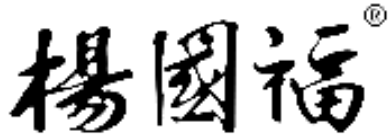


FRANCHISE DISCLOSURE DOCUMENT



CAPTAIN BUSINESS MANAGEMENT CO., LIMITED

1521 Concord Pike, Suite 201

Wilmington, DE 19803

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(+86) 021-80121276

Fei.feng@yangguofu.global

<http://www.ygfchina.com>

You will operate a restaurant under the name “YGF” and/or “YANGGUOFU” that provides “Malatang”, a widely known Chinese fast cuisine and related products.

The total initial investment necessary to begin the operation of a YGF restaurant (“Restaurant,” “YGF Restaurant,” or “YANGGUOFU Restaurant”) ranges from ~~\$346,600 to \$774,000~~ ~~\$338,000 to \$789,700~~. This amount includes payments that range from ~~\$57,600 to \$76,000~~ ~~\$10,000 to \$16,600~~ that must be paid to us or an affiliate of ours.

This Disclosure Document summarizes certain provisions of our franchise agreement and other information in plain English. Undefined capitalized terms used in this disclosure document have the meaning assigned to them in the Franchise Agreement attached as Exhibit B. 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 or grant. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchise development office at 1521 Concord Pike, Suite 201, Wilmington, DE 19803, at (929) 977-6123 (+86) 021-80121276.

The terms of your franchise agreement will govern our franchise relationship. Do not rely on this Disclosure Document alone to understand your franchise agreement. Read the franchise agreement and all your other contracts carefully. Show the franchise agreement and all your other contracts 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.

ISSUANCE DATE: ~~March 31, 2025~~ July 1, 2024

~~THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW~~

~~THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:~~

- ~~(a) — A prohibition on the right of a franchisee to join an association of 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 this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.~~
- ~~(c) — A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.~~
- ~~(d) — A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.~~
- ~~(e) — A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.~~
- ~~(f) — A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.~~
- ~~(g) — A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - ~~(i) — 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.~~
 - ~~(iii) — Subfranchisor. 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 (e).~~
- ~~(i) — A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.~~

~~If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of the 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 ENDORSEMENT BY THE ATTORNEY GENERAL.~~

~~Any questions regarding this notice should be directed to:~~

~~State of Michigan Consumer Protection Division Attn: Franchise
670 G. Mennen Williams Building 525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117~~

~~Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Multi-Unit Development Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.~~

**CAPTAIN BUSINESS MANAGEMENT CO., LIMITED
FRANCHISE DISCLOSURE DOCUMENT**

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

Captain Business Management Co., Limited (referred to in this Disclosure Document as “YGF,” “YANGGUOFU,” “we,” “us,” “our,” or “franchisor” and where the context requires also includes our affiliates) was formed as a Delaware limited liability company on April 8, 2024. Our principal place of business is 1521 Concord Pike, Suite 201 Street, New Castle, Wilmington, Delaware 19803, and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “you,” “your,” or “franchisee,” which includes all franchise owners and partners, if you are a corporation, partnership or other entity.

The Franchisor

We plan to begin offering YGF franchises in 2024. YGF franchises will sell “Malatang”, a widely known Chinese fast cuisine and related products under our proprietary Marks. We do not own or operate any businesses of the type being franchised. We have not offered franchises in any other line of business, and we do not engage in any other business activity.

Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessor. Our parent, YGF Blessing Pte. Ltd., a Singapore private company limited by shares, was formed on October 27, 2023, and has the registered office address at 346C King George’s Avenue, King George’s Building, Singapore (208577). It does not own or operate a business of the type being franchised, it has never offered franchises in this or any other line of business, and it is not an approved supplier of any product or service you must purchase or lease.

We have four relevant affiliates. Our first affiliate, Xinxu (Shanghai) Information Technology Service Co., Ltd. (“Xinxu”), a Chinese limited liability company, was formed in January 2019 and has the registered office at Room 1504-3, 1065 West Zhongshan Road, Changning underground level 1 of room 01 and 02, floor 1 of room 02, 1-3 floors, underground level 1, No. 24, Lane 688, Hengnan Road, Minhang District, Shanghai, China. As of December 31, 2023, Xinxu is the licensor of 6,518 YGF restaurants located in China. Xinxu will be responsible for training and the majority of pre-opening obligations to our franchisees.

Xinxu has previously granted licenses to others to operate under the YGF name and offer the same products and services as YGF restaurants. As of the issuance December 31, 2024~~date of this Disclosure Document~~, there are eight (8) ~~sixteen (16)~~ licensee locations currently open and operating. The above YGF licenses are not considered franchises since no substantial assistance has or will be provided by Xinxu to these licensees and it does and will not substantially control their operations.

Our second affiliate, Shanghai Yuelan Food and Beverages Management Co., Ltd. (“Yuelan”), a Chinese limited liability company, was formed on March 17, 2015, and has its registered office at Room 333, Block E, 753 Yuyuan Road, Changning~~1650 Lianhang Road, Minhang District, Shanghai, China~~. Yuelan owns and operates two YGF restaurants located in Shanghai, China. It does not own or operate a business of the type being franchised, and it has never offered franchises in this or any other line of business.

Our third affiliate, Sichuan Yang Guofu Food Co., Ltd. (“SCYGF”), a Chinese limited liability company, was formed on September 14, 2015, and has the registered office at No. 716, Yongle Road, Functional Zone, China Sichuan Cuisine Industrial Park, Ande Town, Pidu District, Chengdu, Sichuan Province,

China. SCYGF primarily manufactures YGF proprietary sauces & seasonings and related products and sells them to YGF Restaurants in China. SCYGF is an approved supplier of certain products or services you must purchase. It does not own or operate a business of the type being franchised, and it has never offered franchises in this or any other line of business.

Our fourth affiliate, Shanghai Yuna Supply Chain Management Co., Ltd. (“Yuna”), a Chinese limited liability company, was formed on 27 March 2020 and has its registered office at 1650 Lianhang Road, Minhang District, Shanghai, China. SCYGF’s primary activities are the sale of supplies and merchandise that are self-manufactured or sourced from third parties to YGF Restaurants in China. Yuna is an approved supplier of certain products or services you must purchase. It does not own or operate a business of the type being franchised, and it has never offered franchises in this or any other line of business.

Other than as described in Item 1, none of our affiliates have ever offered franchises in this or any other line of business (though they may do so in the future).

Description of Franchise

We offer franchises for YGF restaurants (“Restaurant,” “YGF Restaurant,” or “YANGGUOFU Restaurant”), offering “Malatang”, a widely known Chinese fast cuisine and related products.

The Restaurants are established and operated under a comprehensive and unique system (the “System” or “YGF System”). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; training and assistance; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and once developed, our Confidential Operations Manual (the “Manual”), which you should expect to evolve over time, that may be provided to you as a franchisee.

The Restaurants operate under the trade name and mark “YGF” and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks”.

Unless we indicate otherwise, all references in this Disclosure Document to a YGF Restaurant will refer to a standard Restaurant that offers Malatang and other related products either operated by ourselves or our franchisees under the System. Each YGF Restaurant must be constructed and operated in compliance with the System as defined above, and use the Marks as defined above.

A business that operates under the System and uses the Marks is referred to in this disclosure document as a “YGF Restaurant.” We franchise the non-exclusive right to use the System in the operation of YGF Restaurants that sell “Malatang” in relevant States of the United States.

We do not have company-owned YGF Restaurants and we only offer franchises to our franchisees for the establishment and operation of YGF Restaurants in the United States.

Franchise Agreement

We offer the right to establish and operate a Restaurant under the terms of a single-unit franchise agreement within a designated location (the “Franchise Agreement”). Our current form of Franchise Agreement is Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership

ITEM 2
BUSINESS EXPERIENCE

Xingyu Yang – Director and President

Mr. Yang has served as our Executive Director and President since our formation. He has also been the Chief Executive Officer and an Executive Director of our affiliate Shanghai Yang Guofu Enterprise Management (Group) Co. (“SYGEM”), since May 2019 and November 2021, respectively, responsible for its brand operation, informatization management, and management and coordination of various departments. From October 2017 to June 2019, he served as a deputy general manager of SYGEM. From January 2016 to April 2017, he served as the manager of the procurement department of SYGEM.

Fei Feng – Director of Marketing

Ms. Feng has served as our Director of Marketing since our formation. She has been the Chief Global Marketing Officer of SYGEM since August 2023, responsible for overseas franchise development, coordination of overseas supplies of products and goods, as well as implementation of overseas expansion strategies. From November 2018 to July 2023, she was a Regional Manager of 36Kr. From July 2017 to November 2018, she was a Marketing Director of MeetBest.

Ying Li – Training Manager

Ms. Li has served as our Training Manager since our formation. She has been the Chief Training Officer of our affiliate Xinxu since April 2024, responsible for training of Chinese YGF restaurants personnel and System standards. From May 2022 to April 2024, she was a Senior Manager of Sichuan Baicha Baidao Industrial Co., Ltd. From January 2021 to May 2022, she was the General Manager of the Company Business School of Sichuan Shi Da Wu Catering Co., Ltd. From June 2020 to January 2021, she was a Department Head of Guoquan Food Shanghai Co., Ltd. From June 2007 to June 2020, she was a Regional Manager of Yum China Holdings, Inc.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

You must pay us an initial franchise fee for the right to establish a single YGF Restaurant under a Franchise Agreement. We may elect franchise fee arrangement in either a Fixed Fee Arrangement or a Variable Fee Arrangement. If we elect the Fixed Fee Arrangement, you must pay a lump sum fee of \$20,000 ranging from \$10,224 to \$16,600 as the initial franchise fee. If we elect the Variable Fee Arrangement, you must pay a lump sum fee of \$10,000 as the initial franchise fee. Our choice of the fee arrangement is at our sole discretion (which will be provided to you no less than 14 days prior to your execution of the Franchise Agreement), and we may consider various commercial factors, such as your qualifications, experiences, financial conditions, and the site selected by you. The initial franchise fee is not refundable under any circumstances.

Prior to opening your Restaurant, and upon signing your Franchise Agreement, you must pay a deposit of \$8,000 (the "Deposit"). The Deposit will be used to offset indemnification, overdue penalties, penalties in the event of violations of System standards, and other liquidated damages or penalties, if any. In the event of the termination or rescission of the Franchise Agreement, we will refund to you the unapplied balance, interest-free, of the Deposit within ninety (90) days following your completion and satisfaction of the post-termination obligations described in the Franchise Agreement.

Prior to opening your Restaurant, you must pay us or our affiliates for: (1) the purchase of equipment (such as freezer and small wares), signs, and fixtures (such as floor and wall tiles) ranging from \$26,500 to \$32,000; (2) the purchase of opening inventory to include proprietary soup base, sauces, seasonings, paper goods, packing box and other sundries ranging from \$12,400 to \$15,000; and (3) the purchase of uniforms ranging from \$700 to \$1,000. These fees are imposed uniformly on all franchisees and are not refundable under any circumstances.

**ITEM 6
OTHER FEES**

All of the fees listed below are not refundable, are paid to us unless otherwise noted. We reserve the right to require you to pay the fees and other amounts due to us via electronic funds transfer (ACH) or similar means.

Type of fee	Amount or Estimated Range	Due date	Refund	Remarks
Successor franchise fee	\$16,600 per year	Upon execution of the successor franchise agreement	Non-refundable	(Note 1)
Additional Site Assistance	Actual costs	As incurred	Non-refundable	(Note 2)
Opening Assistance	Actual costs	As incurred	Non-refundable	(Note 3)
Additional Training Fee	\$2,000/person Actual costs	Prior to training	Non-refundable	(Note 4)
Subsequent Franchise Fee	Fixed Fee Arrangement: <u>3% of your Gross Sales from \$10,224 to \$16,600</u>	Monthly The first and second anniversary of the execution of the Franchise Agreement	Non-refundable	(Note 5)
	Variable Fee Arrangement: <u>Fee for Gross Sales below \$50,000 is \$2,000; fee for Gross Sales from \$50,000.00 to \$80,000.00 is \$2,000.00 plus 6% of the portion of monthly Gross Sales which exceed \$50,000.00; fee for Gross Sales from \$80,000.01 to \$120,000.00 is \$3,800.00 plus 7% of the portion of monthly Gross Sales which exceed \$80,000.00; fee for Gross Sales above \$120,000.00 is \$6,600.00 plus 8% of the portion of monthly Gross Sales which exceed \$120,000.00</u> varies based on monthly Gross Sales from \$2,000 to no more than 8% of the Gross Sales	Monthly	Non-refundable	
Deposit	\$8,000 to \$8,300	Upon signing of	Refundable	(Note 6)

		Franchise Agreement		
Late fee; interest on delinquent payments	Late fee of \$1,400 per month; as well as an interest of 18% per annum or the highest rate permitted by laws, whichever is less	Upon demand	Non-refundable	(Note 57)
Supplier approval process fee	Actual costs	As incurred	Non-refundable	Actual cost of the inspection and its actual cost of testing or evaluating, including travel costs
Technology system fee	Actual costs	As incurred	Non-refundable	(Note 8)
Temporary managing fee	3% of the Gross Sales, plus out-of-pocket expenses	As incurred	Non-refundable	(Note 69)
Minimum Advertising Requirement	Our sole discretion but to not exceed 10% of your Gross Sales	As incurred	Non-refundable	Paid to third-parties vendors
Audit fee	Cost of examination, including legal fees and accountant's fee, plus travel expenses, room and board	As incurred	Non-refundable	(Note 74)
Transfer service fee	Actual service fee for transfer	As incurred	Non-refundable	(Note 81)
Managing fee in case of a material default	No more than 15% of the Gross Sales, plus out-of-pocket expenses	As incurred	Non-refundable	(Note 91)
Liquidated Damages	Fees otherwise due for the remainder of the Term	On demand upon termination	Non-refundable	(Note 103)
Damages and Cost of Enforcement	Varies	Upon demand	Non-refundable	(Note 114)
Appraisal	<u>Actual costs. The parties will retain three appraisers to determine the fair market value of the Site. Each party will bear the cost of their own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers.</u> Varies	As incurred	Non-refundable	(Note 125)
Indemnification	Varies	Upon demand	Non-refundable	(Note 136)

Damages, cost and attorneys' fees	Varies	Upon demand	Non-refundable	(Note 147)
Replacement of equipment, fixtures, and signs	\$26,500 to \$32,000	As incurred	Non-refundable	(Note 15)

Notes:

Note 1: Upon the expiration of the Term of your YGF franchise agreement, one of the conditions to obtain a successor franchise is to pay a successor franchise fee in the amount of \$16,600 per year.

