

FRANCHISE DISCLOSURE DOCUMENT

Cannect LLC
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FENG CHA

We are **Cannect LLC** a Texas limited liability company. We offer franchises to qualified individuals and entities to own and operate a FENG CHA™ franchise under our service marks, trade names, programs, and systems under the name “**FENG CHA.**” Our franchisees offer quality drinks and desserts to the public under the Service Marks and the FENG CHA programs and systems (the "Method of Operation").

The total investment necessary to begin operation of a **FENG CHA** franchise is ~~\$194,916.10~~~~192,500~~ to ~~\$513,375.63~~~~499,700~~. This includes the initial investment of **\$45,000** that must be paid to us. Your initial investment and initial fees are more fully described in Items 5, 6, and 7 of this Disclosure Document.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Johnny Gao at 412 N. Bowser Rd., Richardson TX 75081 or at (972) 762-1373.

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

EXPENDITURE	ESTIMATED AMOUNT	PAYMENT METHOD	When Due	TO WHOM
Professional Services (including licenses and permits)	\$1,000 to \$15,000	As Incurred	As Incurred	Attorneys, Accountants, Etc.
Miscellaneous Initial Expenses	\$5,000 <u>to \$10,000</u>	As Incurred	As Incurred	Approved Suppliers
Additional Funds (Notes 1 and 5)	\$20,000 to \$50,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
TOTAL	\$192,500 <u>\$194,916.10</u> to \$499,700 <u>\$513,375.63</u>			

Notes:

You should anticipate the preceding initial expenditures in connection with the establishment of a **FENG CHA** franchised business. Additional factors related to each expenditure category are described in the following notes.

Note *: Please note that all entries of these anticipated initial investment amounts reflect an estimate for the initial three months.

Note 1: We estimate that the initial phase covered by the additional funds estimate to be approximately **3 months**, with the estimated amounts ranging from 1 month at the low end of the estimates to 3 months at the high end of the estimates, based upon our supply order data. The predominant factors for calculating the 3-month estimates are amounts paid for your location, employee wages and inventory.

Note 2: The typical franchise will need approximately 1200-2,500 square feet of space. The cost of purchasing or leasing retail or warehouse space varies with the location and size of the premises.

Note 3: You are required to have access to a reliable computer, telephone, internet services and reliable transportation.

Note 4: Supplies, equipment, and inventory are required as outlined in the FENG CHA ShareDrive: myfengcha.com and a copy of an itemized projected supply and equipment list may be obtained from the Franchise Relationship Manager prior to execution of your Franchise Agreement.

Note 5: A minimum of **\$20,000 to \$50,000** of additional funds is strongly recommended. You should plan on other sources of income to cover your living expenses. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 6: No allowance has been made in this table for interest or other financing expenses related to opening the franchise. The need for this type of expense will vary with the terms of any financing you get in connection with your franchise. Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors including the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you. The investment and expenditures required of actual franchisees may vary considerably from the projections outlined above, depending on many factors, including geographical area, the amount of