

FRANCHISE DISCLOSURE DOCUMENT



NAN XIANG EXPRESS FRANCHISOR LLC
a Nevada limited liability company
109 [North](#) 5th Street, Saddle Brook, NJ 07663
Phone: (718) 885-4259
Email: finance@nanxiangusa.com
www.nanxiangexpress.com

We offer franchises for restaurants offering authentic Shanghainese cuisine, including soup dumplings, dim sum, noodles, and other products and services under the Nan Xiang Express® name. The total investment necessary to begin operation of a Nan Xiang Express® franchise ranges from ~~\$448,000~~ [\\$488,000](#) to ~~\$875,500~~ [\\$925,500](#). This includes ~~\$70,000~~ [\\$110,000](#) to ~~\$75,000~~ [\\$125,000](#) that must be paid to franchisor or its affiliates.

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 [Xing Yan \(“Eddie”\) Zheng](#) at 109 [North](#) 5th Street, Saddle Brook, NJ 07663, (718) 885-4259.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer's Guide to Buying a Franchise*,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: ~~September 30~~ [March 13, 2025](#) ~~2026~~

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D-1 and D-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Nan Xiang Express business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Nan Xiang Express franchisee?	Item 20 or Exhibits D-1 and D-2 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in New Jersey. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in New Jersey than in your own state.
2. **Supplier control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
5. **Short operating history**. The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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

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 the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of 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 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. 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 or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless 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 a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR 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 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing the arbitration provisions in the franchise agreement. We will seek to enforce these sections as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

To simplify the language in this franchise disclosure document (this “Disclosure Document”), “franchisor,” “we,” “us,” or “our” means Nan Xiang Express Franchisor LLC, the franchisor. “You,” or “your” means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other business entity, “you” also includes your direct and indirect owners.

We are a Nevada limited liability company. We began offering franchises of the type described in this Disclosure Document in January 2022. We do business under our corporate name and as “Nan Xiang Express” ~~and “Nan Xiang.”~~ Our principal business address is 109 [North](#) 5th Street Saddle Brook, NJ 07663, and our phone number is (718) 885-4259. We do not directly own or operate any Nan Xiang Express Restaurants (defined below) though some of our affiliates do. We do not offer franchises in any other lines of business. We do not conduct any business activities other than described in this Disclosure Document. We do not have any predecessors. A list of the names and addresses of our agents for service of process is attached to this Disclosure Document as [Exhibit A](#).

Our Parents

Our parent is NXE Holding Corporation and is majority-owned by MVC Flushing LLC. Both parents have a principal business address of 38-08 Union Street, Ste. 2B, Flushing, NY 11354.

Our Affiliates

Our affiliate, TM Holding LLC (“TM Holding”), owns the Marks and has licensed to us the right to use and sublicense the Marks to Nan Xiang Express franchisees. TM Holding shares a principal business address with our parents.

Our affiliate, NXE Trading LLC (“NXE Trading”), sells certain proprietary merchandise, smallwares, and branded items such as uniforms and packaging to Nan Xiang Express franchisees. NXE Trading has the principal business address of 1205 Warren Ave, Cherry Hill, NJ 08002.

Our affiliate, MG Trading Company Inc. (“MG Trading”), sells certain proprietary frozen food and sauces to Nan Xiang Express franchisees. MG Trading shares our principal business address.

[Our affiliate, Nan Xiang Franchisor LLC, has been offering and selling franchises for full-service restaurants under the Nan Xiang Xiao Long Bao® brand name since March 2026. As of December 31, 2025, there was 1 franchised Nan Xiang Xiao Long Bao® restaurant in operation. Nan Xiang Franchisor LLC shares our principal business address.](#)

Except as described above, neither we nor our affiliates offers franchises for any other concept. None of the affiliates described above operate any Nan Xiang Express Restaurants.

The Franchise We Offer

We offer and grant franchises for restaurants offering fast casual restaurants featuring authentic Shanghainese cuisine, including soup dumplings, dim sum, noodles, and other products and services (each, a “Nan Xiang Express Restaurant”). Nan Xiang Express Restaurants operate under the name Nan Xiang Express® and other trademarks, service marks, trade dress and other commercial symbols in the future that we approve (collectively, the “Marks”). Nan Xiang Express Restaurants also operate using

specified business formats, methods, procedures, designs, layouts, standards, and specifications that we develop and modify from time to time (together, the “System”).