Note 12: We will approve and agree to a site of your YGF Restaurant. If you request other guidance, consultation, assistance and on-site evaluation from the Franchisor, we may charge Franchisee the actual costs for such additional services, including per diem charges for travel and living expenses for its personnel.

Note 23: If you request, we may (but is not obligated to) offer on-site assistance at the opening of the Restaurant, when the travel costs (including fees for visa, transport, accommodation, etc.) of the personnel Franchisor sends will be borne by you.

Note 34: We will provide Initial Training to up to three (3) trainees at no charge, and we may charge the then current actual costs for each additional trainee, including trainees attending repeated trainings or trainees replacing the original trainees.

Note 45: We, Franchisor, at our sole discretion, may elect to ~~offer you place you under~~ either the Fixed Fee Arrangement or Variable Fee Arrangement, which election will be specified in Appendix A of the Franchise Agreement and will be provided to you no less than 14 days prior to your execution of the Franchise Agreement. Our choice of the fee arrangement is at our sole discretion, and we may consider various commercial factors, such as your qualifications, experiences, financial conditions, and the site selected by you. Under the Fixed Fee Arrangement, you must pay a Subsequent Fee equals to 3% of your monthly Gross Sales, ranging from \$10,224 to \$16,600 on the first and second anniversary of the date of the execution of this Agreement. Under the Variable Fee Arrangement, you must pay a Subsequent Fee determined based on your monthly Gross Sales. Fee for Gross Sales below \$50,000 is \$2,000; fee for Gross Sales from \$50,000.00 to \$80,000.00 is \$2,000.00 plus 6% of the portion of monthly Gross Sales which exceed \$50,000.00; fee for Gross Sales from \$80,000.01 to \$120,000.00 is \$3,800.00 plus 7% of the portion of monthly Gross Sales which exceed \$80,000.00; fee for Gross Sales above \$120,000.00 is \$6,600.00 plus 8% of the portion of monthly Gross Sales which exceed \$120,000.00. In making our choices between the Fixed Fee Arrangement or Variable Fee Arrangement, we may consider various commercial factors, such as your qualifications, experiences, financial conditions, and the site selected by you.

Note 6: ~~Prior to opening your Restaurant, and upon signing your Franchise Agreement, you must pay a deposit ranging from \$8,000 to \$8,300 (the "Deposit"). The Deposit will be used to offset indemnification, overdue penalties, penalties in the event of violations of System standards, and other liquidated damages or penalties, if any. In the event of the termination or rescission of the Franchise Agreement, we will refund to you the unapplied balance, interest free, of the Deposit within ninety (90) days following your completion and satisfaction of the post termination obligations described in the Franchise Agreement.~~

Note 57: If you fail to pay any amounts owed to us or our affiliates or our designated suppliers, you must pay us daily interest, calculated from date such payment was due until Franchisor or its affiliates or the designated supplier receives it, at the rate of 18% per annum or the highest rate permitted by Applicable Laws, whichever is less. In addition, we are entitled to deduct a late fee monthly of \$1,400 for each month (or portion thereof) from the Deposit that any payment is delinquent.

~~Note 8: We are entitled to require you to obtain, maintain, and use the hardware, software, other equipment, and network connections designated for use by Restaurants (collectively, the "Technology System"). You may be required to obtain certain components of, or upgrades to, the Technology System and maintenance and support services related to the Technology System from us or our Affiliates, and you may be charged actual costs for such products and services. We currently plan to require you to use certain POS system and charge fees including technology system fees.~~

Note 69: If the franchised restaurant no longer has a general manager or managing owner and you fail to arrange a properly trained individual to replace the previous general manager or managing owner, or, in the event of your Managing Owner's death or disability, we may, but are not required, on a temporary basis, manage the franchised restaurant, and charge managing fee and out-of-pocket expenses.

Note 740: If you fail to furnish reports, supporting records or other information as required and an inspection or audit is deemed necessary, you will reimburse us for the cost of examination and out-of-pocket expenses.

Note 844: When you make a transfer of the franchised restaurant, we can collect the actual costs of the service fee for its assistance in the transfer.

Note 942: In case of a material default, we may, but are not required to, directly manage the restaurant, and collect the managing fee, on a temporary basis, and charge a management fee.

Note 103: In the case of a termination by either party, you will pay us all amounts that you would have paid us during what would have been the remainder of the Term had it not been terminated.

Note 114: You will pay to us all damages, costs and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of the post-term obligations.

Note 125: upon the expiration or termination of the Franchise Agreement, if you elect to sell the Site to us, and the parties cannot agree on the purchase price of the Site, the parties will retain three appraisers to determine the fair market value of the Site. Each party will bear the cost of their own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers.

Note 136: You must reimburse the Franchisor for claims and liabilities relating to the franchised restaurant or premise or any debt or obligation of the franchisee, including without limitation, insurance, franchisor's time, reasonable attorneys' fees, damages, other expenses.

Note 147: In the event of a dispute between you and us, the arbitrator has the right to award money damages, attorneys' fees and costs.

Note 15: Replacement of Equipment, Fixtures and Signs. Franchisees may be periodically required to undertake remodeling and updating the Restaurant. This includes replacement of fixtures, furnishings, equipment, signs, and décor, some of which are purchased from us or our affiliates. You may be required to pay approximately \$26,500 to \$32,000 to us or our affiliates, which includes: \$1,500 to \$2,000 for

signs, \$16,000 to \$20,000 for fixtures such as floor and wall tiles and deco, and \$9,000 to \$10,000 for equipment such as freezer and small wares.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	\$20,000 \$10,000 to \$16,600	Lump Sum	When sign the Franchise Agreement	Us
Deposit (Note 2)	\$8,000 to \$8,300	Lump Sum	When sign the Franchise Agreement	Us
Rent (3 months); Lease; Utility and Security Deposits (Note 3)	\$20,000 to \$40,000	As incurred	As arranged	Landlord; third parties.
<u>Training Related Expenses</u>	<u>\$4,500 - \$5,500 / person</u>	<u>As incurred</u>	<u>As arranged</u>	<u>Third parties (e.g. accommodation, food, transportation, travel, living expenses)</u>
Equipment, Fixtures and Signs (Note 4)	\$100,000 to \$180,000	Lump Sum or financed	As incurred, before opening	Us, our affiliates or third parties (including <u>\$26,500 to \$32,000 paid to us or our affiliates</u>) (e.g. landlord and/or contractors)
Design & Architect Fees (Note 5)	\$15,000 to \$45,000	As arranged	As arranged	Designer or Architect
Leasehold Improvements (Note 6)	\$50,000 to \$200,000	As arranged	As arranged	Contractor
Business Licenses, Permits, Fees (Note 7)	\$1,500 to \$3,000	Lump Sum	Before opening	Third parties (e.g. government agencies)
POS System Fee (Note 8)	\$4,500 to \$5,500 \$3,000 to \$10,000	Lump Sum	As incurred	Us, our affiliates and/or Third parties

Opening Inventory (Note 9)	\$17,400 to \$20,000 to \$40,000	Lump Sum	Before opening	Us, our affiliates and/or third parties (including \$12,400 to \$15,000 paid to the us or our affiliates and \$5,000 paid to third parties)
Uniforms	\$700 to \$1,000 to \$800	Lump Sum	Before opening	Us or our affiliates
Insurance (Note 108)	\$5,000 to \$16,000	As arranged	As arranged	Insurance Companies
Additional Funds for First 3 Months of Operation (Note 119)	\$80,000 to \$150,000	Lump Sum	Monthly and As Incurred	Us, our affiliates or third parties
Professional Fees (Note 120)	\$20,000 to \$80,000	As arranged	As arranged	Attorney, Accountant
Estimated Total Initial Investment	<u>\$346,600 to \$774,000</u> \$338,000 to \$789,700			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating the Restaurant. Our estimates are based on our experience, the experience of our affiliates and/or their licensees, and our current requirements for YGF Restaurants. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

We and our affiliates do not finance any part of the initial investment.

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating the Restaurant. Our estimates are based on our experience, the experience of our affiliates and/or their licensees, and our current requirements for YGF Restaurants. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Restaurant may be greater or less than the estimates given depending upon the location of your Restaurant, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

Note 1: Initial Franchise Fee. We may elect a franchise fee arrangement in either a Fixed Fee Arrangement or a Variable Fee Arrangement. Our choice of the fee arrangement is at our sole discretion, and we may consider various commercial factors, such as your qualifications, experiences, financial conditions, and the site selected by you. If we elect the Fixed Fee Arrangement, you must pay a lump sum fee of ~~\$20,000 ranging from \$10,224 to \$16,600~~ as the initial franchise fee. If we elect the Variable Fee Arrangement, you must pay a lump sum fee of \$10,000 as the initial franchise fee. (See Item 5).

Note 2: Deposit. Prior to opening your Restaurant, and upon signing your Franchise Agreement, you must pay a deposit of ~~\$8,000 ranging from \$8,000 to \$8,300~~ (the "Deposit"). The Deposit will be used to offset indemnification, overdue penalties, penalties in the event of violations of System standards, and other liquidated damages or penalties, if any. In the event of the termination or rescission of the Franchise Agreement, we will refund to you the unapplied balance, interest free, of the Deposit within ninety (90) days following your completion and satisfaction of the post-termination obligations described in the Franchise Agreement.

Note 3: Rent. Generally, we require a YGF Restaurant to have a construction area of no less than 60 m² for a street outlet, and no less than 80 m² for a restaurant opened in a shopping mall. Estimated monthly lease expenses vary based on the size, location and character of the space, market conditions. Your landlord may require a security deposit before leasing the premises to you, which is typically equal to one month's rent. Some utility companies also may require a security deposit before commencing services.

Note 4: Equipment, Fixtures and Signs. This amount includes the cost of the equipment for the operation of your Restaurant, including the Restaurant appliances (dishwasher, grill, oven, freezer, walk-in cooler/freezer, ice machine and other similar food service equipment), small wares (pots, pans, kitchen knives, food processors, storage containers, etc.), fountain equipment, and office equipment. The variation in the costs of furniture and fixtures is based on differences in size, configuration, and location of the Restaurant site. Typical furniture and fixtures include tables and chairs for both indoor and outdoor (if applicable) seating, and other trade dress that are not included as landlord improvements. Of the total investment range of \$100,000 to \$180,000, approximately \$26,500 to \$32,000 is paid to the franchisor or its affiliates, which includes: \$1,500 to \$2,000 for signs, \$16,000 to \$20,000 for fixtures such as floor and wall tiles and deco, and \$9,000 to \$10,000 for equipment such as freezer and small wares. Except for the items noted, all other equipment and fixtures are paid to third parties of your choice.

Note 5: Design and Architect fees. You must construct your Restaurant in accordance with our standards and specifications. This estimate includes the expense of building out a Restaurant, including carpentry, all interior finishes, mechanical, electrical, and plumbing. This estimate also includes fees for architectural and engineering services such as site planning, state approvals and other permits for building, heating and air conditioning, and plumbing, bid review, construction coordination, pay request review, and project closeout. The construction costs for a building will vary significantly depending on many factors including the size of the building, difficulty of site work, labor costs, local taxes and development fees and the availability of financing.

Note 6: Leasehold Improvements. A typical leased premises will require build-out. Your landlord may contribute or provide leasehold improvements depending on your lease terms. In addition, you may need installation and setup of phone lines, high speed internet service, and computer equipment. You will need to construct improvements to, or "build out," the premises at which you will operate the Restaurant. These improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, and décor items which must be constructed according to our specifications. These costs are likely to vary depending upon the size, location, configuration, installation costs, and overall condition of the premises, and may be much higher, if you already have or wish to establish your Restaurant in an area

where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply. A landlord allowance covering a portion of the costs of constructing the leasehold improvements may be able to be obtained from the landlord. Any allowance will be negotiated between you and the landlord. We cannot estimate the amount, scope or type of allowance that may be available, if any, for a particular site or from any particular landlord. Your actual cost may be more or less than the figures in the chart. There are other variables regarding potential sites that are likely to be site-specific and may impact overall construction and/or operating costs, such as, for example, asbestos or other materials within walls of existing locations, special permitting rules and regulations, special HVAC requirements, or site-specific design criteria. These situations are site-specific and we cannot estimate the costs; a franchisee should evaluate those potential costs for any specific site that might be considered.

Note 7: Business Licenses, Permits, Fees. This is the estimated cost of the permits and licenses that you must have in order to operate your Restaurant and the costs may vary greatly depending on your state's requirements. Each state establishes its own licensing requirements, and those requirements may change. You are solely responsible for investigating and determining the licensing requirements and costs in your state and taking all necessary actions to ensure that your Restaurant remains in compliance with those requirements at all times. We strongly recommend that you consult with an attorney to determine exactly what permits and licenses you will need and how much those permits and licenses will cost. The amount necessary to obtain a liquor license varies greatly depending on the city, county and state licensing authority involved and may be based on whether a license is available from the licensing authority or must be purchased from a third party.

Note 8: POS System Fee. A fee of between \$4,500 and \$5,500 will be paid to third parties and the variation is due to optional add-ons the franchisees may choose to purchase.

Note 9: Opening Inventory. This is the estimated cost of the opening inventory includes \$12,400 to \$15,000 paid to us or our affiliates for proprietary soup base, sauces, seasonings, paper goods, packing box and other sundries, as well as \$5,000 paid to local suppliers for other materials and supplies, meat, dry goods, and produce. The cost listed here does not include shipping cost.

