that may impact the operation of Restaurants (like laws on recycling and regulating the use of certain types of containers and materials potentially harmful to the environment), and standards regarding sanitation, employee health and safety. Some areas have or are considering proposals to regulate indoor air quality. Many places have laws against smoking inside restaurants. Additionally, local county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

### E. Competition and the Market

The market for restaurants and food services is extremely well established. You will be in competition with a variety of quick-service shops, full-service restaurants and other dining establishments. The restaurant business is highly competitive with respect to concept, price, location, quality and service. The business is often affected by economic and real estate conditions, political conditions, consumer tastes, trends, weather, population changes, the cost and availability of products and qualified labor and traffic patterns. Restaurants compete in each market with national and regional restaurant chains and locally-owned restaurants, some of which operate more shops and have longer operating histories than our restaurants. There also is active competition for suitable commercial real estate sites and personnel, including management personnel. We do not believe that the restaurant market is seasonal. You are advised to investigate and research the retail food service market as well as the laws, regulations and ordinances applicable to your franchised business further.

### F. Agent for Service of Process

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

## ITEM 2

## BUSINESS EXPERIENCE

Chief Executive Officer: Sunim Kim

Sunim Kim has been serving as the CEO of our company since its formation in November 2022. Ms. Kim has also been serving as the CEO of Araon Investment Group located in Cerritos, California since August 2017 and as the CFO of Araon DJK, Inc. located in Cypress, California since July 2019.

Chief Financial Officer: Helen Lee

Helen Lee has been serving as the CFO of our company since its formation in November 2022. Ms.

Lee has also been serving as a partner of L & P CPAs, Inc., located in Irvine, California since December 2015.

Director: Chun Sub Park

Chun Sub Park has been serving as the Director of our company since its formation in November 2022. Mr. Park has also been serving as the General Manager of Araon Investment Group located in Cerritos, California since August 2017 and as the CEO and Secretary of Araon DJK, Inc. located in Cypress, California since July 2019.

Director: Karen Lee

Karen Lee has been serving as the Director of our company since its formation in November 2022. Ms. Lee also has been serving as the CEO of Danda, Inc., located in Irvine, California since June 2022 and Araon JJ, Inc. located in Irvine, California since December 2022.

## ITEM 3

## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4

## BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

## ITEM 5

## INITIAL FEES

### A. Franchise Fee

The initial franchisee fee for a single Franchised Business is $35,000 ("Initial Franchise Fee") payable at the time you sign the Franchise Agreement (see Exhibit C). The Initial Franchise Fee must be paid to us in a lump sum when you sign the Franchise Agreement and is non-refundable. The Initial Franchise Fee is payable by all franchisees who buy a Cho Dang franchise.

### B. Initial Training Fee

You must pay us a non-refundable initial training fee in the amount of $15,000 ("Initial Training Fee"). This fee is due before the initial training is provided at our company Restaurant. The Initial Training Fee covers the cost of providing our initial training program for up to two individuals, including instructional materials, trainer time, and facility use. This fee does not include your trainees' travel expenses, lodging, meals, or wages while attending training; those costs are your sole responsibility. The Initial Training Fee is fully earned by us upon receipt and is non-refundable . We reserve the right to discount or waive this fee for existing franchisees opening additional locations.

### C. Opening Inventory

Certain proprietary food products, including sauces and branded supplies, including shopping bags, cups, boxes and wrapping papers, must be purchased from us. We expect the opening inventory to be purchased from us to be between $5,000 and $15,000, excluding freight and handling costs, but the actual amount may vary depending on the location and size of your Restaurant. All of the foregoing fees and payments are non-refundable and payable in a lump sum.

### D. Payment Security Deposit

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

## ITEM 6

## OTHER FEES

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | 3% of Gross Sales | Payable on or before 7th day of each month based on Gross Sales during the prior calendar month.<br><br>We require payment by electronic funds transfer ("EFT"). | See Note 2 for the definition of Gross Sales. |
| Marketing Fee | Maximum of 2% of Gross Sales (currently assessed 1% of Gross Sales) | Same as Royalty Fee | This fee is due and payable at the same time and in the same manner as Royalty Fee.<br><br>We may change the Marketing Fee (not to exceed the maximum rate of 2% of Gross Sales) at any time at our discretion the amount of the Marketing Fee on 30 days written notice.<br><br>See Note 3. |

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|---|---|---|---|
| Opening Setup Fee | Currently $20,000 - $30,000 | On receipt of invoice, after your Restaurant opens | You must participate in the opening setup program. This fee is mandatory and includes standard rates determined by us for our personnel travel, lodging, meals, and labor, plus fixed fees for POS/IT configuration, local staff training coordination, logistics setup and administrative support.<br><br>We may increase any component of this fee by up to 10% annually. |
| Local Advertising Fee | 1% of Gross Sales (to be spent directly by you for local advertising activities)<br><br>(currently not assessed) | To be used by you on a monthly basis | If we institute this program, you must spend this amount for promoting marketing and sales in your local area in addition to the Marketing Fees.<br><br>This fee is currently not assessed. |
| Additional Training | Currently $1,500 per additional trainee (excluding travel and lodging expenses); amount is based on current rate and subject to change (up to 50% increase annually). | On receipt of invoice. | If you request that we provide additional training (i.e., training of additional personnel more than 2 people), or if we determine that additional training is necessary for your Restaurant (i.e., deficiencies in operation after our inspection), or if you replace the Approved Manager or change the Operating Principal, you must pay the then-current training fees, plus travel, lodging, meals and other living expenses incurred.<br><br>Also see Note 5. |
| Refresher Training | Currently $1,500 per trainee (excluding travel and lodging expenses); amount is based on current rate and subject to change (up to 50% increase annually). | On receipt of invoice. | When you are required to attend periodic refresher and supplemental training programs or meetings at such locations as we may from time to time direct. |
| Renewal Fee | $25,000 | Within 30 days of the date when you give notice of your exercise or renewal option, | You will only need to pay this fee if you renew the Franchise Agreement. |

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| | | which must be at least 12 months before expiration of the current term. | |
| Transfer Review Fee | $2,500 | At least 30 days before transfer | Payable when Franchisee, any stockholder or partner of a corporate or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder or partner of any corporate or partnership Franchisee, desires to effect any sale or assignment of any partnership interest, stock or other interest in the Franchise Agreement, including, without limitation, the franchise granted by this Agreement, and/or the ownership or sublease for the Restaurant franchised by this Agreement.<br><br>This fee is a non-refundable fee to reimburse us for our legal fees, credit investigation, and other charges and expenses in connection with such transfer whether or not the transfer is consummated.<br><br>No transfer review fee is required if the transfer is to a corporation you own 100% of and formed only for the convenience of ownership. |
| Transfer Fee | $25,000 | Upon our approval of your transfer request | Payable when Franchisee, any stockholder or partner of a corporate or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder or partner of any corporate or partnership Franchisee, desires to effect any sale or assignment of any partnership interest, stock or other interest in the Franchise Agreement, including, without limitation, the franchise granted by this Agreement, and/or the ownership or sublease for the Restaurant franchised by this Agreement.<br><br>This fee is a non-refundable transfer fee to reimburse us for administrative, legal and accounting fees, and other charges and expenses in connection with such transfer. |

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|---|---|---|---|
| | | | No transfer fee is required if the transfer is to a corporation you own 100% of and formed only for the convenience of ownership. |
| Alternative Supplier Testing Fee | Actual costs | When approval of an alternate supplier is requested by you. | You must pay us the costs and expenses incurred by us to evaluate new products or inspecting new suppliers you propose. |
| Advertising Cooperatives Contribution | An amount set by your advertising cooperative (not to exceed 1.5% of Gross Sales)<br><br>(currently not assessed) | Payment due date by your advertising cooperative | All members of an advertising cooperative, whether a franchisee-owned, company-owned or affiliate-owned Outlet, have voting rights on matters brought before the advertising cooperative for a vote, including matters relating to the amount of the contribution (see Item 11 for more details).<br><br>At this time, there is no advertising cooperative. |
| Audit | Actual costs | On invoice | You reimburse us for the full cost of the audit if audit discloses understating Restaurant Gross Sales by 2% or more. |
| Late Payment | Late charge equal to 5% of payment due, together with interest at 2% per month (not to exceed highest legal rate) | On invoice | Interest is payable on entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.<br><br>Also see Note 6. |
| Dishonored Item Fee | $100 plus reimbursement of charge a financial or other institution imposes on us, for each dishonored or unsuccessful check, ACH debit, electronic funds transfer, credit or wire transfer or other form of payment that in any way is not honored or completed. | On notice following a dishonor or other incompletion of a payment instrument or debit or other payment procedure | You reimburse the amount we are charged by our financial institution, and you pay us $100 to compensate our time and administrative attention to the dishonored item. |

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| Non-Compliance Fine | Currently, $300 to $600 for a single violation, but may vary based on the severity of violations, number of violations, and repetition of violations (up to 25% increase annually). | On invoice | Payable if you fail to comply with any of the System Standards, or if any inspection indicates any deficiency or unsatisfactory condition determined in our sole discretion, in addition to any other remedies. |
| Repeated Inspection Fee | Cost of inspection | On invoice | If we or our representative inspect you as a result of your continuing or repeated failure to comply with the System Standards, you must pay us the cost of inspection, including the travel and living expense of our representatives. |
| Relocation Fee | Actual costs incurred by us | Upon your submission of the relocation plans for approval by us | |
| Remodeling for Renewal of Franchise Agreement | Actual costs | If incurred, on demand | You may be required, as a condition for renewing the franchise agreement, to undertake remodeling and updating your Restaurant, including decoration and structural changes, to meet with our standard requirements existing at the time of renewing the franchise agreement. |
| Management Fee | 20% of Gross Sales | As incurred | We may (but are not required to) step in and manage your Restaurant in certain circumstances, such as if you are absent for any reason or are incapacitated to operate the Restaurant; upon your failure to cure any default within the applicable time period; or in the event you or your representative fails to transfer or sell the Restaurant, to a party acceptable to us, within 12 months from your death or permanent incapacity or disability. |
| Securities Offering Review Fee | Actual costs | As incurred | When you attempt to raise or secure funds by sale of securities in Franchisee or its affiliates, you must reimburse us for our reasonable costs and expenses incurred by reviewing any of your proposed offering of securities, including legal and accounting fees. |

| | | | |
|---|---|---|---|
| Liquidated Damages | The average monthly Royalty Fee multiplied by (i) 24 or (ii) if less than 24 months remain in the term, then the number of remaining months | Within 10 days from receipt of notice, if incurred | If we terminate your franchise agreement for cause, you must pay us liquidated damages equal to the average monthly Royalty Fee multiplied by (i) 24 or (ii) if less than 24 months remain in the term, then the number of remaining months. |
| Indemnification | Actual costs | As incurred | You reimburse losses we suffer from the operation of your business. |
| Costs and Attorneys' Fees | Actual costs | As incurred | Awarded to prevailing party if you and we are involved in any legal claim. |

NOTE 1: All fees are payable to us and are non-refundable. Unless otherwise noted, all fees are uniformly imposed by and payable to us by electronic fund transfer or other automatic payment mechanism we designate. However, we retain discretion to reduce fees in individual cases in our discretion.

NOTE 2: "Gross Sales" means all sales you make from the operation of your Cho Dang Restaurant, including but not limited to, sales from delivery/catering services and other third party companies (including without limitation, Uber Eats, Postmates, Eat24, Grubhub, and Door Dash) and the retail value of all food and other merchandise of any kind sold through coupon redemption or otherwise given away for which reduced or no cash is received except sales taxes. Gross Sales also includes any amount received from business insurance proceeds. The Franchise Agreements requires payment by electronic funds transfer ("EFT").

NOTE 3: We conduct initial training in Cerritos, California where our corporate restaurant is currently located or at an alternate location in the United States that we specify from time to time.

NOTE 4: The maximum interest rate allowed by law in California is 10% per annum.

## ITEM 7

## ESTIMATED INITIAL INVESTMENT

## YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment Is Made |
|---|---|---|---|---|
| **Initial Franchise Fee (1)** | $35,000 | Lump sum | At signing of Franchise Agreement, before opening | Franchisor |
| **Real Estate Security/ Deposits and Initial Rent (2)** | $10,000-$60,000 | As arranged | When Incurred, before opening | Landlord/ Mortgagee |
| **Construction and leasehold improvements (3)** | $170,000-$250,000 | As arranged | When Incurred, before opening | Suppliers |

| | | | | |
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| **Design and architecture (4)** | $6,000-$8,000 | As arranged | When Incurred, before opening | Approved Architect |
| **Equipment, Furniture and Fixtures (5)** | $35,000-$75,000 | As arranged | When Incurred, before opening | Suppliers/ Approved Suppliers |
| **Opening Inventory (6)** | $5,000-$15,000 | As arranged | When Incurred, before opening | Suppliers and Franchisor |
| **Insurance (7)** | $5,000-$15,000 | As arranged | When Incurred, before opening | Insurance Provider |
| **Opening Promotion and Opening Setup (8)** | $23,000-$40,000 | As arranged | When Incurred, before and after opening | Franchisor and Suppliers |
| **Cash Registers/Other Office Equipment (9)** | $3,000-$15,000 | As arranged | When Incurred, before opening | Suppliers/ Approved Suppliers |
| **Initial Training Fee and related Expenses (10)** | $15,000-$28,000 | As arranged | When Incurred, before opening | Franchisor, Employees and Suppliers |
| **Business Licenses, Utility Deposits, Prepaid Fees (11)** | $1,500-$10,000 | As arranged | When Incurred, before opening | Government and agencies |
| **Pre-opening Payroll (12)** | $10,000-$12,000 | As arranged | When Incurred, before opening | Employees |
| **Security Deposit (13)** | $10,000 | As arranged | At signing of your lease, before opening | Franchisor |
| **Additional Funds – 3 months (14)** | $37,500-$85,000 | As arranged | When Incurred, before and opening | Employees and Suppliers, etc. |
| **TOTAL** | **$366,000-$658,000** | | | |

1. The Initial Franchise Fee is non-refundable, unless otherwise specified. All other fees are also non-refundable.
2. A Cho Dang Restaurant occupies approximately 500 to 3,000 square feet of space. The terms of the lease and the amount of the monthly lease payment and security deposit will likely depend on the geographic location and size and condition of the premises and the demand for the premises by other prospective tenants. These recurring overhead costs cannot be estimated. You will lease space from the owner of the mall or retail center on terms negotiated and decided by you and the owner. The low estimates three months' rent with a security deposit equal to one month's rent and the high end assumes nine months' rent with a security deposit equal to three months.
3. Construction and remodeling costs vary significantly depending on the condition, location, size and configuration of the Restaurant premises, the layout of the mall or retail center, and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. We may recommend construction contractors, but you will contract directly with the construction contractors and possibly other construction suppliers on terms negotiated by you. Construction and remodeling of your Restaurant must comply with our design requirements, standards, and specifications and any local governing body.
4. You must use our design concepts and an architect approved by us. If you retain an architect, you will contract directly with the architect and any possibly other contractors on terms negotiated by you. All signs and design concepts must be in accordance with the standards and specifications of Cho Dang and any local

governing body.

5. Equipment, furniture and fixtures needed to operate your Franchised Business includes (without limitation) refrigerators, fryers, freezers, ice makers, menu boards, shelves, tables and chairs. You must purchase the equipment, furnishings and other items from our designated or approved suppliers (which may be us or our affiliates) before your Franchised Business opens. The types of costs are uniform among franchisees, but may vary depending on factors like the size and layout of the Franchised Business and may include shipping and handling costs.

6. This includes food and beverage products, small wares, kitchen tools, uniforms, paper products, utensils, cleaning supplies, and printing and other supplies.

7. You must obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, type of policies, nature and value of physical assets, gross revenue, the number of employees, square footage, location, business contents, and other factors bearing on risk exposure. Each insurance policy must name us and our affiliates as additional named insureds, will contain a waiver of subrogation rights against us and our affiliates and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies. See Item 8 for details.

8. This amount covers your opening promotion and related marketing and the Opening Setup Fee that must be paid to us to cover our actual costs of on-site support and administrative setup.

9. You must obtain and maintain at your own expense accounting, sales, reporting and records retention systems conforming to the requirements set by us. This includes POS system, cash registers, printer, computer, other office equipment and related hardware and software.

10. This includes the Initial Training Fee, which must be paid to us prior to the commencement of initial training. In addition to this fee, you are responsible for all travel and living expenses (including transportation, lodging, and meals) incurred by you and your trainees. These costs will depend on the distance you must travel and the type of accommodations you choose. The low estimate assumes your Restaurant is located near our training location, which is usually our corporate restaurant located in Cerritos, California, with no additional payroll and labor related expenses for your managers and employees.

11. This category includes an estimate of security deposits, utility deposits, telephone services, food service licenses and other prepaid fees that you will be required to pay.

12. This item estimates your pre-opening payroll expenses based on a staffing level of five employees but not any draw or salary for you. Your costs depend on your management skill, experience, and business acumen, local economic conditions, the local market for your products and services, and the prevailing wage rate in your area.

13. This amount is required to be deposited with us as partial security for payment of amounts due to us or our affiliates. If we apply all or portions, we will notice you in writing and you must then replenish the deposit back to $10,000. This amount is refundable upon termination or expiration of the franchise agreement without interest less any deductions for payments owed to us.

14. This estimates the additional funds you may need to cover expenses you will incur before your Outlet opens and in its first three months of operation. These expenses may include, without limitation, additional employee salaries, wages, payroll taxes, additional advertising expenses, additional inventory, miscellaneous supplies and equipment, and other miscellaneous items. We have relied on our experiences in developing and operating the Restaurants to compile these estimates. You may incur other categories of expenses or expenses in excess of this estimate. We do not provide direct or indirect financing to our franchisees (see Item 10).

## ITEM 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### A. Specifications and Operations

We have specifications for all food and beverage products sold at Cho Dang Restaurants, cooking equipment, food preparation methods, recipes and ingredients. We state all specifications, and we will identify designated suppliers in the Operations Manuals, where applicable. To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manuals or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, toppings, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared according to the recipes and procedures specified in the Manuals or other written materials. You must not deviate from these standards and specifications by us, use or offer of non-conforming items or use or offer toppings or other items, or different amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manuals or other methods (such as by e-mail) of any changes in the standards and specifications. We may revise the specifications and designated suppliers through written bulletins or supplements to the Operations Manuals at any time.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Franchised Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications.

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

### B. Obligations to Purchase Items and Services from Designated Suppliers

You must operate the Restaurant according to our System Standards, which regulates, among other things, certain types, models and brands of fixtures, furniture, and equipment, which are proprietary in nature and unique to the Restaurant ("Proprietary System Assets"), furnishings and signs, and the types, models and brands of equipment (including a required or recommended computer and point of sale information system), fixtures and furniture, which are not specified as Proprietary System Assets ("System Items"), trade secret and proprietary food products ("Trade Secret Food Products"), and certain packaging supplies, paper goods and other product and service items for the preparation and service of Cho Dang products which bear any of the Marks ("Branded Products"), and other food products, and supplies required for the Restaurant. Proprietary System Assets and Trade Secret Food Products are collectively referred to as "Proprietary Products."

In the case of Proprietary Products and Branded Products, which include items and materials that utilize our proprietary sauces and recipes and other intellectual property belonging to us or our affiliates and that are packaged under the Marks, suppliers will be limited to us, our affiliates and/or other specified exclusive sources designated by us (collectively "Designated Suppliers"), and you must buy those products and services only from the Designated Suppliers. We restrict your sources of Proprietary Products and

Branded Products and related services in order to protect our trade secrets and know-how, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items. In the case of non-proprietary System Items, suppliers may, at our option, be limited to Designated Suppliers or from our list of specified suppliers, in which you would have to buy such other items only from those sources. We have the absolute right to limit the suppliers with whom you may deal. We will identify all Designated Suppliers and respective products and services in the Operations Manuals or other written communications. Currently, we are the Designated Supplier for the Trade Secret Food Products and Branded Products.

The source for almost all of your purchases is restricted in some way. We also negotiate purchase agreements with suppliers for the benefit of our franchisees. We estimate that your purchases from us or Designated Suppliers, or that must conform to our specifications, will represent approximately 60% of your total purchases in establishing the Restaurant and approximately 75% to 85% of your total purchases in the continuing operation of the Restaurant. During the fiscal year ended December 31, 2025, we derived $47,345 in revenue from the required purchases or leases by franchisees, which represents 19% of our total revenue of $249,326.

### C. Procedure for Approving Alternate Suppliers

If we institute any type of restrictive sourcing program (which, as noted above, we will do for Proprietary Products, Branded Products, and the Restaurant's equipment and may do for other items), and you want to use any item or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets approved supplier criteria. We will charge you for the costs incurred by us in conducting the evaluation and will notify you of decision to approve or deny the proposed supplier within 30 days after we receive all requested information and complete the required testing. We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think appropriate. Currently, we do not have a range of the cost of alternate supplier testing/application.

Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us and/or our system for the right to do business with our system. Details on our criteria for supplier approval are currently unavailable to franchisees. Supplier approval may be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product or service.

### D. Payments and Other Consideration from Approved or Designated Supplies

We and our affiliates have the right to receive payments or other considerations from our approved suppliers on account of their dealings with you and other franchise owners and to use all amounts that we and our affiliates receive without restrictions (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. You will not be entitled to receive any portion of these payments. Presently, there are no such considerations paid to us from any Designated Suppliers of services or products.

We and our affiliates may also receive revenue from certain third party suppliers we designate or from

those we approve as optional suppliers on account of the supplier transactions with our franchisees or affiliates that own Cho Dang Restaurants. We also may receive revenue on account of our direct sales transactions with franchisees.

We and our affiliates may receive rebates from suppliers from whom we or you make purchases for our or your operation of Cho Dang Restaurants. We retain these benefits. Likewise, if you receive a rebate directly from a designated, recommended or approved supplier, you may retain it. Our rebate or purchase programs may vary depending on the supplier and the nature of the product or service.

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers. No other purchasing arrangements, purchasing or distribution cooperatives exist at this time. We will notify you of changes we make to our purchasing programs and any new purchasing arrangements that we offer franchisees by written bulletins or supplements to the Operations Manuals. None of our officers currently owns an interest in any approved supplier.

### E. Certain Purchases According to Standards and Specifications

Construction and Opening: You are responsible for developing the Franchised Restaurant in compliance with our standards and specifications. We will furnish you with mandatory and suggested specifications and layouts for a Cho Dang Restaurant, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs, and furnishings. Our specifications and layouts are not intended to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities.

Computer Hardware and Software: You are required to purchase or lease the computer system, including among other things, the POS System, cash register(s), hardware, software, and peripheral devices in compliance with our standards and specifications.

Insurance: Before opening your Cho Dang Restaurant you must purchase and throughout the term maintain insurance policies meeting our specifications which we provide to you after you sign the Franchise Agreement. At this time, we require at a minimum (i) comprehensive general liability insurance with a limit of Two Million Dollars ($2,000,000) combined single limit (including broad form contractual liability); (ii) workers compensation insurance as required by law; (iii) general casualty insurance for the full replacement value of the Cho Dang Restaurant and its contents; (iv) Builder's All Risk insurance during construction and renovation work; and (v) any additional insurance required by law. We recommend (not require) that you carry employment practices liability insurance with limits not less than $100,000 per occurrence/aggregate throughout the term of the Franchise Agreement. We may modify our minimum insurance requirements, establish and change deductible limits, and require you to carry additional forms of insurance on reasonable written notice. Premiums depend on the insurance carrier’s charges, terms of payment and your history. All insurance policies must name us as additional insured party.

## ITEM 9

## FRANCHISEE'S OBLIGATIONS

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

| Obligation | | Article/Section in Franchise Agreement | Item(s) in Disclosure Document |
|---|---|---|---|
| a. | Site selection and acquisition/lease | Sections II and VII | 6, 7, 11 |
| b. | Pre-opening purchases/ leases | Sections II, VII, VIII and IX | 7, 8, 11 |
| c. | Site development and other pre-opening requirements | Sections II, VII, VIII and IX | 7, 8, 11 |
| d. | Initial and ongoing training | Sections II, IV, VI, VIII and XX | 7, 11 |
| e. | Opening | Sections II, VI and VII | 11 |
| f. | Fees | Sections V, VIII, IX, XI and XX | 5, 6, 7, 11 |
| g. | Compliance with standards and policies/Operating Manuals | Sections IV, VIII, XI and XV | 8, 11, 16 |
| h. | Trademarks and proprietary information | Sections III, VIII and XI | 13, 14 |
| i. | Restrictions on products/ services offered | Sections VIII | 8, 16 |
| j. | Warranty and customer service requirements | None | None |
| k. | Territorial development and sales quotas | None | None |
| l. | Ongoing product/service purchases | Section VIII | 8, 16 |
| m. | Maintenance, appearance and remodeling requirements | Sections II, VIII and XV | 7, 8, 11 |
| n. | Insurance | Section XII | 7, 8 |
| o. | Advertising | Section IX | 6, 7, 11 |
| p. | Indemnification | Section XIII | 6 |
| q. | Owner's participation/ management/staffing | Sections VIII and XIX | 15 |
| r. | Records/reports | Section X | 6 |
| s. | Inspection/audits | Sections VIII and X | 6, 11 |
| t. | Transfer | Section XX | 6, 17 |
| u. | Renewal | Section IV | 6, 17 |
| v. | Post-termination obligations | Section XVIII | 17 |
| w. | Non-competition covenants | Section XIV | 17 |
| x. | Dispute resolution | Section XXX | 17 |

## ITEM 10

## FINANCING

We do not provide, directly or indirectly, any financing to you. We do not guarantee your notes, leases or other obligations.

## ITEM 11

## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as disclosed, we are not required to provide you with any assistance.**

### A. Pre-Opening

1. Assist you with your site selection for the Restaurant. The site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site and must be approved by us. We will accept or deny a location you propose for the Restaurant within 30 days after we receive the complete site report and other materials we request. We will generally not own or lease the location. You will be responsible for complying with all local ordinances and obtaining any permits required for your Restaurant. We do not assist you in hiring employees. (Section 2.1, 2.2, 7.1, and 7.9 of the Franchise Agreement)

2. Our representative will assist you with the purchase of equipment, signs, fixtures and opening inventory and supplies, but we will not install these items. We will assist you in setting up accounts with approved suppliers who are familiar with our specifications and will provide you a copy of such specifications. (Sections 7.1, and 7.2 of the Franchise Agreement)

3. Give you mandatory and suggested specifications and layouts for your Restaurant, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. (Sections 7.1 and 7.2 of the Franchise Agreement)

4. Train you and your manager. This training is described in detail below in this Item. (Section 6.1 of the Franchise Agreement)

5. We will loan you a copy of (or provide you electronic access to) our Confidential Operations Manuals, which may consist of one or more manuals (collectively, the "Manuals"), to use during the term of your Franchise Agreement, containing the uniformed standards, specifications and other requirements for operation of your Restaurant. Franchisor reserves the right to modify the Confidential Operations Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards and operating procedures of the System. (Sections 7.3 and 11.1 of the Franchise Agreement)

6. We will provide assistance and guidance on your initial opening of the Restaurant. (Sections 7.3 and 7.4 of the Franchise Agreement)

**B. After Opening**

1. We will provide guidance and advice to you regarding operating issues concerning the Restaurant disclosed by reports you submit or inspections we make. (Sections 7.5 and 7.6 of the Franchise Agreement)

2. We will give you guidance on standards, specifications and operating procedures and methods used by other Cho Dang Restaurants in the System; new recipe items, menu variations, food preparation and display methods; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Operations Manuals, bulletins or other written materials and/or during telephone and electronic consultations. (Sections 7.5 and 7.6 of the Franchise Agreement)

3. We will review and approve or disapprove of proposed advertising materials prepared by you for use in local advertising. (Sections 7.10, 9.4 and 9.5 of the Franchise Agreement)

4. We will inspect and observe the operations of the Restaurant from time to time to determine whether you and the Restaurant are complying with the Franchise Agreement and all Cho Dang System standards. The details of inspections will be furnished in our Operations Manuals. (Section 7.6 of the Franchise Agreement)

5. Administer the marketing fund in the manner described in the Franchise Agreement. (Sections 7.10 and 9.2 of the Franchise Agreement)

6. We will provide ongoing initial training program, and we will also offer advanced and refresher training for managers. (Sections 6.1 and 6.2 of the Franchise Agreement)

7. We will update periodically the Operations Manuals, as needed, in our sole discretion, to incorporate new developments and changes in the Cho Dang System., We will provide you a copy of all updates or an access to such updates via inter/intranet. (Sections 7.5 and 11.3 of the Franchise Agreement)

8. In our discretion, at any time, without prior notice, we may delegate performance of our duties to our affiliate operating in your market. These duties may include conducting inspections and providing consultation and advice. (Section 7.6 of the Franchise Agreement)

9. In the event a remodeling is required for your Restaurant, which shall be determined at our sole discretion, we will provide a report specifying the modifications, improvements and repairs, if any, required by us and which you must make to your Restaurant, including the then-existing standards and specifications for a Cho Dang Restaurant. (Sections 4.4 and 8.3 of the Franchise Agreement)

**C. Advertising and Marketing Fund**

We operate a Marketing Fund (the "Fund") for such advertising, marketing and public relations programs as we, in our sole discretion, may deem necessary or appropriate to promote Cho Dang Restaurants. We will administer the Fund as follows:

1. You must contribute two percent (2%) of the Gross Sales to the Fund monthly on or before the 7th day of each month by electronic funds transfer based on your Gross Sales for the preceding month.

2. We will direct all advertising and public relations programs financed by the Fund, with sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an online presence. The Fund may be used to pay the costs of researching, preparing, maintaining, administering, directing and preparing international, national, regional or local advertising and promotional materials and programs (including the costs of preparing and conducting digital, television, radio, magazine, newspaper, direct mail, outdoor billboard, and coupon advertising campaigns and other public relations activities; employing advertising agencies; social media initiatives; providing a toll-free number for prospective customers to call for referral purposes; providing promotional brochures and other marketing materials to franchisees in the System; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally). We may use a portion of the amounts collected in the Fund to defray the reasonable administration costs and overhead costs we and/or an affiliate incur in providing and/or administering the Fund and the marketing programs, including, but not limited to, the cost of providing accounting, collection, bookkeeping, reporting and legal services, and salary costs of employees working for the Fund. You must participate in all advertising and public relations programs instituted by the Fund. All Cho Dang Restaurants owned by us or our affiliates may, but are not required to, contribute to the Fund. If they do, they may not be required to contribute in the same percentage as you and may stop contributing at any time without notice to you.