You must sign a franchise agreement with us to acquire the right to develop, own and operate a Nan Xiang Express Restaurant (the “Franchise Agreement”) using the Marks and System at a site selected by you and approved by us (the “Premises”). Our form of Franchise Agreement is attached to this Disclosure Document as Exhibit B-1. The Nan Xiang Express Restaurant that you operate under your Franchise Agreement is referred to as “your Restaurant.”

Market Competition

Nan Xiang Express Restaurants will offer products and services to the general public and compete with other food service businesses, in particular other restaurants and cafes offering Chinese or other Asian cuisine. The market for restaurants is well-established and highly competitive. You can expect to compete in your market with locally-owned businesses and national and regional chains, including other Nan Xiang Express Restaurants, and other restaurants operated by our affiliates and their licensees and franchisees. Your competition may also include grocery stores or other retail outlets that offer products similar to those offered at your Restaurant. You will compete on the basis of factors such as price, service, convenience, food quality and variety, presentation, location, and advertising. You will be competing both for customers and for real estate locations. Your business may also be affected by other factors, such as changes in consumer taste, economic conditions, and population demographics. Nan Xiang Express Restaurants are typically not seasonal.

Laws and Regulations

The food service industry is heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts, ~~minimum wage, and~~ food storage, handling and preparation, and service and restaurant health and safety conditions (including emergency orders related to public health or safety). State and local agencies routinely conduct inspections for compliance. You must also comply with laws applicable to restaurant businesses ~~in your area generally~~, including compensation of employees (e.g. minimum wage and overtime requirements), business licensure, zoning, real estate and occupational permitting, construction permitting, accessibility for persons with disabilities, and sales and use tax, ~~health and safety, and emergency orders related to public health or safety~~. There may be other laws applicable to your restaurant business.

ITEM 2 **BUSINESS EXPERIENCE**

Xing Yan (“Eddie”) Zheng –Chief Executive Officer

Mr. Zheng has served as our Chief Executive Officer since ~~our formation in~~ January 2021. Mr. Zheng also ~~services~~ serves in multiple other roles including as: (i) Chief Executive Officer of Ten Hotpot & Tea Trading, LLC since ~~January 2019~~ November 2018; (ii) Chief Executive Officer of Tsaoâca US, LLC since January 2019; (iii) Chief Executive Officer of ~~our affiliate~~, Mide Management Group LLC, since January 2021; ~~and~~ (iv) Chief Executive Officer of ~~Tsaoâca US Holding~~, 213 Management Group Inc. since December 2023; and (v) Chief Executive Officer of Nan Xiang Franchisor LLC since January ~~2019~~ 2026. Mr. Zheng was also the Founder of Shogun Japanese Steakhouse & Sushi Bar Inc. and has been its President since May 2009. Mr. Zheng serves these positions remotely from Bensalem, Pennsylvania.

Richard Xu – Chief Financial Officer

Mr. Xu has been our Chief Financial Officer since May 2024. Mr. Xu ~~has~~ also served ~~s~~ as in other roles including as: (i) Chief Financial Officer of our affiliate, 213 Management Group Inc., located in Flushing, New York, since May 2024; and (ii) Chief Financial Officer of Nan Xiang Franchisor LLC in Saddle Brook, New Jersey since January 2026. Mr. Xu was not employed between September 2020 and April 2024.

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

Initial Franchise Fee

You will pay us an initial franchise fee of ~~\$40,000~~ \$60,000. The initial franchise fee is paid in lump sum and will be due and payable when you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstance. ~~We did not discount~~ The initial franchise fee was uniform in the prior fiscal year.

Initial Training Fee

You must pay us an initial training fee of \$10,000. The initial training fee is paid in lump sum and will be due and payable when you sign the Franchise Agreement. The initial training fee is not refundable under any circumstance. We did not ~~discount the~~ charge an initial training fee in the prior fiscal year.