Note 108: Insurance. You must obtain insurance coverage with the limits required by us as described in Item 8 of this Disclosure Document. Your landlord may require additional insurance. The low estimate is for a semi-annual premium and the high estimate is for annual premium.

Note 119: Additional Funds for First 3 Months of Operation. You will need capital to support on-going expenses, such as payroll, ~~replenishing the inventory of consumables and supplies, rent, interest and principal repayments, marketing materials and services, and utilities, to the extent that your revenue does not cover these costs. A Restaurant is required to have one General Manager (which can be but not required to be you or your Owner) and one Head Chef. A typical Restaurant usually have (but not required) one assist manager and approximately ten staff members.~~ The need for additional funds will vary widely among franchisees. ~~New businesses usually generate a negative cash flow. Your costs will depend on factors such as: how closely you follow our recommended methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these estimates carefully with an accountant or other Restaurant advisor before making any decision to buy a franchise. When making this estimate, we relied upon the experience of our affiliates.~~

Note 120: Professional Fees. We recommend that you consult with professionals including an attorney, accountant, and other advisors prior to signing a Franchise Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sales system), uniforms, décor items, signs and related items we require, all of which must conform to the standards and specifications stated in our Manual or otherwise in writing, unless you have first obtained our written consent to do otherwise. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

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 Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies, packaging and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing 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 Manual or otherwise in writing (such as via email) of any changes in our standards and/or specifications.

You must permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the 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. In addition to any other remedies we may have, we may require you to pay our then-current evaluation fee and reimburse our costs for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system and communication systems), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the lists of approved products and approved suppliers.

We and/or our affiliates have developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks, including our proprietary soup base, sauces and seasonings. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us all of your inventory of those products.

Currently us and our affiliate are the sole approved supplier for our proprietary soup base, sauces and seasonings, paper goods, certain equipment, fixtures and signs, and uniforms, we have the right to earn a profit from the sale of these items to our franchisees and earn mark-up or rebates from third party suppliers. We reserve the right to designate ourselves and our affiliates as a sole supplier for other services and supplies in the future and to earn a profit from the sale of these items to our franchisees. Based on our affiliate SCYGF's unaudited financial statements for 2024, it derived approximately \$2,233,444.33 in revenue from franchisees' required purchases. This is approximately 2.86% of SCYGF's total revenues for

2024. Based on our affiliate Yuna's unaudited financial statements for 2024, it derived approximately \$943,498.48 in revenue from franchisees' required purchases. This is approximately 62.52% of Yuna's total revenues for 2024. We have earned a markup of \$563 from franchisees' required purchases based on SCYGF and Yuna's sale of these items. This is approximately 4.37% of our total revenues for 2024. Currently we are not the sole approved supplier for any items, but we reserve the right to designate ourselves as a sole supplier in the future and we reserve the right to earn a profit from the sale of these items to our franchisees. Our affiliate SCYGF, is currently the sole supplier for our proprietary sauces and seasonings. Our affiliate Yuna, is currently the sole supplier for our proprietary food packaging and paper products, uniforms, supplies, and pre-packaged food. We do not earn any revenue from SCYGF and Yuna's sale of these items but reserve the right to do so.

None of the officers listed in Item 2 has an ownership interest in us or any approved supplier.

If you would like to use any supplies or services that we have not approved or designated, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. You will pay us a charge not to exceed the actual cost of the inspection and its actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. We will notify you in writing after you have requested our approval whether the proposed product or supplier is, in fact, approved or disapproved. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. We are not required to make available to you or to any supplier our criteria for product or supplier approval. We are not obligated to approve any specific product or supplier if we believe that approval of that product or supplier is not in the best interests of the System. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in which you must participate. When determining whether to grant new, additional or renewal franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or renewal franchise.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our Affiliate based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these

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.

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement.

Obligation	Article or Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	FA – Section 3	Items 6, 8 and 11
b. Pre-opening purchases/leases	FA – Section 3	Items 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Sections 3 and 4	Items 8 and 11
d. Initial and ongoing training	FA – Section 4	Items 6, 7 and 11
e. Opening	FA – Section 3	Item 11
f. Fees	FA – Sections 2, 3, 4, 5, 6, 7, 8, 12, 13, 14 and 18	Items 5, 6, 7 and 11
g. Compliance with standards and policies/ operating manual	FA – Sections 2, 3, 6, 8, 9, 10, 11 and 12	Items 8, 9, 11, 13 and 14
h. Trademarks and proprietary information	FA – Sections 9 and 10	Items 13 and 14
i. Restrictions on products/services offered	FA – Sections 6	Items 8 Item and 16
j. Warranty and customer service requirements	FA – Section 6	Not applicable
k. Territorial development and sales quotas	FA – N/A	Not applicable
l. Ongoing product/service purchases	FA – Section 6	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Sections 3 and 6	Items 6, 11 and 16
n. Insurance	FA – Section 15	Items 6, 7 and 8
o. Advertising	FA – Section 7	Items 6, 8 and 11
p. Indemnification	FA – Section 15	Items 6, 13
q. Owner’s participation/ management/staffing	FA – Section 6	Items 1, 11 and 15
r. Records and reports	FA – Section 8	Items 6, 11

4. Upon your request, we may (but is not obligated to) offer on-site assistance at the opening of the Restaurant. You will be responsible for the costs (such as travel, lodging, and meals) of the personnel we send. (Franchise Agreement, Section 3.E.)
5. We will provide an initial training program in person or online for up to three trainees free of charge. You must be responsible for the trainees' expenses such as travel, lodging, and meals. (Franchise Agreement, Section 4.A.)
6. We will provide you with access to our Manuals which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Section 4.H.) We may provide all or a portion of the Manual to you electronically, such as via a password-protected website.

Continuing Obligations

During the operation of a Restaurant, we will provide the following assistance and services:

1. At our sole discretion, we may from time to time, provide the Restaurant with training programs concerning management and techniques. (Franchise Agreement, Section 4.C.)
2. We may update the Manuals from time to time, at our sole discretion. (Franchise Agreement, Section 4.H.)
3. We will review and approve all advertising materials and marketing plans for the Restaurant. At our sole discretion, we may also provide additional assistance to you such as finished advertising materials, including advertising posters, WeChat postings, advertising product pictures and pictures on delivery platforms, etc. (Franchise Agreement, Section 7.B.)

Site Selection:

You will select the site for the Restaurant subject to our acceptance. You must obtain our acceptance of the site for the Restaurant before you acquire the site. You must deliver to us for our review a complete site proposal and other materials and information we request for the proposed site. We will use reasonable standards to review and accept or reject a site proposal within fifteen (15) days after receiving the complete site proposal and other materials we request. If we do not accept the proposed site within such 15-day period, the proposed site is deemed rejected. If you request other guidance, consultation, assistance and on-site evaluation from us, we may charge you a fee for such additional services, including per diem charges for travel and living expenses for its personnel. If we and you cannot agree on a site, your franchise agreement may be terminated, the initial franchise fee and part of or all of the deposit will be forfeited.

We generally do not own the premises and lease it to you. Once the location for your Restaurant has been determined, your Restaurant may not be relocated without our prior written consent. You must provide us with a copy of the signed lease for your Restaurant location.

The factors we consider in approving sites include safety, building appearance, visibility and ease of access, parking, size, layout, demographics, business in the area, traffic, and building condition. Our acceptance or proposal of a proposed site is not a warranty or representation, express or implied, as to the potential success or profitability of your Restaurant. While we may provide assistance and guidance, it is solely your responsibility to select a suitable site for the Restaurant.

National or Regional Marketing Fund:

We currently have no national or regional marketing program or fund, but reserve the rights to establish such.

If and when we establish a national or regional fund, the fund received will be used for national and regional advertising, marketing, publicity and promotional activity relating to our business and to maintain our websites. We will determine, in our fully unrestricted discretion, the manner in which the fund will be spent. Some portion of the fund may be used for creative concept production, marketing surveys, test marketing and related purposes.

If and when we establish a national or regional fund, we will have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We may conduct advertising activities in-house, or hire national or regional agencies. We also will have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The fund is intended to maximize general public recognition in all media of the Marks and patronage of YGF Restaurants and we have no obligation to ensure that expenditures of the fund in or affecting any geographic area are proportionate or equivalent to payments of any fund contribution by franchisees operating in that geographic area, or that any Restaurant will benefit directly or in proportion to the fund contribution paid for the development of advertising and marketing materials or the placement of advertising. We have no obligation to spend any amount on advertising in your territory. No amount of the fund will be spent for advertising that is principally a solicitation for the sale of franchises.

If and when we establish a national or regional fund, we will have the right to reimburse ourselves out of the fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to fund related activities and overhead expenses) of developing, producing and distributing any advertising materials and collecting the fund contribution (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any fund contribution). We also reserve the right to use a portion of the fund to subsidize the cost of presenting refresher training and/or a franchisee meeting. We do not intend to use any portion of the fund to solicit new franchise sales.

If and when we establish a national or regional fund, we will prepare, and furnish to you upon written request, an annual statement of funds collected and costs incurred. We are not required to have any fund statement audited, but if we choose to have the fund audited it will be at the fund's expense.

Cooperative Marketing:

We currently do not have and do not anticipate forming, or approving the formation of, marketing cooperatives. You will not be required to participate in, or contribute to, a marketing cooperative.

Local Marketing:

You must spend in each quarter of the Term a reasonable percentage of the Restaurant's Gross Sales from the prior quarter as we, in our sole discretion, determine, to advertise and promote your Restaurant. In no event this percentage shall exceed 10%. You must submit to us quarterly marketing and advertising expenditure reports accurately reflecting all local advertising expenditures for the preceding quarter and year-to-date by the marketing categories that we specify.

We must approve all marketing materials before you use them. You must not advertise or use our Marks in any fashion on the world wide web or via other means of advertising through telecommunication, including social media, without our express written consent. If you do not receive written approval within thirty (30) days of our receipt of such items, we will be deemed to have disapproved the items.

Website:

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System.

Any websites or other modes of electronic commerce that we establish or maintain, including but not limited to any mobile applications ("apps") that we may introduce, may – in addition to advertising and promoting the products, programs or services available at YGF Restaurants – also be devoted in part to offering YGF Franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Restaurant; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "YANGGUOFU" name or any names confusingly similar to the Proprietary Marks.

You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, Foursquare, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Restaurant's operation, including prohibitions on your and the Restaurant's employees posting or blogging comments about the Restaurant or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Foursquare, Instagram, LinkedIn and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video- sharing sites, and other similar social networking or media sites or tools). We currently do not have but reserve the right to establish branded social media pages/handles/assets. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain.

Advisory Council:

We currently do not maintain a franchisee advertising advisory cooperative to advise us on advertising policies.

Computer and Point of Sale Systems:

~~We currently do not require a specific computer and POS System to be used in the Restaurant. However,~~
At your own expense, you must use in the Restaurant a computer system that includes point-of-sale and

reporting software, including all existing or future communication or data storage systems, components thereof and associated service, which we ~~may develop or select~~ for the System (the "POS System"). You are currently not required ~~may be required~~ to license software used in the operation of the Restaurant from us, an affiliate, or a third party, but we reserve the rights to require so in the future. ~~You also may be required to pay a software licensing or user fee and support fee in connection with your use of software.~~

As of the issuance date of this Disclosure Document, we require you to purchase the POS System from a third party Approved Supplier. You will be charged a one-time fee ranging from approximately \$4,500 to \$5,500.

~~, we do not have an Approved Supplier for the computer and POS System, but we reserve the right to do so in the future. We plan to require you to purchase required POS System from Approved Suppliers including us or our affiliates and collect relevant one-time and periodic technology system fees.~~

We do not provide maintenance for your computer and POS System and we have no obligation to upgrade and update your POS System. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services. Our computer hardware and software requirements will periodically change and you will be required to upgrade your computer hardware and software, including the POS System, at your own expenses. We estimate the maintenance for your computer hardware and software to be between \$2,500 to \$3,000 per year.

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The types of data generated, captured and stored within the POS System may include transaction data, inventory data, customer data, employee data, payment data, and other types of data.

If we (a) establish and maintain any Websites or intranet systems for YGF franchisees and for the promotion of YGF Restaurants; (b) modify or upgrade our proprietary software that we now or in the future may create and license to you; and (c) provide ongoing maintenance and support services associated therewith, then you must pay the Actual costs of technology system fee.

We currently have no access to your operational and financial information and data. We reserve the right to obtain independent access to operational and financial information and data produced by your POS System. There are no contractual limitations on our right to access the information and data.

Training:

Prior to the Restaurant's grand opening, up to three trainees (including you, your General Manager and Head Chef) must have completed, to our satisfaction, our mandatory initial training program. We will conduct this training at our affiliate's training center in China, or at another location we designate including online locations. Our initial training program lasts for approximately four (4) days. The initial training program is conducted once prior to your opening on an as-needed basis.

We will provide instructors and training materials for three trainees (the cost of which is included in the initial franchise fee). You may also have additional personnel trained by us for the Restaurant, at your expense. We will determine whether your trainees have satisfactorily completed initial training. If you, the General Manager and the Head Chef do not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant. We estimate the training fee for the initial training provided to a replacement or successor GM or Head Chef to

be no more than \$2,000 per person. If the replacement General Manager or Head Chef cannot complete the initial training program to our satisfaction, we have the right to terminate your Franchise Agreement.

Any General Manager or Head Chef subsequently designated by you must also receive and complete the initial training program to our satisfaction, even if this requires sending that General Manager or Head Chef to our headquarters training program, at your expense. You must pay to us the then current training fee for the initial training we provide to a replacement or successor General Manager or Head Chef. You must also pay for all expenses your trainees incur for any training program, including costs of travel, lodging, meals and applicable wages.

If you request that we provide additional training or assistance on-site at your Restaurant and if we determine that additional training or assistance is necessary, you must pay our then-current weekly fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

During the term of your Franchise Agreement, at our sole discretion, we may from time to time provide the Restaurant with training programs concerning management and techniques. The Managing Owner, the General Manager and the Head Chef of Franchisee’s Restaurant are required to attend the additional training programs.