3. The Fund will be accounted for separately from our other funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Restaurant to the Fund in that year, and the Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. The Fund we collect from franchisees does not constitute a trust and we are not a fiduciary with respect to such amounts. We are not obligated to expend funds for the marketing and advertising programs in excess of the Marketing Fee received from all franchisees. If we spend more than the amount in the Fund in any fiscal year, then we can reimburse ourselves from the Fund during the next fiscal year. If we spend less than the total in the Fund during any fiscal year in which the funds accrued, we will forward the unused balance to the next fiscal year. In 2025, 85.3% of the Fund was spent on social media marketing and the remainder was carried forward to the next fiscal year.

4. A statement of monies collected and costs incurred by the Fund will be prepared annually by us and will be furnished to you upon written request. We are not required to have the Fund statements audited. We will have the right to cause the Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and such successor entity will have all our rights and duties.

5. The Fund is intended to maximize recognition of the Proprietary Marks and patronage of Cho Dang Restaurants generally. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs, and to place advertising, in order to benefit all Cho Dang Restaurants, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by the Restaurants operating in that geographic area or that any Restaurant will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We have no fiduciary obligation to you or any other Cho Dang Restaurant in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Fund.

6. There is no obligation for us to maintain any advertising program or to spend any amount on advertising in the area where your Restaurant is located. The Fund may place advertising in any media, including print, radio and television. Advertising may be developed in-house and/or by regional and national advertising agencies. No money will be spent by the Fund to solicit new franchisees.

**D. Local Advertising**

1. You may, at your own cost and in your discretion, develop promotional materials and advertising for local use as needed. Before distributing or publishing any advertising or promotional materials you create, you must obtain our written approval of the materials you intend to distribute. As a condition of approval, you must assign your copyright and any trademark or service mark rights in any materials you create to us, without compensation. You must permit us, the Marketing Fund and other Cho Dang franchisees we authorize, to use these materials without compensation.

2. We may institute a local advertising program and require you to spend up to 1% of the Gross Sales each month on local advertising. In such event, you must send us a monthly report before the end of every month, including an expenditure report, along with copies of invoices, statements, canceled checks or other forms of payment that you issued during the preceding month that evidence your expenditure and payment of 1% of your Gross Sales on local advertising. We must approve all advertising before you use it. At this time, we have not established any local advertising program that you must participate.

**E. Advertising Cooperatives/Advertising Council**

1. We may establish advertising cooperatives comprised of groups of franchisees within regions or areas we designate, and may modify boundaries of these groups in our discretion, effective on written notice. If established, you must participate in any advertising cooperative, regional or local, which encompasses your territory, and Franchisor may set the amount (but not to exceed 1.5% of Gross Sales) you and other members of such advertising cooperative or council must contribute. The members of each cooperative will adopt governing rules and voting procedures and determine procedures for assessing members; however, we may approve these rules and procedures and any amendments. If any of our affiliates owns a Cho Dang Restaurant within the boundaries of a cooperative, it will contribute to the cooperative at the lowest percentage contribution rate that any Cho Dang franchisee in the same cooperative then pays and will have the same voting rights as franchisee members.

2. Each cooperative's members and elected officers are responsible for the cooperative's administration. The cooperative must obtain our written approval of the copy and proposed media or method of distribution for advertising and promotion it creates, following the same procedures you must follow for materials you create, as described above. The cooperative must assign to us any copyright, trademark or service mark rights in any materials it creates, without compensation, and permit us and other Cho Dang franchisees which it authorizes to use these materials without compensation.

3. We may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. We may dissolve a cooperative when we simultaneously dissolve all advertising cooperatives. For example, we may determine it is preferable to centralize all group advertising activities under the Marketing Fund. Advertising cooperatives must prepare quarterly and annual financial statements, which need not be audited, and make them available to all cooperative members and us. We have no present plan to sell goods or services to any advertising cooperative.

4. At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for Cho Dang Restaurants generally. We do not currently require franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time.

## F. Website/Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Restaurant a "click through" subpage at our website for the promotion of your Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting. We reserve the right to specify the content, frequency and procedure you must follow for updating your subpage.

## G. Confidential Operating Manuals

Attached as Exhibit D is a copy of the table of contents of our current Operating Manuals, which indicates the number of pages devoted to each topic and subtopics in the Operating Manuals. The Operating Manuals contains a total of 82 pages.

## H. Information System/Cash Register/Computer System

1. You must, at your sole cost, purchase, use, maintain and update your software, computer and other POS systems that meet our specifications and requirements. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. You must comply with our then-current terms of use policies and any other requirements regarding any inter/intranet sites we establish for Cho Dang Restaurants. You must maintain your POS system in good working order at all times, share the login information with us, and upgrade or update the system during the term of the Franchise Agreement, as we may require. The POS system will allow us to communicate with you, and poll and review the results of your Franchised Business' operations, including without limitation, sales data, consumer trends, food and labor costs, and other financial information. You must provide accurate, complete and full disclosure of the books and accounts and give us direct access to any third parties through which revenue is generated, including but not limited to, Uber Eats, Postmates, Eat24, Grubhub, and Door Dash. We may distribute the collected data on a confidential basis to our network of franchisees. We reserve the right to replace our designated supplier(s) for the POS system as we deem necessary at our discretion.

2. The cost of purchasing the required system is estimated to range between $3,000-$15,000. The estimated annual cost of optional or required maintenance, updating, upgrading or support contracts is approximately $1,500-$2,000. There are no contractual limitations on the frequency or cost of upgrades or changes in the computer systems we may impose.

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

4. We may introduce to the Cho Dang System additional computer software and hardware (including POS and additional back office systems) which you must purchase, use, maintain and update at your expense, as specifications and requirements may be modified over time. In some cases, these

components may only be available through us or approved vendors. You will be responsible for paying all supplier and/or licensor (which may include us) charges for use, maintenance, support and/or updates to any future required systems. We do not have a contractual obligation under the Franchise Agreement to provide any maintenance, repairs, upgrades, or updates on any software or hardware. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the systems or programs.

5. You will use the computer for basic accounting practices, receiving and responding to emails, submitting monthly reports. We will have access to all data captured by these computers. There is no contractual limitation on our use of the data, although any use by us shall be for reasonable business purposes. Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your System.

## I. Site Selection, Opening and Time to Open, and Remodeling

1. It is our standard procedure to have you search, identify and select the site for the Cho Dang Restaurant. Our site approval is based on our selection criteria, including, residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. We will approve any site selected by you that meets our selection criteria, and our approval will not be unreasonably withheld. We will approve or deny a location you propose for the Restaurant within 30 days after we receive the complete site report and other materials we request. Within one hundred eighty (180) days after obtaining possession of the premises of the Restaurant, you must do or cause to be done the following: (i) secure all financing required to fully develop the Restaurant; (ii) prepare, at your expense, and submit to us for approval (which approval may be granted or withheld at our sole discretion) any proposed modifications to our prototype or proto-style plans and specifications, which may be modified only to the extent necessary to comply with applicable laws, permit requirements and lease or deed requirements, all such modifications being subject to prior approval by us; (iii) obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses; (iv) construct all required improvements to the premises and decorate the premises in strict compliance with plans and specifications approved by us; and (v) purchase, in accordance with our specifications and requirements, an opening inventory and other products and supplies required for the opening of the Restaurant. If you cannot find a suitable site within 6 months (or twelve months, if you request and receive an extension) ("Location Acquisition Deadline") from signing the Franchise Agreement, we can terminate the Franchise Agreement and your Initial Franchise Fee will be forfeited. We will not unreasonably withhold our approval of your proposed site as long as it conforms to our criteria.

2. We estimate that there will be an interval of 3 to 9 months between the execution of the Franchise Agreement and the opening of the Cho Dang Restaurant, but the interval may vary based upon such factors as the location and condition of the site, the construction schedule for the Restaurant, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. You may not open the Restaurant for business until: (1) we approve the Restaurant as developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; and (4) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. You must open the Restaurant within 12 months of signing the Agreement ("Opening Deadline"), which may be extended by us at our discretion. We will extend this deadline to open the Restaurant in the event the Location Acquisition Deadline was previously extended for the same period of time extended for the Location Acquisition Deadline. We must approve any delay in opening of the Restaurant with approval to be reasonable in nature.

3. To maintain and protect the System and the goodwill of the Marks, we require that the interior and exterior of the Franchised Restaurant be clean, up-to-date, and well-maintained. At our request, you must remodel and refurbish the Franchised Business periodically. However, we will not require you to remodel the Franchised Business more than once every three (3) years, except that if the Restaurant is transferred in accordance with the Franchise Agreement, we may request that the transferee remodel and/or redecorate the Restaurant premises.

**J. Training**

1. Our new franchisee initial training program consists of approximately one week of instruction by our management team concerning all aspects of the operation and management of the Franchised Business. The initial training includes review and discussion of the Confidential Operations Manuals and all aspects of the operation of your business. Our initial training program will be offered at various times, as often as needed during the year, depending on the number of new franchisees entering the System, replacement managers, and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of the Restaurants. The training should be scheduled near the time of the completion of the construction of your Cho Dang Restaurant and after hiring your key employees, but at least three (3) weeks prior to the opening of your Restaurant. The initial training will be scheduled based on your and our availability. All participants must attend the training together and comply with the schedule set for the training.

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

3. For all required initial training courses, we will provide, at no charge to you, instructors and training materials. You will be responsible for all other expenses which you or your employees incur for the purpose of this training, including the cost of transportation, lodging, meals and wages. There is a fee for additional and refresher training, currently rated at $1,000 per trainee, plus other expenses incurred including transportation, lodging and meals. The fee will be primarily to compensate the personnel who teach the courses and to defray the expenses of such courses. If you need to replace your Designated Manager, the replacement Designated Manager must attend and complete the supplemental training program to our satisfaction as soon as is practicable. For this training, we charge a Supplemental Training Fee to train replacement Designated Managers, which is currently $1,000 per trainee, plus other expenses incurred including transportation, lodging and meals.

4. You are responsible for the recruitment and hiring of *all* of your employees. You are also responsible for the training of all Restaurant employees.

5. We will be available to consult with you and/or your Designated Manager by telephone, Monday through Friday 9:00 a.m. to 5:00 p.m. (Pacific Time), with respect to all aspects of starting and operating your Cho Dang Restaurant.

6. Listed below is a chart showing our tentative training schedule, the principal instructors, the instructional material you will use, and the location of the initial training. Actual training schedule may vary depending on the learning speed, experience and individual skillset of the participants.

**INITIAL TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Introduction | 1 | | Corporate Restaurant (currently, Cerritos, CA) or another location designated by Franchisor |
| General Administration | 1 | | Corporate Restaurant or another location designated by Franchisor |
| Marketing Basics | 1 | | Corporate Restaurant or another location designated by Franchisor |
| Service, Health, Sanitation and Hygiene Education | 1 | 1 | Corporate Restaurant or another location designated by Franchisor |
| Equipment Usage and Maintenance | | 2 | Corporate Restaurant or another location designated by Franchisor |
| Management of Food Ingredients | | 2 | Corporate Restaurant or another location designated by Franchisor |
| Staff Management and HR Training | 1 | | Corporate Restaurant or another location designated by Franchisor |
| Sales Training | | 1 | Corporate Restaurant or another location designated by Franchisor |
| Testing and Certification | 1 | | Corporate Restaurant or another location designated by Franchisor |
| **Total** | 6 | 6 | |

7. All aspects of training are integrated. There are no definitive starting and stopping times. The training program will be supervised by our corporate trainer. We can require that you and/or your Manager attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require, to prepare for changes in laws affecting our System and your operations (including, AB 1228) and to correct, improve and enhance your operations, the System, and its members at our corporate headquarters, with durations not longer than 4 days and not more than 2 times in any given year. You will be responsible for all travel, living, incidental and other expenses for you and your personnel attending optional or mandatory training programs, seminars or meetings. We may charge a reasonable fee for any training program, conference, convention or other events. Our training is conducted by our operations team, led by Sunim Kim, who has been our CEO since November 2022. Ms. Kim has been the CEO of our affiliates that own and operate a Cho Dang Restaurant since August 2017 and has over 12 years of experience in the management and operation of a Cho Dang Restaurant. Additional personnel of Franchisor who have direct experience of at least 1 year in areas of operation of a Cho Dang Restaurant will also assist Ms. Kim in the training. We will provide training materials, including without limitation, the Confidential Manuals, marketing and promotion materials, and any other materials that we believe will be beneficial to our franchisees in the training process.

## ITEM 12

## TERRITORY

We grant you a franchise for a specific location, which we must approve according to site selection procedures. You must select a location based on our site selection criteria for demographics, traffic patterns and other characteristics, and we will accept or deny a location you propose for the Restaurant within 30 days after we receive the complete site report and other materials we request. Relocation of your Restaurant requires our prior written approval.

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. However, the franchise does grant a specific non-exclusive territory in which we agree, subject to exceptions and reservations noted in this Item 12, not to operate or permit others to operate a Cho Dang Restaurant.

### A. Description of Your Non-Exclusive Territory

We will present you the proposed boundaries of your non-exclusive territory after we approve your franchise location. Your non-exclusive territory will be a radius around your Cho Dang Restaurant, which will vary depending on whether your Restaurant is located in an urban, suburban or rural setting. Generally, your territory will be measured by an area having a radius of 1 to 5 miles from your Restaurant, unless your Restaurant is located in a "City Center Zone" in which case we may, at our discretion, reduce your territory to a (i) ½-mile radius for areas with greater than 50,000 and less than 100,000 population within a 1-mile radius and (ii) ¼-mile radius for areas with greater than 100,000 population within a 1-mile radius. In determining the proposed boundaries, we will consider such factors as the population size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance and other physical characteristics of the premises; and presence of any other nearby Cho Dang Restaurants. The specific description of your non-exclusive territory along with the corresponding map showing the clear boundaries of your territory, will then be placed in writing and incorporated into your franchise agreement. You are not granted any other option, right of first refusal or similar right to acquire additional Franchised Restaurants under your franchise agreement. Unless otherwise agreed between the parties, your territory may not be modified before the expiration or termination of the Franchise Agreement.

### B. Exceptions and Reservations

The territorial rights we grant you for your Cho Dang Restaurant are subject to these exceptions and reservations. We and our affiliates retain all rights with respect to the Cho Dang Restaurants, the Proprietary Marks, and any goods and services anywhere, including, within your territory, the following:

1. Menu items and ingredients under the Cho Dang Marks or other names to independent stores, convenience stores, grocery stores, specialty food stores, and department stores which sell foods, beverages or ingredients in your territory. This means, for example, we may prepare and sell on the third-party's premises freshly-prepared, ready-to-serve or ready-to-eat food and beverage items under the Cho Dang name or other names; we may also sell from these locations specialized food and beverage items or ingredients bottled or packaged under the Cho Dang label or other labels.

2. Menu items sold at Cho Dang Restaurants, or operate (or permit others to operate) Cho Dang Restaurants or Restaurants under other names which predominantly serve similar menu items at, or in,

any airport, rail or bus terminal, stadium, amusement park, event halls, public park, theater, military base, hospital or health care facility, educational facility, high density office location or other mass gathering place even if located, entirely or partially, in your territory.

3. Menu items under the Cho Dang Marks or under other names from mobile units or carts, kiosks, vending machines, or other mobile or stationery devices or vehicles which occupy less than 300 square feet and are in your territory.

4. Advertise and promote the sale of, and sell, menu items sold at Cho Dang Restaurants through the Internet or by using any other public computer network, electronic communication method or by mail order, catalog sales or comparable methods that solicit orders and business from customers without requiring the customer's physical presence in a Cho Dang Restaurant to complete the transaction.

5. Engage in, or license, any other type of business activity under marks that are different to the Marks, whether, competitive with, similar to or different from the Cho Dang System within or outside of your territory.

6. We may engage or let others engage in the above activities in your territory without paying you any compensation or any other consideration. We do not have to pay you for soliciting or accepting orders from inside your territory for the above activities. We will use reasonable efforts to try and resolve conflicts between franchisees regarding territorial rights. At this time we have no formal grievance procedure.

7. We reserve all other distribution rights that we do not expressly grant to you. By distribution rights, we mean all forms and channels of distribution, regardless of whether we use the method now or adopt it in the future. Channels of distribution include the Internet, catalog sales, telemarketing or other direct marketing sales. Technology may yield new channels of distribution. The kinds of reserved activities which we or our affiliates may engage in within your territory might include, directly or through one of our affiliates, selling products and services of any kind, including, without limitation, freshly-prepared, ready-to-serve and ready-to-eat food and beverage items under the Cho Dang Marks or other names, through retail and wholesale channels of distribution, including by means of the Internet and mail order catalogs, in addition to sales through independent Restaurants, convenience stores, grocery stores, specialty food stores and department stores. There are no restrictions on our right to solicit or accept orders inside your territory. We or our affiliates have no obligation to compensate you for soliciting and/or conducting business within your territory.

8. We do not restrict advertising and publicity you conduct for your franchised business in your territory, as long as you obtain our approval for the proposed advertising, promotion, or marketing in advance. Likewise, we and other franchisees may conduct advertising and publicity of ours and their Cho Dang Restaurants in your territory, but other franchisees will have to obtain our approval in advance for the advertising, promotion, and marketing. You and any Cho Dang franchisees are not permitted to maintain a separate Website and to advertise and promote their Cho Dang Restaurant on the Internet or using any other public computer network.

**C. <u>Additional Disclosures re Territory</u>:**

1. The Franchise Agreement lets you engage only in retail transactions of authorized goods and services to customers for their own use and for their own consumption at your Cho Dang Restaurant. You may not engage in wholesale sales without our prior written consent. "Wholesale sales" includes the sale or distribution of merchandise or products to a third party for resale, retail sale or other method of distribution. You have no right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or

other direct marketing, to solicit and/or make sales outside of your territory. You may not engage in transactions with customers that do not take place on the premises of your Cho Dang Restaurant.

2. Unless we consent in writing, you will not have the right to acquire additional franchises within the territory we assign to your Cho Dang Restaurant.

3. We and our affiliates have the right but no current plan to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

4. Nothing restricts our right to use and license the use of the Marks and System outside of the Territory.

5. Relocation: The location of your Franchised Business may be changed only with our prior written consent and upon the following conditions: (a) you are in good standing under your Franchise Agreement and current in your financial obligations to us and our affiliates, (b) you are in good standing under the lease for the current location, (c) you provide us with a financial statement covering the previous 12 months, (d) you provide us with a copy of the proposed lease for the new location, (e) you comply with required site selection and construction procedures, (f) the new location is constructed, furnished and equipped in accordance with our then-current design specifications and standards, (g) you give us 90 days' written notice of the proposed relocation, (h) pay us our costs and expenses incurred in reviewing your request for relocation, and (i) at our option, you enter into our then-current form of franchise agreement, including our then-current royalty rate, except that the term of the new franchise agreement will expire on the date of the prior Franchise Agreement and no new initial franchise fee will be required.

## ITEM 13

## TRADEMARKS

The Franchise Agreement will grant you rights to use the Marks in connection with your Franchised Restaurant. We have filed the following Marks with the Principal Register of the United States Patent and Trademark Office (USPTO):

| TRADEMARK | REGISTRATION/ SERIAL NUMBER | REGISTRATION/ FILING DATE |
|---|---|---|
| CHO DANG TOFU & BBQ<br>(CD Cho Dang Tofu & BBQ) | 7821824 | Registered on June 10, 2025 |
| TOFU & BBQ CHO DANG KOREAN RESTAURANT SINCE. 1988<br>(Tofu & BBQ Cho Dang Korean Restaurant Since 1988 CD) | 8009265 | Registered on November 4, 2025 |

| | | |
|---|---|---|
| <br>(Cho Dang Korean Restaurant) | 6665079 | Registered on March 8, 2022 |

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. We intend to file all affidavits and other documents required to maintain its interest in and to the Marks. No registration of the Marks has been required to be renewed. All renewals will be filed when necessary to renew the registrations of the Marks and all required affidavits and other documents pertaining to the Marks will be filed when necessary to maintain the Marks.

If we find in our sole discretion that your use of the Marks was proper as outlined in the terms of the Franchise Agreement, we are obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks or to participate in your defense or indemnify you for the costs you incur in connection with any lawsuit except that we will not be required to reimburse you for your legal fees if we defend you for the claim. We reserve the right to control any litigation related to the Marks, and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your Restaurant will be located. You must notify us promptly of any infringement or unauthorized use of the Marks that you may become aware. The Franchise Agreement does not require us to take affirmative action when notified of any use or claim related to the Marks.

If it becomes advisable at any time in our sole discretion, we may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. You must comply with our directions to modify or discontinue the use of a mark within a reasonable period of time after receiving notice.

## ITEM 14

## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

A. We do not own any rights in or to any patents. There are no patents or copyrights currently pending or registered that are material to the franchise.

B. We have not registered or filed any copyright applications, but we claim copyrights on certain forms, advertisements, promotional materials, our confidential Operations Manuals, and other written materials. There are no agreements currently in effect which significantly limit your right to use any of our copyrights and there are no currently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your

use of them in this state or in the state in which the Franchised Business will be located. We are not obligated by the Franchise Agreement to protect any patents, patent application or copyright and have no obligation to indemnify you or defend you against claims arising from your use of any patented or copyrighted items. The Franchise Agreement does not require us to take affirmative action when notified of any use or claim related to the patent or copyright.

C. Our confidential Operations Manuals, other manuals, training material, merchandise and vendor lists and updates, action plans, and other directives contain material which we consider to be trade secrets. You must operate the Restaurant in accordance with the standards and procedures specified in the Operations Manuals. One copy of the Operations Manuals will be loaned to you or given access to you via inter/intranet by us for the term of the Franchise Agreement. We claim trade secret and copyright protection for these manuals and materials although we have not filed any corresponding applications concerning them. You have to follow our direction in protecting the manuals and other trade secret material from unauthorized disclosure. You must use our proprietary materials only as we direct. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to unauthorized person. The Manuals remain our sole property.

D. All of your employees, managers and supervisors must sign a confidentiality agreement in which they promise to keep all of our proprietary information confidential and to follow our directions regarding its use. Your principals also must sign this confidentiality agreement. We will be a third party beneficiary of the confidentiality agreement with the independent right to enforce them.

E. Neither you nor your controlling principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manuals, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

## ITEM 15

## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

A. If you are an individual, you must devote full time and attention to supervising all administrative and operational activities of your franchised business at the franchise location. You and your spouse must sign a personal guaranty.

B. If a legal entity owns the franchise rights, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, must devote full time and attention to franchise activities as your Operating Principal. All individual owners of such legal entity and their spouses must sign a personal guaranty. If none of the owners owns a controlling interest in the entity’s equity or voting rights, you must designate one of your owners as your “Operating Principal,” primarily responsible for the Franchised Business. Your Operating Principal must have and maintain at least 10% ownership of the Franchised Business and have decision-making authority about the Franchised Business. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill his/her responsibilities under the Franchise Agreement.

C. You must respond to our communications and requests for information within time frames we request.

D. You must staff your Cho Dang Restaurant with at least one (1) "Approved Manager." An "Approved Manager is a full-time employee with management responsibilities who personally participates in the actual operation and management of the Restaurant and who has successfully completed the manager training segment of the initial training program and any mandatory supplemental management classes. You (or the Operating Principal) may be an Approved Manager, provided you devote full time and attention to your franchise business. You (if you are an individual) and your owners (if you are a legal entity) are not required to participate in the actual operation of the Restaurant as long as there is an Approved Manager. However, we strongly recommend that you or your Operating Principal personally participate in the actual operation of the Restaurant. We do not recommend an investment in a Restaurant for investors interested in an absentee management business. Under the Franchise Agreement, you or an Approved Manager must be personally available at all times at the Restaurant which must be open for a minimum of 10 hours a day, 7 days a week, unless otherwise approved by us in writing. Depending on the size, location, and performance of your Franchised Business, we may require you to hire additional Approved Manager(s) in our sole discretion. An Approved Manager may but is not required to hold equity interest in the Franchised Business. You must hire and train all your employees. You may also send your employees to our training programs. You must require all your employees, managers and supervisors sign a confidentiality agreement in which they promise to keep all of our proprietary information confidential and to follow our directions regarding its use.

## ITEM 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

A. You must operate your Cho Dang Restaurant in accordance with the System Standards (including required products and services). We have the right, without limitation, to change the types of products and services that you are authorized to sell at our sole discretion. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing and use only the materials, ingredients, toppings, sauces and other goods and services we have expressly approved in writing. You must sell or offer for sale all menu items, food products, and other products and services we require, in their entirety, in the manner and style we require. You must not deviate from our System Standards without first obtaining our written consent.

B. There are no restrictions on the customers to whom you can sell the products at your Cho Dang Restaurant. However, you may not use your Restaurant for any purposes other than the operation of the Cho Dang Restaurant in full compliance with the Franchise Agreement and Manuals, without our prior written approval. You must purchase, use and offer each of and only the types, brands and quality of products and services we designate. The Franchise Agreement allows you to operate one Cho Dang Restaurant at the franchise location only, and nowhere else, except with our prior written approval.

C. You must operate your Cho Dang Restaurant all days and during the minimum hours we prescribe in the Operations Manuals, unless local conditions, like terms of your lease, require different days/hours or you obtain our prior written consent. Your operations must comply with all laws, including, but not limited to, laws on packaging, labeling, health and sanitation, environmental waste, and the like. You must investigate these laws and ensure compliance.

D. You must staff your Restaurant with at least one (1) "Approved Manager." An "Approved Manager is a full-time employee who works at least 40 hours per week at the Franchised Business with management responsibilities who has successfully completed the manager training segment of the initial training program and any mandatory supplemental management classes. You (or the Operating Principal, or the general partner of a partnership) may be an Approved Manager, provided you devote full time and attention to your franchise business. Depending on the size, location, and performance of your Franchised Business, we may require you to hire additional Approved Manager(s) in our sole discretion. You must hire and train all your employees.

E. Any variation from our mandatory requirements requires our prior written approval. We grant approval only in exceptional cases in our discretion. Granting an exception to another franchisee does not require us to grant you that *or* any exception.

F. We may add to, modify or discontinue the approved list of menu items, ingredients, preparation processes, or other goods and services you must offer. We communicate changes by written or electronic correspondence, bulletins or revisions to the Operations Manuals. There is no limit on our right to impose these modifications. You will be given reasonable time (at least 30 days) after notice from us to implement changes and stop selling particular items which we delete from the approved list.

G. Subject to applicable law, we reserve the right to establish pricing guidelines for the Menu Items and, subject to applicable law, you must comply with and be bound by, prices which may be recommended, suggested or advertised by us. Subject to applicable law, you must honor the terms of all promotional or discount programs that we may offer to the public for Cho Dang Restaurants and shall comply with all pricing policies that we may specify, including minimum and maximum pricing policies, minimum advertised price policies and unilateral price policies. You must also provide the products and services designated by us on terms we specify, including free-of-charge items. You must participate in all gift certificate and/or gift card administration programs as may be designated by us from time to time. You must honor all coupons, gift certificates, gift cards, customer loyalty or frequent customer programs and other programs or promotions as directed by us.

H. Your employees, including but not limited to, any managers and owner(s) or Operating Principal(s), working at the Restaurant must wear the System uniforms/attires at all times.

I. You must meet and maintain, at all times, the highest grade of health and safety standards set by all applicable governing authorities and the highest standards of cleanliness, health and sanitation to the Franchised Business, as we may reasonably require. If you pass the minimum health, sanitation or safety standards required by the applicable governing authorities but fail to meet the highest grade available, then you must immediately notify us and provide all relevant information, and remedy all unsatisfactory conditions present within 24 hours after notice to obtain the highest grade of health, sanitation or safety standards available by the applicable governing authorities and report to us, within 48 hours of any inspections by applicable regulatory government agencies, any and all actions taken by you. If you fail or refuse to comply with the foregoing health and safety requirement, you must pay our costs and expenses, including attorneys' fees, incurred in enforcing the requirements.