Initial Proprietary Supplies

You must purchase an initial supply of proprietary merchandise, smallwares, branded uniforms and packaging, frozen food, and sauces from our affiliates NXE Trading and/or MG Trading prior to the opening of your Restaurant. We estimate that the cost of these initial pre-opening purchases will range from ~~\$20,000~~ \$40,000 to ~~\$25,000~~ \$55,000. The cost of these purchases will depend on the cost of taxes and shipping in your area, the quantity of products you order, and market conditions. The cost of the initial proprietary supplies that you purchase from NXE Trading and MG Trading is fully earned when paid, payable on placing each order, and non-refundable.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks ^{1,2}
Royalty	5% of your Gross Sales for the preceding month	Monthly	“Gross Sales” is defined in the notes to this table disclosed below. ³
Brand Fund Contribution	\$1,500 in the first month after opening; and in each subsequent month, 1% of your Gross Sales for the preceding month (subject to change)	Monthly	You must contribute to the Brand Fund (as defined in Item 11). We may modify the amount of the Brand Fund Contribution (defined in Item 11), as long as the amount of the Brand Fund Contribution and Local Advertising Expenditure (defined below) together does not exceed 5% of your Gross Sales.
Local Advertising Expenditure	2% of Gross Sales (subject to change)	Monthly	You must spend an amount that we designate to advertise and promote your Restaurant. We may require you to pay this amount to us or our affiliates to conduct local marketing in your area. We may modify the Local Advertising Expenditure, as long as the amount of the Brand Fund Contribution and Local Advertising Expenditure together does not exceed 5% of your Gross Sales.
Technology Fee	\$200 per month (subject to change)	Monthly	We may modify the T technology F fee periodically up to the greater of: (i) our associated direct costs for technology products or services; or (ii) \$50 per year (on a by up to \$50 per month on an annual compounding basis), or our associated technology costs, whichever is greater.
Interest on Late Payment	Lesser of 18% per annum or the highest commercial contract rate allowed by law	As incurred	All amounts which you owe us for any reason will bear interest accruing as of their due dates.
Insufficient Funds	\$50 per instance (subject to change)	On demand	You must pay our then-current fee each time we attempt to debit your business account and we receive a notice of insufficient funds and/or any other payment to us fails for any reason. We may modify this fee up to \$100 per instance.
Non-Compliant Reporting	\$100 per instance	As incurred	You must pay this fee, if you fail to deliver any required report, financial statement, or other record in compliance with the Franchise Agreement.
Transfer Fee	\$10,000	As incurred, prior to transfer	You must pay this fee as one of the conditions of transferring your Restaurant and/or your Franchise Agreement (unless the transfer is from an individual to a wholly-owned and controlled entity, or if the transfer is from a deceased owner to a surviving spouse, though other conditions may apply and you must still reimburse us for our costs of processing the transfer, including legal fees).

Type of Fee	Amount	Due Date	Remarks ^{1,2}
Renewal Fee	\$10,000	As incurred, prior to renewal	You must pay this fee as one of the conditions of obtaining a successor franchise upon the expiration of the Franchise Agreement.
Additional Training Fee	\$300 per day (subject to change), plus reimbursement of our direct costs including travel	As incurred	You must pay our fee for additional training if: (a) you request and we agree to provide additional training for any person who has previously completed the Initial Training Program (defined in Item 11); (b) we agree to provide the Initial Training Program for any person other than the Mandatory Trainees (defined in Item 11); (c) we provide the Initial Training Program more than once to accommodate your attendees; (d) we provide the Initial Training Program to any new General Manager (defined in Item 15) or Managing Owner (defined in Item 15) during the term of your franchise; (e) we provide any support or training on-site at your Restaurant; (f) we require you or your personnel to attend any ongoing or continuing training programs during the term of the franchise; (g) you request and we agree to provide any additional or special guidance or training; (h) we require any of your personnel to attend any additional training because you have failed to satisfy our system standards. We may modify this fee by up to \$50 per year <u>on a day on an annual</u> compounding basis.
Conference Fee	\$750 per attendee (subject to change)	As incurred	If we host a franchise conference, you must pay our conference fee, regardless of whether you or your required attendees attend. We may modify the conference fee periodically, provided that the amount of this fee will not increase by more than 10% per year (on a compounding basis).
Non-Approved Product or Vendor Testing	Reimbursement of our costs and expenses	As incurred	You must reimburse us our costs if you ask us to evaluate any vendors or products that we have not previously approved.
Insurance	Amount equal to the premiums, plus reimbursement of our costs and expenses	As invoiced	If you fail or refuse to obtain and maintain the insurance we specify, we may (but are not required to) obtain such insurance for you and your Restaurant on your behalf, and you must reimburse us for our costs for doing so.
Quality Inspection Testing & Mystery Shoppers	Reimbursement of our costs and expenses	As incurred	You must reimburse us for the cost of any quality assurance testing or mystery shoppers that we engage to inspect your Restaurant.
Vendor Cost Reimbursement	Reimbursement all amounts, plus our costs and expenses	Upon demand	We may periodically arrange with vendors to collect and pay fees centrally. If we do so, you may be required to pay us or our affiliates the fees for certain products and services offered and we will pay the vendor on your behalf.