The instructional materials used in the initial training include our Manual, marketing and promotion materials, videos, online resources, training manuals and workbooks, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Subject	Classroom Hours	On-the-Job Training Hours	Location
Introduction to Our Brand	0.50	Not applicable	Shanghai, China / Online
Restaurant Daily Operation	1.00	3.00-4.00	Shanghai, China / Online
Services and Customer Complaints	1.00	2.00-3.00	Shanghai, China / Online
Pre-opening Preparation	0.50	Not applicable	Shanghai, China / Online
Basic Knowledge of Food Safety	1.00	Not applicable	Shanghai, China / Online
Food Safety Laws	1.00	Not applicable	Shanghai, China / Online
Basic Knowledge of Restaurant Management	1.00	Not applicable	Shanghai, China / Online
Beef Bone Procurement	0.25	Not applicable	Shanghai, China / Online
Beef Bone Processing	0.25	Not applicable	Shanghai, China / Online

ITEM 12 **TERRITORY**

We grant to you the right to operate a YGF Restaurant at a specific street address known as the "Site". The Site will be subject to our written approval, which will not be unreasonably withheld. You may not operate the Restaurant from any location other than the Site without our prior written consent.

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.

You may sell our menu items to customers who live anywhere but who choose to dine at or from your Restaurant. You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may place advertisements in printed media and on television and radio that advertising your Site.

There are no restrictions on us from soliciting or accepting orders in the approximate of your Site.

You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products to any business or other customer at wholesale.

We reserve all rights not expressly granted to you by the Franchise Agreement. Without limitation and without regard to proximity to the Restaurant, we and our Affiliates reserve the right to:



- (1) establish or license franchised and/or company-owned businesses offering similar or identical products and services, and using YGF System or elements of YGF System (i) under the Marks or (ii) under names, symbols, or marks other than the Marks anywhere outside of the Site;
- (2) develop or become associated with other concepts (including other franchise systems), whether or not using YGF System and/or the Marks, and/or award franchises under such other concepts for locations anywhere;
- (3) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not) with units located anywhere and, (i) convert the other businesses to YGF Restaurants and Marks and to allow them to operate as part of YGF System, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Restaurants to such other name;
- (4) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Site; or
- (5) market and sell products and services identified by the Marks or other trademarks, logos, marks, commercial names or symbols to customers located anywhere (in or out of the Site) through any alternative distribution channels (other than Restaurant(s) located at the Site,

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us (“Marks”). These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

We own the following principal Marks which have been registered with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	U.S. Serial Number	Registration Date
YGF	87380319	May 29, 2018
	79181534	October 25, 2016
	79179895	November 1, 2016

We intend to file all affidavits and other documents required to maintain our interest in and to the Marks. There is no agreement that limits our right to use or license the use of the Marks related to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Marks in any state. There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

We are currently applying for the following Federal registered service marks and the applications are pending with USPTO. We do not have a federal registration of these principal trademark. Therefore, our trademarks below do not have many legal benefits and rights as a federally-registered trademark. If your right to use the trademarks is challenged, you may have to change to alternative trademarks which may increase your expenses.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

We are currently applying for the following Federal registered service marks and the applications are pending with USPTO with the following application numbers:

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, merchandise, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Restaurant at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, proprietary products, merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items according to our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We reserve the right to vary the menu items offered at certain YGF Restaurants based on regional or local tastes or ingredients. If we allow a YGF Restaurant to modify its menu to accommodate regional or local tastes or ingredients, we are not required to grant to you a similar variance or modification.

You must keep the Restaurant very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point of sale, computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Restaurant. You may not conduct any other business from the Restaurant or rent out the space without our consent.

We reserve the right to determine the maximum prices for the goods, products and services offered from your Restaurant, as permitted by applicable law.

You are not restricted as to the customers whom you may solicit or service.

We currently have no requirement on your business hours. However, we reserve the right to require you to comply with the future requirements on business hours we set out.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You may not directly solicit customers outside of your designated territory.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	FA – Section 2.A	<u>53</u> years commencing on the Effective Date
b. Renewal or extension of the Term	FA – Section 2.B	1 additional consecutive <u>53</u> years' term
c. Requirements for you to renew or extend	FA – Sections 2.B, 2.C	Written notice, compliance with Franchise Agreement, satisfaction of monetary obligations, pay successor franchise fee, <u>sign the then current new Franchise Agreement, pay the then current franchise fees,</u> release us, satisfaction of new criteria, remodel, and others. The new agreement that you must sign may contain terms and conditions that are materially different than the original contract.
d. Termination by you	FA – Section 13.A	You may terminate the Franchise Agreement 30 days after notice of Franchisor's material breach if we fail to remedy the breach(es) within 30 days. (Subject to applicable state law.)
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	FA – Sections 13.B and 13.C	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	FA – Sections 13.B.(23)-(27) and 13.C.(1).(a)	We may terminate you for cause if you fail to cure certain defaults within 30 days of a notice of default, including: failure to respond to customer complaints; refusal to cooperate with inspection or information requests; failure to compel with other provisions of the Franchise Agreement; failure to maintain system standards; failure to obtain our approvals, and others. See FA – Sections 13.B(23)-(27) and 13.(C).(1).(a) of the Franchise Agreement.

t. Integration/merger clause	FA – Section 17.A	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representation or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	FA – Section 18.A	The parties must have internal negotiations before submitting any disputes to binding arbitration administered by American Arbitration Association, except for intellectual property claims and claims for injunctive relief. <u>This provision is subject to state law.</u>
v. Choice of forum	FA – Section 18.A	Delaware or our then current principal place of business. (Subject to applicable state law)
w. Choice of law	FA – Section 18.F	The law of Delaware. (Subject to applicable state law)

ITEM 18
PUBLIC FIGURES

We currently do not use any public figure to promote the sale of our franchises but reserve the right to do so.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor owned outlets, if there is a reasonable-basis for the information, and if the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Fei Feng, 1521 Concord Pike, Suite 201, Wilmington, DE 19803, phone number: (929) 977-6123, and email: ~~and~~ fei.feng@yangguofu.global, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1
Systemwide Outlet Summary
For Years ~~2022~~ to ~~2024~~**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	<u>70</u>	<u>+70</u>
Company Owed	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	<u>70</u>	<u>+70</u>

**Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2022~~ to ~~2024~~**

State	Year	Number of Transfers
All	2022	0
	2023	0
	2024	0

Table 3
Status of Franchised Outlets
For Years 2022~~1~~ to 2024~~3~~

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations Other Reasons</u>	<u>Outlets at End of Year</u>
California	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	7	0	0	0	0	7
<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations Other Reasons</u>	<u>Outlets at End of Year</u>
All	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For Years 2022~~1~~ to 2024~~3~~

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired From Franchisees</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisees</u>	<u>Outlets at End of Year</u>
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All	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table 5
Projected Openings for Year 2025 as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Calendar Year	Projected New Company Owned Outlets In The Next Calendar Year
Washington	0	4	0
California	0	10 5	0
Massachusetts	0	0 1	0
Indiana	0	1 2	0
New York	0	2	0
Illinois	0	1	0
Georgia	0	1 2	0
<u>Total</u>	<u>0</u>	<u>19</u>	<u>0</u>

The name, address, and telephone number of all franchisees as of December 31, 2024~~3~~ is included as Exhibit C. ~~We are a new Franchisor and there is no existing franchisee.~~

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently

ITEM 21
FINANCIAL STATEMENTS

We have not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years. Our fiscal year ends December 31. Included as Exhibit E are our audited financial statements since our establishment on April 8, 2024 to ~~July~~ December 31, 2024, and ~~unaudited financial statements for the period of April 8, 2024, to December 31, 2024.~~

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following agreements with exhibits:

Franchise Agreement (with Exhibits) – Exhibit B
Form of General Release – Exhibit F
Sample of Product Supply Agreement – Exhibit H

ITEM 23
RECEIPTS

The Receipt pages are located on the last two pages of this Disclosure Document.

<p><u>MARYLAND</u> <u>Office of the Attorney General Securities Division</u> <u>200 St. Paul Place</u> <u>Baltimore, Maryland 21202-2020</u> <u>(410) 576-6360</u> <u>Agent: Maryland Securities Commissioner 200 St. Paul</u> <u>Place</u> <u>Baltimore, Maryland 21202-2020</u></p>	<p><u>VIRGINIA</u> <u>State Corporation Commission</u> <u>Division of Securities and Retail Franchising 1300 East</u> <u>Main Street, 9th Floor</u> <u>Richmond, Virginia 23219</u> <u>(804) 371-9051</u> <u>Agent: Clerk of the State Corporation Commission</u> <u>1300 E Main St., 1st. Fl. Richmond, VA 23219</u> <u>Tel: (804) 371-9733</u></p>
<p><u>MICHIGAN</u> <u>Consumer Protection Division Antitrust and Franchise</u> <u>Unit</u> <u>Michigan Department of Attorney General 670 Law</u> <u>Building</u> <u>Lansing, Michigan 48913</u> <u>(517) 373-7177</u> <u>Agent: Michigan Department of Commerce Corporations</u> <u>and Securities Bureau 6546 Mercantile Way</u> <u>Lansing, MI 48910</u></p>	<p><u>WASHINGTON</u> <u>Washington Department of Financial Institutions,</u> <u>Securities Division, PO Box 41200, Olympia, WA</u> <u>98504-1200 Director</u> <u>Washington Department of Financial Institutions</u> <u>Securities Division</u> <u>150 Israel Road SW Tumwater, Washington 98501</u> <u>(360) 902-8760</u> <u>Agent: Securities Administrator, Director of</u> <u>Department</u></p>
<p><u>MINNESOTA</u> <u>Minnesota Department of Commerce 85 7th Place East,</u> <u>Suite 280</u> <u>St. Paul, Minnesota 55101-2198 (651) 539-1500</u> <u>Agent: Minnesota Commissioner of Commerce</u></p>	<p><u>WISCONSIN</u> <u>Securities Division of the Wisconsin Department of</u> <u>Financial Institutions</u> <u>345 W. Washington Ave., 4th Floor Madison, Wisconsin</u> <u>53703</u> <u>(608) 266-8559</u> <u>Agent: Wisconsin Commissioner of Securities</u></p>
<p><u>NEW YORK</u> <u>NYS Department of Law Investor Protection Bureau 28</u> <u>Liberty Street, 21st Floor New York, NY 10005</u> <u>(212) 416-8222 Phone</u> <u>Agent for service:</u> <u>New York Department of State One Commerce Plaza,</u> <u>99 Washington Avenue, 6th Floor Albany, NY 12231-</u> <u>0001</u> <u>(518) 473-2492</u></p>	

Franchisee's organization or formation as Franchisor may request (**no ownership changes may be made without Franchisor's approval**);

- (5) **each of the Owners owning, directly or indirectly, at any time during the Term of this Agreement, 15% or more of the legal or beneficial interests in the Entity must sign and deliver to Franchisor its standard form of Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between the Parties.** A copy of Franchisor's current form of Owner's Guaranty is attached as Appendix B. All other Owners will be required to sign a nondisclosure and noncompetition agreement in substantially the form attached as Appendix C;
- (6) Franchisee will designate a single non-Entity Owner to serve as the "**Managing Owner**," with the responsibility of supervising the daily operations of the Restaurant and the power to bind Franchisee in their dealings with Franchisor. Franchisor has the right to approve the Managing Owner, and Franchisee will promptly inform Franchisor of any proposed changes to the Managing Owner. Franchisor may, in its sole discretion permit Franchisee to appoint an individual who is not an Owner to serve in the role of Managing Owner; and
- (7) at Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of its Owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

2. TERM AND RENEWAL OF FRANCHISE.

2.A. Term. The initial term of the Franchise (the "**Term**") is ~~three~~five (5) years commencing on the Effective Date, unless this Agreement is earlier terminated. If Franchisee fails to acquire a Successor Franchise pursuant to Section 2, this Agreement shall automatically terminate upon expiration of the Term or the then-current Successor Franchise (if applicable).

2.B. Franchisee's Right to Acquire Successor Franchises. Upon the expiration of the initial Term, subject to the terms and conditions set forth in Sections 2.C (Grant of a Successor Franchise), Franchisee will have the right to acquire a Successor Franchise to operate the Restaurant at the Site or such substitute Site, as described in clause (7) below, for one additional consecutive ~~five~~three (3) years' term (a "**Successor Franchise**"), if: Franchisee (and each of its Owners) are then in full compliance with this Agreement and all other agreements between Franchisee and Franchisor or Franchisor's Affiliates and have been in substantial compliance with this Agreement and all other agreements between Franchisee and Franchisor or Franchisor's Affiliates throughout the Term;

(2) Franchisee has timely paid Franchisor, or its Affiliates all amounts due under this Agreement and all other agreements between Franchisee and Franchisor or Franchisor's Affiliates;

~~(3) Franchisee has paid Franchisor a Successor Franchise fee of \$16,600 per Restaurant/Year;~~

~~(4)~~(3) At Franchisor's option, Franchisee shall re-execute the then-current version of franchise agreement and ancillary agreements (e.g. Supply Agreement). Franchisee is fully aware and consent that, the terms and conditions of the then-current franchise agreement and ancillary agreements (e.g. Supply Agreement) may differ materially from this Agreement, including without limitation the franchise fees. Failure by Franchisee and its Owners to sign and deliver to Franchisor such agreements within thirty (30) days after delivery thereof to Franchisee will be deemed an election by Franchisee not to obtain a Successor Franchise;

~~(5)~~(4) **Franchisee and its Owners must also execute and deliver to Franchisor, to the extent permitted by Applicable Laws, general releases, in a form prescribed by Franchisor, of any and all claims against Franchisor, its Affiliates, and their respective owners, officers, directors, employees, agents, successors and assigns.** Failure by Franchisee and its Owners to sign and deliver to Franchisor such releases within thirty (30) days after delivery thereof to Franchisee will be deemed an election by Franchisee not to obtain a Successor Franchise;

~~(6)~~(5) Franchisee has completed and sent Franchisor the forms and other information it then requires and demonstrates to its satisfaction that Franchisee meets Franchisor's then-current financial and operational criteria for new Restaurant franchisees; and

~~(7)~~(6) Franchisee either (a) maintains possession of and agrees to remodel the Restaurant, add or replace improvements, equipment, fixtures, furnishings, and signs, and otherwise modify the Restaurant as Franchisor requires to bring it into compliance with YGF System Standards then applicable for new Restaurants; or (b) if Franchisee is unable to maintain possession of the Site, or if, in Franchisor's reasonable judgment based on changed market and economic conditions then in effect in the local market, the Restaurant should be relocated, Franchisee: (x) secures a **Substitute Site** that Franchisor approves; (y) develops the Substitute Site in compliance with specifications and standards then applicable for new Restaurants; and (z) continues to operate the Restaurant at the original Site as is reasonable until operations are transferred to the Substitute Site.