## ITEM 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

| Provision | Article/ Section in Franchise Agreement | Summary |
|---|---|---|
| a. Length of the franchise | 4.1 | 5 years |
| b. Renewal or extension of the term | 4.2 | One additional term of 5 year |
| c. Requirements for franchisee to renew or extend | 4.3 | Requirements include: (i) neither the Franchise Agreement nor the lease agreement shall have been in default or terminated and the lease is renewable; (ii) you must serve us a notice of your intent to exercise your right of renewal not less than 12 months nor more than 18 months before the expiration of the initial term; (iii) you must remodel the Restaurant, as required by us at your expense; (iv) you must sign our then-current form of the franchise agreement which may contain materially different terms and conditions than the agreement you signed originally; (v) you must sign a general release on claims against us and our affiliates; (vi) you must comply with our then-current reasonable qualification and training requirements; and (vii) you must pay the renewal fee. |
| d. Termination by franchisee | None | The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you under applicable law. |
| e. Termination by franchisor without cause | None | |
| f. Termination by franchisor with cause | 17.1, 17.2 | We can terminate only if you commit any one of several listed violations. |
| g. "Cause" defined – curable defaults | 17.2 | You have 24 hours to cure if:<br>a. You refuse us permission to inspect or audit.<br>b. A threat or danger to public health or safety results from your continued operation of the Restaurant.<br>c. Any dilution or adulteration of products at the Restaurant, or any misrepresentation, substitution, or palming off from the Restaurant operated under the |

| Provision | Article/ Section in Franchise Agreement | Summary |
|---|---|---|
| | | Franchise Agreement.<br>d. You fail to comply fully with all laws.<br><br>You have 5 days to cure if:<br>a. You sell, barter, or exchange the Proprietary Products or other proprietary items at wholesale or retail.<br>b. You fail to secure an Accepted Location within the required time limits and procedures or fail to open on time.<br>c. You fail to comply with the in-term covenant not to compete.<br><br>You have 10 days to cure if:<br>a. You fail to pay any of your debts to us, our affiliates or others<br>b. You do not obtain personal covenants required under the Franchise Agreement.<br>c. You have an uncured default in any other agreement, including a mortgage or lease for the Restaurant.<br>d. You default under your lease or lose possession of the Accepted Location.<br><br>You have 30 days to cure if:<br>a. You do not maintain the required financial records.<br>b. You breach any other provision of your Franchise Agreement. |
| h. "Cause" defined – non-curable defaults | 17.1 | On notice to you:<br>a. You violate restrictions on use of Confidential Information, or fail to obtain the required additional covenants.<br>b. You copy or permit anyone else to copy any part of the Manuals.<br>c. You (or any principal of a corporation, partnership, or proprietorship franchisee) are convicted of a felony, fraud, etc.<br>d. You abandon or vacate the Restaurant for 3 or more consecutive days or fails to remain open for business as required.<br>e. After curing a default, you commit the same or similar default again within 12 months.<br>f. You become insolvent, become subject to bankruptcy, make an assignment for creditors, subject to a receiver, have unpaid judgments, subject |

| Provision | Article/ Section in Franchise Agreement | Summary |
|---|---|---|
| | | to attachment proceedings or execution of levy, or un-dismissed foreclosure.<br>g. Your (or any principals of a corporation, partnership, or proprietorship franchisee) assets, property, or interests are blocked under any law, ordinance or regulation related to terrorist activities or you (or any principal of a corporation, partnership, or proprietorship franchisee) violate any regulation law, or ordinance related to terrorist activities. |
| i. Franchisee's obligations on termination/non-renewal | 18.2, 18.3, 18.4 | a. Stop using our Proprietary Marks, confidential information, trade secrets, and Manuals.<br>b. Immediately deliver to us all materials related to the System and your copies of any of the Manuals.<br>c. Immediately cancel all assumed name registrations.<br>d. Within 5 days, pay all sums owing to us and our affiliates.<br>e. Immediately de-identify the Restaurant as our franchisee or former franchisee.<br>f. Immediately comply with non-competition covenants in the Franchise Agreement.<br>g. Stop using the telephone numbers listed in directories under the name "Cho Dang" or any confusingly similar name.<br>h. Immediately sign agreements necessary for termination.<br>i. Pay all liquidated damages due us.<br>j. If we choose not to take over (or to have another franchisee take over) the Restaurant, redecorate and remodel it to distinguish it from the Restaurants under the System.<br>k. In 15 days, arrange with us for an inventory by us, at our cost, of personal property, fixtures, equipment, inventory and supplies. We will have the option for 30 days after termination or expiration to buy these at the fair market value (exclusive of goodwill).<br>l. If we terminate for cause, we can take possession of the Restaurant and require that you assign to us or our designee your interest in the lease for the Restaurant. If you dispute the termination, then we can operate the business until final court determination. If the court decides termination was invalid, we must make a complete accounting for the time when we operated the business. |

| Provision | Article/ Section in Franchise Agreement | Summary |
|---|---|---|
| j. Assignment of contract by franchisor | 20.7 | No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment is willing and able to assume our obligations under the Franchise Agreement. |
| k. "Transfer" by franchisee – definition | 20.1 | Includes transfer of contract of assets or any ownership change. |
| l. Franchisor approval of transfer by franchisee | 20.2 | We have the right to approve all transfers, our consent not to be unreasonably withheld. |
| m. Conditions for franchisor approval of transfer | 20.3, 20.4 | Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, all required documents including a then-current form of the franchise agreement and a transfer agreement containing a general release are executed, and transferee and transferor comply with all of our requirements. |
| n. Franchisor's right of first refusal to acquire franchisee's business | 20.8 | We can match any offer. |
| o. Franchisor's option to purchase franchisee's business | 18.3 | We can buy the business on termination or non-renewal for the formula price described in Article XX. |
| p. Death or disability of franchisee | 20.1, 20.3, Article XXI | Franchise must be assigned to approved buyer within 12 months or transferred to an heir or representative. |
| q. Non-competition covenants during the term of the franchise | 14.2 | Can't divert business, solicit employment of our or our franchisees' employees or operate a competing business anywhere. Subject to applicable state law. |
| r. Non-competition covenants after the franchise is terminated or expires | 14.3 | No competing business for two years, within 10 miles of any other Cho Dang Restaurant, cannot solicit employment of our or our franchisees' employees or contact former suppliers, vendors or customers for a competitive business purpose. Subject to applicable state law. |
| s. Modification of the agreement | XXXII | No modifications generally but Operations Manuals subject to change at any time. You must comply with any changes set forth in the Manuals. |
| t. Integration/ merger clause | XXXII | Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.<br><br>Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express |

| Provision | Article/ Section in Franchise Agreement | Summary |
|---|---|---|
| | | representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | 30.1 | Except for certain claims, all disputes must be arbitrated in Orange County, California (subject to applicable state law). |
| v. Choice of forum | 30.1 | Arbitration in Orange County, California (subject to applicable state law). |
| w. Choice of law | 29.1 | California law applies except with respect to enforcement of the non-competition covenants, which will be interpreted under the laws of the state where your Restaurant is located (subject to applicable state law). |

Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law.

## ITEM 18

## PUBLIC FIGURES

We currently do not use any public figure to promote our franchise, but may do so in the future.

## ITEM 19

## FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned, affiliate-owned or franchised Cho Dang Restaurants. We do not authorize our employees or representatives to make any such representations either orally or in writing. But if you are purchasing an existing Cho Dang Restaurant from us or an affiliate of ours, we may provide you the actual records of that Cho Dang Restaurant. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ms. Sunim Kim, CEO of Cho Dang Franchise, Inc., 6281 Beach Blvd. #146, Buena Park, CA 90621, (949) 923-8100, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1 –**
**Systemwide Outlet Summary**
**For years 2023 to 2025**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 2 | 2 | 0 |
| | 2024 | 2 | 2 | 0 |
| | 2025 | 2 | 5 | +3 |
| Company or Affiliate-Owned | 2023 | 2 | 2 | 0 |
| | 2024 | 2 | 1 | -1 |
| | 2025 | 1 | 2 | +1 |
| Total Outlets | 2023 | 4 | 4 | 0 |
| | 2024 | 4 | 3 | -1 |
| | 2025 | 3 | 7 | +4 |

**Table No. 2 –**
**Transfers of Outlets from Franchisees to New Owners (other than Franchisor)**
**For years 2023 to 2025**

| State | Year | Number of Transfers |
|---|---|---|
| All States | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| Total | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |

**Table No. 3 –**
**Status of Franchised Outlets**
**For years 2023 to 2025**

| State | Year | Outlets at Start of Year | Outlet Opened | Termi-nation | Non-Renewal | Re-acquired by Franchisor | Ceased Opera-tions-Other Reasons | Outlet at the end of the Year |
|---|---|---|---|---|---|---|---|---|
| CA | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| IL | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| TX | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |

**Table No. 4 –**
**Status of Company or Affiliate Owned Outlets**
**For years 2023 to 2025**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at the end of the Year |
|---|---|---|---|---|---|---|---|
| CA | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2025 | 1 | 1 | 0 | 0 | 0 | 2 |
| Totals | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2025 | 1 | 1 | 0 | 0 | 0 | 2 |

**Table No. 5 –**
**Projected Openings As of Dec. 31, 2025**

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

A list of the names of all franchisees and the addresses and telephone numbers of the franchises will be provided in Exhibit E to this disclosure document when applicable. The name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this disclosure document when applicable. If you buy Cho Dang franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During our last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system.

## ITEM 21

## FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G is our audited financial statement as of December 31, 2023, 2024 and 2025. Our fiscal year end is December 31st.

## ITEM 22

## CONTRACTS

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

**EXHIBIT C -** Franchise Agreement

## ITEM 23

## RECEIPT

The last two pages of this Disclosure Document are an acknowledgement of your Receipt of this Disclosure Document form which you must date, sign, and return to us immediately upon your receipt of this Disclosure Document.

## EXHIBIT A

## STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Financial Protection and Innovation
651 Bannon Street, Suite 300
Sacramento, CA 95811
(213) 576-7500
Toll Free No.: (866) 275-2677

Agent: Commissioner of Financial Protection and Innovation

CONNECTICUT

The Banking Commissioner
The Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-829

Agent: The Banking Commissioner
The Department of Banking
Securities and Business Investment Division

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2744

Agent: Commissioner of Securities
Hawaii Department of Commerce and Consumer Affairs
335 Merchant St, Room 203
Honolulu, Hawaii 96813

MARYLAND

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

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

MICHIGAN

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

Agent: Michigan Department of Commerce
Corporations and Securities Bureau

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

Agent: Minnesota Commissioner of Commerce

ILLINOIS

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

Agent: Illinois Attorney General

INDIANA

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

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

NEW YORK

Administrator:
New York State Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl
New York, NY 10005
(212) 416-8222

Agent: Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

Insurance & Securities Commissioner
600 East Boulevard Ave. Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

Agent: North Dakota Securities Commissioner

NEBRASKA

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

SOUTH DAKOTA

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

Agent: Director of South Dakota Division
Securities

TEXAS

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

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Agent: Clerk of the State Corporation
Commission

OREGON

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

Agent: Director of Oregon Department of Insurance and Finance

WASHINGTON

Director
Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Agent: Securities Administrator, Director of Department of Financial Institutions
150 Israel Road
Tumwater, WA 98501
(360) 902-8760

RHODE ISLAND

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

Agent: Director of Rhode Island Department of Business Regulation

WISCONSIN

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

Agent: Wisconsin Commissioner of Securities

**EXHIBIT B**

**STATE SPECIFIC ADDENDUM**

## CALIFORNIA

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

THE CALIFORNIA FRANCHISE INVESETMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT, AT LEAST 14 DAYS PRIOR TO THE EXECUTION OF AGREEMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, California Corporations Code Section 31000 et seq., and the California Franchise Relations Act, California Business and Professions Code Section 20000 et seq. To the extent that this Disclosure Document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

The Franchise Agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

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

Section 31125 of the California Corporations Code requires the franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

Neither the franchisor, nor any person or franchise broker in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

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

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

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) that is disclosed in Item 17, rows q and r and in Article XIV of the Franchise Agreement.

The Franchise Agreement contains a provision requiring you to agree to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, this provision is not enforceable in California for any claims you may have under the California Franchise Investment Law.

The Franchise Agreement contains a provision limiting the statute of limitations to one year. Under California Corporations Code section 31512, this provision is not enforceable in California as California Corporations Code section 31303 provides for a four-year statute of limitations and section 31304 provides for a two-year statute of limitations.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Our website address is www.chodangus.com. Our website has not been reviewed or approved by the California Department of Financial Protection & Innovation. Any complaints concerning the content of our future website may be directed to the California Department Of Financial Protection & Innovation at www.dfpi.ca.gov.

## HAWAII

The Disclosure Document is amended as follows:

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR,WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

4. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

## ILLINOIS

## ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), the Franchise Disclosure Document is amended as follows:

1. Illinois law governs the agreements between the parties to this franchise.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ILLINOIS**

**AMENDMENT TO FRANCHISE AGREEMENT**

The Franchise Agreement between Cho Dang Franchise, Inc. ("Franchisor") and _____ ("Franchisee"), dated _____, 20__ (the "Agreement" or "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Addendum"):

1. Illinois law governs the agreements between the parties to this franchise.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE

By:_____

FRANCHISOR

By:_____

## MARYLAND

This will serve as the State Addendum for the State of Maryland for Cho Dang Franchise, Inc.'s Franchise Disclosure Document and for its Franchise Agreement.

The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT**.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements – No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts – Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## RHODE ISLAND

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

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

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

## VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document and the Franchise Agreement for Cho Dang Franchise, Inc.'s use in the Commonwealth of Virginia shall be amended as follows:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable. All references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON

## ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum ("Addendum") form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede the Franchise Agreement or related agreements concerning your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions that supersede the Franchise Agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the Franchise Agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any

franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators**. Any provision in the Franchise Agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Article XXIV of the Franchise Agreement does not apply in Washington.

20. The Washington Department of Financial Institutions has imposed a fee deferral requirement due to our financial condition and required the following amendments:

    a. The initial fees include the Initial Franchise Fee (Section 5.1 of the Franchise Agreement) and other fees and payments Franchisee makes to Franchisor and its affiliates for goods and services before Franchisee's Outlet opens for business, including all initial fees described in Item 5 of the Franchise Disclosure Document.

    b. The initial fees will be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee opens the Franchised Outlet for business under the Agreement. After all of Franchisor has satisfied its pre-opening obligations and Franchisee is open for business, Franchisee must pay the initial fees as provided in the Agreement.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

| FRANCHISEE | FRANCHISOR |
| --- | --- |
| By:_____ | By:_____ |

**EXHIBIT C**

**CHO DANG**

**FRANCHISE AGREEMENT**

**CHO DANG**

**FRANCHISE AGREEMENT**

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"B" - GUARANTEE AGREEMENT
"C" - CONDITIONAL LEASE ASSIGNMENT PROVISIONS
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**CHO DANG OUTLET**

**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT**, ("Agreement") is made and entered into the _____ day of _____, 20__, between CHO DANG FRANCHISE, INC., a California corporation whose principal address is 6281 Beach Blvd. #146, Buena Park, CA 90621 ("Franchisor"), and _____ residing at _____ _____ ("Franchisee").

**RECITALS:**

A. Franchisor franchises certain restaurants, known as "Cho Dang," specialized in soup bowls using "*Soon-Dubu*," or soft tofu, and related menu items including, but not limited to, bibimbap, beef short rib, as well as other related Korean food items and services ("Menu Items" or "Products"). Franchisor's retail restaurants are operated under certain trademarks, service marks, logos and other commercial symbols, including without limitation "Cho Dang" (collectively "Marks"), and pursuant to certain confidential information and trade secrets. Menu Items are prepared according to proprietary recipes and procedures, with a variety of toppings, sauces, and ingredients ("Trade Secret Food Products"). Cho Dang Restaurants are operated with uniform formats, distinctive trade dress, décor, color scheme, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor ("System").

B. Franchisor grants to persons who meet Franchisor's qualifications and who are willing to undertake the investment and effort to establish and develop a Cho Dang Restaurant, a franchise to own and operate such a restaurant, offering the Products and services approved by Franchisor and utilizing Franchisor's formats, designs, methods, specifications, standards, operating procedures and the Marks.

C. Franchisee has applied for a franchise to own and operate a single Cho Dang Restaurant at the premises identified in Article I below, and the application has been approved by Franchisor in reliance on all of the representations made in the application.

In consideration of the above recitals and the mutual promises and covenants made in this Agreement, Franchisor and Franchisee agree as follows:

## ARTICLE I
## GRANT OF FRANCHISE AND TERRITORY

1.1 Subject to the terms and conditions contained in this Agreement, Franchisor grants to Franchisee the right to own and operate a Cho Dang Restaurant at, and only at, the premises approved by Franchisor in accordance with the provisions of this Agreement (the "Restaurant"), and to use the Marks in the operation of the Restaurant.

1.2 Unless an approved location has been selected by Franchisee at the time this Agreement is executed, Franchisee shall select the location of the Restaurant, subject to Franchisor's approval, within the timeframe as provided in this Agreement.

1.3 The franchise location and territory set forth in Exhibit "A" may not be altered or changed by Franchisee without Franchisor's prior written approval. In the event there is such an approval, the new franchise location shall become the "Franchise Location" under the terms of this Agreement.

Non-Exclusive Territory:

1.4 Franchisee shall have a territory that will be outlined in Exhibit "A" ("Territory"). The specific boundaries of Territory along with the corresponding map shall be determined by Franchisor and placed in writing and incorporated into this Agreement. In determining the boundary of Franchisee's Territory, Franchisor will consider such factors as the population size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance and other physical characteristics of the premises; and presence of any other nearby Cho Dang Restaurants.

1.5 As long as Franchisee is not in default under this Agreement, Franchisor shall not operate, or grant others the right to operate, a Cho Dang Restaurant in the Territory. However, nothing in or elsewhere in this Agreement prohibits Franchisor from engaging in the following activities inside and outside of the Territory:

A. Selling or permitting others to sell any menu items sold at Cho Dang Restaurant, or pre-packaged items used to prepare any food items sold at Cho Dang Restaurants, under the Marks or other names, to restaurants, cafés, convenience stores, grocery stores, specialty food stores, and department stores selling food item located within the Territory.

B. Selling or permitting others to sell any menu items sold at Cho Dang Restaurant, or operating (or granting others the right to operate) a Cho Dang Restaurant, which is located at, or within, any airport, rail or bus terminal, stadium, amusement park, public park, theater, military base, hospital or health care facility, educational facility, high density office location or other mass gathering place entirely or partially in the Territory.

C. Selling or permitting others to sell any menu items sold at Cho Dang Restaurant, or pre-packaged items used to prepare any food items sold at Cho Dang Restaurants, under the Marks or other names from mobile units or carts, kiosks, vending machines, or other mobile or stationery devices or vehicles which occupy less than 300 feet and are in the Territory.

D. Advertising and promoting the sale of, and selling, menu items sold at Cho Dang Restaurants through the Internet or by using any other public computer network electronic communication method, or by mail order, catalog sales or comparable methods that solicit orders and business from customers situated in the Territory without requiring the customer's physical presence in a Cho Dang Restaurant to complete the transaction.

1.6 Franchisee acknowledges that Franchisor, entities related to Franchisor through common ownership, and each of their officers, directors, employees and agents, may engage in any and every activity, within or outside of the Territory, which is not expressly prohibited by this Agreement. This Agreement does not limit Franchisor's right to (a) use or license the Marks or the System outside of the Territory, or (b) engage in, or license, any other type of business activity under marks that are different to the Marks, whether similar to or different from the Cho Dang System in the Territory.

1.7 Franchisee acknowledges and agrees that Franchisee has no right to participate, directly or indirectly, in any activity reserved by Franchisor, and that Franchisee has no right to object to any activity reserved by Franchisor.

1.8 Franchisor, in its sole discretion, reserves the right to approve exceptions or deviations from the System. Franchisee acknowledges it has no right to object to variances granted to others and to claim against Franchisor for failing to enforce standards of the System against other Cho Dang franchisees.

1.9 Franchisee shall have no right to grant subfranchises to others. Franchisee shall not, and shall not attempt to, grant subfranchises to others.

## ARTICLE II
## DEVELOPMENT AND OPENING OF THE RESTAURANT AND TERRITORY

Lease of Restaurant Premises:

2.1 Franchisor shall have the right, in its sole discretion, to require:

A. Franchisee to execute a Site Location Addendum in the form attached as Exhibit "D" to this Agreement;

B. Franchisee to conditionally assign such lease to Franchisor (with the consent of the lessor, if required) by conditional lease assignment provisions in the form attached as Exhibit "C" to this Agreement in order to secure performance of any and all of Franchisee's liabilities and obligations to Franchisor; or

C. That such lease contain substantially the following provisions:

1. "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to Cho Dang Franchise, Inc., or its designee."

2. "Lessee agrees that Lessor may, upon the written request of Cho Dang Franchise, Inc., disclose to Cho Dang Franchise, Inc. all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises."

3. "Lessor shall give written notice to Cho Dang Franchise, Inc. (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease, and Company shall have the right, in its sole discretion, to cure any such default. Such notice shall be sent to Cho Dang Franchise, Inc. at its headquarters, or such other address as Cho Dang Franchise, Inc. may from time to time specify in writing to Lessor."

2.2 Franchisor shall have the right to approve the terms of any sublease or lease for the premises of the Restaurant. If Franchisor cures any default by Franchisee under such lease, the total amount of all costs and payments incurred by Franchisor in effecting such cure shall be immediately due and owing by Franchisee to Franchisor.

2.3 Franchisee's execution of a lease or sublease for the location for Franchisee's Restaurant shall constitute acceptance by Franchisee of such location and site and the terms of such lease and shall constitute a waiver of any claim or rights against Franchisor relating to Franchisee's choice of such site and location, and of the terms of such sublease or lease.

2.4 Franchisee must acquire the location for Franchisee's Restaurant (by purchasing, leasing or subleasing the location) within six (6) months from the Effective Date ("Location Acquisition Deadline"). Franchisor may, at its sole discretion, extend this deadline to acquire the location for Franchisee's Restaurant by six (6) months.

Development of Restaurant:

2.5 Franchisor will furnish to Franchisee prototype or proto-style plans and specifications for a Cho Dang Restaurant reflecting Franchisor's requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor. Before commencing any renovation or construction, Franchisee shall employ a licensed architect designated or approved by Franchisor to prepare preliminary and final architectural drawings and specifications for the Franchised Business in accordance with Franchisor's standard architectural plans and specifications.

2.6 Within one hundred eighty (180) days after obtaining possession of the premises of the Restaurant and having been furnished with the above-described plans and specifications, Franchisee will do or cause to be done the following:

A. Secure all financing required to fully develop the Restaurant;

B. Prepare, at Franchisee's expense, and submit to Franchisor for approval (which approval may be granted or withheld at Franchisor's sole discretion) any proposed modifications to Franchisor's prototype or proto-style plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, Franchisor;

C. Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

D. Construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises in strict compliance with plans and specifications approved by Franchisor; and

E. Purchase, in accordance with Franchisor's specifications and requirements, an opening inventory of proprietary food items, Products, ingredients and other products and supplies required for the opening of the Restaurant.

2.7. Franchisee must open the Franchised Restaurant on or before the first anniversary of the Effective Date ("Opening Deadline"), which may be extended by Franchisor at its sole discretion. Franchisor will extend this deadline to open the Restaurant in the event the Location Acquisition Deadline was previously extended for the same period of time extended for the Location Acquisition Deadline. Notwithstanding the foregoing, Franchisee shall use Franchisee's best efforts to complete development and have the Restaurant ready to open within one hundred eighty (180) days after Franchisee obtains possession of the premises. All activities, including without limitation, (1) obtaining bids and concluding a contract with a suitable general contractor or contractors for the construction of the Restaurant; (2) obtaining bids and concluding orders for the signs, fixtures, furnishings, equipment and operating supplies and materials; (3) making all decisions concerning the construction, furnishing, equipping and staffing of the Restaurant; (4) maintaining a current and complete accounting of the costs of development of the Restaurant; and (5) supervising the construction, furnishing, equipping and staffing of the Restaurant, shall be performed by Franchisee in the time frames necessary to complete the development of the Restaurant on schedule. All

final decisions concerning the development of the Restaurant which are discretionary and not dictated by Franchisor's written specifications shall be made by Franchisee. Within a reasonable time after the completion of development, a final accounting of all costs of development of the Restaurant, along with copies of all contracts, lien waivers, other paid receipts and equipment warranties, shall be provided by Franchisee to Franchisor when requested. Franchisee may, at Franchisee's option, purchase or lease equipment for the Restaurant.

2.8 Within a reasonable time after the date of completion of construction or remodeling, Franchisor may, at its option, conduct an inspection of the completed Restaurant. Franchisee acknowledges and agrees that Franchisee will not open the Restaurant for business without Franchisor's written authorization and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement and Franchisee's written certification to Franchisor that the Restaurant has been constructed in compliance with the Americans with Disabilities Act.

Fixtures, Equipment, Furniture and Signs:

2.9 Franchisee will use, in the construction and operation of the Restaurant, only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for Restaurants as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the premises of the Restaurant only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications. In the event Franchisor refuses to approve any such item(s) and/or supplier(s) that do not meet Franchisor's standards or specifications, Franchisee must purchase only those approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from suppliers approved or designated by Franchisor, and if necessary, discard and replace those non-conforming item(s) to meet Franchisor's standards or specifications.

Restaurant Opening:

2.10 Franchisee will not open the Restaurant for business until:

A. Franchisor determines that the Restaurant has been constructed and equipped in accordance with approved plans and specifications;

B. Franchisee and Franchisee's manager(s) have completed training to Franchisor's reasonable satisfaction;

C. The Initial Franchise Fee and all other amounts due to Franchisor under this Agreement and any other related agreements to which Franchisee is a party have been paid;

D. Franchisor has been furnished with copies of all insurance policies required by Article XII of this Agreement, or such other evidence of insurance coverage as Franchisor requests; and

E. Franchisee has completed all preparations for the opening of the Restaurant, as reasonably determined by Franchisor.

2.11 Franchisee will use its best efforts to have the Restaurant ready to open for business within six (6) months after the date Franchisee's lease or sublease is executed. Final approval by Franchisor of the opening of the Restaurant shall be given in writing and shall be in Franchisor's reasonable discretion. Franchisee will open the Restaurant for business within ten (10) days after receipt of such written notice from Franchisor.

Relocation of Restaurant:

2.12 To protect the Cho Dang System, the Marks and the goodwill associated with the same, Franchisee may not relocate the Franchised Business without Franchisor's prior written consent. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation. If Franchisor consents to a relocation, Franchisee shall de-identify the former location in the manner described below in Section 2.14 and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses including attorneys' fees, arising out of Franchisee s failure to do so. If Franchisor consents to a relocation of the Franchised Business during the Term, Franchisee shall have twelve (12) months from the date of Franchisor's approval of the new location to secure the new location and to open and operate the Franchised Business at the new location.

2.13 If Franchisee's lease or sublease for the premises of the Restaurant terminates without fault of Franchisee, or if the premises are damaged, condemned or otherwise unusable, or if in the reasonable judgment of Franchisor and Franchisee there is a change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, Franchisor shall grant permission to Franchisee for relocation of the Restaurant to a location approved by Franchisor. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation.

2.14 Notwithstanding anything to the contrary in this Agreement, the Franchise Location may be changed only with Franchisor's prior written consent and upon Franchisee's satisfaction of the following conditions: (a) Franchisee is in good standing under this Agreement and current in Franchisee's financial obligations to Franchisor and its affiliates, (b) Franchisee is in good standing under the lease for the current location, (c) Franchisee provides Franchisor with a financial statement covering the previous 12 months, (d) Franchisee provides Franchisor with a copy of the proposed lease for the new location, (e) Franchisee complies with required site selection and construction procedures set forth in this Agreement, (f) the new location is constructed, furnished and equipped in accordance with Franchisor's then-current design specifications and standards, (g) Franchisee gives Franchisor 90 days' written notice of the proposed relocation, (h) pay Franchisor's costs incurred by reviewing and evaluating Franchisee's relocation plans, and (i) at Franchisor's option, Franchisee enters into Franchisor's then-current form of franchise agreement, including Franchisor's then-current royalty fee rate, except that the term of the new franchise agreement will expire on the date of this Agreement and no new initial franchise fee will be required.

2.15 In the event of a relocation of the Restaurant, Franchisee shall promptly remove from the first Restaurant premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with Cho Dang Restaurants.

Furthermore, Franchisee shall, at Franchisee's expense, immediately make such changes, modifications or alterations as may be necessary to distinguish the first location clearly from its former appearance and from other Cho Dang Restaurants and to prevent any possibility of confusion of the first location with a Cho Dang Restaurant by the public (including, without limitation, removal of all distinctive physical and structural features identifying Cho Dang Restaurants and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the first location and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that Franchisee's failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex-parte order by a court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Restaurant premises is not promptly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement pursuant to Article XVII below.

## ARTICLE III
## PROPRIETARY MARKS AND GOODWILL

3.1 When used in this Agreement, "Marks" mean the trademarks and service marks which are used to identify Cho Dang Restaurants and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by Franchisor from time to time for use in connection with the System.

3.2 Franchisee is authorized to use the Marks, goodwill and trade secrets in the operation of the Restaurant only at the location specified in Article I. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor. Franchisee understands and agrees that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that Franchisee will not represent in any manner that Franchisee has acquired any ownership or equitable rights in any of Franchisor's Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks.

3.3 Franchisee acknowledges that Franchisor is the sole and exclusive licensee of all of the Marks, goodwill and trade secrets, and that Franchisee shall not register or attempt to register the Marks or to assert any rights in them other than as specifically granted in this Agreement.

3.4 At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of Franchisee's use of Marks.

3.5 Franchisee shall only use the Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans of Franchisor, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (collectively referred to below as "Confidential

Operations Manuals") prepared by Franchisor. Franchisee shall not use any confusingly similar Marks in connection with its franchise or any other business in which it has an interest.

3.6 Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using Franchisor's Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials using the Marks shall comply with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

3.7 Franchisor reserves the right to (i) modify or discontinue licensing any of the Marks, (ii) add new names, marks, designs, logos or commercial symbols to the Marks and require that Franchisee use them and (iii) require that Franchisee introduce or observe new practices as part of the System in operating the Franchised Business. If at any time, Franchisor in its sole discretion, decides to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall comply with any such instruction by Franchisor no later than thirty (30) days after notification thereof. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Marks, and shall promptly discontinue the use and display of outmoded or superseded marks, at Franchisee's expense. Franchisee waives any claim arising from or relating to any proprietary mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee will not commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

3.8 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using Franchisor's Marks, color combinations, designs, symbols or slogans; and Franchisee shall execute such documents and take such action as Franchisor may deem necessary or appropriate to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that Franchisee is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect Franchisor's Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of Franchisor's Marks will result in irreparable harm to Franchisor, for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

3.9 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of Franchisor's Marks. Franchisee will immediately notify Franchisor of any other claim, demand or litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee.

3.10 Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of Franchisor's Marks or that, in Franchisor's judgment, may affect the goodwill of the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate; provided, however, Franchisor shall only be obligated to participate in such defense of Franchisee if Franchisor determines, in its sole discretion, that Franchisee's use of the Marks is proper in accordance with the terms of this Agreement. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. Franchisee shall execute those documents and perform those acts, which in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as Franchisor may undertake.

3.11 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee will do business and advertise using only the Marks designated by Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to, and shall not, use the name "Cho Dang" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection.

3.12 In order to preserve the validity and integrity of Franchisor's Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspection.

3.13 Franchisee shall be required to affix the ™ or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Cho Dang" or any other of Franchisor's Marks, whether presently existing or developed in the future.

3.14 Franchisee acknowledges that it does not have any right to deny the use of Franchisor's Marks to any other franchisees. Franchisee shall execute all documents and take such action as Franchisor may request to allow Franchisor or other franchisees to have full use of the Marks.

3.15 If, during the term of this Agreement, there is a claim of prior use of any of Franchisor's Marks in the area in which Franchisee is doing business, Franchisee, at Franchisor's discretion, shall use Franchisor's Marks in such a way to avoid a continuing conflict.

3.16 If Franchisor determines, in its sole discretion, that Franchisee's use of the Marks is proper in accordance with the terms of this Agreement, Franchisor will indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceedings in which he is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceedings, has otherwise complied with this Agreement, and has tendered complete control of the defense of such to Franchisor. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

3.17 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as Franchisor may designate in writing.

3.18 If it becomes advisable at any time in Franchisor's sole discretion, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if Franchisor determines that an addition or substitution will benefit the System. Franchisee shall comply with Franchisor's directions within a reasonable period of time after receiving such notice. Franchisor will not be obligated to reimburse Franchisee for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

## ARTICLE IV
## TERM AND RENEWAL

4.1 Except as otherwise provided in this Agreement, the initial term of this franchise (the "Initial Term") shall be for five (5) years from the date of execution of this Agreement.

4.2 Subject to the conditions specified in Section 4.3 below, Franchisee shall have the right to renew this Agreement for a period of five (5) years from the date of the expiration of the Initial Term.