Type of Fee	Amount	Due Date	Remarks ^{1,2}
Audit Fee	Reimbursement of our costs and expenses	Within 15 days of report receipt	If any audit of your Gross Sales is necessary due to your failure to furnish reports, or if our examination reveals an understatement exceeding 2% of the amount that you actually reported to us, you must reimburse us for the costs of the audit, including fees of attorneys and accountants and the travel and living expenses, room and board, and compensation of our employees.
Failed Inspection Fee	Reimbursement of our costs and expenses	Upon demand	If any inspection shows failures of system standards, or any circumstance exists that prevents us or our designees from properly inspecting your Restaurant, you must reimburse us for all costs associated with the failed inspection and any re-inspection we conduct.
Interim Operations Fee	Gross Sales exceeding the expenses of your Restaurant, plus reimbursement of our costs and expenses	As incurred	Due if we operate your Restaurant on an interim basis: (1) if you abandon or fail actively to operate your Restaurant for a period of more than 7 consecutive days; (2) at any time after the death or disability of you (if you are conducting business as an individual) or your Managing Owner, if your Restaurant is at any time not being managed properly; or (3) the Franchise Agreement expires or is terminated and we are transitioning your Restaurant to us or another person.
Indemnification	Reimbursement of our damages, costs and expenses	As incurred	You must reimburse us, our affiliates, and each of our and their respective affiliates, owners, directors, managers, officers, employees, agents, successors, and assignees, if any of us are held liable for claims related to the operation of your Restaurant, actions, errors or omissions of you or your representatives, your breach of the Franchise Agreement or your employment practices. The costs we incur may include fees for accountants, arbitrators, attorneys, and expert witnesses; investigation costs; court costs; and travel and living expenses amongst others.
Costs and Attorneys' Fees	Reimbursement of our costs and expenses	As incurred	If we are the prevailing party in any dispute proceeding between you and us, you must pay our damages, costs, and expenses, including arbitration and court costs and reasonable attorneys' fees.
Tax Reimbursement Indemnification	Reimbursement of our costs and expenses	As incurred	You are responsible for paying all taxes for your Restaurant, and you must reimburse us for any and all taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us, other than our income taxes on payments you make to us under your Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks ^{1,2}
Lost Revenue Damages	Net present value of your Royalty and Brand Fund Contributions for the lesser of 36 months or the remainder of term of the franchise	Within 5 days after termination	If we terminate the Franchise Agreement because of your default or you terminate without cause, you must pay us lost revenue damages. The calculation of lost revenue damages will be based on your average monthly Gross Sales during the last 12 months of regular operations of your Restaurant, or if you have been operating your Restaurant for less than 12 months, on the average monthly Gross Sales of all Nan Xiang Express Restaurants during the year immediately preceding the termination date.
Deficiency Correction	Reimbursement of our costs and expenses	As incurred	If you fail to take any of the required actions upon termination or expiration of your Franchise Agreement, including removing signs and otherwise de-identifying the Premises, we may correct such deficiencies, and you must reimburse our costs.

Explanatory Notes:

1. Except as described in this Item 6, all fees are non-refundable and are imposed and collected by and payable to us. ~~Not all~~The fees described above are not uniformly imposed for all franchisees in our system because of legacy rates and negotiations with certain franchisees. All amounts paid to us and our affiliates must be in United States Dollars (\$).