Notwithstanding Franchisor's right in subparagraph (7) above to require Franchisee to relocate the Restaurant, Franchisor will not require Franchisee to relocate the Restaurant in

the case that any of the Managing Owner, the General Manager and/or the Head Chef of the Restaurant changes, Franchisee shall inform Franchisor within ten (10) days before the change occurs, and Franchisor is entitled to require the successor Managing Owner, General Manager and/or Head Chef to complete the Initial Training Program.

4.B. Subsequent Training. After this Agreement is performed for ~~three~~ five (5) years, Franchisor is entitled to require the Managing Owner, the General Manager and/or the Head Chef of the Restaurant to attend subsequent training annually which will last for one (1) day.

4.C. Additional Training. Within the Term, at Franchisor's sole discretion, Franchisor may from time to time provide the Restaurant with training programs concerning management and techniques. The Managing Owner, the General Manager and the Head Chef of Franchisee's Restaurant are required to attend the additional training programs.

4.D. Training Expenses. Franchisor will bear the tuition fees and costs of digital training materials of the Initial Training Program and subsequent training. Franchisee will be responsible for the tuition fees and costs of training materials of additional training programs. Franchisee will also be responsible for the compensation, purchasing expenses, printing fees of digital materials, and accommodation, food, transportation, travel, living expenses, etc. of its designated personnel during any and all training, conferences and programs.

4.E. Training Examination and Consequences.

- (1) Franchisee's personnel who attend the trainings must take examination/test organized by Franchisor after completing the training courses. The trainings will be deemed completed only if Franchisee's personnel pass the examination/test; those who fail the examination/test must extend the training until they pass the examination/test;
- (2) Franchisee's personnel who attend the training must arrive at the location designated by Franchisor to register and attend the training within one (1) month upon receipt of Franchisor's notice. If the registration is delayed without reasonable cause, which affects the implementation of training plan, Franchisor is entitled to cease or inform third-party suppliers to cease supplying Materials, etc. to Franchisee, and Franchisee will solely bear the consequences of delay of the opening of the Restaurant, etc. and other losses;
- (3) Franchisee's personnel who attend the training should be able to recite Franchisor's Corporate Culture Values as described in Manuals, and comprehend the connotation. Franchisor may examine or randomly check if the personnel of the Restaurant can recite and comprehend the Franchisor's Corporate Culture Values during inspection of the Restaurant;

- (4) Franchisor must replace any managing staff and/or Head Chef who cannot complete the training to Franchisor's satisfaction, and the newly appointed managing staff and/or Head Chef must complete the designated training program to Franchisor's satisfaction before taking the position.

4.F. Employee Training. Franchisee must train all its personnel in accordance with the Franchisor's training content, and equip the Restaurant with a sufficient number of trained staffs, which shall at least include a managing staff and a Head Chef who have completed the Initial Training Program to Franchisor's satisfaction.

4.G. Online Training. For any training programs that Franchisor holds, it may supplement or replace portions of the in-person training with online training modules.

4.H. Manuals and YGF System Standards. Franchisor will provide Franchisee access during the Term to one set of the Franchise Manuals of YGF System, in both physical and digital forms, which include business policies, YGF System Standards, and information relating to Franchisee's other obligations under this Agreement. The Manuals may be modified from time to time, at Franchisor's sole discretion, to reflect changes in YGF System Standards, and Franchisor will communicate any required changes to Franchisee. Where any discrepancy arises between Manuals in different versions, the Franchisor's master copy shall prevail. Franchisee agrees to keep its copy of the Manuals current and in a secure location at the Restaurant. If Franchisor provides Franchisee with online access to the Manuals, Franchisee will be responsible for periodically monitoring the site for any updates to the Manuals or YGF System Standards, and responsible for protecting the confidentiality of any passwords and other digital identifications necessary to access the Manuals on such site. Franchisor and its Affiliates are the sole owners of the copyright and all other rights in and to the Manuals, and Franchisee may not reproduce or use them for any purpose other than in connection with Franchisee's performance under this Agreement.

5. **FEES**. Franchise Fee. at its sole discretion, may elect to place Franchisee under either the Fixed Fee Arrangement or Variable Fee Arrangement, as specified in Appendix A.

- (1) Fixed Fee Arrangement. Under the Fixed Fee Arrangement, you must pay a lump sum fee ~~ranging from~~ of \$10,224 to \$16,600 ~~20,000~~ as the Initial Franchise Fee upon the execution of this Agreement. This Initial Franchise Fee is due, and fully earned by Franchisor, when Franchisee signs this Agreement. You must also pay a Subsequent Fee at 3% of your monthly Gross Sales ~~ranging from \$10,224 to \$16,600 on the first and second anniversary of the date of the execution of this Agreement~~. ~~Specific amount of the Initial Franchise Fee and Subsequent Fee is specified in Appendix A.~~ **The Franchise Fee is not refundable unless otherwise required by Applicable Laws.**

- (2) Variable Fee Arrangement. Under the Variable Fee Arrangement, you must pay a lump sum fee of \$10,000 as the Initial Franchise Fee upon the execution of this Agreement. This Initial Franchise Fee is due, and fully earned by Franchisor, when Franchisee signs this Agreement. You must also pay a Subsequent Fee determined as follows:

Monthly Gross Sales	Subsequent Fee
Less than \$50,000.00	\$2,000.00
\$50,000.00 to \$80,000.00	\$2,000.00 plus 6% of the portion of monthly Gross Sales which exceed \$50,000.00
\$80,000.01 to \$120,000.00	\$3,800.00 plus 7% of the portion of monthly Gross Sales which exceed \$80,000.00
More than \$120,000.00	\$6,600.00 plus 8% of the portion of monthly Gross Sales which exceed \$120,000.00

The franchise fee is not refundable unless otherwise required by Applicable Laws.

5.B. Deposit.

- (1) To prompt Franchisee to cherish and protect Franchisor's commercial brand and corporation image in operation of the Restaurant, Franchisee shall have submitted a **Deposit** to Franchisor upon execution of this Agreement as specified in Appendix A.
- (2) The above-mentioned Deposit will be kept in the account of Franchisor, and Franchisor will not pay any interest to Franchisee on the Deposit.
- (3) During the Term, Franchisor may deduct liquidated damages, loss or costs from the Deposit if any of the following event occurs. Notwithstanding the deduction from the Deposit, Franchisor reserves the rights to other available claims and remedies, including but not limited to claiming damages from the Franchisee:
 - (a) Franchisee: i) does not purchase Materials from Franchisor and/or the third-party suppliers designated/approved by Franchisor as required by Franchisor; ii) fails to comply with Applicable Laws and regulations, and relevant standards and requirements of the local authorities (e.g. standards and requirements on food and sanitation) in operation of the Restaurant, for instance, using additives like chili essence and Sichuan peppercorn essence, bulk soybean oil, processed sesame oil, leftover soups/bones/oil, etc.; or iii) **fails to comply with provisions in Appendix E and other requirements Franchisor notifies from time to time. All the above conducts constitute a Default,**

at its expense to conform the decor, Trade Dress, color schemes, signage, and presentation of the Marks to the then-current designated image. **Without Franchisor's written consent, Franchisee shall not modify the decor, Trade Dress, color schemes, signage, and presentation of the Marks.** Such refurbishing may include, as Franchisor deems necessary, remodeling, redecoration, and other modifications to existing improvements and updating or replacing any equipment. Franchisee acknowledges that this obligation could result in significantly remodeling and renovating the Restaurant, and/or in its spending substantial amounts for new equipment, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements (even if those expenditures cannot be amortized over the remaining Term).

6.E. Technology System. Franchisor is entitled to require Franchisee to obtain, maintain, and use the hardware, software, other equipment, and network connections, including the hardware, software, other equipment, and network connections necessary to operate the designated cashier system, CCTV system, and other technology systems that are designated for use by Restaurants (collectively, the "**Technology System**"). Franchisee must replace, upgrade, or update at Franchisee's expense the Technology System as Franchisor may require periodically without limitation. Franchisor will establish reasonable deadlines for implementation of any changes to our Technology System requirements. Franchisee may be required to obtain certain components of, or upgrades to, the Technology System and maintenance and support services related to the Technology System from Franchisor, ~~or its Affiliates,~~ or designated third party suppliers, and Franchisee may be charged ~~reasonable fees~~ for such products and services. If Franchisee would like to purchase Technology System or its components or upgrades from suppliers that have not been designated/approved, it shall obtain Franchisor's written approval pursuant to Section 6.B.(4)-(5) herein. Franchisee should be solely responsible for the repairment, etc. of these systems, and Franchisor will not assume any liability on the systems.

6.F. Management and Personnel.

- (1) General Manager. The Restaurant must be managed by a person (the "**General manager**") (i) who devotes his or her full working time and best efforts to the day-to-day, on-premises operation of the Restaurant, (ii) has satisfactorily completed the Initial Training Program, subsequent training and additional training or a comparable training program at Franchisee's Restaurant that Franchisor has approved, and (iii) is not engaged in any other business endeavor except passive investments which do not interfere with the performance of his or her duties as General Manager. Franchisee must ensure that its General Manager agrees to comply with the restrictions in Sections 10 (Confidential Information), 11 (Non-Compete), and 14 (Effect of Termination or Expiration) of this Agreement, except that its General Manager shall not be required to agree to comply with Section 11.C post-term non-compete provision. If Franchisee for

etc. If Franchisee does not receive written approval within thirty (30) days of Franchisor's receipt of such items, Franchisor will be deemed to have disapproved the items. Franchisee will not use any plans, materials or marketing materials that Franchisor has not developed or approved, and will promptly discontinue use of any advertising or promotional plans, materials, or marketing materials, whether or not previously approved, upon notice from Franchisor. Franchisor will have the final decision on all creative development of advertising and promotional messages.

7.C. Minimum Advertising Requirement. Franchisee must spend in each quarter of the Term a reasonable percentage of the Restaurant's Gross Sales from the prior quarter as as mutually agreed by Franchisor and Franchisee~~Franchisor, at its sole discretion, determines~~, on advertising and promotions. In no event this percentage shall exceed 10%. Such expenditures will be made directly by Franchisee, subject to Franchisor's prior approval and direction, using advertising and marketing materials Franchisor prepares or pre-approves. Franchisee's local advertising and promotion must follow Franchisor's guidelines. Franchisee must submit to Franchisor quarterly marketing and advertising expenditure reports accurately reflecting all local advertising expenditures for the preceding quarter and year-to-date by the marketing categories that Franchisor specifies. "**Gross Sales**" means the total gross revenue from the provision of all products and services sold or performed by or for Franchisee or the Restaurant in, at, from or away from the Restaurant, or through or by means of the Restaurant's business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and irrespective of the collection thereof. Notwithstanding the foregoing, the following amounts will be deducted from "Gross Sales": (i) the amount of VAT included in the sales; and (ii) any bona fide refunds and credits that are actually provided to customers; and (iii) payments Franchisee receives from an insurer to replace or compensate Franchisee for revenue lost as a result of an insured risk that interrupted the operation of Franchisee's Restaurant. For the avoidance of doubt, expenses including salaries or commissions paid to any employees or personnel, cleansing services or courier services will not be deducted from Gross Sales.

7.D. Digital Marketing.

- (1) Restriction on Digital Marketing. Upon Franchisor's written consent, Franchisee, its employees, and any third-party representatives or digital marketing agencies may, directly or indirectly, conduct or be involved in any websites, social media accounts (such as WeChat, Weibo, Facebook, etc.), applications, keyword or AdWords purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that use the Marks or that relate to the Restaurant or the network. Unless Franchisor consents in writing, Franchisee may not conduct commerce or directly or indirectly

- (1) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than a customer), or have any other interest in any Competitive Business located or operating anywhere;
- (2) interfere with Franchisor's, its Affiliates', or any Restaurant's owner's relationship with any vendors or suppliers;
- (3) direct, or attempt to direct, any prospective or existing business or economic opportunities away ~~from~~ from Franchisor, its Affiliates, the Restaurant or any other Restaurant to a Competitive Business; or
- (4) perform any act prejudicial or injurious to the goodwill associated with the Marks.

11.C. After Termination, Expiration, or Transfer. For two (2) years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, Franchisee and its Owners may not, without Franchisor's prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

- (1) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than a customer), or have any other interest in any Competitive Business located or operating: (A) at the Site; (B) within a 12.5-mile radius of the Site; or (C) within a 12.5-mile radius of any other Restaurant in operation or under development on the effective date of termination or expiration of this;
- (2) interfere with Franchisor's, its Affiliates', or any Restaurant's owner's relationship with any vendors or suppliers;
- (3) direct, or attempt to direct, any prospective or existing business or economic opportunities away from Franchisor, its Affiliates, the Restaurant or any other Restaurant to a Competitive Business; or
- (4) perform any act prejudicial or injurious to the goodwill associated with the Marks.

11.D. Enforcement of Covenants. Franchisee acknowledges and agrees that (i) the restrictive covenants contained in this Section 11 are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement; (ii) the time, territory, and scope of the covenants provided in this Section 11 are reasonable and necessary for the protection of Franchisor's legitimate business interests; (iii) Franchisee has received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which Franchisee is in violation of the provisions of those covenants or any period of time required for enforcement

an initial ~~three~~five-year term with one renewal term of ~~three~~five (~~53~~) years (at its option) on commercially reasonable terms.