4.3 Franchisee's right of renewal pursuant to Section 4.2 above shall be subject to the following conditions precedent:

A. Neither this Agreement nor the lease or sublease agreement shall have been terminated for any reason, and the lease or sublease is renewable;

B. Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any sublease agreement, or any other agreement between Franchisor or any subsidiary and/or affiliated corporation, and Franchisee has substantially complied with all of the terms and conditions of such agreements during their terms;

C. Franchisee shall have served notice of its intention to exercise its right of renewal not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the Initial Term;

D. Franchisee shall have effected the improvements to Franchisee's Restaurant and its operations required by Franchisor pursuant to Section 4.4 below;

E. Franchisee has satisfied all monetary obligations due and owing to Franchisor, any subsidiary of Franchisor and/or any affiliated corporations of Franchisor, and Franchisee has timely met these obligations throughout the term of this Agreement and any other agreement in effect between Franchisor and Franchisee, and any renewals thereof;

F. Franchisee shall execute, upon renewal, Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and higher advertising contribution;

G. Franchisee shall execute a general release, in a form prescribed by Franchisor, on any and all claims against Franchisor, any subsidiary of Franchisor and/or affiliated corporation of Franchisor, and their respective officers, directors, agents and employees;

H. Franchisee shall comply with Franchisor's then-current reasonable qualification and training requirements; and

I. Franchisee shall remit to Franchisor a renewal fee equal to Twenty Five Thousand Dollars ($25,000).

4.4 Within three (3) months of the receipt of a notice from Franchisee pursuant to Section 4.3 hereof, Franchisor shall complete a report specifying the modifications and improvements and repairs, if any, required by Franchisor and which Franchisee must make to Franchisee's Restaurant which must be in conformity with the then existing standards, and specifications pertaining to Franchisee's Restaurant.

4.5 Franchisor expressly reserves the right to deny Franchisee's request for an extension or a grant of a new Franchise Agreement in the event that Franchisee abandons Franchisee's Restaurant and Franchisee ceases to operate and maintain Franchisee's Restaurant in accordance with the terms of this Agreement.

4.6 In the event Franchisee shall continue to operate Franchisee's Restaurant following the expiration, termination or non-renewal of this Agreement for any reason, with the express or implied consent of Franchisor, such continuation shall be construed to be an extension of the term of this Agreement only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions of this Agreement.

## ARTICLE V
## INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR

5.1 In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an Initial Franchise Fee of Thirty Five Thousand Dollars ($35,000.00) (the "Initial Franchise Fee"), payable upon the execution of this Agreement, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable, except as may be set forth in this Agreement. In addition, Franchisee shall pay an initial training fee of Fifteen Thousand Dollars (the "Initial Training Fee"), payable upon the execution of this Agreement, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable, except as may be set forth in this Agreement.

5.2 In consideration of this franchise granted by this Agreement, the services to be provided by Franchisor, the right to prepare and sell the Products to the general public, and for the use of the Marks during the Initial Term and any subsequent renewals, Franchisee shall pay to Franchisor, in addition to the Initial Franchise Fee, a royalty fee equal to three percent (3%) of the gross sales generated by, from, or through Franchisee's Restaurant ("Royalty Fee").

5.3 For the purposes of determining the royalties to be paid, "Gross Sales" shall mean the total gross selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, without limitation, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Restaurant, including without limitation, sales made through third party companies, such as Uber Eats, Eat24, Grubhub, and DoorDash, or income received from any business interruption insurance), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales shall not include the following:

A. Receipts from the operation of any public telephone installed in the Restaurant, or products from vending machines located at the Restaurant, except for any amount representing Franchisee's share of such revenues;

B. Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Restaurant, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that such taxes are actually transmitted to the appropriate taxing authority;

C. Returns to shippers or manufacturers; and

D. Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Restaurant nor having any material effect upon the ongoing operation of the Restaurant required under this Agreement.

5.3.1 Franchisor may, from time to time, authorize, in writing, certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. In addition to the foregoing, the following are included within the definition of "Gross Sales" described except as noted below:

(1) The full value of meals furnished to Franchisee's employees as an incident to their employment, except that the value of any discounts extended to such employees may be credited against Gross Sales during the reporting month in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due; and

(2) All proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gifts certificates or vouchers are redeemed the retail price thereof may be credited against Gross Sales during the reporting month in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due.

5.4 Royalty Fees are due and payable on or before the 7th day of each month ("Payment Date"), relating to the prior calendar month. Franchisee shall make all payments due to Franchisor or its affiliates (including, without limitation, Royalty Fees, Marketing Fees, and other monies owed to Franchisor and its affiliates) from Franchisee's bank account by electronic fund transfer ("EFT") or other automatic payment mechanism that Franchisor may designate. Franchisee shall comply with the procedures established by Franchisor and/or to perform such acts and deliver and execute the Authorization to Honor Charges Drawn By and Payable To Cho Dang Franchise, Inc. including Checks and Electronic Transfers (Exhibit "H") and any other documents as may be necessary to assist in or accomplish such electronic method of payment. Franchisee shall maintain a single bank account for all EFT payments and shall maintain such minimum balance in this account in the amount that Franchisor may reasonably specify from time to time in order to ensure that all payments due to Franchisor and its affiliates can be paid in full when drawn from the account. Franchisee shall not alter or close this account except with Franchisor's prior written approval. Any failure by Franchisee to implement an EFT system in strict accordance with Franchisor's instructions shall constitute a material default of this Agreement. All payments by Franchisee shall be made in US Dollars free and clear of any tax, deduction, offset or withholding of any kind. Franchisee shall register for and collect and report sales tax in compliance with all applicable laws. All taxes and penalties, presently or in the future levied on the payments due to Franchisor under this Agreement shall be fully borne by Franchisee. In the event any electronic funds transfer is not honored by Franchisee's bank for any reason, Franchisee shall be responsible for that payment, plus a then-current service and/or dishonored item charge applied by Franchisor and the bank, if any. Franchisee shall, at all times throughout the term of this Agreement, maintain a minimum balance of Five Thousand Dollars ($5,000.00) in Franchisee's bank account against which such EFTs shall be drawn for the Restaurant operated under this Agreement.

5.5 Royalty Fees or any and all other payments provided for in this Agreement not received by Franchisor within three (3) days of the Payment Date shall be subject to a late charge equal to five percent (5%) of payment due, together with interest on a daily basis at a rate equal to two percent (2%) per month, or the then highest legal rate, whichever is less.

5.6 Acceptance by Franchisor of the payment of any Royalty Fee or any and all other payments provided for in this Agreement shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights under Article XVIII below.

5.7 Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach under this Agreement and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the fees in escrow, or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

5.8 Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach under this Agreement and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the fees in escrow, or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor. Franchisee's obligations to pay Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor's performance and are independent covenants by Franchisee. Franchisor may stop selling and/or delivering any or all goods and/or services to Franchisee if any payment to Franchisor or its affiliates is past due more than 14 days. Franchisor's decision to stop selling and/or delivering goods does not excuse Franchisee from Franchisee's obligation to comply with this Agreement and all aspects of the System.

5.9 Franchisee shall participate in Franchisor's opening setup program, which requires one to two of Franchisor's representatives to provide on-site support for the opening and initial setup of the Franchised Business. Franchisee shall pay to Franchisor an Opening Setup Fee (the "Opening Setup Fee") based on the support schedule and then-current set rates established by Franchisor. The Opening Setup Fee is due upon Franchisee's receipt of Franchisor's invoice following the opening of the Restaurant. The Opening Setup Fee includes standardized flat rates for on-site support personnel's travel, living expenses, labor, and fixed fees for services.

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

## ARTICLE VI
## TRAINING AND COMMENCEMENT OF BUSINESS

6.1 During the time period prior to the opening of Franchisee's Restaurant, but not less than two weeks prior thereto, Franchisee shall attend Franchisor's initial training program, which shall be

conducted at Franchisor's corporate restaurant in Cerritos, California or at another location designated by Franchisor, and complete the training program to Franchisor's satisfaction in its sole discretion. Franchisee shall pay the Initial Training Fee as set forth in Section 5.1 above and shall be responsible for all travel and living expenses which Franchisee and Franchisee's manager incur in connection with the initial training program. Further, the initial training program is for Franchisee's personnel up to two (2) people and Franchisee shall be charged an additional fee for the training of additional personnel based on the then-current training fee. All participants must attend the training together and comply with the training schedule set by Franchisor. During the training program, Franchisee shall receive instruction, training and education in the operation of the Restaurant and indoctrination into the System. Such training program shall include, but not be limited to, instructing Franchisee in the preparation and sale of Franchisee's proprietary Menu Items, the Products and quality control techniques and procedures.

6.2 Franchisee shall attend such periodic refresher and supplemental training programs or meetings at such locations as Franchisor may from time to time direct and complete such training programs to Franchisor's satisfaction in its sole discretion. All expenses of Franchisee incurred in connection with attendance at any such refresher or supplemental training programs or meetings shall be borne solely by Franchisee. Franchisor reserves the right to charge its then-current tuition rate for such additional training.

6.3 At all times during the term of this Agreement or any renewal thereof, Franchisee shall have a supervisor managing the operation of the Restaurant who has successfully completed Franchisor's training program and is able to operate the Restaurant in accordance with this Agreement and Franchisor's standards. Franchisee shall be responsible for any additional training for replacement supervisors.

6.4 Franchisee's employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel at Franchisor's headquarters at Franchisor's then-current tuition rate. Franchisee is responsible for all expenses, including transportation to and from the training site, as well as lodging, meals, and wages during training, incurred in training Franchisee's additional personnel. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property and Confidential Information, and Franchisee agrees not to challenge Franchisor's or its affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

## ARTICLE VII
## OBLIGATIONS OF FRANCHISOR

7.1 In order to assist Franchisee in constructing Franchisee's Restaurant, Franchisor shall furnish to Franchisee a set of prototype or proto-style plans and specifications for a typical Restaurant, including requirements for exterior and interior design, layout, equipment and sign placement and decor scheme, all as included in the System.

7.2 Franchisor shall assist Franchisee in Franchisee's selection of and contracting with appropriate architects, engineers, contractors, and subcontractors for construction of all leasehold improvements at Franchisee's Restaurant in accordance with the plans and specifications prepared by Franchisee's architect.

7.3 Franchisor shall make available to Franchisee any further assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of Franchisee's Restaurant, which assistance shall conform to that furnished to other existing franchisees as further defined in the Confidential Operations Manuals. Franchisor shall have the

right to determine the time or times at which such assistance shall be available to Franchisee. The Confidential Operations Manuals, as modified by Franchisor from time to time, are an integral part of this Agreement and all provisions now or hereafter contained in the Confidential Operations Manuals or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement. Franchisor reserves the right to modify the Confidential Operations Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards, and operating procedures of the System.

7.4 Franchisor shall assist Franchisee in Franchisee's grand opening advertising program and ongoing local marketing programs. Franchisor will provide assistance and guidance on Franchisee's grand opening of the Restaurant, including assistance with the grand opening plan and dispatching of Franchisor's representatives to help with the grand opening.

7.5 Franchisor shall maintain an advisory relationship with Franchisee, including ongoing telephone consultation and written and electronic communications to aid in the proper and effective operation of the System, the frequency, method and duration of which shall be in the sole discretion of Franchisor in accordance with Confidential Operations Manuals. Such operating assistance may consist of advice and guidance with respect to:

A. Methods and operating procedures utilized by Restaurants;

B. Additional food and beverage products and services authorized for sale by Restaurants;

C. Selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies; and

D. The establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of Restaurants.

7.6 Franchisor or its designees or agents shall visit and inspect, from time to time, Franchisee's Restaurant and any motor vehicle used in connection with the Restaurant, evaluate the proper execution of the System, and confer with Franchisee and Franchisee's employees in order to assist in the proper business operation of Franchisee's Restaurant. Franchisor or its designees or agents shall have the absolute right to make inspections by visiting, taking photographs and audio/video recordings, interviewing employees and customers, and/or evaluating any aspect of the Franchisee's Restaurant, at such times and frequencies, during normal business hours, as Franchisor may determine in its discretion. Franchisee will cooperate with Franchisor's representative in such inspections, render such assistance to them as they may reasonably request and immediately correct any failure to comply with the System and this Agreement as brought to Franchisee's attention by such representative (including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory, advertising materials, supplies, vehicles, or other items that do not conform to Franchisor's then-current specifications, standards or requirements).

7.7 Franchisor shall use its reasonable efforts to require maintenance of high and uniform standards in the execution of the System at all Restaurants utilizing the System, in order to protect and enhance the reputation of Franchisor and its Marks.

7.8 In order to insure that the distinguishing characteristics of the System are uniformly maintained, Franchisor may from time to time establish standards for certain proprietary food items, products, equipment, commodities and supplies to be used by Franchisee in the execution of the System and may, in conjunction therewith, develop new proprietary food items, products, programs and develop

new equipment and new techniques which Franchisee shall be required to use and/or purchase in the operation of Franchisee's Restaurant.

7.9 Neither Franchisor's approval of a specific location for Franchisee's Restaurant, nor any other service provided by Franchisor pursuant to this Article shall be deemed a representation, warranty or judgment by Franchisor as to the likely success of Franchisee's Restaurant at such location or as to the relative desirability of such location in comparison to others that might have been available to Franchisee.

## ARTICLE VIII
## OBLIGATIONS AND DUTIES OF FRANCHISEE

8.1 Franchisee shall make any grand opening advertising expenditures as may be required by Franchisee's landlord or by the terms of Franchisee's lease or sublease. In addition, Franchisee must participate in Franchisor's grand opening plan (the "Grand Opening Plan"). Franchisee shall submit and receive Franchisor's approval for Franchisee's Grand Opening plan at least fourteen (14) days before Franchisee intends to request Grand Opening assistance to allow time for Franchisor's feedback and approval of Franchisee's Grand Opening Plan before Franchisor's Grand Opening assistance dates are confirmed. Franchisee's Grand Opening Plan must include the elements that Franchisor requires. The Grand Opening plan will require Franchisee to have one to two of Franchisor's representatives to support Franchisee's operations of the Restaurant for approximately one week of onsite assistance after Franchisee's opening of the Restaurant. Franchisee shall pay the Grand Opening Fee upon receipt of Franchisor's invoice.

8.2 Franchisee or a designated and approved manager shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of Franchisee's Restaurant, except as otherwise approved in writing by Franchisor, including, but not limited to, keeping the Restaurant operating and open for business at the times specified in the Confidential Operations Manuals or as required by Franchisee's lease or sublease. "Full time" as used in this Agreement shall mean a minimum of 40 hours per week, which may be more depending on the actual operating hours of the Franchised Business. Franchisee or a designated and approved manager shall oversee and supervise the Franchisee's Restaurant at all times during the term of this Agreement. In the event Franchisee is a legal entity, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, as the "Operating Principal" of Franchisee, must devote full time and attention to franchise activities, unless otherwise agreed in writing. Franchisor shall have the right to request time cards and scheduling records relating to the operation of the Franchised Business to ensure that the Franchised Business is supervised by Operating Principal or an approved manager at all times. If none of the owners owns a controlling interest in the entity's equity or voting rights, Franchisee must designate one of Franchisee's owners as Franchisee's Operating Principal, primarily responsible for the Franchised Business. Franchisee's Operating Principal must have and maintain at least 10% ownership of the Franchised Business and have decision-making authority about the Franchised Business. Franchisor must approve Franchisee's Operating Principal, and Franchisee must designate a qualified replacement from among Franchisee's owners if the Operating Principal can no longer fulfill his or her responsibilities under this Agreement.

8.3 At all times, Franchisee shall maintain, at Franchisee's own expense the interior and exterior of Franchisee's Restaurant and all fixtures, furnishings, signs and equipment in the highest degree of cleanliness, orderliness, sanitation and repair, as determined by Franchisor. Franchisee shall make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Restaurant without the prior written consent of Franchisor, except that Franchisee shall be required to periodically renovate, refurbish and update Franchisee's Restaurant so that it is in substantial conformity with

Franchisor's then-current Restaurant design. Such equipment shall include, but not be limited to, a computerized cash register system designated by Franchisor. Franchisee acknowledges and agrees that it is in Franchisee's best interest, and in the best interests of the System, that Franchisee's Franchised Business be clean, up-to-date, well-maintained and well-appointed. Therefore, Franchisee acknowledges and agrees that Franchisee will, at Franchisor's request, remodel and refurbish the Franchised Business periodically. Franchisor and Franchisee acknowledge that nothing in this Section 8.3 will affect Franchisee's obligation to maintain the Franchised Business in compliance with the other provisions of this Franchise Agreement and the Manuals. Notwithstanding anything set forth in this Section 8.3 to the contrary, Franchisor will not require Franchisee to remodel the Franchised Business more than once every three (3) years, except that if the Restaurant is transferred pursuant to Article XX, Franchisor may request that the transferee remodel and/or redecorate the Restaurant premises as described herein.

8.4 From time to time, Franchisee will allow Franchisor to obtain and take samples of ingredients, products and supplies from Franchisee's Restaurant, free of charge, for testing by Franchisor in order to assure that Franchisee complies with Franchisor's reasonable standards and specifications. In addition to any other remedies Franchisor may have, Franchisor may require Franchisee to pay for the testing if the sample fails to conform to Franchisor's standards and specifications.

8.5 Franchisee will maintain a high moral and ethical standard in the operation and conduct of Franchisee's Restaurant so as to create and maintain goodwill among the public for the name "Cho Dang" and supervise and evaluate the performance of its staff to ensure that each renders competent, efficient and quality service to the general public.

8.6 Franchisee recognizes that it is essential to the proper marketing of the Restaurant, and to the preservation and promotion of its reputation and acceptance by the public at large, that standards of quality be maintained. As part of the consideration for this Agreement, Franchisee will at all times sell to retail customers only, or offer for sale to retail customers only, only those products and services that meet the reasonable specifications and standards from time to time approved in writing by Franchisor, as permitted under this Agreement, and as permitted under the lease or sublease. In furtherance thereof, Franchisee shall be required to purchase only from Franchisor or its designee any Trade Secret Food Products and Proprietary System Assets, comprised of certain kitchen equipment and instruments which are proprietary in nature and unique to the Restaurant, that are specified by Franchisor from time to time. Franchisor reserves the right in its discretion to derive revenue as a result of Franchisee's purchases of any items used in connection with the operation of the Restaurant and to use such revenue as it sees fit in its sole discretion.

8.7 In connection with the operation of Franchisee's Restaurant, Franchisee must comply with Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other products and services used or offered for sale at the Restaurant. Except as provided in subsection A below, Franchisee shall purchase from suppliers who continue to demonstrate the ability to meet Franchisor's then-current standards and specification and who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved in writing by Franchisor in advance, and who have not thereafter been disapproved by Franchisor. Franchisee must purchase from Franchisor, its designee or Franchisor-approved vendor all Trade Secret Food Products and certain types, models and brands of fixtures, furniture and equipment, which are proprietary in nature and unique to the Restaurant ("Proprietary System Assets") at then-current prices established from time to time. In addition to the Trade Secret Food Products and Proprietary System Assets, Franchisee is required to purchase certain packaging supplies, paper goods and other product service items for the preparation and service of the Products which bear any of the Marks ("Branded Products"). In addition to the Trade Secret Food Products and Proprietary System Assets, Franchisee shall also be required to purchase from Franchisor, its designee or Franchisor-approved vendor

any Branded Products at then-current prices established from time to time. Franchisee is also required to purchase certain types, models and brands of equipment, fixtures and furniture, which are not specified as a Proprietary System Asset, as provided in the Confidential Operations Manuals ("System Items") from Franchisor, its designee or Franchisor-approved vendor. Suppliers may be limited to Franchisor, its affiliates, and/or other specified exclusive sources as Franchisor designates, and Franchisee must acquire such products and service items during this Agreement's term only from Franchisor, Franchisor's affiliates, and/or other specified exclusive sources at the prices that Franchisor or Franchisor's affiliates decide to charge, including any freight and handling costs. Franchisor has the absolute right to limit the suppliers with whom Franchisee may deal.

A. In the event that Franchisee desires to purchase any Trade Secret Products, Branded Products or System Items from sources other than Franchisor, its designee or Franchisor-approved vendor, Franchisee shall so request in writing, specifying the item or product Franchisee desires to purchase from another source not already approved by Franchisor, including samples, specifications and sufficient information on the source to enable Franchisor to determine whether the item or product meets with Franchisor's quality assurance requirements and specifications. Upon submission of the requested information to Franchisor, Franchisor shall conduct is evaluation, taking into consideration the product quality, production and processing quality, delivery frequency and reliability, maintenance and service standards as well as financial capability and credit of the identified supplier. Franchisor shall charge Franchisee for Franchisor's expenses incurred in conducting this evaluation. Franchisor shall conduct its evaluation and advise Franchisee in writing of its decision within thirty (30) days from the date on which Franchisor received the requested information and materials sufficient to commence its evaluation. Franchisor and Franchisee acknowledge that Franchisor has no obligation to approve any request for a new supplier, product or item, and that Franchisor does not intend to do so if Franchisor already has designated specific items, services, and/or suppliers or otherwise have imposed restrictions on the supply system.

B. In connection with the operation of Franchisee's Restaurant, Franchisee is required to purchase certain other food products, beverages and other similar products and other items offered for consumption to the retail purchaser as set forth in the Confidential Operations Manuals. Franchisee's obligation under this subsection B shall be satisfied so long as Franchisee purchases the stated products from sources of supply approved by Franchisor, subject to the same meeting the strict specifications of Franchisor which may be changed, modified or updated from time to time.

C. Nothing in this Agreement shall be construed as an attempt to unreasonably limit the sources from which Franchisee may procure such food products, beverages, products and other similar items. Rather, Franchisor intends that such items conform to Franchisor's strict standards and strict specifications of consistent quality and uniformity. Nothing contained in this Agreement shall be deemed to require Franchisor to approve an inordinate number of suppliers of a given item which, in the reasonable judgment of Franchisor, would result in higher costs generally to Franchisee or prevent effective and economical supervision of suppliers by Franchisor. Requests for approval of additional suppliers of non-Trade Secret Food Products or non-Branded Products shall be in writing and shall contain such information as Franchisor may reasonably request. Franchisor shall charge to Franchisee Franchisor's costs and expenses incurred in considering requests for approval. Franchisor shall, within thirty (30) days, notify Franchisee whether or not such proposed supplier is approved. Franchisor may impose limits on the number of suppliers for any ingredient or food or beverage item used or served by the Restaurant.

8.8 Franchisee acknowledges and agrees that operating and maintaining the Franchised Restaurant in compliance with the standards and specifications of the System are essential to preserve the goodwill of the Proprietary Marks and all Cho Dang Restaurants. Therefore, Franchisee agrees at all times to operate and maintain the Franchised Restaurant in strict compliance with all mandatory standards and specifications of the System, as Franchisor periodically issues, modifies, and supplements them, even if

Franchisee believes that a standard of the System, as originally issued or subsequently modified, is not in the System's or the Franchised Restaurant's best interests. Although Franchisor retains the right to establish and periodically modify the standards and specifications of the System that Franchisees has agreed to follow, Franchisee retains the right to control, and responsibility for, the Franchised Restaurant's day-to-day management and operation and implementing and maintaining the standards of the System.

A. Franchisee shall comply with any aspects of operating and maintaining the Franchised Restaurant that Franchisor determines to be useful to preserve or enhance the efficient operation, image, or goodwill of the Proprietary Marks and Cho Dang Restaurants, including but not limited to standard uniforms/attires. All of Franchisee's employees, including but not limited to, any managers and owner(s) or Operating Principal(s) of Franchisee, working at the Restaurant must wear the System uniforms/attires at all times.

B. Franchisee agrees that System standards Franchisor prescribes in the Manuals, or otherwise communicate to Franchisee in writing or another tangible form (for example, via intranet, extranet, or Website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System standards as periodically modified.

C. Franchisor periodically may modify System standards, which may accommodate regional or local variations, consumer or societal trends, market place variables and the needs of customers, and these modifications may obligate Franchisee to invest additional capital in the Franchised Restaurant and/or incur higher operating costs. Franchisee agrees to implement any changes in System standards within the time period Franchisor requests, whether they involve refurbishing or remodeling the Restaurant or any other aspect of the Restaurant, buying new System Items, adding new products and services, or otherwise modifying the nature of Franchisee's operations, as if they were part of this Agreement as of the Effective Date.

8.9 Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from Franchisor or from suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME FOR ANY REMEDY OR LIABILITY IN THE EVENT OF ANY DEFECTS THEREIN.**

8.10 Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, recipes, food preparation methods, customer lists, or know-how concerning the methods of operation of the business franchised under this Agreement which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge and know-how, and other data which Franchisor designates as confidential, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to Franchisee's attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others. Franchisee shall require and obtain the execution of covenants similar to those set forth in Exhibit "E" from Franchisee's employees and all other of Franchisee's Personnel (defined below in Section 8.18) who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Exhibit "E."

8.11 Franchisee shall only sell or offer for sale such products as described in this Agreement, and Franchisee must obtain Franchisor's written approval for all contemplated menu changes and all additions to and/or deletions of items sold in Franchisee's Restaurant. Franchisee shall maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, toppings, products, materials, supplies and paper goods that meet Franchisor's standards and specifications. All menu items must be prepared according to the recipes and procedures specified in the Manuals or other written or electronic materials provided by Franchisor. Franchisee must not deviate from these standards and specifications by Franchisor, use or offer of non-conforming items or use or offer toppings, side menu item or other items, or different amounts of any items, without obtaining Franchisor's prior written consent. Franchisor may, and expects to, modify its standards and specifications as Franchisor deems necessary.

8.12 Franchisee shall comply with all the terms, conditions, requirements, covenants and agreements set forth in this Agreement, and any renewals thereof, and supply Franchisor with such information (in addition to that otherwise provided for in this Agreement) as may be reasonably requested by Franchisor.

8.13 Franchisee shall use a standard menu and menu format as required by Franchisor. Franchisee may employ any reputable printer to reproduce Franchisee's menus using Franchisor's format and specifications. This provision shall not constitute a license of any copyright or trademark to the prospective printer of such menus. Any changes in the menu used at the Restaurant shall be approved in writing by Franchisor prior to use. At Franchisor's discretion the standard menu format may contain advertising reference to other Restaurants.

8.14 Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, federal income taxes, sales taxes, unemployment taxes and all indebtedness to Franchisor incurred by Franchisee in the conduct of the business licensed by this Agreement.

8.15 Franchisee shall comply with all federal, state and local laws, rules and regulations (including, without limitations, the Americans with Disabilities Act), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registration. Prior to the opening of Franchisee's Restaurant, Franchisee shall deliver to Franchisor a copy of all such permits, certificates, or licenses necessary for proper operation of the Franchised Restaurant.

8.16 Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, claim, suit or proceeding, and of the issuance of any order, writ, injunction, suit or proceeding, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Restaurant.

8.17 Franchisee shall not pledge Franchisor's credit or bind Franchisor to any obligation, nor shall it hold itself out as being authorized to do so.

8.18 Franchisee must, in accordance with Franchisor's standards and to the extent Franchisor designates from time to time, recruit, train and develop all employees, independent contractors, and any other personnel or staff as may be needed ("Personnel"). When hiring Personnel, Franchisee shall use its best efforts to hire qualified and competent employees. Franchisee is responsible for making sure all Personnel are capable of performing their duties in accordance with standards. Franchisee is solely responsible for the supervision of its Personnel and setting the schedule thereof. Franchisee will decide the compensation to be paid to its Personnel. Franchisor will not be responsible for payment of any compensation, salaries, benefits and employment-related liabilities to Franchisee or its Personnel.

Franchisee is solely responsible for all hiring and firing decisions as well as all training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Further, Franchisee hereby acknowledge and agree that:

A. Franchisee's employees are employed exclusively by Franchisee and are not employed, jointly employed or co-employed by Franchisor and Franchisee must inform its employees verbally and on all written documentation outlining such employment (including any employee handbooks) that Franchisee is the employer of such employees and that Franchisor is not the employer of Franchisee's employees.

B. Each of Franchisee's employees are under the exclusive dominion and control of it and never under the direct or indirect control of Franchisor in any fashion whatsoever.

C. Any minimum staffing requirements established by Franchisor is solely for the purpose of ensuring that the Restaurant is at all times staffed at those levels necessary to operate it in conformity with the System and the Menu Items, services, standards of quality and efficiency, and other Cho Dang brand attributes known to and desired by the consuming public and associated with the Marks.

D. Franchisee may staff the Restaurant with as many employees as it desires at any time so long as our minimal staffing levels are achieved.

E. Any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist Franchisee to efficiently operate the Restaurant, and that Franchisee is entirely free to disregard such recommendations regarding such employee compensation.

F. Any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with its ultimate authority, the various procedures, protocols, systems and operations of a Cho Dang Restaurant and in no fashion reflects any employment relationship between the Franchisor and Franchisee's employees.

G. Franchisee shall require all personnel employed by Franchisee to wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accord with Franchisor's design and other specifications.

H. Should a third party ever assert that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue to testify on Franchisor's behalf (and, as may be necessary, submitting Franchisee to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee's appearance at any such venue.

8.19 Franchisor and Franchisee understand and agree that the operation of the Restaurant, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation

and sale of products therefrom are all regulated by governmental statutes and regulations. To this end, Franchisee owes an obligation to the patrons of Franchisee's Restaurant, Franchisor, and to Franchisee, to fully and faithfully comply with all those applicable governing authorities. Franchisee shall meet and maintain, at all times during the term of this Agreement, at Franchisee's sole cost, the highest grade (90% or above or comparative) of health and safety standards set by all applicable governing authorities and the highest standards of cleanliness, health and sanitation to the Franchised Business, as we may reasonably require. If any product dispensed at Franchisee's Restaurant evidences adulteration from the standards of Franchisor's food items, or is in violation of applicable law or regulations, or in the event the food items, premises, equipment, personnel or operation of the Restaurant fail to be maintained in accordance with the governmental requirements referred to above, Franchisee shall immediately notify Franchisor and provide all relevant information requested by Franchisor, close Franchisee's Restaurant, terminate selling operations at the Restaurant, destroy all contaminated or adulterated products and eliminate the source thereof, and remedy all unsanitary conditions present, reopening for business only after Franchisor's inspection and provided that laboratory analysis from samples obtained for that purpose by Franchisor evidence a compliance with the applicable governmental requirements and with the standards of Franchisor. If Franchisee passes the minimum health, sanitation or safety standards required by the applicable governing authorities but fails to meet the highest grade available, then Franchisee shall immediately notify Franchisor and provide all relevant information, and remedy all unsatisfactory conditions present within 24 hours after notice to obtain the highest grade of health, sanitation or safety standards available by the applicable governing authorities. If Franchisee or any of Franchisee's agents or employees fails or refuses to comply with all of the above remedial measures or in the event of any repetition of any adulteration or palming off or failure of sanitation in the Restaurant:

A. Franchisee shall pay the costs and expenses, including attorneys' fees, of both parties, incurred in enforcing the provisions of this Subsection or any provision of this Franchise Agreement in obtaining Franchisee's compliance with the Agreement. The remedies set forth in this paragraph are in addition to and not in substitution for those set forth in Article XXIII of this Franchise Agreement.

B. In furtherance of the foregoing, Franchisee must submit copies of all health, sanitation or other regulatory agency inspection reports to Franchisor immediately upon receipt thereof. Franchisee must also report to Franchisor, within 48 hours of any inspections by applicable health, sanitation or other regulatory government agencies, any and all actions taken by Franchisee pursuant to such inspections by applicable health, sanitation or other regulatory agencies.