- (c) Purchase Price. The purchase price for the Restaurant will be its fair market value, determined in a manner consistent with reasonable depreciation of the Restaurant's equipment, signs, inventory, materials and supplies, provided that the Restaurant will be valued as an independent business and its value will not include any value for: (a) the Franchise or any rights granted by this Agreement; (b) the Marks; or (c) YGF System. The Restaurant's fair market value will include the goodwill Franchisee developed in the market of the Restaurant that exists independent of the goodwill of the Marks and YGF System. The length of the remaining term of the lease for the Site will also be considered in determining the Restaurant's fair market value.
- (d) Excluded Assets. Franchisor may exclude from the assets purchased 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 deems as not meeting standards for Restaurants, and the purchase price will reflect such exclusions.
- (e) Appraisal. If Franchisor and Franchisee are unable to agree on the Restaurant's fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one appraisal; provided, however, that if they are unable to agree on a single appraisal, the appraised value will be the average of the three appraisals. The parties will appoint one appraiser respectively, and the two party-appointed appraisers will appoint the third appraiser. Franchisee and Franchisor agree to select its respective appraisers within fifteen (15) days after Franchisor notifies Franchisee that it is exercising its option to purchase the Restaurant, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the second party-appointed appraisers were appointed. The Parties will bear the cost of their own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment.
- (f) Closing. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee or its Owners owe to Franchisor or any amounts of rent Franchisee owes the landlord of the Site, or its creditors that Franchisor pay on its behalf. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor, including:

APPENDIX A

FRANCHISEE-SPECIFIC TERMS

- 1. **Effective Date:** _____
- 2. **Franchisee’s Name:** _____
- 3. **Residential or Registered Address of Franchisee:**

- 4. **Franchisee’s Legal Representative:** _____
- 5. **No. of Franchisee’s Business License/Other ID Certification:** _____
- 6. **Ownership of Franchisee:**

If Franchisee is an Entity (as defined in this Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in Franchisee (the “**Owners**”, including all the shareholders and actual controllers, collectively):

Shareholder’s Name	Description of Interest	% of Shares	ID Number	Phone Number	Email	Address
Actual Controller’s Name	Description of Interest	Control	ID Number	Phone Number	Email	Address

- 7. **Managing Owner:** _____
- 8. **The Site:** _____
- 9. **Contract Period:** _____

Time	Contract Period
First Year	From [●], 2024 to [●], 2025
Second Year	From [●], 2025 to [●], 2026
Third Year	From [●], 2026 to [●], 2027

10. Franchise Fee (Section 5.A): _____

Election of A. Fixed Fee Arrangement or B. Variable Fee Arrangement

A. Amount for Fixed Fee Arrangement:

Time	Amount	Payment Due Date
Initial Franchise Fee	\$ <u>20,000</u>	[●], 202 <u>5</u> 4
<u>Subsequent Franchise Fee</u>	<u>Per Section 5.A</u>	<u>Monthly</u>
Subsequent Franchise Fee (Second Year)	\$ _____	[●], 202 <u>5</u>
Subsequent Franchise Fee (Third Year)	\$ _____	[●], 202 <u>6</u>

B. Amount for Variable Fee Arrangement:

Time	Amount	Payment Due Date
Initial Franchise Fee	\$ <u>10,000</u>	[●], 202 <u>5</u> 4
Subsequent Franchise Fee	Per Section 5.A	<u>The 5th calendar day of each month</u> Monthly

11. Deposit (Section 5.B.): _____

12. Franchisee's Contact Information for Notices (Section 19.D): _____

13. Additional Terms; Inconsistent Terms (if any) (Section 17.F): None

[signatures to Appendix A]

EXHIBIT C TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

California

Frice Inc.

14698 CENTRAL AVE CHINO, CA 91710

(206) 291-3428

Luxtyle Inc.

7317 Clairemont Mesa Blvd, San Diego CA 92111

(510) 861-7657

Haoyang Zhong

4288 Dublin Blvd.,#110, Dublin, CA 94548

(510) 422-6666

Georgia

Zhiqiang Liu

6035 Peachtree Rd Suite C-113&114, Doraville, GA 30360

(607) 727-0355

Indiana

Bocheng Du

1005 Chauncey Ave, STE 110, West Lafayette, IN 4790

(312) 221-1989

Massachusetts

Almighty Brother LLC

137 Massachusetts Ave, Boston MA 02115

(781) 912-9458

Texas

Capstone Capital LLC

23015 Colonial Parkway. STE #107. Katy. TX. 77449

(346) 400-6376

None.

EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

SAMPLE OF PRODUCT SUPPLY AGREEMENT

This PRODUCT SUPPLY AGREEMENT (the “Agreement”) is made and entered into as of [Date] 2024 (“Effective Date”), by and between Captain Business Management Co., Limited, formed as a Delaware limited liability company on April 8, 2024 with its office address at 1521 Concord Pike, Suite 201 Street, New Castle, Wilmington, Delaware 19803 (“Captain”), and [name of purchaser], a _____, with its registered office in _____ (“Purchaser”). (Captain and Purchaser are collectively referred to as the “Parties” and each individually referred to as a “Party”).

RECITALS

WHEREAS, Captain and/or its Affiliates are engaged in the business of development, production and sales of ingredients and food, including without limitation edible oil, oil containing products, spices, seasonings, hot pot condiments, instant food and vegetable products, pre-packaged food, as well as other agricultural products;

WHEREAS, Purchaser is engaged to operate one franchised restaurant using YGF system and relevant marks pursuant to the franchise agreement separately entered into by and between Captain and the Purchaser;

WHEREAS, Purchaser desires to purchase from Captain, and Captain is willing to supply to Purchaser certain ingredients and food for the operation of the franchised restaurant (“Products”), as defined in Section 1.4 of the Agreement), all in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, Parties agree as follows:

Article 1
DEFINITIONS

For purposes of this Agreement, the following definitions shall apply to the terms set forth below wherever they appear:

Section 1.1 Affiliate. “Affiliate” of a Party means any entity controlled by controlling, or under common control with such Party where “control” in any of the foregoing forms means ownership, either direct or indirect, of more than 50% of the equity interest entitled to vote for the election of directors or equivalent governing body. An entity shall be considered an Affiliate only so long as such entity continues to meet the foregoing definition.

Section 1.2 Business Day. “Business Day” means the days between and holding from Monday through Friday, and do not include public holidays or weekends.

Section 1.3 Standard Product Warranty. “Standard Product Warranty” means the standard warranty terms and conditions offered by Captain in relation to the Products in accordance with FDA food safety standards.

Section 1.4 Products. “Products” means ingredients and food produced or processed by Captain or its Affiliates, including without limitation edible oil, oil containing products, spices, seasonings, hot pot condiments, instant food, vegetable products, pre-packaged food and agricultural products etc, needed for the operation of franchised business.

Section 1.5 Intellectual Property Rights or IPR. “Intellectual Property Rights” or “IPR” means any intellectual property rights that a Party may own, license, adopt, use or register, including but not limited to:

(a) all rights in any original works of authorship or any part thereof that are within the scope of any applicable copyright law, including all rights of authorship, use, publication, reproduction, creation of derivative works, distribution, dissemination on the information network, performance, moral rights, and rights of ownership of copyrightable works, and all rights to register and to obtain renewals, extensions, revivals and resuscitations of any such copyright registrations;

(b) trademarks, service marks, trade names, service names, trade dress, logos, domain names, and other identifiers of source, including all goodwill connected with the use thereof and symbolized thereby, and any and all common law rights, and registrations and applications for registration thereof, all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing;

(c) trade secret and confidential and proprietary information, including trade secrets and confidential processes, methodologies for index creation, composition and calculation, compositions, formulas, customer information, operational data, processing quality control procedures, research and development studies, engineering information, invention reports, technical reports, research and development archives, pricing information and know-how;

(d) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, extensions and reexaminations thereof, and all rights therein provided by international treaties or conventions;

(e) all other intellectual and industrial property rights (of every kind and nature and however designated), including logos, “rental” rights and rights to remuneration, whether arising by operation of law, contract, license, or otherwise; and

(f) any additional applicable intangible property (whether or not in documentary form and whether or not patentable, copyrightable or otherwise protectable under applicable laws).

Section 1.6 Person. “Person” means and includes any individual, company, trust, estate, partnership, joint venture, company, association, league, governmental bureau or agency, or any other entity regardless of the type or nature.

Section 1.7 Purchase Price. “Purchase Price” means the price to be paid by Purchaser to Captain for the purchase of Products based on calculation method agreed to by the Parties pursuant to this Agreement.

Section 1.8 Seller. “Seller” means Captain.

Section 1.9 Territory. “Territory” means the defined specific street address known as the “Site” as defined in the franchise agreement separately entered into by and between Captain and Purchaser.

Section 1.10 Third Party. “Third Party” means any individual, corporation, trust, estate, partnership, joint venture, company, association, league, governmental bureau or agency, or any other entity regardless of the type or nature, which is not a Party or an Affiliate.

Article 2
PURCHASE AND SUPPLY OF PRODUCTS

Section 2.1 Purchase and Supply of Products. Starting on the Effective Date and throughout the term of this Agreement, the Parties agree that Purchaser shall purchase Products set forth in Schedule A, as necessary, from Captain and/or its Affiliates and Captain and/or its Affiliates shall supply to Purchaser Products in accordance with the product quality agreed in this Agreement for the operation of the franchised restaurant.

Article 3
PURCHASE ORDER

Section 3.1 Order Placement. Captain shall make Products available to Purchaser pursuant to written orders placed by Purchaser during the term of this Agreement. Purchase order shall include, among others, the type, quantity and quality standards of Products, as well as delivery date, destination and terms of delivery. Each purchase order will be governed by and be deemed to incorporate all the terms and conditions of this Agreement. In the event of any discrepancy between a purchase order and any provisions of this Agreement, the purchase order shall prevail.

Section 3.2 Quality standards. Purchaser shall specify in purchase orders, if the quality of Products required thereof is different from Standard Product Warranty offered by Captain.

Section 3.3 Acceptance. Upon receipt of a purchase order, Captain and/or its Affiliates shall notify Purchaser within seven Business Days in writing indicating acceptance or rejection of such purchase order. If Captain and/or its Affiliates does not confirm acceptance in writing within seven Business Days after receipt of purchase order, the purchase order shall be deemed to have been rejected by Captain. Where a purchase order is accepted, Captain and/or its Affiliates shall use commercially reasonable efforts to complete the production and delivery of Products as specified in the purchase order.

Section 3.4 Cancellation. The purchase order shall come into effect upon acceptance. If Purchaser needs to cancel the purchase order for any reason after acceptance, it shall notify Captain and/or its Affiliates in writing of cancellation within one calendar day after acceptance, and compensate Captain and/or its Affiliates for any production and shipment costs incurred for this purchase order.

Article 4
DELIVERY

Section 4.1 Labeling and Packaging. Both Parties agree that the Products shall be produced based on the terms of this Agreement and accepted purchase orders, packaged based on requirements from Purchaser, and labeled with trademark(s) of Captain and/or its Affiliates.

Section 4.2 Delivery. The Products hereunder will be delivered according to the conditions set forth in purchase order. Delivery shall be deemed to have been completed, and title, ownership and risk of loss shall be transferred to Purchaser upon products arriving at the first carrier, or by terms stipulated in the purchase order.

Section 4.3 Customs Clearance. Captain and its Affiliates shall be responsible for all clearance procedures in relation to importing the Products into the destination. Purchaser shall be responsible for the payment, including but not limited to registration, payment of import duties, sales taxes, use taxes, consumption taxes, value-added taxes, excise taxes, property taxes, withholding taxes, or any other tax, and related penalties or interest.

Section 4.4 Inspection and Acceptance. Captain shall arrange customs clearance and may request assistance from Purchaser from time to time as appropriate. Purchaser shall arrange inspection in a timely manner after the Products arrive at the first carrier, or by terms stipulated in the purchase order, and shall notify Captain in writing in relation to its completion of inspection and acceptance within one calendar day. If Captain has not received any written notification from Purchaser within one calendar day, the Products are deemed to be accepted at the end of the time limit. In case of product quality failure, packaging damage or any other defects that, Purchaser shall notify Captain in writing within the aforesaid time limit. In this case, both Parties shall negotiate the return and replacement of Products separately. Purchaser shall not reject Products for any other reason not specified above.

Article 5 **DUTIES OF PURCHASER**

Section 5.1 General Conduct. Captain shall, in accordance with Section 4 of this Agreement, timely handle the import customs clearance procedures after Products arrive at the entry at the destination.

Section 5.2 Quality Standard. Purchaser shall specify the quality standard of Products in each purchase order, especially when the quality standard required is higher than Standard Product Warranty offered by Captain.

Section 5.3 Assumption of Certain Risks and Indemnification.

(a) Purchaser shall assume all risks of loss in relation to Products after Products reach the first carrier, or by terms stipulated in the purchase order.

(b) Purchaser shall assume all risks and expenses in relation failure of Products meeting the required product quality standard, if Purchaser fails to specify the required quality standard in the purchase order (especially when the quality standard required is higher than Standard Product Warranty offered by Captain), and indemnify Captain for all economic losses incurred.

Article 6 **DUTIES OF SELLER**

Section 6.1 General Conduct. Captain shall produce Products as stipulated in this Agreement and purchase orders, and timely deliver Products to the first carrier or by terms stipulated in the purchase order.

Section 6.2 Warranty. Captain shall assume related warranty obligations, including warranty service responsibility and associated costs, for the Products sold to Purchaser; provided that, the warranty obligations are limited to Standard Product Warranty and quality standard specified in purchase orders. Within this scope, if Purchaser incurs any costs due to Captain's product quality failure or due to assisting Captain to perform warranty obligations, Purchaser is entitled to claim costs incurred from Captain. In no event the total costs that Purchaser may claim from Captain shall exceed the purchase price of the defective products.

Section 6.3 Assumption of Certain Risks and Indemnification.

(a) Captain shall assume all risks relating to order processing errors, mistakes in communication of Products specifications and late delivery under this Agreement, and indemnify Purchaser for all economic losses incurred.

(b) Captain shall assume all quality risk relating to Products within the scope of

Standard Product Warranty and quality standards specified in purchase orders. Within this scope, if Purchaser requests to return or replace the Products due to quality problems, Captain shall bear all expenses in relation to returning or replacing the products.

Article 7 **PRICE CALCULATION AND PAYMENT**

Section 7.1 Purchase Price. The Parties agree that Purchaser shall pay an arm's length Purchase Price to Captain and/or its Affiliates based on the price calculation method agreed by the Parties and specified in the purchase order in consideration for the Products supplied to Purchaser by Captain under this Agreement.

Section 7.2 Payment. Purchaser shall make payment at least three calendar days before the Products shipping for each order, unless otherwise agreed by both Parties. If the payment is not made on the date agreed in this Agreement, Purchaser shall bear the interest during the overdue period at the rate of 9.00% per day.

Section 7.3 Currency of Payment. All payments to Captain and/or its Affiliates shall be made in United States dollar (USD), Singapore dollar (SGD), Renminbi (CNY) or any other currency as mutually agreed by the Parties.

Section 7.4 Value Added Taxes ("VAT"). Amount payable pursuant to this Agreement are exclusive of any VAT properly chargeable. If there is any VAT payable on the amount, Purchaser shall bear such tax burden where Purchaser shall pay any VAT applicable at the prevailing rate to government authorities and gross up the Purchase Price to be received from Purchaser.

Section 7.5 Custom Duty and Tax. Amount payable pursuant to this Agreement are exclusive of any custom duty or tax. If Purchaser needs to pay custom duty or tax for the imported Products, the Parties agree that such tax burden should be paid by Purchaser on top of the Purchase Price.

Section 7.6 Other Taxes. Each Party to this Agreement shall be responsible for any other tax (including but not limited to income taxes and government surcharges etc.) levied within their respective tax jurisdiction as a result of the performance of their respective activities under this Agreement.

Article 8 **INTELLECTUAL PROPERTY RIGHTS**

Section 8.1 Acknowledgment. Both Parties hereby acknowledge and confirm all rights, ownerships and interests of the other Party in all Intellectual Property Rights involved in this Agreement.

Section 8.2 Assistance. One Party shall promptly notify the other Party of: (a) any claims or objections that its use of the other Party's Intellectual Property Rights for performing this Agreement may or will infringe the patent, copyright, trademarks, trade names, or other proprietary rights of another Person; and (b) one Party is aware of any infringements, imitations, illegal use or misuse by any Person of the other Party's Intellectual Property Rights. One Party shall provide all reasonable assistance in connection with any matter pertaining to the protection of the other Party's Intellectual Property Rights, whether in the courts, administrative agencies, or otherwise, at the cost of the other Party.

Article 9
TERM AND TERMINATION

Section 9.1 Term. This Agreement shall enter into effect on the Effective Date and shall remain in full force and effect for a term of one year from the Effective Date (the “Initial Term”). After the Initial Term, the Agreement shall be automatically renewed on an annual basis thereafter (all such renewal periods together with the Initial Term, the “Term”), unless terminated by either Party upon thirty (30) days prior written notice to the other Party.

Section 9.2 Termination on Default. If either Party defaults in the performance of its material obligations hereunder, the other Party shall have the right to deliver written notice to the defaulting party to express the non-defaulting party's desire to terminate this Agreement subject to the defaulting party's remedy. If within thirty (30) days after notice of termination, the defaulting party has not remedied the default, the Parties shall consult in good faith for an additional thirty (30) days to develop a plan to remedy such default and if such default is not corrected after such thirty (30) day period, then this Agreement shall terminate.

Section 9.3 Termination on Insufficient Order. If Purchaser’s cumulative orders fail to reach the agreed upon quantity within the six consecutive months, which is not corrected at Captain’s satisfaction within the designated period, Captain is entitled to terminate this Agreement in accordance with this Section 9 herein.

Section 9.4 Termination in the Event of Bankruptcy. This Agreement may be terminated by either Party on notice, (i) upon the institution by the other Party of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of the debts, (ii) upon the institution of such proceedings against the other Party, which are not dismissed or otherwise resolved in such Party’s favor within sixty (60) days thereafter, (iii) upon the other Party's making a general assignment for the benefit of creditors, or (iv) upon the other Party's dissolution or ceasing to do business in the normal course.

Section 9.5 Termination on Force Majeure. A “Force Majeure Event” is one of the following events which is not caused by, influenced or contributed to by, or within the control of a party (using all lawful means available to such party to exert control over such event): fire, hurricane, tornado, typhoon, flood (other than a flood caused by a defect in the party’s premises), earthquake, other natural disaster, pandemic, war, riot, confiscation by or order of any governmental authority. If a Force Majeure Event renders a party’s performance of its obligation under this Agreement impossible (not merely more costly or more inconvenient), such affected party shall notify the other party in writing within 24 hours after the occurrence of a Force Majeure Event, that a Force Majeure Event has occurred, the manner and extent to which such party’s obligations have been impacted, and the estimated period during which the party’s performance of such obligations is expected to be impacted. The affected party shall take any reasonable measures to mitigate the loss, and resume performance of this Agreement immediately after the elimination of the Force Majeure Event. A Force Majeure Event shall not suspend a party’s payment obligations for monies owned or any other obligations that are not rendered impossible by the Force Majeure Event. The Term shall not be suspended during, or extended as a result of, a Force Majeure Event.

Section 9.6 No Payment Due Upon Termination. Termination of this Agreement for any reason whatsoever shall not relieve Purchaser of its obligations to pay all outstanding payment due.

Article 10
GOVERNMENTAL REGULATION

Section 10.1 In General. In the exercise of Purchaser’s rights, and the performance of

Purchaser's obligations, under this Agreement, Purchaser shall comply with all applicable laws, regulations and governmental orders. Without limiting the generality of this Section 10.1, each Party shall obtain, and shall maintain in full force and effect throughout the continuance of this Agreement, all licenses, permits, authorizations, approvals and government filings and registrations necessary or appropriate for the exercise of its rights and the performance of its obligations hereunder.

Section 10.2 P.R.C. Export Controls. Without limiting the generality of Section 10.1 (In General) hereof, Purchaser hereby acknowledges and agrees that the Products, and all of the Confidential Information, may be subject to export controls under the laws and regulations of P.R.C. In the exercise of its rights, and the performance of its obligations under this Agreement, Purchaser shall comply strictly with all such Chinese export control laws and regulations which may be applicable to the Products and Confidential Information, and shall not export, re-export, transfer, divert or disclose any such Products or Confidential Information, or any direct product thereof, to any destination, end use or end-user, restricted or prohibited under P.R.C. export controls, or to any national or resident thereof, except in accordance with all P.R.C. export controls. Purchaser's obligations under this Section 10.2 (P.R.C. Export Controls) shall survive the termination of this Agreement for any reason whatsoever.

Article 11 **GOVERNING LAW AND DISPUTE RESOLUTION**

Section 11.1 Governing Law. This Agreement shall be governed by the laws of state of Delaware, without reference to conflict of laws principles.

Section 11.2 Dispute Resolution. All disputes arising out of this Agreement shall be settled through friendly consultation. If such dispute cannot be so resolved within 14 days from the date that either Party gives the other notice of such dispute, such dispute shall be resolved by arbitration administered by the American Arbitration Association ("AAA") in Delaware or Captain's then current principal place of business, by a single arbitrator, in accordance with the rules of the AAA for the time being in force (which rules are deemed to be incorporated by reference in this clause). The language of the arbitration shall be Chinese. The arbitration award shall be final and binding upon both Parties.

Article 12 **GENERAL PROVISIONS**

Section 12.1 Notices. Any notice which any Party desires or is obligated to give to the other shall be given in writing or by facsimile and sent to the appropriate address addresses as may from time to time be supplied to each other. Except as otherwise expressly provided herein, notice shall be deemed to have been received on the earlier of the date when actually received or ten (10) days after being deposited in the mail, postage prepaid, registered or certified mail, return receipt requested, or within one day if by facsimile, promptly confirmed in writing, properly addressed to the recipient.

Section 12.2 Non-Waiver. The failure of either Party at any time to require performance by the other Party of any provision hereof shall not affect in any way, or act as a waiver of, the right to require the other Party to perform in accordance with this Agreement at any other time, nor shall the waiver of either Party of a breach of a provision of this Agreement be held or taken to be a waiver of the provision itself.

Section 12.3 Partial Invalidity. If any provision in this Agreement shall be found or be held to be invalid or unenforceable in any jurisdiction in which this Agreement is being performed, then the meaning of said provision shall be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement which shall remain in full force and effect. In such event, the Parties shall

negotiate, in good faith, a substitute, valid and enforceable provision which most nearly effects the Parties' intent in entering into this Agreement.

Section 12.4 Assignment. No Party may assign, delegate or otherwise transfer any or all of its rights or obligations under this Agreement without the prior written consent of the other Party, and any purported assignment, delegation or other transfer without such consent shall have no force or effect. Notwithstanding the foregoing, the prior written authorization of one of the Parties hereto shall not be required for the other Party to assign any of its rights, or delegate or subcontract any of its obligations under this Agreement to an Affiliate of that Party. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the respective parties hereto and their successors and assigns.

Section 12.5 Entire Agreement. This Agreement and Schedule contain the Parties' entire understanding with respect to the matters contained herein. There are no promises, covenants or undertakings other than those set forth herein, and neither Party is relying upon any representations or warranties except as set forth herein. This Agreement may not be modified except by a writing signed by the Parties.

Section 12.6 Headings; Counterparts. Headings to Sections of this Agreement are to facilitate reference only, do not form a part of this Agreement, and shall not in any way affect the interpretation hereof. This Agreement may be executed in two or more counterparts or duplicate originals, all of which shall be regarded as one and the same instrument, and which shall be the official and governing version in the interpretation of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED**

[name of Purchaser]

By: _____

By: _____

Name:

Name:

Title:

Title:

Date: _____

Date: _____

Schedule A
List of Products Supplied by Captain

物料编码	物料名称	规格
0101037	YGF 冬阳功火锅底料 500g(升级款)	500g*42 袋/箱
0101020	YGF 火锅底料 (番茄味)	1kg*20 袋/箱
0102093	YGF 油辣椒 (辣)	1kg*16 袋/箱
0102110	YGF 双椒调味油 (外卖装)	10g*200 袋/箱
0102109	YGF 油辣椒 (外卖装)	15g*200 袋/箱
0102104	YGF 食用植物调和油	5L*4 桶/箱
0102080	YGF 麻辣拌 (复合调味粉)	1kg*20 袋/箱
0102105	YGF 牛骨汤粉调味料	1kg*16 袋/箱
0102118	YGF 椰子汤粉	630g*20 袋/箱
0102101	YGF 双椒调味油	900ml*16 瓶/箱
0101034	YGF 花胶鸡火锅底料 500g	500g*42 袋/箱
0101013	YGF 火锅底料	1kg*20 袋/箱
0102058	YGF 复合香辛调味料	1. 1kg*8 袋/箱
0101039	YGF 咖喱火锅底料 500g	500g*42 袋/箱
0102122	YGF 复合调味粉	1. 15kg*12 包/箱
0101051	YGF 爆香红油	1kg*16 袋/箱

EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Captain Business Management Co., Limited and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Captain Business Management Co., Limited Franchise Agreement and each exhibit, addendum and schedule attached to it?
Yes ___ No ___

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedules attached to it?
Yes ___ No ___

If "No," what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Franchise Disclosure Document we provided to you?
Yes ___ No ___

4. Do you understand all of the information contained in the Franchise Disclosure Document?
Yes ___ No ___

If "No," what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating a YGF Restaurant with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ___ No ___

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ___ No ___

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a YGF Restaurant that we or our franchisees operate, that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ___ No ___

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a YGF Restaurant that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ___ No ___

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a YGF Restaurant?
Yes ___ No ___

10. — Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ___ No ___

11. — If you have answered “Yes” to any of questions seven (7) through ten (10), are you relying on any of these statement, promise or agreement by any employee or other person speaking on our behalf in entering into this Franchise Agreement with us?

Yes ___ No ___

12. — If you have answered “Yes” to any of questions seven (7) through ten (11), please provide a full explanation of your answer(s) in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of such questions, please leave the following lines blank.

13. — Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes ___ No ___

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date: _____, 20__

Signature

Name and Title of Person Signing

CALIFORNIA APPENDIX

1. ~~California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.~~
2. ~~The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).~~
3. ~~The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.~~
4. ~~Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.~~
5. ~~Neither the franchisor, 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.~~
6. ~~The Franchise Agreement requires that any litigation be conducted in the then-current State of our principal place of business. 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.~~
7. ~~The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.~~
8. ~~You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).~~
9. ~~THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.~~
10. ~~The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.~~
11. ~~COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.~~

12. ~~The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF CALIFORNIA~~

~~THIS ADDENDUM TO THE FRANCHISE AGREEMENT~~ (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____

~~(individually or collectively referred to as "Franchisee" or "you") to revise and amend said Franchise Agreement as follows.~~

1. _____ 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.

2. _____ Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. _____ Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. _____ This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**STATE OF HAWAII
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

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

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

~~THE FOLLOWING PARAGRAPH IS ADDED TO THE END OF ITEM 17 OF THE FRANCHISE DISCLOSURE DOCUMENT:~~

~~No statement, questionnaire or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.~~

STATE OF ILLINOIS
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

~~THIS ADDENDUM TO THE FRANCHISE AGREEMENT~~ (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____

_____ (individually or collectively referred to as "Franchisee" or "you"). The following items must be included within the Disclosure Document and Franchise Agreement and shall replace any conflicting language that is in the Disclosure Document and the Franchise Agreement, to the extent applicable:

1. ~~Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."~~
2. ~~Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."~~
3. ~~Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law" to the extent applicable. The appropriate sections of the Franchise Agreement are amended accordingly, to the extent applicable.~~
4. ~~Pursuant to Section 27, Periods of Limitation, of the Act, the appropriate items in the Disclosure Document, and the Franchise Agreement are amended to provide that any and all claims and actions arising out of or relating to the relationship of Franchisor and Franchisee, operation of the Franchised Business or any agreements executed in connection therewith, brought by you against us, shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred, to the extent applicable.~~
5. ~~Item 17(g) of the Disclosure Document, and the appropriate sections of the Franchise Agreement and Multi Unit Development Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days, to the extent applicable.~~
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.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
9. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

**~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF INDIANA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

ITEM 8 of the FDD is amended to add the following:

The Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1(4) prohibits provisions in a franchise agreement subject to the Law which allow the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent that any provision of the Franchise Agreement conflicts with Indiana Law, Indiana Law will control.