8.20 Franchisor may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee will cooperate by participating in Franchisor's market research programs, test marketing new food products and services in the Restaurant, and providing Franchisor with timely reports and other relevant information regarding such market research. In connection with any such test marketing, Franchisee shall purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell such products.

8.21 Franchisee shall be absolutely prohibited from having any vending machines, lottery games or games of chance, newspaper racks, juke boxes, gum or candy machines, games, pinball machines, pay telephones, video games, rides or other mechanical or electronic devices installed or operated at the Restaurant.

8.22 Franchisee must provide accurate, complete and full disclosure of the books and accounts and give Franchisor or its designee direct access to any third parties through which revenue is generated, including but not limited to, Uber Eats, Postmates, Eat24, Grubhub, and DoorDash. Franchisee shall permit Franchisor or Franchisor's designee to enter the Franchised Business and/or to examine any motor vehicle used in connection with the Franchised Business, at Franchisor's discretion, at any time with or

without prior notice to Franchisee, for purposes of conducting inspections, taking photographs and audio/video recordings, interviewing employees and customers, and/or evaluating any aspect of the Franchised Business. Franchisee shall cooperate fully with Franchisor or its agents or representatives in such inspections by rendering such assistance as they or Franchisor may reasonably request. Upon notice from Franchisor or Franchisor's agents or representatives, and without limiting Franchisor's other rights under this Franchise Agreement, Franchisee shall immediately correct any deficiencies detected during such inspections, including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory, advertising materials, supplies, vehicles, or other items that do not conform to our then-current specifications, standards or requirements. In the event Franchisee fails or refuses to correct such deficiencies, Franchisor shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, at Franchisee's sole expense which Franchisee agrees to pay upon demand. Franchisor may from time to time develop and implement policies relating to inspection of Cho Dang Restaurants that may vary from, or be more lenient than, the foregoing requirements. Franchisee hereby agrees to follow them. If Franchisee has previously failed to meet our standards at your Franchised Business, then Franchisor may direct a third party we choose to conduct a third inspection and report.

8.23 Following the Opening Date of the Franchised Restaurant, if any inspection of the Franchised Restaurant by Franchisor indicates any deficiency or unsatisfactory condition in Franchisor's sole determination and discretion at the Franchised Restaurant, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the deficiency or unsatisfactory condition. In addition, Franchisor reserves the right to charge Franchisee one or more non-compliance fines upon written notice to Franchisee. The non-compliance fines shall be specified in the Manuals or otherwise in writing, may be modified from time to time upon written notice to you, and may vary based on the severity of the defaults, the number of the defaults, and whether the defaults have been repeated. Further, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the Franchised Restaurant within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, the costs and expenses of re-inspection, and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.

8.24 Franchisee must, at its sole cost, purchase, use, maintain and update Franchisee's software, computer and point-of-sale ("POS") systems and other informational systems that meet Franchisor's specifications and requirements. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. Franchisee must comply with Franchisor's then-current terms of use policies and any other requirements regarding any inter/intranet sites Franchisor establishes for Cho Dang Restaurants. Franchisee shall maintain its POS system in good working order at all times, share the login information with Franchisor, and upgrade or update the system during the term of the Franchise Agreement, as Franchisor may require. The POS system shall allow Franchisor to communicate with Franchisee, and poll and review the results of the Franchised Business' operations, including without limitation, sales data, consumer trends, food and labor costs, and other financial information. Franchisor may distribute the collected data on a confidential basis to its network of franchisees. Franchisor reserves the right to replace its designated supplier(s) for the POS system as it deems necessary at its discretion.

8.25 Franchisor may introduce to the Cho Dang System additional computer software and hardware (including POS and additional back office systems) which Franchisee must purchase, use, maintain and update at Franchisee's expense, as specifications and requirements may be modified over time. In some cases, these components may only be available through Franchisor or its approved vendors. Franchisee will be responsible for paying all supplier and/or licensor (which may include Franchisor) then-current charges and/or fees for use, maintenance, support and/or updates to any future required systems and related hardware, software and other goods or services furnished in connection with such systems. Franchisor does not have a contractual obligation under this Franchise Agreement to provide any

maintenance, repairs, upgrades, or updates on any software or hardware. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the systems or programs. Franchisor does not warrant or have any responsibility for the software or hardware Franchisee must obtain. Any warranty Franchisee may have on equipment or software will be limited to that provided by the applicable manufacturer or licensor.

8.26 Subject to applicable law, following the Opening Date of the Franchised Restaurant, Franchisor shall have the right to establish pricing guidelines for the Menu Items and, subject to applicable law, Franchisee shall comply with and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Subject to applicable law, Franchisee shall honor the terms of all promotional or discount programs that Franchisor may offer to the public for Cho Dang Restaurants and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum pricing policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide products and services designated by Franchisor on terms Franchisor specifies, including free-of-charge. In addition. Franchisee shall conduct friends and family, soft-opening and other events and promotions at the Franchised Restaurant as required and directed by Franchisor and shall provide products and services designated by Franchisor to the public in the manner and at the prices Franchisor specifies, including free-of-charge. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the Franchised Restaurant except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

8.27 If Franchisee is an individual, he or she must devote full time (which shall be at least 40 hours per week) and attention to supervising all administrative and operational activities of the Franchised Restaurant at the Franchised Location. If a legal entity owns the franchise rights, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, must devote full time and attention to franchise activities as the Operating Principal (defined below), unless otherwise agreed in writing. If none of the owners owns a controlling interest in the entity’s equity or voting rights, Franchisee must designate one of Franchisee’s owners as Franchisee’s “Operating Principal,” who is primarily responsible for the Franchised Business. Franchisee’s Operating Principal must have and maintain at least 10% ownership of the Franchised Business and have decision-making authority about the Franchised Business. Franchisor must approve Franchisee’s Operating Principal, and Franchisee must designate a qualified replacement from among Franchisee’s owners if the Operating Principal can no longer fulfill his or her responsibilities under this Agreement. Franchisee must respond to Franchisor’s communications and requests for information within time frames Franchisor requests. Franchisee must staff its Restaurant with at least one (1) "Approved Manager." An “Approved Manager is a full-time employee who works at least 40 hours per week with management responsibilities who has successfully completed the manager training segment of the initial training program and any mandatory supplemental management classes and who personally participates in the actual operation of the Restaurant. At all times during the term of this Agreement, Franchisee (or its Operating Principal, if applicable) or an Approved Manager must supervise and oversee the Franchised Restaurant at the Franchised Location. Depending on the size, location, and performance of the Franchised Restaurant, Franchisor may require, in its sole discretion, Franchisee to hire additional Approved Manager(s). At all times during the term of this Agreement, Franchisee (or its Operating Principal, if applicable) or an Approved Manager must supervise and oversee the Franchised Restaurant at the Franchised Location. Franchisee shall ensure that the Restaurant is supervised by Operating Principal or an Approved Manager at all times and furnish to Franchisor time cards and scheduling records relating to the operation of the Franchised Restaurant upon Franchisor’s reasonable request.

8.28 Franchisee shall open for business at the Franchised Location as directed by the Grand Opening plan prepared by Franchisee and Franchisor. Any delay in opening of the Franchised Restaurant must be approved in advance by Franchisor. Franchisee shall keep the Franchised Restaurant open for business and cause the business of the Franchised Restaurant to be conducted therein during the business hours of each and every day, as prescribed by Franchisor; provided, however, this provision shall not apply if the Franchised Restaurant should be closed and the business of the Restaurant temporarily discontinued therein on account of strikes, lockouts or similar causes beyond the reasonable control of Franchisee. In the event Franchisee fails to continuously operate its business at the Franchised Location as required by herein for a period of three (3) or more consecutive days, then in addition to all remedies available to Franchisor (including, without limitation, injunction and/or damages) Franchisor may, but is not obligated to, elect to terminate this Agreement upon delivery of written notice of Franchisor's intent to Franchisee, whereupon this Agreement shall terminate. Franchisor's notice pursuant to this Section shall be in lieu of, and not in addition to, the notice and cure period set forth in Article XVII.

## ARTICLE IX
## ADVERTISING AND PROMOTIONAL ACTIVITIES

9.1 Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, Franchisee will contribute to a system-wide advertising and promotional fund (the "Fund") on a monthly basis during the term of this Agreement an amount Franchisor determines that will not exceed two percent (2%) of Franchisee's Gross Sales ("Marketing Fee").

9.2 The Fund will be maintained and administered as follows:

9.2.1 Franchisee will contribute to the Fund monthly by electronic transfer (as specified in the Confidential Operations Manuals) based on Franchisee's Gross Sales for each preceding month. During any period of business interruption, Franchisee will continue to make monthly contributions based on Franchisee's average monthly payment during the two (2) month period immediately preceding the period of business interruption. Any Franchisor-owned Cho Dang Restaurants may, but are not required to, make contributions to the Fund, and if they do, their contributions to the Fund may be different from the rate set forth in Section 9.1 hereof.

9.2.2 Franchisor will direct all advertising and promotional programs, with the sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an online presence. Franchisee agrees that the Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that Franchisor and its designees undertake no obligation in administering the Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or pro rata from the placement of advertising. Further, Franchisee agrees that the Fund does not constitute a trust, and that Franchisor is not a fiduciary with respect to such amounts received in the Fund. Franchisor is not obligated to expend funds for the marketing and advertising programs in excess of the Marketing Fee received from all franchisees.

9.2.3 Franchisee agrees that the Fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting online, social network services, television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; social medial initiatives; providing a toll-free number for prospective customers to call for referral purposes; providing promotional brochures and other marketing materials to

franchisees in the System; and costs of Franchisor's personnel and other departmental costs for advertising that Franchisor administers or prepares internally). The Fund may also be used to meet the costs of researching, creating, preparing, maintaining, branding, and rebranding any graphics, designs, marks, signs and other materials related to the marketing and advertising the System and the Marks. All sums contributed to the Fund will be maintained in a separate account from Franchisor's general funds and will not be used to defray Franchisor's general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the Fund, including but not limited to, the cost of providing accounting, collection, bookkeeping, reporting and legal services, and salary costs of employees working for the Fund and its marketing and advertising activities.

9.2.4 If Franchisor spends less than the total of all contributions to the Fund during any fiscal year, it has the right to retain those contributions for use in subsequent years. If Franchisor spends more than the contributions accumulated in the Fund during any fiscal year, it will have the right to receive from the Fund reimbursement or credit during the same or subsequent years to the extent of the excess expenditure.

9.2.5 An unaudited summary report on the operation of the Fund will be prepared annually and will be made available to Franchisee on written request ninety (90) to one hundred twenty (120) days after fiscal year end. Franchisor is not required to have the Fund statements audited. Franchisor will have the right to cause the Fund to be incorporated or operated through an entity separate from Franchisor at such time as it deems appropriate, and such successor entity will have all Franchisor's rights and duties.

9.2.6 Although the Fund is intended to be of perpetual duration, Franchisor retains the right to terminate the Fund. The Fund will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributors on a prorated basis.

9.2.7 Franchisee authorizes Franchisor to collect, for remission to the Fund, any advertising or promotional monies or credits offered by any supplier based upon Franchisee's purchases. Any advertising or promotional monies or credits Franchisor collects from any supplier based upon Franchisee's purchases will not be credited toward Franchisee's required contribution to the Fund.

9.2.8 Franchisor may establish an advertising council of franchisees cooperatives comprised of groups of franchisees within regions or areas Franchisor designates, effective on written notice. Franchisor may modify boundaries of these groups in its sole discretion, effective on written notice. Franchisee must participate in any advertising cooperative which encompasses Franchisee's territory. If established, the council will advise Franchisor on advertising policies, and Franchisees will elect the members of the council. Each cooperative's members and elected officers shall be responsible for the cooperative's administration. The council will be advisory and have no operational or decision-making power. The council will operate under its own by-laws, but Franchisor will have the right to change or dissolve the council. The cooperative must obtain Franchisor's written approval of the copy and proposed media or method of distribution for advertising and promotion it creates, following the same procedures a franchisee must follow for materials Franchisee creates. The cooperative shall assign to Franchisor any copyright, trademark or service mark rights in any materials it creates, without compensation, and permit Franchisor and other Cho Dang franchisees which it authorizes to use these materials without compensation. If established, Franchisor may set the amount (but not to exceed 1.5% of Gross Sales) Franchisee and other Cho Dang franchisees must contribute to such council or cooperative. Franchisor may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. Advertising cooperatives must prepare quarterly and annual financial statements, which need not be audited, and make them available to all cooperative members and Franchisor.

9.3 In addition to the ongoing advertising requirements set forth herein, Franchisor may require Franchisee to spend, throughout the Term of this Agreement, up to one percent (1%) of Gross Sales each month on advertising for the Restaurant in your Territory ("Local Advertising"). If instituted, Franchisee's Local Advertising expenditures will include local newspaper, radio and directories advertisements and other forms of advertising at the local level. In such event, on the seventh (7th) day of the each calendar month dining the Term, Franchisee shall provide Franchisor with copies of all invoices, statements, canceled checks or other forms of payment that have been issued by Franchisee during the preceding calendar month which evidence the expenditure and payment by Franchisee of the required Local Advertising. All Local Advertising materials must be approved in accordance with Section 9.5 of this Agreement.

9.4 Franchisee must obtain and maintain a bold listing in the white pages directory (or equivalent) servicing Franchisee's area under the name "Cho Dang" or any other name designated by Franchisor. If other Cho Dang Restaurants are located nearby, Franchisee must participate in any regional or local advertising cooperative that Franchisor establishes or causes to be formed, if Franchisor requires Franchisee's participation. Such participation may involve, for example, paying a pro rata share of the cost of yellow pages advertising (or equivalent) placed on behalf of Franchisee and other Cho Dang Restaurants. If no other Cho Dang Restaurants are located nearby, Franchisee must maintain a display advertisement, in a form Franchisor specifies, in the local yellow pages directory (or equivalent). The cost of Franchisee's white pages and yellow pages advertising (or equivalent) will be borne by Franchisee. Franchisee may not solicit business through the use of an 800 (or other toll-free) number, direct mail or other advertising method without Franchisor's prior written consent.

9.5 Franchisee must submit to Franchisor, for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials Franchisor provided. All materials to be placed inside and on the exterior of the Restaurant, even if not for advertising (including but not limited to, signs and notices), must be approved by Franchisor in advance. All materials containing the Marks must include the designation trademark ™, registered trademark ®, service mark $^{SM}$, copyright ©, or any other designation Franchisor specifies. If Franchisee does not receive written or oral disapproval of any materials submitted within fifteen (15) business days from the date Franchisor receives the materials, the materials are deemed approved. Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. Franchisor must make this requirement in writing, and Franchisee will have five (5) days after receipt of Franchisor's notice to withdraw and/or discontinue use of the materials or advertising. Franchisee must include in any significant display advertisements, and in marketing materials for the Restaurant, in conformance with standards in the Confidential Operations Manuals, a notice that the Restaurant is individually owned and operated. Subject to any legal restrictions, Franchisee also must display or make available, in the reception area of the Restaurant, marketing materials intended for general customers that Franchisor may provide to Franchisee from time to time. Franchisor reserves the right to require Franchisee to include certain language in Franchisee's local advertising, such as "Franchises Available" and Franchisor's website address, telephone number and social media accounts.

9.6 Franchisee acknowledges and agrees that Franchisor will own all rights to and interest in each telephone number and online and telephone business directory listing and social media accounts used by Franchisee that is associated in any manner with Franchisee's Restaurant and/or with any Mark (the "Listings"). Franchisee acknowledges and agrees that all goodwill arising from or in connection with the use of each of the Listings will inure to Franchisor's benefit. Promptly after the expiration, termination, repurchase or transfer of the franchise, and at Franchisee's own expense, Franchisee will notify all telephone and business directory service companies and social media networks with whom Franchisee has any Listings and direct them to transfer the Listings to Franchisor or to any person(s) Franchisor designates, and Franchisee will execute any and all documents necessary to complete these transfer(s). Upon the execution of this Agreement, Franchisee will sign a Listings transfer consent and authorization, in a form

substantially similar to Exhibit G, granting Franchisor the authority to change, transfer or terminate Franchisee's Listings on Franchisee's behalf. Franchisor will use this authorization only if Franchisee does not comply fully with this Section 9.6 after the expiration, termination, repurchase or transfer of the franchise.

9.7 Franchisor has the right to control all use of URLs, domain names, websites, social media (defined in Section 9.8), addresses, meta-tags, links, key words, e-mail addresses and any other means of electronic identification or origin ("e-names") related to the Restaurant. Franchisor shall establish and maintain from time to time, one or more Internet Websites that shall be used to provide information about Cho Dang Restaurants to the public. Franchisor has sole discretion and control over the establishment, design and content of the Website. Franchisor may, in its discretion, configure the site to accommodate one or more interior pages which Franchisor shall dedicate, in whole or in part, to the Franchised Business, all at Franchisee's expense. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of the Website, (ii) make operational changes to the Website, (iii) change or modify the URL and/or domain name of the Website, (iv) substitute, modify, or rearrange the Website, at Franchisor s sole option, including in any manner that Franchisor considers necessary or desirable to comply with applicable laws, or respond to changes in market conditions or technology and respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to the Website, and (vi) disable or terminate the Website without any liability to Franchisee. 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 or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time.

A. Franchisee shall not separately register any domain name or any portion of any domain name containing the Marks or participate or market on any Website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms, video Websites, email marketing sites or other forms of electronic media not yet developed) using the Marks without Franchisor's prior written consent.

B. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may at any time after Franchisee commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Franchisee. 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 or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. All emails collected will be Franchisor's property, with no restrictions on Franchisor s use or distribution of email addresses.

9.8 Franchisee is not permitted to promote its Franchised Restaurant or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without Franchisor's prior written consent. Franchisor will control all social media initiatives. Franchisee must comply with Franchisor's System standards regarding the use of social media in Franchisee's Franchised Business's operation, including prohibitions on Franchisee's and the Franchised Restaurant's employees posting or blogging comments about the Franchised Restaurant or the System, other than on a website

established or authorized by us. "Social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, Snapchat, virtual worlds, file, audio and video-sharing sites like YouTube, and other similar social networking or media sites or tools. Franchisor will provide access to branded social media pages/handles/assets, and Franchisee must update these regularly. Franchisor reserve the right to conduct collective/national campaigns via local social media on Franchisee's behalf. Franchisor alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any websites and social medial accounts related to the Franchised Restaurant, including any and all material Franchisee may furnish to Franchisor.

9.9 Franchisor may require Franchisee, at Franchisee's expense, to operate certain aspects of the Restaurant that Franchisor designates from time to time through e-commerce methods in the manner Franchisor designates from time to time. Franchisor also has the right to designate, approve, control or limit all aspects of Franchisee's use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, virtual worlds, social media, portals, search engine optimization, pay-per-click advertising, home pages, bulletin boards, chat rooms, linking, framing, blogs, text messaging, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e-commerce"). Franchisee must follow all of Franchisor's policies and procedures for the use and regulation of e-commerce. Franchisee shall assign and transfer to Franchisor or Franchisor's designee any and all interest Franchisee may have in any e-commerce in connection with the Franchise. Franchisor may require that Franchisee provide photographic, written or other forms of content to Franchisor for use in e-commerce activities associated with the Marks or the System which Franchisor may designate. Franchisor may restrict Franchisee's use of e-commerce, or Franchisee's customers use of e-commerce in connection with the Menu Item purchases to a centralized website, portal or network or other form of e-commerce designated by Franchisor or operated by Franchisor or Franchisor's designee. Franchisor may require that Franchisee provide information to Franchisor and arrange Menu Item sales or distribution via e-commerce. Franchisor may require Franchisee to coordinate Franchisee's e-commerce activities with Franchisor. Franchisor may require that Franchisee's customers be provided access to certain e-commerce activities that Franchisor designates from time to time. Franchisee recognizes and agrees that between Franchisee and Franchisor, Franchisor owns all rights to all interest in and to any data collected via e-commerce related to the System and the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. All such information constitutes Franchisor's confidential information.

9.10 Any information on customers of Franchisee's Restaurant that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("Customer Data") and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with Franchisee's Restaurant in accordance with this Agreement. Franchisee agrees to comply with all applicable laws, regulations and with respect to Customer Data; in addition Franchisee agrees to comply with all data privacy and security requirements Franchisor may establish from time to time and to exert Franchisee's best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of or suspect any unauthorized access to the Customer Data, or if Franchisee becomes the subject of any governmental, regulatory or other enforcement or private proceeding relating to Franchisee's data handling practices.

9.11 It is Franchisee's responsibility to maintain and report Franchisee's Payment Card Industry (PCI) compliance, which encompasses operational policies and practices as well as networks and computer systems hardware/software used to process credit card transactions, as well as attesting that Franchisee is abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If Franchisee knows or suspects a security breach, Franchisee must immediately notify both Franchisee's credit card transaction acquirer and Franchisor. Franchisee assumes all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of Franchisee's Restaurant.

## ARTICLE X
## REPORTS TO FRANCHISOR

10.1 Franchisee shall keep full, complete and accurate books, records, and accounts (including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information on any computer system) in accordance with generally accepted accounting principles and in accordance with the System, and Franchisee shall submit to Franchisor:

A. Concurrently with the payment of the Royalty Fees, on a form supplied or approved by Franchisor, a signed and verified statement of Gross Sales in cash, credit and/or other charges, and when Franchisee is tied into the computerized cash register system such reports shall be transmitted electronically;

B. At least five (5) days prior to the payment of the Royalty Fees, a statement of Gross Sales in cash, credit and/or other charges made and/or processed through delivery/catering service or other third party companies (including without limitation, Uber Eats, Postmates, Eat24, Grubhub, and DoorDash) if Franchisor does not have direct access to such reports;

C. Within sixty (60) days after the close of each twelve (12) month period, an annual profit and loss statement for the Restaurant for such year and a balance sheet for the Restaurant as of the end of such year, reviewed by an independent certified public accountant. Franchisor may randomly select a franchisee or franchisees who will be required to have an audited financial statement prepared by a certified public accountant selected by the franchisee, but who shall be acceptable to Franchisor, which opinion may be qualified only to the extent reasonably acceptable to Franchisor;

D. Promptly when prepared, a copy of all of Franchisee's Federal, State and Local tax returns of any kind or nature; and a certificate from Franchisee's accountant that all Social Security payments, taxes and fees required to be paid by Franchisee have been paid, and that there is no reason to believe that Franchisee's corporate status, if Franchisee is a corporation, has been impaired; and

E. Such other periodic forms and reports as may be reasonably prescribed by Franchisor.

10.2 Franchisee shall preserve, for a period of not less than three (3) years, all accounting records and supporting documents relating to Franchisee's business under this Agreement.

10.3 Franchisee shall record, in a manner approved and designated by Franchisor at the time of receipt, all sales of all products sold by Franchisee from Franchisee's Restaurant in a computerized cash register of a type designated by Franchisor, or on any other machine or recording device recommended or approved in advance by Franchisor.

10.4 In order to determine whether Franchisee is complying with this Agreement, Franchisor or its designated agents shall have the right, at any time during reasonable business hours, to examine, at its expense, the books, records, cash control devices, income tax returns, bank statements, sales records of the Restaurant, and the books and records of any corporation or partnership which owns the franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection or audit should reveal that Gross Sales and/or payments have been understated in any report to Franchisor by more than two percent (2%), then Franchisee shall, upon fifteen (15) days' notice, pay to Franchisor the amount understated upon demand, and in addition reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including without limitation, reasonable accounting and attorneys' fees, travel expenses, room and board and compensation of employees or agents of Franchisor). The foregoing remedies shall be in addition to any other remedies Franchisor may have hereunder or under applicable law.

## ARTICLE XI
## CONFIDENTIAL OPERATIONS MANUALS

11.1 Franchisor shall lend to Franchisee, or provide Franchisee with access to, its current confidential operations manuals, which may consist of one or more manuals, directives and memos published by Franchisor (the "Confidential Operations Manuals" or "Manuals") by hard or electronic copy or via the inter/intranet to use during the term of this Agreement. The Confidential Operations shall include, in part, the business procedures, technical advice and rules and regulations for operating the business, which Franchisee must comply.

11.2 Franchisee acknowledges and agrees that:

A. The Confidential Operations Manuals as modified by Franchisor from time to time are, and shall remain, the property of Franchisor throughout the term of this Agreement, any renewal hereof and thereafter;

B. The Confidential Operations Manuals contains confidential information which Franchisee will protect as a trade secret, and its loss will cause substantial damage to Franchisor and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

C. Franchisee shall not reprint or reproduce any portion of the Confidential Operations Manuals for any reason;

D. Franchisee must operate the Franchised Restaurant in compliance with the terms of the Confidential Operations Manuals and immediately conform its operations to all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Franchisor; and

E. Upon termination of this Agreement for any reason, Franchisee will immediately return the Confidential Operations Manuals to Franchisor.

11.3 Franchisor may add to or otherwise modify the Confidential Operations Manuals, from time to time, in Franchisor's sole discretion, whenever it considers such additions or modifications desirable

to improve or maintain the standards of the System and its efficient operation, or to protect or maintain the goodwill associated with the "Cho Dang" name and Marks or to meet competition, provided such additions or modifications are system-wide in nature and do not substantially increase Franchisee's economic burden.

## ARTICLE XII
## INSURANCE

12.1 Franchisee, at its sole cost and expense, shall obtain and place with an insurer rated "AAA" in Best's Directory who is authorized to do business in the state in which Franchisee's Restaurant is located, and to keep in full force and effect during the terms of this Agreement, insurance coverage on an "occurrence basis" naming Franchisor, its officers, directors and shareholders and any supplier of Products, and any designated primary and secondary lessor as co-insured's (such insurance policies referred to below collectively as "Insurance") as follows:

A. Broad Form Comprehensive General Liability with limits of no less than Two Million Dollars ($2,000,000) in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of Five Hundred Thousand Dollars ($500,000); both of which shall be considered primary policies;

B. All risk coverage on all personal property covering Franchisee's Restaurant and premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment and business interruption in amounts not less than is sufficient to meet the co-insurance requirements of Franchisee's policies, and which business interruption insurance covers at least six (6) months of rent, royalties and advertising fees, and contain a replacement value endorsement in an amount not less than ninety percent (90%) of the replacement value thereof, and any loss shall be payable to Franchisor and Franchisee as their interests may appear;

C. Worker's Compensation and Disability Insurance as may be required by law; and

D. Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises are located.

12.2 The insurance shall cover the acts or omissions of each and every one of the persons who perform services of any nature at Franchisee's Restaurant, and shall protect against all acts of any persons who patronize the Restaurant and shall contain a waiver of subrogation against Franchisor.

12.3 Prior to the opening of Franchisee's Restaurant, Franchisee will deliver to Franchisor certificates of the Insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-cancelable as to Franchisor unless Franchisor receives at least thirty (30) days' prior written notice of cancellation. Franchisor shall have the right, but shall not be obligated, to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in the case of cancellation. Any cost thereof to Franchisor shall be added to the Royalty Fees otherwise payable to Franchisor under this Agreement, provided, however, that same shall be due and payable to Franchisor by Franchisee within five (5) days of demand therefor.

12.4 Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in Franchisee's Restaurant, provided such Insurance is reasonably common in the area for similar operations.

12.5 Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies Franchisee's insurance carrier.

## ARTICLE XIII
## RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

13.1 The relationship between Franchisor and Franchisee is strictly that of a franchisor and franchisee, and Franchisee shall be deemed to be an independent contractor. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee, joint venture, partnership, or agency, and any act or omission of either party shall not bind or obligate the other except as expressly set forth in this Agreement.

13.2 Franchisee recognizes that Franchisor has entered into this Agreement in reliance upon and in recognition of the fact that Franchisee will have full responsibility for the management and operation of the business, and that the amount of profit or loss resulting from the operation of the business will be directly and solely attributable to the performance of Franchisee.

13.3 Except as expressly granted in this Agreement, Franchisee recognizes that nothing contained in this Agreement shall be construed as giving to Franchisee or to any other person or entity, any right or interest in Franchisor's names, Marks, trade secrets, methods, procedures or techniques developed by Franchisor and used in the System. Further, except as specifically set forth in Article I above, nothing contained in this Agreement shall be construed as limiting Franchisor's right, title or interest in the "Cho Dang" name, Marks, trade secrets, methods, procedures and techniques which are a part of the System or Franchisor's sole and exclusive right to register trade secrets, methods, procedures and techniques.

13.4 In all public records and prominently displayed in Franchisee's Restaurant and in Franchisee's relationship with third parties, as well as on letterheads and business forms, Franchisee shall indicate clearly the independent ownership of Franchisee's Restaurant, and that the operations of same are separate and distinct from the operation of Franchisor's business. Franchisor shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

13.5 Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Restaurant or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

13.6 Franchisee shall indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Restaurant, which is due to Franchisee's negligence, breach of contract or other civil wrongs, unless such loss, liability or damage is solely due to the negligence of Franchisor (or any of its affiliates, i.e., any company controlling, controlled by, or under common control with Franchisor) in producing, handling or storing the proprietary food items sold to Franchisee (provided Franchisor shall have established that Franchisee inspected such proprietary food items in accordance with the procedures

set forth in the Confidential Operations Manuals and could not have reasonably discovered the adulteration or other defect in such proprietary food items which was the case of such loss, liability or damage). Franchisee acknowledges and agrees that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of Franchisor in connection with handling or storing the Products shall not be attributable to or constitute negligence of Franchisor.

## ARTICLE XIV
## COVENANTS NOT TO COMPETE

14.1 Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about Korean soft tofu menu items, or a Cho Dang Restaurant, and that Franchisee s knowledge of the Cho Dang Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Restaurant under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, Cho Dang Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Cho Dang System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

14.2 During the term of this Agreement, or any extension thereof, Franchisee and each Owner covenants that except as otherwise approved in writing by Franchisor, Franchisee and each Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity (i) divert or attempt to divert any present or prospective Cho Dang customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Cho Dang Marks and the System, (ii) employ or seek to employ any person who is or has been within the preceding ninety (90) days employed by Franchisor or an affiliate of Franchisor as a supervisorial or managerial employee, or otherwise directly or indirectly induce the person to leave his or her employment, or (ii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 14.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee. "Entity" shall mean any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. "Owner" as used herein shall mean each of the individuals listed on Exhibit I and each direct or indirect shareholder, member, general or limited partner, trustee or other equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit B. "Competitive Business" shall mean any Restaurant business that prepares, offers and sells Korean soft tofu menu items as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to the Franchised Restaurant.