ITEM 17 of the FDD is amended to add the following:

Indiana Code §23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code §23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post term non-competition covenant shall have a geographical limitation of the territory granted to you or, in the absence of an exclusive area, an area of reasonable size.

ITEM 17(u) is amended to provide that arbitration between a Franchisee and Franchisor will be conducted in Indiana or a site mutually agreed upon.

ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF INDIANA~~

~~This ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is entered into this~~
~~_____ day of _____, _____ (the "Effective Date"), by and between Captain Business~~
~~Management Co., Limited, a Delaware limited liability company, with its principal place of business~~
~~located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the~~
~~following individual(s) and/or entity: _____~~

~~(individually or collectively referred to as "Franchisee" or "you") to revise and amend said Franchise~~
~~Agreement as follows.~~

~~In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the~~
~~Indiana Franchise Disclosure Law, IC 23-2-2.5, the Captain Business Management Co., Limited~~
~~Franchise Agreement shall be amended as follows:~~

~~The Franchise Agreement is amended subject to Indiana Code 23-2-2.7-1(a) to provide that post term~~
~~non-competitor covenants shall have a geographical limitation of the territory granted to you.~~

~~The Franchise Agreement is amended to provide that in the event of a conflict of law, the Indiana~~
~~Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.~~

~~The Franchise Agreement is amended to provide that arbitration between us and you, shall be conducted~~
~~in Indiana or a site mutually agreed upon.~~

~~The Franchise Agreement is amended to provide that Franchisee may commence litigation in Indiana for~~
~~any cause of action under Indiana law.~~

~~Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the~~
~~Franchise Agreement.~~

~~Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in~~
~~full force and effect.~~

~~This Addendum is being entered into in connection with the Franchise Agreement. In the event of any~~
~~conflict between this Addendum and the Franchise Agreement, the terms and conditions of this~~
~~Addendum shall apply.~~

Franchisor:

Franchisee:

~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF IOWA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF IOWA~~

The following language will be added to the Franchise Agreement:

~~NOTICE OF CANCELLATION~~

_____ (enter date of transaction)

~~You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.~~

~~If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.~~

~~If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.~~

~~To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Captain Business Management Co., Limited, 1521 Concord Pike, Suite 201, Wilmington, DE 19803, not later than midnight of the third business day after the Effective Date.~~

~~I hereby cancel this transaction.~~

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

STATE OF MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. ~~_____~~ The following language is added to the end of the “Summary” sections of Item 17(e), entitled Requirements for you to renew or extend, and Item 17(m), entitled Conditions for our approval of transfer:

~~Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

2. ~~_____~~ The following language is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

~~Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.~~

3. ~~_____~~ The following language is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

~~Franchisee may, subject to any arbitration obligations, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law to the extent required by the Maryland Franchise Registration and Disclosure Law, unless preempted by the federal law.~~

4. ~~_____~~ The following language is added to the end of the “Summary” section of Item 17(w), entitled Choice of law:

~~; however, to the extent required by the Maryland Franchise Registration and Disclosure Law, subject to any arbitration obligations, you may bring an action in Maryland.~~

5. ~~_____~~ The following paragraphs are added to the end of the chart in Item 17:

~~You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise. No statement, questionnaire or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF MARYLAND~~

~~This ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____~~

~~(individually or collectively referred to as "Franchisee" or "you") to revise and amend said Franchise Agreement as follows:~~

1. ~~**RELEASES.** Sections 2.B(5), 12.B(4)(i), and 14.A(5)(f) of the Franchise Agreement is amended by adding the following:~~

~~, provided, however, that such general release shall not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.~~

2. ~~**INSOLVENCY.** The following sentence is added to the end of Section 13.B(10) of the Franchise Agreement:~~

~~This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.~~

3. ~~**GOVERNING LAW.** The following language is added to the end of Sections 18.F of the Franchise Agreement:~~

~~However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.~~

4. ~~**NO RELEASE, ESTOPPEL OR WAIVER.** The following language is added to the end of the Franchise Agreement:~~

~~Any representations requiring franchisee 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.~~

5. ~~Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

6. ~~Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~

7. ~~This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.~~

Franchisor:

**~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~**

By: _____

Name: _____

Title: _____

Date: _____

Franchisee:

By: _____

Name: _____

Title: _____

Date: _____

STATE OF NEW YORK
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680—695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure:

~~INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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.~~

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; 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.~~

Item 4, Additional Disclosure. ~~Item 4 is deleted and replaced with the following:~~

~~Neither we nor any of our predecessors, affiliates, or officers, during the 10 year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.~~

Item 17, Additional Disclosures.

~~The following is added to the Summary sections of Item 17(c) and 17(m): 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 Section 687.4 and 687.5 be satisfied.~~

~~The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.~~

~~The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.~~

~~The following is added to the Summary sections of Items 17(v) and 17(w): 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.~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF NEW YORK~~

~~This ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____~~

~~(individually or collectively referred to as "Franchisee" or "you"). To the extent the New York General Business Law, Article 33, §§680-695 applies, the terms of this Addendum apply.~~

~~1. _____ Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:~~

~~Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680-695 may not be enforceable.~~

~~Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.~~

~~The New York Franchise Law shall govern any claim arising under that law.~~

~~2. _____ Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

~~3. _____ Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~

~~4. _____ This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.~~

Franchisor:

**CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED**

By: _____

Name: _____

Title: _____

Date: _____

Franchisee:

By: _____

Name: _____

Title: _____

Date: _____

STATE OF NORTH DAKOTA
~~ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT~~

Item 17:

1. ~~—————~~ The “Summary” sections of Items 17(c) and (m) of the Franchise Disclosure Document are ~~amended~~ by adding the following:

~~Any release executed will not apply, to the extent prohibited by applicable law, with respect to claims arising under the North Dakota Franchise Investment Law.~~

2. ~~—————~~ The “Summary” section of Item 17(r) of the Franchise Disclosure Document is amended by adding the following:

~~Covenants not to compete such as those mentioned above generally are considered unenforceable in the state of North Dakota. However, we will seek to enforce them to the extent enforceable.~~

3. ~~—————~~ The “Summary” section of Item 17(v) of the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

~~Litigation generally must be in Delaware, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.~~

4. ~~—————~~ The “Summary” section of Item 17(w) of the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

~~Except for federal law, to the extent required by law, North Dakota law applies.~~

5. ~~—————~~ The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

~~No statement, questionnaire, or Acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF NORTH DAKOTA~~

~~This ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____

(individually or collectively referred to as "Franchisee" or "you").~~

1. ~~**Non-Competition.** The following language is added to the end of Section 11.C:~~

~~Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, we and you acknowledge and agree to enforce these provisions to the extent enforceable under the law.~~

2. ~~**Releases.** The following language is added to the end of Sections 2.B(5), 12.B(4)(i), and 14.A(5)(f) of the Franchise Agreement:~~

~~Any release will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.~~

3. ~~**Governing Law.** The following language is added to the end of Section 18.F of the Franchise Agreement:~~

~~HOWEVER, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, NORTH DAKOTA LAW APPLIES TO THIS AGREEMENT.~~

4. ~~**Choice of Forum.** The following language is added to the end of subparagraph 18.A of the Franchise Agreement:~~

~~HOWEVER, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, YOU MAY BRING AN ACTION IN NORTH DAKOTA.~~

5. ~~**Waiver of Punitive Damages and Jury Trial.** If and to the extent required by the North Dakota Franchise Investment Law, subparagraph 18.D of the Franchise Agreement is deleted.~~

6. ~~Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

7. ~~Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~

8. ~~This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.~~

Franchisor:

**~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~**

By: _____

Name: _____

Title: _____

Date: _____

Franchisee:

By: _____

Name: _____

Title: _____

Date: _____

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF OHIO~~

The following language will be added to the front page of the Franchise Agreement:

~~_____ You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.~~

Initials _____ Date _____

~~NOTICE OF CANCELLATION~~

~~_____ (enter date of transaction)~~

~~_____ You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Captain Business Management Co., Limited, 1521 Concord Pike, Suite 201, Wilmington, DE 19803 not later than midnight of the fifth business day after the Effective Date.~~

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

**STATE OF RHODE ISLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

~~§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.~~

~~The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.~~

~~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.~~

~~STATE OF SOUTH DAKOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT~~

~~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.~~

STATE OF VIRGINIA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Captain Business Management Co., Limited for use in the Commonwealth of Virginia shall be amended as follows:

1. ——— Additional Disclosure: The following statements are added to Item 17.h:

~~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 and development 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.~~

~~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.~~

2. ——— ~~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.~~

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF VIRGINIA**

~~This ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is entered into this~~
~~_____ day of _____, _____ (the "Effective Date"), by and between Captain Business~~
~~Management Co., Limited, a Delaware limited liability company, with its principal place of business~~
~~located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the~~
~~following individual(s) and/or entity: _____~~

~~(individually or collectively referred to as "Franchisee" or "you"). To the extent the Virginia Retail~~
~~Franchising Act, Va. Code §§13.1-557—13.1-574 applies, the terms of this Addendum apply.~~

~~10. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that~~
~~the Franchise Agreement contains provisions that are inconsistent with the following, such~~
~~provisions are hereby amended:~~

~~"According 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~~
~~ground for default or termination stated in the franchise agreement does not~~
~~constitute "reasonable cause," as that term may be defined in the Virginia Retail~~
~~Franchising Act or the laws of Virginia, that provision may not be enforceable."~~

~~11. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in~~
~~the Franchise Agreement.~~

~~12. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and~~
~~in full force and effect.~~

~~13. This Addendum is being entered into in connection with the Franchise Agreement. In the event of~~
~~any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this~~
~~Addendum shall apply.~~

Franchisor:

**~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~**

By: _____

Name: _____

Title: _____

Date: _____

Franchisee:

By: _____

Name: _____

Title: _____

Date: _____

**STATE OF WASHINGTON
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

~~THIS ADDENDUM TO THE FRANCHISE AGREEMENT~~ (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between ~~Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803~~ ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____

(individually or collectively referred to as "Franchisee" or "you"). The following items must be included within the Disclosure Document and Franchise Agreement and shall replace any conflicting language that is in the Disclosure Document and the Franchise Agreement, to the extent applicable:

1. ~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.~~
2. ~~RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~
3. ~~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. ~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~
5. ~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~
6. ~~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.~~
7. ~~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.

8. ~~In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.~~
9. ~~Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~
10. ~~Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~
11. ~~This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.~~

Franchisor:

Franchisee:

**~~CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED~~**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

~~STATE OF WISCONSIN
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT~~

The FDD is amended to add the following:

~~The Wisconsin Fair Dealership Law Title XIV A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.~~

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF WISCONSIN**

~~THIS ADDENDUM TO THE FRANCHISE AGREEMENT~~ (this "Addendum") is entered into this _____ day of _____, _____ (the "Effective Date"), by and between Captain Business Management Co., Limited, a Delaware limited liability company, with its principal place of business located at 1521 Concord Pike, Suite 201, Wilmington, DE 19803 ("Franchisor," "we," or "us"), and the following individual(s) and/or entity: _____

_____ (individually or collectively referred to as "Franchisee" or "you") to revise and amend said Franchise Agreement as follows:

1. ~~Wisconsin Fair Dealership Law Title XIV A Ch. 135, Sec. 135.01-135.07 will supersede any conflicting terms of the Franchise Agreement.~~
2. ~~Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~
3. ~~Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~
4. ~~This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.~~

Franchisor:

Franchisee:

**CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPLICABLE ADDENDA

_____ If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

Franchisor:

Franchisee:

**CAPTAIN BUSINESS MANAGEMENT
CO., LIMITED**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

RECEIPT
(Your Copy)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) Under New York, and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator identified on Exhibit A to this Disclosure Document.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Fei Feng, 1521 Concord Pike, Suite 201, Wilmington, DE 19803; (+86) 021-80121276 (Phone) and Fei.feng@yangguofu.global (email). Or _____.

The issuance date of this Disclosure Document is ~~July 1, 2024~~ March 31, 2025.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document dated ~~July 1, 2024~~ March 31, 2025 (certain state effective dates appear on the State Cover Page) that included the following Exhibits:

- | | |
|-----------|--|
| Exhibit A | List of State Administrators and Agents for Service of Process |
| Exhibit B | Franchise Agreement and Exhibits |
| Exhibit C | List of Franchisees |
| Exhibit D | List of Franchisees Who Have Left System |
| Exhibit E | Financial Statements |
| Exhibit F | Form of General Release |
| Exhibit G | Table of Contents to Operations Manual |
| Exhibit H | Sample of Product Supply Agreement <u>Franchisee Disclosure Questionnaire</u> |
| Exhibit I | State Specific Addenda |

DATE: _____

SIGNATURE: _____

PRINT NAME: _____
(Retain this copy)

RECEIPT
(Franchisor Copy)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) Under New York, and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator identified on Exhibit A to this Disclosure Document.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Fei Feng, 1521 Concord Pike, Suite 201, Wilmington, DE 19803; (+86) 021-80121276 (Phone) and Fei.feng@yangguofu.global (email). Or _____.

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Exhibit A	List of State Administrators and Agents for Service of Process
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Exhibit D	List of Franchisees Who Have Left System
Exhibit E	Financial Statements
Exhibit F	Form of General Release
Exhibit G	Table of Contents to Operations Manual
Exhibit H	Sample of Product Supply Agreement <u>Franchisee Disclosure Questionnaire</u>
Exhibit I	State Specific Addenda

DATE: _____

SIGNATURE: _____

PRINT NAME: _____
(Return this copy to franchisor)