14.3 Except as Franchisor otherwise approves in writing, commencing upon the date of (i) an assignment, transfer or sale permitted under Article XX, (ii) the expiration this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 14.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Owner shall not:

A. Engage, employ or compensate or seek to employ any person who is at that time engaged, operating or employed by or at any other Restaurants, or to otherwise directly or indirectly induce such person to leave employment at any Restaurant;

B. Solicit business from customers of Franchisee's former Restaurant or contact any of Franchisor's suppliers or vendors for any Competitive Business purpose; or

C. Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any Competitive Business, or which distributes, produces, produces or sells the Products within the "Minimum Area of Competition." The "Minimum Area of Competition" shall be deemed to be that area which is within a radius of ten (10) miles from Franchisee's Restaurant, or any other Restaurant in operation on the effective date of termination or expiration, whether franchised or company-owned.

14.4 If Franchisee fails or refuses to comply with any covenants of this Article, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance, or make the provisions unenforceable in whole or in part, and provided that the jurisdiction in which Franchisee's Restaurant is located permits, Franchisee separately covenants and agrees that while this Agreement is in effect and for two (2) years after its termination, except where termination occurs due to the fault or action of Franchisor and not due to default of Franchisee, Franchisor shall have the right to require that all sales made in the operation of any business which directly or indirectly competes with: (a) Franchisor; (b) Restaurant; or (c) the System, or which distributes, produces or sells any of the Products (i) anywhere, if this Agreement is then in effect, or (ii) within the Minimum Area of Competition, if this Agreement has been terminated, shall be reported to Franchisor. Franchisee agrees to pay Franchisor upon demand, the weekly fee of One Thousand Dollars ($1,000) at the times and in the manner specified in Article V above, all without being deemed to revive, modify or expand this Agreement. The covenants of this Article shall survive the termination or expiration of this Agreement.

14.5 Franchisee shall not, during the term of this Agreement or after its termination or non-renewal, communicate or divulge to any other person, persons, partnership or corporation, any information or knowledge concerning the methods of operation used in a Korean soft tofu restaurant franchise, nor shall Franchisee disclose or divulge, in whole or in part, any trade secrets of Franchisor or its affiliated companies or subsidiaries.

14.6 The covenants contained in Sections 14.2, 14.3, 14.3 and 14.5 above shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article.

14.7 Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this paragraph, the damage to Franchisor would be difficult to ascertain. In addition to the liquidated damages payable to Franchisor as provided below for the breach of any or all of the above covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any of those covenants, together with reasonable attorneys' fees and costs.

14.8 Covenants contained in this Article shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained in this Agreement and shall not affect any other provisions or terms of this Agreement.

14.9 Covenants contained in 14.2, 14.3 and 14.4 shall not apply to ownership by Franchisee or an Owner of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchanges Act of 1934.

14.10 Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article XIV (including covenants applicable upon the termination of a person's relationship with Franchisee) from all Owners. Every covenant required by this Section 14.10 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

## ARTICLE XV
## MODIFICATION OF THE SYSTEM

Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other market place variables and the needs of customers, and to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those programs and services which Franchisee's Restaurant is authorized to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations, provided, however, that those changes do not materially and unreasonably increase Franchisee's obligations under this Agreement.

Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Except as provided in this Agreement, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

## ARTICLE XVI
## FRANCHISEE

The term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law, and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include partners of the entity that execute this Agreement in the event the entity is a partnership, and all shareholders, officers and directors of the entity that execute this Agreement in the event the entity is a corporation, and all members, officers and managers of the entity that execute this Agreement in the event the entity is a limited liability company. By their signatures to this Agreement, all partners, shareholders, officers and directors of the entity that signs this Agreement as Franchisee acknowledge and accept, jointly and severally, the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the neuter and masculine usages include the other and the feminine.

## ARTICLE XVII
## TERMINATION

17.1 Franchisee's Termination and Notice of Franchisor's Breach. If Franchisor is in material breach of this Agreement, Franchisee must provide Franchisor with a written notice describing in detail any alleged material breach and give Franchisor thirty (30) days (or such longer period as prescribed by applicable law) within which to cure the breach or any additional time as reasonably required by Franchisor if the nature of the alleged material breach is such that it cannot reasonably be cured within said thirty (30) days, provided Franchisor promptly commences and continues diligently to cure such alleged breach. Franchisor's failure to cure the alleged material breach shall entitle Franchisee to terminate this Agreement.

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

A. Franchisee violates the restrictions related to the use of Confidential Information or Trade Secrets in the Confidentiality and Non-Competition Agreement attached hereto as Exhibit "E" or Article XIV of this Agreement or any of Franchisee's covenanting Personnel violates the covenants set forth therein.

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

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

D. Franchisee fails to remain open for business as required by this Agreement or as

may be required by the Manuals, as may be limited by local law or the prime landlord, or abandons the Franchised Restaurant or vacates the Restaurant or for three (3) or more consecutive days (or for such other period as would be grounds for termination of Franchisee's sublease).

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

F. Franchisee: (i) becomes insolvent by reason of an inability to pay debts as they come due; (ii) is adjudicated bankrupt; (iii) files a petition for bankruptcy protection; (iv) is the debtor in an involuntary bankruptcy petition that is not dismissed within 60 days; (v) is the debtor in an assignment for the benefit of creditors that is not dismissed within 60 days; (vi) is the subject of a voluntary or involuntary petition for reorganization or similar proceeding that is not dismissed within 60 days; (vii) is the subject of a petition for appointment of a receiver, permanent or temporary, that is not dismissed within 60 days; (viii) is are the judgment debtor in any final judgment of $10,000 or more and the judgment remains unsatisfied of record for more than 60 days, unless Franchisee obtains an appeal bond covering the amount of Franchisee's liability; (ix) has Franchisee's bank accounts, property, or receivables attached and the attachment proceedings are not dismissed within 60 days; (x) has an execution levied against Franchisee's business or property and the execution is not dismissed within 60 days; or (xi) is the subject of any suit to foreclose any lien or mortgage related to the Franchised Restaurant or the property thereof, and the suit is not dismissed within 60 days.

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

H. The uncured default by Franchisee under any lease or sublease of Franchisee's Restaurant which could possibly result in the loss by Franchisee of the right to possess for any reason whatsoever.

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

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

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

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

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

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

F. If 5 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to opening the Restaurant by the Opening Deadline.

G. If 5 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default related to complying with the restrictive covenant in Section 8.10 and Article XIV of this Agreement during the Term.

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

I. If 10 calendar days after Franchisor sends Franchisee a notice of default, Franchisee fails to cure a default relating to obtain the signing of the covenants required in Section 8.10 and Article XIV of this Agreement.

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

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

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

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

17.4 In order to prevent any interruption of the Restaurant operations which would cause harm to the System, if Franchisee is unable, in the sole and reasonable judgment of Franchisor, to operate the Restaurant or upon Franchisee’s failure to cure any default within the applicable time period (if any)

provided under this Agreement, Franchisee authorizes Franchisor, who may, at its option, operate the Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. Franchisor also has the right to charge a management fee of twenty percent (20%) of the Gross Sales earned during the period that Franchisor's appointed manager operates the Restaurant. If, as provided in this Section 17.4, Franchisor temporarily operates the Restaurant for Franchisee, Franchisee will indemnify and hold harmless Franchisor and any representative of Franchisor who may act under this Agreement, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

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

## ARTICLE XVIII
## RIGHTS AND DUTIES OF THE PARTIES UPON EXPIRATION OR TERMINATION

18.1 For the purpose of this Agreement, the "Effective Date of Termination" shall be the date indicated in any notice of termination sent pursuant to Sections 17.1, 17.2 and 17.3 of this Agreement or the day after the Initial Term, as set forth in Section 4.1 of this Agreement.

18.2 General Obligations. Upon the Effective Date of Termination, Franchisee shall:

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

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

C. Immediately take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Cho Dang" or any

other Proprietary Marks, and shall furnish Franchisor with evidence satisfactory of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

D. Within 5 days of the Effective Date of Termination, pay Franchisor and Franchisor's affiliates the full amount Franchisee owes Franchisor and them.

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

F. Immediately comply with the restrictive covenants in Article XIV of this Agreement.

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

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

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

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

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

C. If Franchisor terminates this Agreement under Section Article XVII and notifies Franchisee of its intent to do so within 15 days after the Effective Date of Termination, Franchisee will arrange with Franchisor for an inventory to be made by Franchisor, at Franchisor's cost, of all Franchisee's personal property, fixtures, signs, equipment, Products, inventory, and supplies related to the Restaurant, including without limitation all items bearing the Marks. Franchisor will have the option (but not the duty), to be exercised within 30 days after Franchisor's receipt of the final appraisal, to purchase from Franchisee any or all of these items at the actual fair market value (exclusive of goodwill) (the "Purchase Value"). If Franchisor elects not to purchase Franchisee's personal property, fixtures, signs,

equipment, Products, inventory, and supplies related to the Restaurant, Franchisor can retract Franchisor's exercise of Franchisor's option to assume Franchisee's lease under Section 18.3.B, above. If the parties cannot agree on a Purchase Value within a reasonable time, the Purchase Value will be determined by three independent appraisers chosen in the following manner: Franchisee will designate one appraiser and Franchisor will designate one appraiser, and the two appraisers that Franchisee and Franchisor designate will select a third appraiser. The majority determination of the three appraisers will be binding. Each party will pay the appraiser's fee for the appraiser designated by that party. Franchisee and Franchisor will each pay fifty percent (50%) of the third appraiser's fee. If Franchisor elects to exercise this option to purchase, Franchisor may set off all amounts Franchisee owes Franchisor or Franchisor's affiliates under this Agreement against any payments for the purchase. Franchisor may exclude from the items purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Restaurant's operation or that Franchisor has not approved as meeting standards for the Restaurant. At the closing, Franchisee will deliver to Franchisor, in a form satisfactory to Franchisor, good and merchantable title to the assets purchased, free and clear of any encumbrances, together with all licenses or permits that may be assigned or transferred. Franchisee will be responsible for all sales and other transfer taxes.

18.4 Franchisee shall maintain all financial records and reports required pursuant to this Agreement or the Confidential Operations Manuals for a period of not less than three (3) years after the Effective Date of Termination. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records at any time in the three (3) year period following the Effective Date of Termination.

18.5 No right or remedy conferred upon or reserved to Franchisor in this Agreement is exclusive of any other right or remedy contained in this Agreement, or provided or permitted by law or equity, but each shall be cumulative of every other right or remedy.

18.6 Nothing contained in this Agreement shall be deemed to relieve Franchisee of any obligations or responsibilities or liabilities incurred by Franchisee during the term of this Agreement or any renewal term, or Franchisee's lease or sublease and which obligations, responsibilities or liabilities shall survive the termination, expiration or non-renewal of this Agreement, Franchisee's lease or sublease.

18.7 Liquidated Damages. In addition to and without in any way limiting other remedies herein, Franchisee shall pay to Franchisor, as liquidated damages and not as a penalty, in addition to all sums otherwise due hereunder, the sum produced by multiplying twenty-four (24) by the average actual monthly Royalty Fees for which Franchisee was obligated during the term hereof. If less than twenty-four (24) months remain in the term hereof at the time of such termination, then the number of remaining months shall be substituted for the number of twenty-four (24). Such sum shall be fully due and payable within ten (10) days of receipt of notice thereof from Franchisor. Franchisee acknowledges the reasonableness of this liquidated damages provision as a measurement on Franchisor's lost future profits.

18.8 Franchisee acknowledges that its obligation to pay Franchisor liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement up to the date of termination and to strictly comply with any other post-termination obligations required hereunder. Should any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Franchisor's ability to receive, such liquidated damages, Franchisee shall be liable to Franchisor for any and all damages which it incurs, now or in the future, as a result of Franchisee's default under this Agreement.

## ARTICLE XIX
## COMMENCEMENT AND HOURS OF OPERATIONS

Franchisee recognizes that continuous and daily availability of any of the proprietary food items and Products to the public is essential to the adequate promotion of Franchisee's Restaurant, and that any failure to provide such availability affects Franchisor both locally and nationally. Franchisee shall make Franchisee or Franchisee's trained Approved Manager personally available to provide the Products to the consuming public at a minimum of ten (10) hours per day, seven (7) days per week, or as required by any lease or sublease if different, except where prohibited or otherwise regulated by a governmental authority, including any state or local licensing authority, and shall otherwise conduct the business in accordance with generally accepted business standards. These requirements may be changed by Franchisor from time to time and upon reasonable notice to Franchisee and may differ from one franchisee to another, based upon the specific characteristics of a particular location.

## ARTICLE XX
## TRANSFERABILITY OF INTEREST

20.1 Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee, and that neither this Agreement nor the franchise granted shall be assignable or transferable by Franchisee, nor may the same be mortgaged, pledged or encumbered by him without the express prior written consent of Franchisor. Any purported assignment, mortgage, pledge or encumbrance of any rights under this Agreement or the franchise, without the prior written consent of Franchisor, shall be null and void. The issuance or transfer of any stock (including by way of any public stock offering) or partnership interest(s) in Franchisee, or its merger, a consolidation or dissolution, if Franchisee is a corporation or a partnership, shall be deemed an assignment of this Agreement and of the franchise.

20.2 If Franchisee is an individual, Franchisor hereby consents, upon thirty (30) days' prior written notice, to the assignment by Franchisee of all of Franchisee's rights and benefits under this Agreement to a corporation of which Franchisee owns at least a majority of the voting and equity stock, provided that:

A. Such corporation is newly organized and its activities and corporate purposes are confined exclusively to acting as a Restaurant franchised under this Agreement;

B. Such corporation and all of its stockholders execute a Transfer of Franchise to a Corporation form, or such other form as shall be provided or approved by Franchisor, in which they jointly and severally assume all of the past and future obligations of Franchisee under this Agreement, to the same extent as if they had originally executed this Agreement as Franchisee;

C. Franchisee or Franchisee's designated manager actively manages such corporation and continues to devote Franchisee's best efforts and full and exclusive time to the day-to-day operation and development of the franchise and the business of the Restaurant and Franchisee shall remain personally liable in all respects under this Agreement, including but not limited to payment for the purchase of any of the Products, jointly and severally with such corporation and any and all other stockholders thereof; and

D. All stock certificates of such corporation bear a legend substantially in the following form, which shall be printed legibly and conspicuously on the front of each such stock certificate:

**"The transfer of this stock certificate is subject to the terms and conditions of a certain Franchise Agreement entered into with Cho Dang Franchise, Inc. dated _____, 20__".**

20.3 If Franchisee, any stockholder or partner of a corporate or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder or partner of any corporate or partnership Franchisee, desires to effect any sale or assignment of any partnership interest, stock or other interest in this Agreement, or of Franchisor's rights and benefits under this Agreement, including, without limitation, the franchise granted by this Agreement, and/or the ownership or sublease for the Restaurant franchised by this Agreement, Franchisee or such other authorized person or party shall give Franchisor written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, and providing Franchisor with all other documents and data required prior to Franchisor approving the sale. Franchisor shall have the right of first refusal, for a period of fifteen (15) days after receipt of such notice, to notify Franchisee or such other authorized person or party of Franchisee's desire to exercise such option under the same terms and conditions as the bona fide offer. If Franchisor fails to exercise such option in the time period allotted, then Franchisee shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions, subject to Franchisee's compliance with all of the other terms and provisions of this Agreement. In the event the terms of such bona fide offer change at any time, then at the time of any change, Franchisee must re-offer the franchise to Franchisor for an additional fifteen (15) day period.

20.4 In addition to all of the other conditions set forth in Sections 20.2 and 20.3 above that pertain to the right of Franchisee to assign, transfer or sell the license created hereunder, Franchisee agrees that any and all rights of assignment, transfer or sale by Franchisee of this franchise and the its rights are conditioned upon compliance with each of the following:

A. Any such assignment, transfer, or sale shall be subject to the approval by Franchisor of such assignee, and of the moral and credit background of such assignee and any and all stockholders or partners of assignee, which approval shall not be unreasonably withheld;

B. The assignee, transferee, or purchaser, and all stockholders or partners thereof, if same is a corporation or partnership, shall at Franchisor's option either personally assume in writing all of the obligations of Franchisee, disclosed or undisclosed including all obligations under this Agreement, or execute the then-current Franchise Agreement, in the form used by Franchisor, except that the Royalty Fee and Marketing Fee under the then-current Franchise Agreement shall not be greater than that provided by Article V and IX above for the remainder of what would have been the initial term of this Agreement. However, Franchisor shall have the right to reasonably increase the Royalty Fee and the Marketing Fee, in conformity with the System, during any renewals of the Agreement;

C. Franchisee, such assignee, transferee or purchaser and any and all stockholders or partners thereof, shall execute a general release in favor of Franchisor, its officers, directors, and employees, of any and all claims and causes of action that they may have against Franchisor or its subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance under this Agreement by Franchisor;

D. All prior obligations and debts of Franchisee or corporate assignee of Franchisee owed to Franchisor under or in connection with this Agreement shall be paid concurrently with such assignment;

E. Franchisee must not be in default under this Agreement or any renewals of this Agreement or of any lease or sublease agreement to which Franchisee is a party;

F. Assignee, transferee or purchaser shall not be in the same business as Franchisor either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the assignee, transferee or purchaser may be an existing franchisee of Franchisor;

G. Prior to the effective date of the assignment, transfer or sale, the assignee, transferee, or purchaser must satisfactorily complete Franchisor's training program required of all new franchisees;

H. Assignee, transferee, or purchaser shall pay to Franchisor: (i) a non-refundable transfer review fee equal to Two Thousand Five Hundred Dollars ($2,500) to reimburse Franchisor for its legal and accounting fees, credit investigation, and other charges and expenses in connection with such assignment, transfer or sale, prior to any such assignment and upon submission of required documentation for Franchisor's review, whether or not the transfer is consummated; and (ii) a non-refundable training and transfer fee equal to Twenty Five Thousand Dollars ($25,000), upon Franchisor's consent and approval of such transfer, to reimburse Franchisor for its legal and accounting fees, expenses for training the assignee, transferee, or purchaser, and other charges and expenses in connection with such assignment, transfer or sale; and

I. Franchisee shall enter into an agreement with Franchisor agreeing to subordinate such assignee's, transferee's or purchaser's obligations to Franchisor, including, without limitation, any Royalty Fees and Marketing Fees, and any obligations of such assignee, transferee or purchaser to make installment payments of the purchase price to Franchisee.

20.5 Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor in this Agreement and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of Cho Dang Franchise, Inc. as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee acknowledges and agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business's facilities, and to operate, franchise or license those businesses and/or facilities as Cho Dang Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be near to any of Franchisee's locations.

If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the "Cho Dang" business or to offer or sell any products or services to Franchisee.

20.6 In addition to the requirements of this Article, Franchisee must, within fifteen (15) days of receipt of an offer to buy, give Franchisor additional written notice whenever Franchisee has received an offer from a third party to buy Franchisee's business franchised under this Agreement. Franchisee must also give Franchisor written notice simultaneously with any offer to sell Franchisee's Restaurant made by, for, or on behalf of Franchisee. The purpose of this Subsection is to enable Franchisor to comply with any applicable state or federal franchise disclosure law or rules. Franchisee will indemnify and hold Franchisor harmless for Franchisee's failure to comply with this Subsection.

20.7 Franchisor's consent to an assignment of any interest subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee, transferee or purchaser.

20.8 If, subject to the restrictions and conditions of transfer contained in this Article, Franchisee shall attempt to raise or secure funds by the sale of securities (including, without limitation, common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliates of Franchisee, Franchisee, recognizing that the written information used with respect thereto may reflect upon Franchisor, will submit any such written information to Franchisor prior to its inclusion in any registration statement, prospectus or similar offering circular or memorandum and will obtain the written consent of Franchisor to the method of financing prior to any offering or sale of such securities. For each proposed offering, Franchisee shall pay Franchisor a non-refundable fee in an amount equal to Five Thousand Dollars ($5,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. The written consent of Franchisor pursuant to this Section 20.8 shall not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless such information has been furnished by Franchisor, in writing, pursuant to the written request of Franchisee, in which Franchisee states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in such offering literature or prospectus, such literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for any offering.

The prospectus or other literature utilized in any such offering shall contain the following language in bold-face type on the first textual page thereof:

> **"NEITHER CHO DANG FRANCHISE, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER CHO DANG FRANCHISE, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities, arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. Franchisor shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

## ARTICLE XXI
## DEATH OR INCAPACITY OF FRANCHISEE

21.1 In the event of the death or permanent incapacity or disability of Franchisee, i.e., Franchisee is unable to operate the Restaurant as an individual franchisee, or any partner of a Franchisee which is a partnership, or any shareholder owning fifty percent (50%) or more of the capital stock of a Franchisee which is a corporation, Franchisor shall consent to a transfer of that Franchisee's interest to Franchisee's heirs, beneficiaries or family designees (referred to in this Article as "Transferee") without payment of a transfer fee, subject to the following conditions:

A. Transferee must complete, and be approved through, Franchisor's standard franchise selection process, including satisfactorily demonstrating to Franchisor that Transferee meets the financial character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;

B. Transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as the original Franchisee; and

C. If Transferee is not approved, Franchisee or Franchisee's legal representative shall use that person's best efforts to sell the Restaurant to a party acceptable to Franchisor within twelve (12) months from the date of Franchisee's death or permanent incapacity or disability and Franchisor shall have the option, but not the obligation, to operate and/or manage the Restaurant for the account of Franchisee's estate until the deceased or incapacitated Franchisee's interest is transferred to another party acceptable to Franchisor. Should Franchisor elect to operate and/or manage the franchised Restaurant, all monies from the operation of the Restaurant during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. Franchisor also shall have the right to charge a management fee of twenty percent (20%) of the Gross Sales earned during the period that Franchisor's appointed manager operates the Restaurant. If the conveyance of the Restaurant to a party acceptable to Franchisor has not taken place within the twelve (12) month period, Franchisor shall have the option, but not the duty, to purchase the Restaurant and its equipment at the fair market value thereof as determined by independent qualified appraisers selected by Franchisor and the estate. In the event that these appraisers cannot agree on a fair market value, a third appraiser shall be selected by the other two appraisers and that appraiser's determination shall be binding on both parties. However, if Franchisor chooses not to repurchase the Restaurant, then it may elect to terminate this Agreement, in which event the business franchised under this Agreement will automatically revert back to Franchisor, with Franchisor being obligated to purchase the equipment and trade fixtures at their book value, as set forth in the last certified financial statement of Franchisee.

## ARTICLE XXII
## OPERATION IN THE EVENT OF ABSENCE OR DISABILITY

In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating its value, if Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Restaurant or upon Franchisee's failure to cure any default within the applicable time period (if any) provided under this Agreement, Franchisee authorizes Franchisor, who may, at its option, operate the Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. Franchisor also has the right to charge a management fee of twenty percent (20%) of the Gross Sales earned during the period that Franchisor's appointed manager operates the Restaurant. If, as provided in this Article, Franchisor temporarily operates the Restaurant for Franchisee, Franchisee will indemnify and hold harmless Franchisor and any representative of Franchisor who may act under this Agreement, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

## ARTICLE XXIII
## INJUNCTIVE RELIEF

23.1 If Franchisee is in default, except for default with respect to monies required to be paid by Franchisee to Franchisor, under any provisions of this Agreement, Franchisor shall be entitled to seek a permanent injunction and any preliminary or temporary equitable relief in order to restrain the violation of this Agreement by Franchisee or any person acting for Franchisee or in Franchisee's behalf. Franchisor shall be entitled to its reasonable attorneys' fees and courts costs in connection with taking such action or in connection with any other remedy sought by Franchisor, provided Franchisor is the prevailing party. This remedy shall be cumulative to any other remedy available to Franchisor.

23.2 Franchisee agrees that it is impossible to measure in money the damages which Franchisor will sustain in the event of Franchisee's breach of this Agreement and, therefore, in the event Franchisor institutes injunctive proceedings under this Article, Franchisee waives the defense that Franchisor has an adequate remedy at law.

## ARTICLE XXIV
## RISK OF OPERATIONS

THERE ARE MANY UNCERTAINTIES AND RISKS OF THIS BUSINESS. THE SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, OR THE DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE RESTAURANT ARE NECESSARILY DEPENDENT IN PART UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE.

## ARTICLE XXV
## OTHER OBLIGATIONS

Nothing contained in this Agreement shall inhibit or limit the unrestricted right of Franchisor to enter into or engage in any business or in the sale itself, or the licensing to others for the sale, of the proprietary food items other than the limitations imposed upon Franchisor by Article I above; Franchisee shall have no rights, benefits or entitlement with respect thereto.

## ARTICLE XXVI
## FORCE MAJEURE

Except for (i) Franchisee's covenants and obligations set forth in Articles I and II of this Agreement, (ii) Franchisee's monetary obligations under this Agreement, and (iii) as otherwise specifically provided in this Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, war, acts of terror, riots, insurrection, acts of God, Pandemic (as hereinafter defined), inclement weather, failure of power, restrictive governmental law or regulations, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party (a "Force Majeure"), then performance of such act shall be excused during the period of such Force Majeure. The party whose performance is affected by a Force Majeure shall give prompt, written notice to the other party of such Force Majeure. If there shall be a Force Majeure that Franchisor deems economically harmful or otherwise detrimental to Franchisor or the System, then Franchisor shall be entitled to terminate this Agreement on 90 days' written notice to Franchisee; provided, however, that Franchisor may withdraw such notice if, within such 90-day period, Franchisor determines that the economically harmful or otherwise detrimental effects have ceased. The term "Pandemic" shall mean an outbreak of a pandemic disease provided the outbreak is classified as a worldwide pandemic, including the United States, by the World Health Organization, and the Centers for Disease Control and Prevention. The provisions of this Section shall not: (a) operate to excuse Franchisee from prompt payment of its monetary obligations under this Agreement; nor (b) be applicable to delays resulting from the inability of a party to obtain financing or to proceed with its obligations under this Agreement because of a lack of funds.

## ARTICLE XXVII
## WAIVER OF VIOLATION OR DEFAULT

Waiver by Franchisor or Franchisee of any violation or default hereunder shall not alter or impair either party's right with respect to any subsequent violation or default, nor shall any delay or omission on the part of either party to exercise any right arising from such violation of default alter or impair such party's rights as to the same or any future violation or default. An acceptance by Franchisor of any payment from Franchisee after the date on which such payment is due shall not operate as a waiver of Franchisee's default or violation hereunder, nor alter or impair Franchisor's rights with respect to such violation or default.

## ARTICLE XXVIII
## NOTICE AND TIME

28.1 All communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by fax transmission, or one (1) business day after being sent by overnight commercial courier service for next business day delivery, or

five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid. Notice to Franchisor shall be addressed to:

Notices to Franchisor:

Cho Dang Franchise, Inc.

6281 Beach Blvd. #146
Buena Park, CA 90621
Tel: (949) 923-8100
Attention: CEO

Notice to Franchisee shall be addressed to:

_____
_____
_____
_____

Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports, required to be made, by Franchisee under this Agreement shall be given to Franchisor at the above address, except that regular reports may be sent by regular mail.

28.2 Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

## ARTICLE XXIX
## APPLICABLE LAW AND VENUE

29.1 This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California, which laws shall prevail in the event of any conflict of law.

29.2 No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

29.3 Nothing contained in this Agreement shall bar Franchisor's right to seek injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

29.4 Franchisee acknowledges that Franchisee has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of California, where Franchisor's decision-making authority is vested and franchise operations are conducted and supervised. Therefore, the parties irrevocably agree and consent that in any action or proceeding brought by either party

to this Agreement, in the event the arbitration provision in Article XXX is found invalid, unenforceable or illegal, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in Orange County, California.

29.5 The parties agree to waive, now and forever, any and all rights either may have under the federal RICO statute.

29.6 The parties waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by it. The parties irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

29.7 In the event Franchisor employs legal counsel or incurs other expense to enforce any obligation of Franchisee under this Agreement, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

29.8 Franchisee agrees that he/she/it will not, on grounds of the alleged non-performance by Franchisor of any of its obligations under this Agreement, withhold payment of any Royalty Fee, advertising contributions or any other amounts due to Franchisor.

## ARTICLE XXX
## ARBITRATION

30.1 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED BETWEEN THEM SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT, AS AMENDED, AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE IN ORANGE COUNTY, CALIFORNIA.

30.2 EACH PARTY SHALL SELECT ONE (1) ARBITRATOR (WHO SHALL NOT BE COUNSEL FOR THE PARTY), AND THE TWO (2) SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION OF EITHER PARTY. JUDGMENT UPON ANY AWARD OF THE MAJORITY OF THE ARBITRATORS SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATORS MAY GRANT ANY RELIEF WHICH MIGHT BE GRANTED BY A COURT OF GENERAL JURISDICTION, INCLUDING, WITHOUT LIMITATION, BY REASON OF ENUMERATION, AWARD OF DAMAGES (BUT EXCLUDING INJUNCTIVE RELIEF), AND MAY, IN THE DISCRETION OF THE ARBITRATORS, ASSESS, IN ADDITION, THE COSTS OF ARBITRATION, INCLUDING THE REASONABLE FEES

OF THE ARBITRATORS AND REASONABLE ATTORNEYS' FEES, AGAINST EITHER OR BOTH PARTIES, IN PROPORTIONS AS THE ARBITRATORS SHALL DETERMINE.

30.3 NOTHING CONTAINED IN THIS AGREEMENT SHALL BAR EITHER PARTY FROM SEEKING AND OBTAINING TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH THIS ARTICLE XXX IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL, IN SUCH PARTY'S DISCRETION, CAUSE SUCH PARTY LOSS OR DAMAGE.

30.4 THE PARTIES INTEND THAT ANY ARBITRATION BETWEEN FRANCHISEE AND FRANCHISOR REGARDING A CLAIM OF FRANCHISEE SHALL BE OF FRANCHISEE'S INDIVIDUAL CLAIM, AND THAT NO SUCH CLAIM SUBJECT TO ARBITRATION SHALL BE ARBITRATED ON A CLASS-WIDE BASIS.

30.5 FRANCHISEE SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

## ARTICLE XXXI
## ACKNOWLEDGMENTS

31.1 FRANCHISEE ACKNOWLEDGES AND IS AWARE OF THE FACT THAT SOME FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

## ARTICLE XXXII
## ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with its subject matter. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. In the event of any conflict between the terms of this Agreement and the terms of any other agreements between Franchisor and Franchisee, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

## ARTICLE XXXIII
## JOINT AND SEVERAL OBLIGATION

If Franchisee consists of more than one (1) person, their liability under this Agreement shall be deemed to be joint and several.

## ARTICLE XXXIV
## SECURITY INTEREST

Franchisee grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Restaurant, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the address of Franchisee and Franchisor are set forth in Article XXVIII of this Agreement. If Franchisee is in good standing, Franchisor will, upon request, execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Restaurant.

## ARTICLE XXXV
## COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience only, and shall not be deemed to alter or affect any of its provisions. Each pronoun used in this Agreement shall be deemed to include the other number of genders.

## ARTICLE XXXVI
## SEVERABILITY AND CONSTRUCTION

36.1 Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, that shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties, and the invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that the finding of illegality adversely affects the basic consideration of this Agreement, Franchisor and Franchisee may terminate this Agreement.

36.2 Anything to the contrary in this Agreement notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity, other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

36.3 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

36.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision.

36.5 This Agreement shall be executed in two or more counterparts, and each copy so executed shall be deemed a duplicate original.

36.6 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties have executed this Agreement on the date first written above.

| FRANCHISOR | FRANCHISEE |
| --- | --- |
| By:_____ | By: _____ |

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "A"**

**LOCATION AND TERRITORY**

Franchisee's Location and Territory shall be as follows:

FRANCHISOR

By: _____

FRANCHISEE

By: _____
Franchisee

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "B"**

**GUARANTEE AGREEMENT**

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

**W I T N E S E T H:**

WHEREAS, Franchisee, ("Franchisee" or "Debtor") has entered into a Franchise Agreement dated _____, 20__ (collectively, the "Franchise Agreement") with the Secured Party;

WHEREAS, Guarantor holds ____% of ownership interest in the Franchisee or other beneficial owner or controlling person, as applicable, in Debtor, or a spouse of such person, and will benefit from the Franchise Agreement;

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

NOW, THEREFORE, in order to induce the Secured Party to enter the Franchise Agreement and the Documents with Debtor and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby jointly and severally agrees to be bound by the Documents and jointly and severally covenants and agrees with the Secured Party as follows:

## ARTICLE I
## GUARANTEE

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

**1.2** Guarantor hereby covenants and agrees unconditionally that in the event Debtor fails to make any payment due under the Obligations on the due date as set forth in the Documents, or an event of default occurs, as defined in the Documents ("Event of Default"), within ten (10) days of the receipt of

written notice from or on behalf of the Secured Party to the effect that there exists such an Event of Default and of the amount or nature of the Obligation(s) which Debtor has failed to pay or perform, Guarantor will pay the entire unpaid amount thereof to the Secured Party at its office set forth on the signature page attached hereto. In the event that the Guarantor should fail or decline to pay any sums properly due to the Secured Party hereunder within ten (10) days following the Secured Party's request for the payment of any such sums, then said sums shall bear interest at annual interest rate equal to twelve percent (12%). Further, if Guarantor shall fail to pay any amount or perform any Obligation(s) properly due to the Secured Party hereunder, the Secured Party may institute and pursue any action or proceeding to judgment or final decree and may enforce any such judgment or final decree against Guarantor and collect, in the manner provided by law, out of Guarantor's property, wherever situated, the monies adjudged or decreed to be payable.

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

## ARTICLE II
## REMEDIES AND RIGHTS OF SECURED PARTY

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

**2.2** Guarantor's liability hereunder is primary, direct and immediate. Guarantor agrees that neither:

**(i)** The exercise or the failure to exercise by the Secured Party of any rights or remedies conferred on it under the Documents, hereunder or existing at law or otherwise, or against any collateral;

**(ii)** The recovery of a judgment against Debtor or Obligor;

**(iii)** The commencement of an action at law or the recovery of a judgment at law against Debtor or any Obligor and the enforcement thereof through levy or execution or otherwise;

**(iv)** The taking or institution or any other action or proceeding against Debtor or any Obligor; nor

**(v)** The delay in taking, pursuing or exercising any of the foregoing actions, rights, powers or remedies (even though requested by Guarantor) by the Secured Party

shall extinguish or affect the Obligation(s) of Guarantor hereunder, but Guarantor shall be and remain liable for and until all Obligation(s) shall have been fully paid notwithstanding the previous discharge (total or partial) from further liability of Debtor or any Obligor or the existence of any bar (total, partial or temporary) to the pursuit by Guarantor of any right or claim to be subrogated to the right or claims of the Secured Party resulting from any action or failure or omission to act or delay in acting by the Secured Party, or anyone entitled to act in its place.

**2.3** In case any of the Guarantor shall become insolvent or admit in writing his, her or its inability to pay his, her or its debts as they mature, or apply for, consent to or acquiesce in the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for either Guarantor, or any of his, her or its property; or, in the absence of such application, consent or acquiescence, a trustee, receiver, liquidator, assignee, sequestrator or other similar official is appointed for Guarantor, or for a substantial part of his, her or its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy, admiralty or insolvency law or at common law or in equity is instituted by or against Guarantor, or remains for 60 days undismissed, then if any such event shall occur at a time when any of the Obligation(s) may not be then due and payable, Guarantor will pay to the Secured Party forthwith the whole unpaid amount under the Documents and Documents plus any other sums due under the Documents and other Documents, irrespective of whether any demand shall have been made on Guarantor, Debtor or any Obligor by intervention in or initiation of judicial proceedings relative to Guarantor, his, her or its creditors or his, her or its property. The Secured Party may file and prove a claim or claims for the whole unpaid amount or any portion thereof and for any other sums due under the Documents and other Documents and file such other papers or documents as may be necessary or advisable in order to have such claim allowed in such judicial proceedings and to collect and receive any monies or other property payable or deliverable on any such claim, and to distribute the same; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Secured Party.

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

**2.5** Notwithstanding anything mentioned herein to the contrary, the Secured Party, from time to time, without notice to Guarantor, may take all or any of the following actions without in any manner affecting or impairing the liability of Guarantor hereunder:

**(i)** Obtain a security interest in any property to secure any of the Obligation(s) hereunder;

**(ii)** Retain or obtain the primary or secondary liability of any party or parties, in addition to Guarantor, with respect to any of the Obligation(s);

**(iii)** Extend the time for payment of the Documents or any installment thereof for any period;

**(iv)** Release or compromise any liability of Guarantor hereunder or any liability of any nature of any other party or parties with respect to the Obligation(s);

**(v)** Resort to Guarantor for payment of any Obligation(s), whether or not the Secured Party shall proceed against any other party primarily or secondarily liable on any of the Obligation(s); or

**(vi)** Agree to any amendments, modification or alteration of the Documents and exercise its rights to consent to any action or non-action of Debtor which may violate the covenants and agreements contained in the Documents with or without consideration, on such terms and conditions as may be acceptable to it.

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

## ARTICLE III
## GUARANTOR'S WARRANTIES

**3.1** Guarantor represents and warrants to the Secured Party that:

**(i)** This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable against him, her or it in accordance with its terms;

**(ii)** There is no action, litigation or other proceeding pending or threatened against Guarantor, before any court, arbitrator or administrative agency which may have a materially adverse effect on the assets, businesses, or financial condition of Guarantor, or which would prevent, hinder or jeopardize his, her or its performance under this Guarantee;

**(iii)** Guarantor is fully familiar with all of the covenants, terms and conditions of the Documents and the Documents;

**(iv)** The Guarantor is not party to any contract, agreement, indenture or instrument or subject to any restriction which might materially adversely affect his, her or its financial condition which would in any way jeopardize the ability of Guarantor to perform hereunder; and

**(v)** The Financial Statement of Debtor attached hereto as Exhibit "1" is correct in all material respects and accurately represents the financial condition of Debtor as of _____ ___, 20__.

## ARTICLE IV
## MISCELLANEOUS PROVISIONS

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

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

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

**4.4** Guarantor hereby expressly waives:

**(i)** Notice of the acceptance by the Secured Party of this Guarantee;

**(ii)** Notice of the existence, creation or non-payment of all or any of the Obligation(s);

**(iii)** Presentment, demand, notice or dishonor, protest and all other notices whatsoever; and

**(iv)** All diligence in collection or protection of or realization on the Obligation(s) or any thereof hereunder, or any security for or guarantee of any of the foregoing.

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

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

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

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

**"SECURED PARTY"**

FRANCHISOR

By:_____

**"GUARANTORS"** **"SPOUSE"**

_____ _____

Name:
Address:

_____ _____

Name:
Address:

_____ _____

Name:
Address:

[*Attach Debtor's financial statements as Exhibit "1" to this Guarantee Agreement*]

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "C"**

**CONDITIONAL LEASE ASSIGNMENT PROVISIONS**

The clauses referred to in Article 2.1 of the attached Franchise Agreement are as follows:

(i) The premises being leased hereunder shall be used solely for the operation of a Cho Dang Restaurant.

(ii) Lessor has examined Franchisor's standard design concepts and specifications and consents to Lessee's use of same and of Franchisor's Marks and such signage as Franchisor may prescribe for the Restaurant.

(iii) Lessee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.

(iv) Lessor shall furnish Franchisor a copy of the executed lease, including all attachments thereto and related agreements, if any, within five (5) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

(v) Notwithstanding anything to the contrary contained in this Lease, it is expressly understood and agreed that if the Franchise Agreement dated the ___ day of _____, 20__ between the Lessee and Franchisor expires or is terminated for any reason whatsoever, the Lessee's rights hereunder shall, at the option of Franchisor, be transferred and assigned to Franchisor. Said option may be exercised by Franchisor giving the Lessor a notice in writing within thirty (30) days following the expiration or termination of the said Franchise Agreement, such notice to specify, inter alia, the date of such expiration or termination. It is further agreed that such notice shall, without further act or formality, operate as an effective assignment of the Lessee's right hereunder to Franchisor and the assumption by Franchisor of the covenants herein required to be observed or performed by the Lessee.

(vi) In the event Franchisor elects not to exercise the above option, Lessor shall permit Franchisor to enter the premises in order to make any modification necessary to protect Franchisor's Marks.

(vii) The Lessor shall give written notice to Franchisor (concurrently with the giving of such notice to the Lessee) of any default by the Lessee under the Lease, and Franchisor shall have, after the expiration of the period during which the Lessee may cure such default, an additional fifteen (15) days to cure, at its sole option, any such default, providing that if such default arises by reason of the bankruptcy or insolvency of the Lessee or the appointment of a receiver over the Lessee's assets or part thereof, Franchisor shall have the right to assume this Lease upon payment of any arrears of rental to such date. In the event of any such assumption, the Lessee shall cease to have any further rights hereunder.

(viii) The Lessor acknowledges that the said Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the said Franchise Agreement

for any reason whatsoever, to enter the premises hereby demised and to operate the Restaurant for the account of the Lessee for a period as set forth in the said Franchise Agreement. The Lessor further acknowledges that such entry by Franchisor shall not constitute an assignment of this Lease, nor a subletting of the premises hereby demised.

(ix) The Lessor acknowledges that Franchisor is executing this Lease solely for the purpose of acknowledging the provisions contained in the foregoing clauses and agrees that such execution by Franchisor shall in no way be construed so as to obligate Franchisor for the performance of any of the terms, conditions, obligations and covenants contained herein, except as specifically set forth in clause (i).

The foregoing provisions shall be incorporated into Franchisee's lease or sublease agreement.

FRANCHISOR

By:_____

FRANCHISEE

By:_____

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "D"**

**SITE LOCATION ADDENDUM**

Site Location

Cho Dang Franchise, Inc. ("Franchisor") and Franchisee ("Franchisee) have on this date, _____, 20__, entered into a certain Franchise Agreement, ("Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within 1 year, (365) days after execution of this Addendum, Franchisee shall acquire, by lease or purchase, at Franchisee's expense and subject to Franchisor's approval, as provided in the Franchise Agreement, a location for the franchised business.

B. Guidelines and Evaluation

In connection with Franchisee's selection of a site for the franchised business, Franchisor shall furnish to Franchisee the following:

1. Counseling and assistance on site selection guidelines as Franchisor may deem advisable.

2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals, following Franchisee's approval in advance of same.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the franchised business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location and such other information or materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed location to Franchisor for its approval no later than _____(__) days after the execution of the Franchise Agreement. Franchisor shall have _____(__) days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of approval is given to Franchisee by Franchisor.

D. Lease Provisions

The lease for the premises of the franchised business shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the franchised business.

2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may prescribe for the franchised business.

3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.

4. That Franchisee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.

5. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.

6. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to assign or sublease for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.

7. That Franchisor shall be furnished a copy of the executed lease, ten (10) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the franchised business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. Franchisee shall not relocate the franchised business without the express prior written consent of Franchisor.

F. Construction

Franchisee shall commence construction or leasehold improvements ("Construction") of the franchise business within _____ (__) days after Franchisee executes this addendum, executes a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee shall provide written notice to Franchisor of the date Construction of the franchised business commences within _____(__) days after commencement. Franchisee shall maintain continuous Construction of the franchised business premises and shall complete Construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within ____(__) months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the Construction period, Franchisee and Franchisee's architect or general contractor shall certify in writing to Franchisor that all work is proceeding substantially on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive

covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the Construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of Construction, Franchisee shall obtain, and shall furnish to Franchisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the franchised business. Franchisee shall obtain Franchisor's approval for opening and shall open the franchised business within _____ (_) months after the date of commencement of Construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under Section 17.1 of the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

**FRANCHISOR** **FRANCHISEE**

By:_____ _____

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "E"**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

**THIS AGREEMENT** is made by and between Cho Dang Franchise, Inc., a California corporation (the "Franchisor"), and _____ (the "Franchisee").

**WHEREAS**, Franchisor has developed an established business and is engaged in the development, marketing and sale to franchisees of an efficient and distinctive system of training employees, preparing, serving, merchandising, and selling products typically sold in a Cho Dang Restaurant, served by a distinctively uniformed staff, and well trained, in distinctively designed, furnished, decorated and equipped Restaurants under the name Cho Dang; and

**WHEREAS**, Franchisor has developed and uses the name "Cho Dang" and associated service marks, trademarks, designs, and symbols in the design and appearance of its Restaurants (collectively referred to as the "Marks"), identifying the goodwill which Franchisor has developed in connection with the operation of Cho Dang Restaurants by Franchisor and its franchisees (all of which is hereinafter referred to as the "System"); and

**WHEREAS**, Franchisor desires to preserve the Marks and the System, and has plans, where profitable, to increase the number of Cho Dang Restaurants within the United States and elsewhere; and

**WHEREAS**, Franchisee desires to be a Cho Dang Restaurant franchisee; and

**WHEREAS**, _____, Franchisee's Employee, has been hired by Franchisee to run the day-to-day activities of Franchisee's Restaurant and such Employee must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

**IN CONSIDERATION** of these premises, and the conditions stated herein, the parties agree as follows:

1. Purpose of Agreement. Franchisor is placing Franchisee in a position of trust and confidence in the development, marketing, sale and expansion of the System. As a precondition of the grant of the right to own and operate a Cho Dang Restaurant, Franchisor desires to receive from Franchisee (i) an agreement not to disclose certain information relating to Franchisor's business, (ii) an agreement not to compete against Franchisor for a certain period of time, and (iii) an agreement concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. Franchisor Ownership of Materials. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including Franchisor's Confidential Operating Manuals, and the goodwill associated with them, which in any way relate to Franchisor's past, present or potential business or which were prepared or received by Franchisee as a franchisee of Franchisor and a participant in the System (collectively referred to as "Confidential Information") are the exclusive property of Franchisor. Franchisee agrees to deliver to Franchisor all copies of such materials including

Franchisee's own personal work papers, which are in Franchisee's possession or under Franchisee's potential control at the request of Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated even date herewith between Franchisor and Franchisee (the "Franchise Agreement").

3. Confidential Information. Franchisee acknowledges that Franchisor's Confidential Information is a valuable and unique asset which Franchisee holds in trust for Franchisor's sole benefit. Franchisee agrees that Franchisee shall not, at any time during and for a period of fifty (50) years after Franchisee ceases to be a franchisee of Franchisor or a participant in the System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of Franchisor's Confidential Information, without the prior written consent of Franchisor.

4. Trade Secrets. Franchisee acknowledges that Franchisor's Confidential Information and its methods and techniques of operation, and food preparation, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Confidential Operating Manuals, are uniquely valuable to Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets").

In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a Cho Dang Restaurant, Franchisee agrees, at all times while a franchisee of Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of Franchisor's Trade Secrets, to use them solely for the benefit of Franchisor's business, and to refrain from disclosing or making available the Trade Secrets to any third party without the prior written consent of Franchisor. Franchisee further agrees to take all reasonable security measures to ensure that Franchisee's employees comply with this Agreement and such other security measures as are reasonably requested by Franchisor to prevent accidental disclosure.

5. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the System or which relate to or are useful to Franchisor's business which Franchisee, alone or with others, may invent, discover, make or conceive ("Inventions") are the exclusive property of Franchisor, and Franchisee shall promptly and fully disclose them to Franchisor. At any time, at Franchisor's request and expense, Franchisee shall, without further compensation: (i) promptly record such Inventions with Franchisor; (ii) execute any assignments and other documents Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by Franchisee that as the natural result of Franchisee's participation in the System as a franchisee of Franchisor, Franchisee will gain access to Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of Franchisor's landlords, customers and suppliers. Franchisee acknowledges that Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for Franchisee's participation in the System as a franchisee of Franchisor, Franchisee agrees that while it is a franchisee of Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after Franchisee ceases to be a participant in the System, and within the Area of Minimum Competition as defined in Article XIV of the Franchise Agreement, Franchisee shall not:

(a) Have or acquire an interest in a similar business to that offered or developed by Franchisor which provides the same or substantially similar products as those sold, distributed, manufactured or furnished by Franchisor during the term of the Franchise Agreement. For purposes of this

Agreement, "similar business" means a retail food service shop or restaurant that sells the same or substantially similar products as Menu Items, as such term is defined in the Franchise Agreement, where the cumulative sales of such products comprise at least 50% of total sales of such business;

(b) Engage, directly or indirectly, on Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any similar business to those offered and provided or manufactured by Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of Franchisor; or the terms and conditions of Franchisor's contracts with suppliers of these Products;

(d) Hire or engage, or attempt to hire or engage, directly or indirectly, any individual who is an employee of Franchisor at the time of such solicitation, or was an employee during the calendar year immediately preceding Franchisee's termination as a participant in the System as a franchisee of Franchisor, whether such actions are undertaken on behalf of Franchisee or on behalf of another entity; or

(e) Otherwise take direct actions to disrupt the operations of Franchisor or interfere with Franchisor's performance of its contracts with third parties.

7. Enforcement.

(a) Injunction. Franchisee understands and agrees that Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate Franchisor for any such violation. Accordingly, Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this Agreement, Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by Franchisee or by any or all of Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with Franchisee. Franchisee consents to the seeking of the injunction as being a reasonable measure to protect Franchisor's rights.

(b) Jurisdiction. Franchisee agrees that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the state where Franchisee's Restaurant is located, and the parties agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court. Any lawsuit brought against Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of Franchisee within this time period shall serve to bar any rights Franchisee may have against Franchisor or its officers, directors and agents.

(c) Costs. Franchisee further agrees that if Franchisee acts in any manner which causes Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines

Franchisee has or is violating any of the provisions of this Agreement, Franchisor, in addition to its other remedies, shall be entitled to recover from Franchisee all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. Franchisee has read and considered carefully the provisions of Sections 1 through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. Franchisee further agree that the restrictions set forth in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

(a) All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, Franchisee agrees that a breach or alleged breach by Franchisor of any obligation owed by Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of California.

(c) No delay or failure by Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.

(e) The rights and obligations of Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of Franchisor and any future successors and assigns of Franchisor.

(f) No modification of this Agreement shall be valid unless it is in writing and signed by both Franchisee and an authorized representative of Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by Franchisee and Franchisor to supersede and replace any prior agreements on these issues between the parties.

(g) The Employee, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

[Remainder of page intentionally left blank; signature page to follow.]

**IN WITNESS WHEREOF**, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ____ day of _____, 20__.

FRANCHISOR

By:_____

FRANCHISEE:

By:_____
(Franchisee)

By:_____
(Employee)

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "F"**

**TRANSFER OF FRANCHISE TO A CORPORATION**

The undersigned, as Franchisee of the Restaurant under a Franchise Agreement executed on the date set forth below between Franchisee and Cho Dang Franchise, Inc., as Franchisor, granting Franchisee a franchise to operate at the location set forth below, and the other undersigned shareholders or members of the Corporation, who together with Franchisee constitute all of the Shareholders of the Corporation, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation in accordance with the provisions of Article XX of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other Shareholders of the Corporation intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article XIV thereof, to the same extent as if each of them were Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation without the prior written approval of Franchisor and agree that all stock certificates representing shares in the Corporation shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated _____, 20__ between Franchisee and Cho Dang Franchise, Inc.".

3. Franchisee or his designee shall devote his best efforts to the day-to-day operation and development of the Restaurant.

4. _____ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Cho Dang Franchise, Inc. to the same extent as if it were named as Franchisee herein.

Date of Franchise Agreement: _____

Location of Restaurant: _____

_____
Name of Corporation

_____
Name:_____
Title:_____

In consideration of the execution of the above Agreement, Cho Dang Franchise, Inc. hereby consents to the above referred to assignment on this ___day of _____, 20__.

CHO DANG FRANCHISE, INC.

By:_____

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "G"**

**WEBSITE LISTING, TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY**

**FOR VALUE RECEIVED**, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Cho Dang Franchise, Inc. upon the following terms:

1. This assignment is made under the terms of Cho Dang Restaurant Franchise Agreement dated _____, 20__ authorizing Franchisee to do business as "Cho Dang" Restaurant (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone and listing and numbers Franchisee uses in the operation of the Restaurant covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the website listing, telephone numbers and business listings (collectively, the "Listings") only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee's limited right of use of the Listings also terminates. In this event, Franchisee agrees to immediately discontinue use of all Listings. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the Listings to Franchisor.

3. The Listings subject to this assignment are: _____ (to be determined) and all numbers on the rotary series and all numbers Franchisee uses in the Restaurant in the future.

4. Franchisee shall pay all amounts owed for the use of the Listings it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the Listings, whether or not due, including all sums owed under existing contracts for telephone and online business directory advertising.

5. Franchisee appoints Franchisor as his/her attorney-in-fact to act in Franchisee's place for the purpose of assigning any Listings covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any directory or listings service company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below. Persons signing this Agreement must check the appropriate space and sign in the appropriate place provided.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the _____ day of _____, 20__

Franchisee

By:_____

FRANCHISOR:

Signed and accepted as of the ____ day of _____, 20__

CHO DANG FRANCHISE, INC.

By: _____

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "H"**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO CHO DANG FRANCHISE, INC., INCLUDING CHECKS AND ELECTRONIC TRANSFERS**

Depositor hereby authorizes and requests _____ (the "Bank") to initiate debit and credit entries to Depositor's account indicated below drawn by and payable to the order of CHO DANG FRANCHISE, INC. (the "Company") in checks drawn on such account payable to the Company or by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Bank's rights with respect to each such charge shall be the same as if it were a check drawn by the Bank and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever.

Bank Name: _____

Bank Address:_____

Transit/ABA Number:_____

Account Number:_____

This authority is to remain in full force and effect until the Company has received written notification from the depositor of its termination in such time and in such manner to afford the Company and Bank a responsible opportunity to act on such request.

Restaurant Address: _____

Name of Depositor:_____ (Please print Franchisee name)

_____
Date Signed

_____
Signature of Depositor

_____
Signature of Depositor (in case more than 1 depositor)

**PLEASE ATTACH ONE VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "I"**

**ENTITY INFORMATION DISCLOSURE**

Franchisee represents and warrants that the following information is accurate and complete in all respects:

1. Franchisee is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] other (specify) _____

State of incorporation/organization _____
Franchisee entity name _____
Federal Tax Identification Number _____

2. Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, stock certificates/ledger, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

3. Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

4. The name and address of each Owner is:

| Name | Address | Number of Shares or Percentage Interest |
|---|---|---|
| | | |
| | | |
| | | |

5. The names, addresses, and titles of Franchisee Owner who will be devoting their full time to the Franchised Restaurant are:

| Name | Address | Title |
|---|---|---|
| | | |
| | | |

6. The address where Franchisee's financial records and Entity Documents are maintained is:

_____

7. The General Manager is: _____

8. Franchisee represents and warrants to Franchisor as an inducement to Franchisor's execution of the Franchise Agreement that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information. Franchisor may request with respect to the partners shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor In addition. Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

**IN WITNESS WHEREOF**, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the Effective Date.

FRANCHISOR

By:_____

FRANCHISEE:

By:_____

**CHO DANG FRANCHISE, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "J"**

**FORM OF GENERAL RELEASE**

**THIS GENERAL RELEASE AGREEMENT** (this "**Release Agreement**") is made this _____ day of _____, 20__ (the "**Effective Date**") by and among CHO DANG FRANCHISE, INC., a California corporation ("**Franchisor**"), on the one hand, and _____, a[n] _____ and its/his/her Constituents (collectively, "**Releasing Parties**") on the other hand, with reference to the following facts:

A. On _____, Franchisor and _____ as "**Franchisee**" executed a Franchise Agreement (the "**Franchise Agreement**") pursuant to which Franchisor granted Franchisee a license to use the service mark and trade name "CHO DANG" (the "**Marks**") and the Cho Dang System (the "**System**") in connection with the operation of a Cho Dang Restaurant (the "**Restaurant**") located at _____ (the "**Franchised Location**").

B. Franchisee desires to exercise its right to renew/transfer the Franchise Agreement under the Franchise Agreement.

C. The execution of this Release is one of several conditions precedent to Franchisee's right of renewal/transfer of the Franchise Agreement.

**NOW, THEREFORE,** in consideration of the foregoing Recitals (which are incorporated herein by this reference) and the covenants and conditions set forth below and to induce Franchisor to consent to the renewal, Franchisee hereby agrees as follows:

**1. Definitions.** As used herein, the following capitalized terms have the meanings ascribed to them.

1.1. "**Claims**" means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature.

1.2. "**Constituents**" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3. "**Excluded Matters**" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Agreement on and after the Effective Date. This Release Agreement is not intended to terminate or amend the Franchise Agreement; this Release Agreement is intended to relieve Franchisor and its Constituents of responsibility for its or their failure, if any, to have timely performed or completed obligations which by the terms of the Franchise Agreement were to have been performed or completed prior to the Effective Date.

1.4. "**Franchisor Released Parties**" means Franchisor and each of its Constituents.

1.5. "**Losses**" means all damages, debts, liabilities, accounts, suits, awards, judgment s, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration .

**2. General Release Agreement.** Releasing Parties for themselves and their Constituents, hereby irrevocably and unconditionally release and forever discharge Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date of this Release Agreement, except for the Excluded Matters and obligations under this Release Agreement. Each of the Releasing Parties agrees that each Franchisor Released Parties is a direct beneficiary with respect to each provision of this Release Agreement applicable to Franchisor Released Parties and may enforce each of these provisions.

**3. Waiver of Section 1542 of the California Civil Code.**

3.1. Releasing Parties for themselves and on behalf of their Constituents, expressly, knowingly, and voluntarily waive all rights under Section 1542 of the California Civil Code, which states:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2. With respect to those claims being released pursuant to Section 2 hereunder, Releasing Parties, for themselves and on behalf of their Constituents, acknowledge that they are releasing unknown claims and waives all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of Franchisor Released Parties, and each of them.

3.3. Releasing Parties acknowledges that this general release extends to claims which Releasing Parties do not know or suspect to exist in favor of Releasing Parties at the time of executing this Release Agreement, which if known by Releasing Parties may have materially affected their decision to enter into this Release Agreement. It is understood by Releasing Parties that the facts in respect of which this Release Agreement as given may hereafter tum out to be other than or different from the facts in that connection known or believed to be true. Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

**4. Representations and Warranties.** Releasing Parties hereby represent and warrant to Franchisor that, in entering into such release, they (i) are doing so freely and voluntarily upon the advice of counsel and business advisor of their own choosing (or declined to do so, free from coercion, duress or fraud); (ii) have read and fully understand the terms and scope of the Release Agreement that the parties are entering into; (iii) realize that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in the Release Agreement entered into by the parties; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by

this Release Agreement now or in the future, that they are aware of no third party who contends or claims otherwise, and that they shall not purport to assign, transfer, or convey any such claim hereafter.

**5. Covenants Not to Sue; Assertion of Release as Bar to Proceedings.** Releasing Parties hereby irrevocably covenant to refrain from, directly or indirectly, asserting any claim or demand, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released hereby. This Release Agreement may be asserted by any of Franchisor Released Parties as a defense and complete bar to any action, claim, cross claim, cause of action, arbitration or other proceeding that may be brought, or could have been brought, instituted or taken by, against, or involving any of Releasing Parties, or anyone acting or purporting to act on behalf of any of Franchisor Released Parties with respect to any of the claims released herein.

**6. Indemnity.** Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters purported to be released pursuant to this Release Agreement; and (iii) any breach of representation s, warranties or covenants hereunder by Releasing Parties or their Constituents.

**7. Miscellaneous.**

7.1. This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

7.2. This Release Agreement, together with the agreements referenced herein, constitute the entire understanding between and among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, discussions and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

7.3. This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Release Agreement shall constitute and be deemed an original copy of this Release Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Release Agreement.

7.4. This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.

7.5. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties hereto, and shall have no applicability in construing this Release Agreement or the terms of this Release Agreement.

7.6. Whenever possible each provision of this Release Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Release shall be or become invalid, illegal or unenforceable under applicable law in any respect, the validity and enforceability of the remaining terms and provisions of this Release shall not in any way be affected or impaired thereby and the parties will

attempt to agree upon a valid, legal and enforceable provision that is a reasonable substitute therefore, and upon so agreeing, shall incorporate such substitute provision in this Release Agreement.

7.7. Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

7.8. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The Release Agreement may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

7.9. This Release Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without reference to conflict of law principles. The parties agree that, subject to the express arbitration requirement set forth in the Franchise Agreement, any action brought by either party against the other in any court, whether federal or state, shall be brought in Orange County, California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

7.10. Nothing in this Agreement applies to Claims that arise under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder.

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

**RELEASING PARTIES:**

| | |
|---|---|
| _____ | _____ |
| (Entity Name) | (Entity Name) |
| By:_____ | By:_____ |
| Print Name:_____ | Print Name:_____ |
| Title:_____ | Title:_____ |

**FRANCHISOR:**

CHO DANG FRANCHISE, INC.

By:_____
Print Name:
Title:

**EXHIBIT D**

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**CHO DANG RESTAURANT**

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**EXHIBIT E**

**LIST OF CURRENT FRANCHISEES**

**AS OF DECEMBER 31, 2025**

| City, State | Franchisee | Address | Telephone Number |
|---|---|---|---|
| Irvine, CA | DS F&B | 3931 Irvine Blvd. #104, Irvine, CA 92602 | (949) 265-8584 |
| Irvine, CA | Cho Dang USA, Inc. | 3825 Alton Pkwy, Irvine, CA 92606 | (949) 527-9004 |
| Dublin, CA* | Sungjang, Inc. | 7884 Dublin Blvd., Dublin, CA 94568 | (925) 999-5885 |
| Naperville, IL | Jamae House, Inc. | 1295 E. Ogden Ave. Naperville, IL 60563 | (224) 410-9631 |
| Urbana, IL | Jamae House, Inc. | 220N.Broadway Ave., Urbana, IL 61801 | (847) 834-5651 |
| Austin, TX | Haedam, LLC | 11301 Lakline Blvd., Austin, TX 78717 | (346) 652-8795 |

*Franchise agreement signed but outlet not yet opened.

**EXHIBIT F**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN 2025**

**NONE.**

**EXHIBIT G**

**FINANCIAL STATEMENTS**

# CHO DANG FRANCHISE, INC.

## FINANCIAL STATEMENTS

(With Independent Auditors' Report)

**DECEMBER 31, 2025**

**Dow & Sohn CPAs**

PROFESSIONAL CORPORATION

LOS ANGELES, CALIFORNIA

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# Dow & Sohn CPAs

*Professional Corporation*
3435 Wilshire Blvd Suite 3005
Los Angeles, CA 90010
TEL. (213) 487-3690
FAX. (866) 737-2131


**THE BOARD OF DIRECTORS OF**
**CHO DANG FRANCHISE, INC.**
**CERRITOS, CA**

## INDEPENDENT AUDITORS' REPORT

### *Opinion*

We have audited the accompanying financial statements of **CHO DANG FRANCHISE, INC. ("the Company"),** which comprise the balance sheet as of December 31, 2025, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CHO DANG FRANCHISE, INC.** as of December 31, 2025, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a *reasonable user based on the financial statements.*

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dow & Sohn CPAs

**Dow & Sohn CPAs**
*Professional Corporation*
Los Angeles, California

March 17, 2026

**CHO DANG FRANCHISE, INC.**
**BALANCE SHEET**
**AS OF DECEMBER 31, 2025**

## ASSETS

| | | |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ | 139,564 |
| Accounts receivable | | 13,387 |
| Inventory | | 33,756 |
| Prepaid expenses | | 3,221 |
| Total current assets | | 189,928 |
| **Right of Use Asset, net of amortization** | | 68,431 |
| **Intangible Asset, net of amortization** | | 256,000 |
| **Other Assets** | | |
| Note receivable | | 60,000 |
| Security deposits | | 3,318 |
| Total other assets | | 63,318 |
| **Total Assets** | | **577,677** |

## LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | | 71,450 |
| Accrued expenses | | 10,776 |
| Advertising reserve | | 6,342 |
| Current portion of deferred revenues | | 35,000 |
| Current portion of lease payable | | 35,188 |
| Total current liabilities | | 158,756 |
| **Long-term Liabilities** | | |
| Deferred revenues, net of current portion | | 117,250 |
| Lease payable | | 38,550 |
| Franchisee deposit | | 10,000 |
| Due to related parties | | 140,000 |
| Total long term liabilities | | 305,800 |
| **Total Liabilities** | | 464,557 |
| **Stockholder's Equity** | | |
| Common stock, no par value, 1,000,000 shares authorized, 300,000 shares issued and outstanding | | 250,000 |
| Additional paid in capital | | 150,000 |
| Accumulated deficits | | (286,879) |
| Total stockholder's equity | | 113,121 |
| **Total Liabilities and Stockholder's Equity** | **$** | **577,677** |

The notes to the financial statements are an integral part of these statements.

**CHO DANG FRANCHISE, INC.**
**STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Revenues** | $ | 249,326 |
| **Costs of revenues** | | 52,385 |
| **Gross profits** | | **196,941** |
| **Operating expenses** | | 417,810 |
| **Loss from operations** | | **(220,868)** |
| **Other Income and (expense)** | | 100 |
| **Loss before provision for income tax** | | (220,768) |
| **Provision for income tax** | | 800 |
| **Net Loss** | | **(221,568)** |
| **Other Comprehensive Income** | | - |
| **Total Comprehensive Loss** | **$** | **(221,568)** |

The notes to the financial statements are an integral part of these statements.

**CHO DANG FRANCHISE, INC.**
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | Common Stock | | Additional | Accumulated | Total Stockholder's |
|---|---|---|---|---|---|
| | Shares | Amounts | Paid in Capital | Deficits | Equity |
| **Balance at January 1, 2025** | 300,000 | $ 250,000 | $ 150,000 | $ (65,311) | $ 334,689 |
| **Net Loss** | - | - | - | (221,568) | (221,568) |
| **Balance at December 31, 2025** | 300,000 | $ 250,000 | $ 150,000 | $ (286,879) | $ 113,121 |

The notes to the financial statements are an integral part of these statements.

**CHO DANG FRANCHISE, INC.**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| **Net Loss** | **$** | **(221,568)** |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Amortization and depreciation | | 63,152 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | | (6,832) |
| Inventory | | (33,756) |
| Prepaid expenses | | (3,221) |
| Accounts payable | | 1,450 |
| Accrued expenses | | 3,226 |
| Advertising reserve | | 6,342 |
| Deferred revenues | | 83,417 |
| Lease payable | | 73,738 |
| Franchisee deposit | | 10,000 |
| **Net cash used in operating activities** | | **(24,052)** |
| **Cash Flows from Investing Activities** | | |
| Acquisition of Right of Use Asset | | (99,583) |
| **Net cash used in investing activities** | | **(99,583)** |
| **Cash Flows from Financing Activities** | | |
| Borrowing from related parties | | 140,000 |
| **Net cash provided by financing activities** | | **140,000** |
| **Net increase in cash and cash equivalents** | | **16,365** |
| **Cash and cash equivalents at the beginning of period** | | **123,199** |
| **Cash and cash equivalents at the end of period** | **$** | **139,564** |
| **Supplemental disclosures of cash flow information:** | | |
| **Cash paid during the period for** | | |
| Interest | $ | 5,469 |
| Income taxes | $ | 800 |

The notes to the financial statements are an integral part of these statements.

# CHO DANG FRANCHISE, INC.
# NOTES TO FINANCIAL STATEMENTS
# FOR THE YEAR ENDED DECEMBER 31, 2025

## Note 1 - Organization and Nature of Business

**Cho Dang Franchise, Inc**. ("the Company") was incorporated on November 14, 2022, under the laws of the State of California. The Company is owned by four individual shareholders with ownership interests of 50%, 30%, 10%, and 10% respectively. The Company is primarily engaged in the franchising and distribution of Korean soft tofu soup and other traditional Korean food products.

## Note 2 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

*Cash and Cash Equivalents*
The Company considers all highly liquid investments purchased with original maturities of three months or less to be categorized as cash and cash equivalents.

*Accounts Receivable and Allowance for Doubtful Account*
Accounts receivable consists primarily of accounts due to the Company for its franchise fees, royalty fees, and other related fees. Accounts receivable are recorded at invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's assessment of known requirements, aging of receivables, payment history, the customers' current credit worthiness, and the economic environment. Based on management's evaluation, no allowance for doubtful accounts was considered necessary as of December 31, 2025.

*Inventories*
Inventories are stated at the lower of cost or net realizable value, cost being determined using the first-in first out("FIFO") method.

*Revenue Recognition*
The Company recognizes revenue in accordance with FASB ASC No. 606, Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company's revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as royalties and marketing fees. Initial franchise fees are generally non-refundable and relate to services provided prior to store opening. Revenue is recognized when the Company has substantially completed its pre-opening obligations. Any portion related to ongoing services is deferred and recognized over the term of the franchise agreement. Initial franchise fees for unopened stores and unamortized portions are recorded as deferred revenue. Continuing royalties, which are a percentage of net sales of franchisees, are accrued as revenue when the subsequent sales occur and those allocated royalties have been satisfied. Other fees are recognized as revenue for various general and administrative services provided.

The Company has $152,250 deferred revenues for the year ended December 31, 2025 with corresponding current and non-current deferred revenues of $35,000 and $117,250, respectively.

*Income taxes*
The Company follows the provisions of ASC No 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, derecognition, measurement and disclosure of uncertain tax positions recognized in any entity's financial statements.

For the year ended December 31, 2025, the Company did not have any interest and penalties associated with tax position. As of December 31, 2025, the Company did not have any significant unrecognized uncertain tax positions.

*Right-of-Use Asset and Lease payable*
The Company accounts for leases in accordance with ASC 842, *Leases*. Operating leases are recognized on the balance sheet as Right-of-Use ("ROU") assets and corresponding lease payable, measured at the present value of future lease payments discounted using the Company's incremental borrowing rate. The ROU asset is amortized on a straight-line basis over the lease term. As of December 31, 2025, the Company recognized an ROU asset of $68,431 (net of accumulated amortization), with corresponding current and non-current lease payable of $35,188 and $38,550, respectively.

*Use of Estimates*
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3 – Intangible Asset**

During the year ended December 31, 2024, the Company acquired a proprietary recipe used in the production of its signature soft tofu product. The recipe was purchased from a third party and provides the Company with exclusive rights to use the formulation in its food production operations.

The total purchase price of the recipe was $320,000, which has been recorded as an intangible asset on the balance sheet. The intangible asset has a finite useful life and is being amortized on a straight-line basis over 10 years, the estimated period during which the recipe is expected to contribute to the Company's operations.

As of December 31, 2025, the net carrying amount of the recipe was as follows:

| | |
|---|---|
| Gross carrying amount | **$ 320,000** |
| Less: Accumulated amortization | **(64,000)** |
| Intangible asset, net of amortization | **$ 256,000** |

Amortization expense for the year ended December 31, 2025 was $32,000. Annual amortization expense is expected to be $32,000 per year through 2033.

**Note 4 – Commitments and Contingencies**

The Company may be involved in legal proceedings arising in the normal course of business. Management believes that the ultimate resolution of such matters will not have a material adverse effect on the results of operations, stockholders' equity, financial position as of December 31, 2025.

As of December 31, 2025, the Company had no commitments and contingencies.

**Note 5 – Related Parties Transaction**

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

*Due to Related Parties*
Amounts due to related parties represent borrowings from shareholders of the Company. These amounts are unsecured, non-interest bearing, and due on demand. As of December 31, 2025, the Company had $140,000 due to related parties, classified as a long-term liability on the balance sheet since management does not expect repayment within 12 months.

**Note 6 – Subsequent Events**

ASC 855, *Subsequent Events*, is intended to establish general standards of accounting for the disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. The Company has evaluated subsequent events through March 17, 2026, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

## SUPPLEMENTARY INFORMATION

**Dow & Sohn CPAs**
PROFESSIONAL CORPORATION
LOS ANGELES, CALIFORNIA

**CHO DANG FRANCHISE, INC.**
**SCHEDULE TO STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Revenues** | | |
| Franchise fees | $ | 21,583 |
| Advertising fees | | 36,920 |
| Royalty income | | 107,840 |
| Other sales | | 47,345 |
| Other fees | | 35,639 |
| **Total revenues** | | **249,326** |
| **Costs of revenues** | | |
| Purchases | | 85,192 |
| Freight cost | | 949 |
| Ending inventory | | (33,756) |
| **Total costs of revenues** | | **52,385** |
| **Operating expenses** | | |
| Advertising expense | | 36,920 |
| App & Software Expense | | 350 |
| Amortization expense | | 32,000 |
| Automobile expense | | 9,268 |
| Bank service charges | | 48 |
| Computer & internet expense | | 95 |
| Commission expense | | 7,500 |
| Dues and subscription | | 603 |
| Equipment rent expense | | 1,952 |
| Franchisee support expense | | 3,522 |
| Insurance expense | | 326 |
| Interest expense | | 5,469 |
| Lease expense | | 31,152 |
| Meals and entertainment | | 12,683 |
| Office expense | | 4,993 |
| Outside service | | 8,500 |
| Payroll expense | | 166,790 |
| Payroll tax expense | | 13,894 |
| Postage and delivery | | 87 |
| Professional fees | | 19,950 |
| Rent expense | | 382 |
| Repairs and maintenance | | 721 |
| Supplies | | 2,393 |
| Travel expense | | 54,212 |
| Website expense | | 4,000 |
| **Total operating expenses** | **$** | **417,810** |

The notes to the financial statements are an integral part of these statements.

IRVINE CPAs & Associates

810 Roosevelt, Irvine, CA 92620 T. 949.777.5577 F. 949.777.5574

# CHO DANG FRANCHISE, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

**CHO DANG FRANCHISE, INC.**
FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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IRVINE CPAs & Associates

810 Roosevelt, Irvine, CA 92620 T. 949.777.5577 F. 949.777.5574

## Independent Auditors' Report

The Board of Directors and Management
CHO DANG FRANCHISE, INC.:

### Opinion

We have audited the accompanying financial statements of CHO DANG FRANCHISE, INC. (a California corporation), which comprise the balance sheet as of December 31, 2024, and the related statement of loss, statement of shareholders' equity, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHO DANG FRANCHISE, INC. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent from CHO DANG FRANCHISE, INC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CHO DANG FRANCHISE, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continue)

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CHO DANG FRANCHISE, INC.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CHO DANG FRANCHISE, INC.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Irvine CPAs & Associates

Irvine CPAs & Associates, Inc.
April 15, 2025
Irvine, California

## CHO DANG FRANCHISE, INC.

Balance Sheet

As of December 31, 2024

| Assets | 2024 |
|---|---|
| Current assets: | |
| Cash | 123,199 |
| Accounts receivable | 6,555 |
| Total current assets | 129,754 |
| Intangible asset, net | 288,000 |
| Security deposit | 3,318 |
| Other assets | 60,000 |
| Total assets | 481,072 |
| **Liabilities and Stockholder's Equity** | |
| Current liabilities: | |
| Accounts payable | 70,000 |
| Current deferred revenue | 14,000 |
| Payroll liabilities | 4,334 |
| Other current liabilities | 3,216 |
| Total current liabilities | 91,550 |
| Long-term liabilities: | |
| Non-current deferred revenue | 54,833 |
| Total long-term liabilities | 54,833 |
| Total liabilities | 146,383 |
| Shareholders' equity | |
| Common stocks | 250,000 |
| Additional paid in capital | 150,000 |
| Retained earnings | (65,311) |
| Total stockholder's equity | 334,689 |
| Commitments and contingencies | |
| Total liabilities and stockholder's equity | 481,072 |

See auditor's report and accompanying notes to the financial statements

## CHO DANG FRANCHISE, INC.

Statement of loss

For the Year ended December 31, 2024

| | 2024 |
|---|---|
| Revenue | |
| Franchise revenue | 28,120 |
| Marketing fee | 16,933 |
| Other revenue | 939 |
| Total revenue | 45,992 |
| Cost of goods sold | — |
| Gross profit | 45,992 |
| Operating expenses | 89,433 |
| Loss from operations | (43,441) |
| Interest and other income, net | — |
| Income before income tax expense | (43,441) |
| Income tax expense | 800 |
| Net loss | (44,241) |

See auditor’s report and accompanying notes to the financial statements

**CHO DANG FRANCHISE, INC.**

Statement of Changes in Stockholder's Equity

For the year ended December 31, 2024

| | Common stock | | Additional paid in capital | Accumulated deficit | Total shareholders' equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balances at January 1, 2024 | 300,000 | 250,000 | 150,000 | (21,070) | 378,930 |
| Net loss | | | | (44,241) | (44,241) |
| Balances at December 31, 2024 | 300,000 | 250,000 | 150,000 | (65,311) | 334,689 |

See auditor's report and accompanying notes to the financial statements

## CHO DANG FRANCHISE, INC.

Statements of Cash Flows

For the Year ended December 31, 2024

| | 2024 |
|---|---|
| Cash flows from operating activities: | |
| Net loss | (44,241) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation and amortization | 32,000 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (6,555) |
| Security deposit | (3,318) |
| Other assets | (60,000) |
| Current and non-current deferred revenue | 68,833 |
| Other current liabilities | 7,550 |
| Net cash provided by operating activities | (5,731) |
| Cash flows from investing activities: | |
| Net cash used in investing activities | — |
| Cash flows from financing activities: | |
| Net cash provided by financing activities | — |
| Net increase in cash and cash equivalents | (5,731) |
| Cash and cash equivalents, beginning of year | 128,930 |
| Cash and cash equivalents, end of year | 123,199 |
| Supplemental cash flow information: | |
| Cash paid during the year for: | |
| Income tax | 800 |

See auditor's report and accompanying notes to the financial statements

## Note 1 - Organization and Nature of Business

CHO DANG FRANCHISE, INC. (the Company) was incorporated in the state of California on November 14, 2024. The Company is 50% owned by Sunim Kim and Chun Sub Park, 30% owned by Jake S. Oh, 10% owned by Karen Lee, and 10% owned by Helen Lee. The Company is mainly engaged in the franchise operations, a specialized menu of Korean style soft tofu soup with special recipes and other traditional Korean BBQ, cuisine and snacks.

*Franchise Operations*

Franchisor franchises certain restaurants, known as "Cho Dang" specialized in soup bowls using "Soon-Dubu," or soft tofu, and related menu items including, but not limited to, bibimbap, beef short rib, as well as other related Korean food items and services. Franchisor's retail restaurants are operated under certain trademarks, service marks, logos and other commercial symbols, including without limitation "Cho Dang" (collectively "Marks"), and pursuant to certain confidential information and trade secrets. Menu Items are prepared according to proprietary recipes and procedures, with a variety of toppings, sauces, and ingredients (Trade Secret Food Products). Cho Dang Restaurants are operated with uniform formats, distinctive trade dress, décor, color scheme, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor.

Under the franchise agreement, a franchisee is required to pay a non-refundable franchise fee in the range of $30,000 – $90,000. In addition, the franchisee is required to pay 4% of gross sales as royalties and 2% of gross sales as marketing fees to the Company monthly. Franchise agreements generally have an initial term of five years, and a franchisee will have the right to extend the agreement for another 5-year term. As of December 31, 2024, the Company contracted 5 franchise agreements, which included 1 franchise owned by the affiliate.

## Note 2 - Summary of Significant Accounting Policies

This summary of the significant accounting policies of the Company is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for the integrity and objectivity of these statements and notes. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The following items comprise the significant account policies of the Company

*Basis of Accounting*

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

*Cash and Cash Equivalents*

Cash equivalents consist of demand deposits in banks and short-term, highly liquid debt instruments with original maturities of three months or less. The Company maintains cash and cash equivalent balances with financial institutions that exceed federally insured limits. The Company has not experienced any losses related to these balances and believes credit risk to be minimal.

**Note 2 - Summary of Significant Accounting Policies, continued**

*Revenue Recognition*

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers". The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance

obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all the Company's revenue is recognized at the time control of the products and service transfers to the customer.

The Company generates franchise revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing, and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Franchise Revenue:

Franchise revenue included in Royalties and other revenues is derived from development and initial franchise fees relating to new shop openings and ongoing royalties charged to franchisees based on their sales. The Company sells individual franchises domestically, as well as development agreements that grant the right to develop shops in designated areas. Generally, the franchise license granted for each individual shop within an arrangement represents a single performance obligation. The franchise agreements and development agreements typically require the franchisee to pay initial nonrefundable franchise fees (i.e., initial services such as training and assisting with shop set-up) prior to opening. The franchisees also pay a royalty on a monthly basis based upon a percentage (3%) of franchisee gross sales. Royalties are recognized in income as underlying franchisee sales occur. The initial term of domestic franchise agreements is typically 5 years. The Company recognizes the initial nonrefundable fees over the term of the franchise agreements on an output method based on time elapsed, corresponding with the customer's right to use the franchise for the term of the agreement. A franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term.

Marketing Revenue:

Franchise-related advertising fund revenue included in Royalties and other revenues is derived from domestic franchise agreements that typically require the franchisee to pay advertising fees on a continuous monthly basis based on a percentage of franchisee gross sales, which are recognized based on fees earned each period. Conversely, when the marketing fund is over-spent as compared to the marketing fee revenue received, the brand and system development fund fee expense will be recognized

Other revenue:

Other revenue primarily represents sales of proprietary products and supplies to franchisees. Revenue from product sales is recognized at the point in time when control of the goods transfers to the franchisee, typically upon shipment or delivery depending on the terms of the sale.

**Note 2 - Summary of Significant Accounting Policies, continued**

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Intangible asset*

During the year ended December 31, 2024, the Company acquired a proprietary recipe used in the production of its signature soft tofu product. The recipe was purchased from a third party and provides the Company with exclusive rights to use the formulation in its food production operations.

The total purchase price of the recipe was $320,000, which has been recorded as an intangible asset on the balance sheet. The intangible asset has a finite useful life and is being amortized on a straight-line basis over 10 years, the estimated period during which the recipe is expected to contribute to the Company's operations.

As of December 31, 2024, the net carrying amount of the recipe was as follows:

| | 2024 |
|---|---|
| Gross carrying mount | 320,000 |
| Lee: Accumulated amortization | (32,000) |
| Intangible asset, net | 288,000 |

*Other current liabilities*

Other current liabilities include accrued compensation, accrued legal fees, accrued utilities, and credit card payable balances as of the year-end.

*Fair Value*

The accounting standards for fair value measurements define fair value as the price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The accounting standards for fair value measurements establish a three-level fair value hierarchy that

prioritizes the input used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of input used to measure fair value are as follows:

- Level 1: Quoted prices in active markets that are accessible as of the measurement date for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and

**Note 2 - Summary of Significant Accounting Policies, continued**

- liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement of the assets or liabilities. These include certain pricing

- models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, receivables, accounts payable, and accrued liabilities and are reflected in the audited Financial Statements at cost which approximates fair value for these items due to their short-term nature. Management believes the fair value determination of these short-term financial instruments is a Level 1 measure. The Company's other assets and liabilities measured at fair value on a non-recurring basis include long-lived assets, lease right of use assets, and other indefinite-lived intangible assets, if determined to be impaired.

*Income Taxes*

The Company follows the provisions of FASB No. ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in the Company's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets, allowance for doubtful receivables, and profit on installment sales. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

*Recently adopted Accounting Standards*

On January 1st, 2024, the Company adopted ASU No. 2016-02, Leases (Topic 842). As permitted under the new guidance, the Company elected the package of practical expedients, which allowed the Company to retain previous conclusions regarding lease identification, classification, and initial direct costs. For lease agreements with lease and non-lease components, the Company elected the practical expedient to account for these as a single lease component for all underlying classes of assets.

The Company has elected not to record right-of-use ("ROU") assets or lease liabilities for leases with initial lease terms of 12 months after considering renewal and purchase options reasonably certain to be exercised. As a result, for the year 2024, then ended, the Company has not recorded any ROU assets or lease liabilities, as any of the lease contract does not exceed 12 months.

## Note 3 – Summary of Franchise Outlets

As of December 31, 2024, franchise outlets consisted of the following:

| | 2024 |
|---|---|
| **Company and affiliate owned stores** | |
| In operation, beginning of year | — |
| Opened during the year | 1 |
| Sold during the year | — |
| In operation, end of year | 1 |
| **Franchise locations (domestic)** | |
| In operation, beginning of year | — |
| New franchise locations opened during the year | 4 |
| Franchise locations closed during the year | — |
| In operation, end of year | 4 |

## Note 4 – Income Tax Expense

The Company is incorporated in the State of California and is subject to a minimum annual franchise tax of $800, regardless of income level. For the year ended December 31, 2024, the Company incurred no federal or state income tax expense other than the minimum California franchise tax.

The Company has incurred cumulative net operating losses since inception and, as such, has not recorded any provision for federal or state income taxes.

The components of income tax expense for the year ended December 31, 2024, are as follows:

| | | |
|---|---|---|
| Income tax (LLC fee) expense: | | |
| State | $ | 800 |

## Note 5 – Selling, General and Administration Expense

| | 2024 |
|---|---|
| Advertising and marketing expense | 10,884 |
| Amortization expense | 32,000 |
| Automobile expense | 246 |
| Financial charge | 20 |
| Dues and subscription | 2,000 |
| Office expense | 1,856 |
| Management fees | 16,649 |
| Insurance expense | 400 |
| Meals and entertainment | 2,226 |
| Payroll expense | 14,954 |
| Professional expense | 4,900 |
| Rent expense | 3,127 |
| Office supplies | 171 |
| Total operating expenses | 89,433 |

**Note 6 - Subsequent Events**

The Company has evaluated all subsequent events to the balance sheet date of December 31, 2024, through April 15, 2025, the date that the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

Jungmu Cohn, CPA

957 5th Avenue Los Angeles, CA 90019 T. 213-550-6264 E. jmcpa@hotmail.com

# CHO DANG FRANCHISE, INC.

Financial Statements

December 31, 2023

(With Independent Auditors' Report Thereon)

Jungmu Cohn, CPA

957 5th Avenue Los Angeles, CA 90019 T. 213-550-6264 E. jmcpa@hotmail.com

**Independent Auditors' Report**

The Board of Directors and Management
CHO DANG FRANCHISE, INC.:

We have audited the accompanying financial statements of CHO DANG FRANCHISE, INC. (the Company), which comprise the balance sheets as of December 31, 2023 and the related statements of income, changes in shareholder's equity, and cash flows from the inception of business to December 31, 2023 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express and opinion on the financial statements based on our audits. 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 from material misstatement.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHO DANG FRANCHISE, INC. at December 31, 2023 and the results of its operations and its cash flows from the inception of business to December 31, 2023 for the period then ended in accordance with U.S. generally accepted accounting principles.

Jungmu Cohn

March 26, 2024

**CHO DANG FRANCHISE, INC.**

Balance Sheet

December 31, 2023

**Assets**

| Assets | 2023 |
|---|---|
| Current Asset | |
| Cash | $ 128,930 |
| Total Current Asset | $ 128,930 |
| Other Current Asset | |
| Prepaid Expense | $ 800 |
| Total Other Current Asset | $ 800 |
| Other Assets | |
| Receipe | $ 320,000 |
| Total Other Assets | $ 320,000 |
| Total asset | 449,730 |

**Liabilities and Equity**

| | |
|---|---|
| Liabilities | |
| Accounts Payable | 70,000 |
| Total liabilities | 70,000 |
| Equity | |
| Shareholders' contribution | 400,000 |
| Retained earnings | (20,270) |
| Total equity | 379,730 |
| Total liabilities and equity | 449,730 |

See accompanying notes to financial statements.

**CHO DANG FRANCHISE, INC.**

Statement of Income

December 31, 2023

| | | 2023 |
|---|---|---|
| Revenues and other income | | |
| Sales and other operating revenue | $ | - |
| Income | $ | 100,000 |
| Cost of sales | $ | - |
| Gross profit | $ | 100,000 |
| Selling, general, and administrative epxenses | | |
| Advertising and Promotions | $ | 90 |
| Commission Expense | $ | 10,000 |
| Development Expense | $ | 100,000 |
| Professional Fees | $ | 10,150 |
| Taxes & License and Permits | $ | 26 |
| Total Operating Expenses | $ | 120,266 |
| Other income, net | $ | - |
| Income before income tax expense | $ | -20,266 |
| Income tax expense | $ | - |
| Net income | $ | -20,266 |

See accompanying notes to financial statements.

**CHO DANG FRANCHISE, INC.**

Statement of Changes in Equity
December 31, 2023

| | Common Units | Retained earnings | Total Equity |
|---|---|---|---|
| Balance at January 1, 2023 | $ 250,000 | $ (4) | $ 249,996 |
| Shareholders' contribution | $ 150,000 | $ - | $ 150,000 |
| Net income | $ - | $ (20,266) | $ (20,266) |
| Balance at December 31, 2023 | $ 400,000 | $ (20,270) | $ 379,730 |

See accompanying notes to financial statements.

**CHO DANG FRANCHISE, INC.**

Statement of Cash Flows
December 31, 2023

| | | 2023 |
|---|---|---|
| Cash flow from operating activities | | |
| Net income (loss) including noncontrolling interest | $ | (20,266) |
| Changes in operational working capital, excluding cash and debt | | |
| Other currents assets | $ | (800) |
| Accounts and other payables | $ | 70,000 |
| Net cash provided by operating activities | $ | 48,934 |
| Cash flow from investing activities | | |
| Net income (loss) including noncontrolling interest | $ | (320,000) |
| Returns of investments | $ | 150,000 |
| Net cash provided by operating activities | $ | (170,000) |
| Cash flows from financing activities: | | |
| Proceeds from member's contribution | $ | 150,000 |
| Net cash provided by financing activities | $ | 150,000 |
| Cash at beginning of period | $ | 99,996 |
| Cash at end of period | $ | 128,930 |

See accompanying notes to financial statements.

**CHO DANG FRANCHISE, INC.**

Notes to Financial Statements

Period ended December 31, 2023

## 1) Description of Business

CHO DANG FRANCHISE, INC. (the Company) was incorporated in the state of California on November 14, 2022. The Company is mainly engaged in the franchising and distribution of Korean tofu soup, Korean BBQ and other Korean cuisine.

## 2) Summary of Significant Accounting Policies

### a) Revenue Recognition

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring services and goods to a customer. The Company determines revenue recognition using the following five steps according to accounting standard code 606: (1) identify the contract with a customer, (2) identify the performance obligation in the contract, (3) determined the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when the Company satisfies a performance and delivery obligation.

### b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include deferred tax assets, and income tax uncertainties and other contingencies. Actual results could differ from those estimates.

### c) Cash

Cash consists of bank deposits. The Company deposits their cash at demand accounts with a high-quality financial institution, which, at times, many exceed federally insured coverage. At December 31, 2023 the Company has cash balance not in excess of the Federal Deposits Insurance Corporation (“FDIC”) insured limits.

### d) Recently Adopted Accounting Standards

The FASB issued Accounting Standards Update ASU 2014-09, Revenue from Contracts with Customers (Topic ASC 606), in May 2014. AUS 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the provisions of ASU 2014-09 as of December 31, 2023. The adoption of the standard did not have any material impact on the Company’s policies and financial statements for revenue recognition as the Company does not have any revenue for the period.

## 3) Subsequent Event

Management has evaluated subsequent events through January 15, 2024, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

## State Effective Dates:

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | Pending |
| Illinois | Pending |
| New York | Pending |
| Washington | Pending |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

**(RETURN ONE COPY TO US)**

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

If Cho Dang Franchise, 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.

Under New York law, this disclosure document must be provided to you at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchised relationship. Michigan requires that we provide you with this disclosure document 10 business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Cho Dang Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrators listed in Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows:

Sunim Kim, Helen Lee, Chun Sub Park, Karen Lee, or _____ at:

CHO DANG FRANCHISE, INC.
6281 Beach Blvd. #146
Buena Park, CA 90621
(949) 923-8100

Date of Issuance: March 17, 2026

I have received a disclosure document dated March 17, 2026 that included the following Exhibits:

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

Dated:_____

_____
Prospective Franchisee

_____
Printed Name

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If Cho Dang Franchise, 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.

Under New York law, this disclosure document must be provided to you at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchised relationship. Michigan requires that we provide you with this disclosure document 10 business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Cho Dang Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrators listed in Exhibit A.

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F. List of Franchisees Who Have Left the System
G. Financial Statements

Dated:_____

_____
Prospective Franchisee

_____
Printed Name