2. You must pay us all amounts in the manner we prescribe. Currently, we require all payments to be made through electronic debit of your business account on or before their due dates or the next business day if the due date is a national holiday or a weekend day. You must sign and deliver to us any documents we require for such electronic debits of your account. You must ensure that funds are available in your designated account to cover our withdrawals. We may change the timing, frequency, and intervals of any payments from time to time, but with no less than 30 days' prior written notice to you. If you fail to report Gross Sales, if we cease to have access to your Technology System, or if your Restaurant is closed without our authorization for any period of time, then for any fees under the Franchise Agreement which are calculated based on Gross Sales, we may debit your account for 110% of the average Gross Sales for the last 3 reported months of operations of your Restaurant. If the amounts that we debit from your account on the basis of any understatement are less than the amounts you actually owe us once we have determined the true and correct Gross Sales, we will debit your account for the balance on the day we specify. If the amounts that we debit from your account on the basis of any understatement are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following period.

3. "Gross Sales" means all revenue that you derive from operating your Restaurant, whether from cash, check, vouchers, tickets, or other comparable forms of payment, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority. If we authorize or require participation in online group-bought deals, gift certificate or gift card programs, or other similar programs, the payments you receive for those online group-bought deals, gift certificates or gift cards will be included in Gross Sales in accordance with our then-current guidelines for calculating Gross Sales. Gross Sales also include all insurance proceeds you receive for loss of business and loss of revenue, due to a casualty to or similar event at your Restaurant.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment ¹	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee ²	\$40,000 <u>60,000</u>	\$40,000 <u>60,000</u>	Lump-sum <u>Bank transfer</u>	Execution of Franchise Agreement	Us
Initial Training Fee ³	\$10,000	\$10,000	Lump-sum <u>Bank transfer</u>	Execution of Franchise Agreement	Us
Construction and Leasehold Improvements ⁴	\$200,000	\$500,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Furniture, Fixtures, and Equipment ⁵	\$100,000	\$120,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Signs ⁶	\$3,000	\$6,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Technology Systems ⁷	\$4,000	\$8,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Initial Supply of Proprietary Items ⁸	\$20,000 <u>40,000</u>	\$25,000 <u>55,000</u>	As incurred <u>Electronic payment</u>	As incurred	Our affiliates
Other Initial Inventory ⁹	\$5,000	\$5,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Rent (3 Months) and Lease Deposits ¹⁰	\$40,000	\$100,000	As incurred <u>required</u>	As incurred	Landlord
Utility Deposits ¹¹	\$3,000	\$5,000	As incurred <u>required</u>	As incurred	Third parties (e.g., utility companies, landlord)
Insurance Deposits and Premiums ¹²	\$4,000	\$9,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Travel and Lodging for Initial Training ¹³	\$1,500	\$4,500	As incurred <u>required</u>	As incurred	Third parties (e.g. hotels, airlines)

Type of Expenditure	Amount		Method of	When Due	To Whom
			Payment ¹		
Grand Opening Advertising ¹⁴	\$2,000	\$5,000	As incurred <u>required</u>	Before opening	party suppliers
Professional Fees ¹⁵	\$3,000	\$5,000	As incurred <u>required</u>	As incurred	Third-parties (e.g. lawyers, advisors)
Business Licenses and Permits ¹⁶	\$5,000	\$15,000	As incurred <u>required</u>	Before opening	Third-parties and gov't agencies
Printing, Stationary, and Office Supplies ¹⁷	\$1,500	\$3,000	As incurred <u>required</u>	As incurred	Approved third-party suppliers
Additional Funds – First 3 Months of Operation ¹⁸	\$6,000	\$15,000	As incurred <u>required</u>	As incurred	Providers of services and/or goods necessary for the operation of your Restaurant.
TOTAL ESTIMATED INITIAL INVESTMENT ¹⁹	\$448,000 <u>\$448,000</u>	\$875,500 <u>\$875,500</u>			

Explanatory Notes:

1. *General.* Except as otherwise provided, the amounts payable to us or our affiliates in this table are not refundable under any circumstances. All amounts payable to third parties will be paid under the terms of your agreement with these respective third parties.

2. *Initial Franchise Fee.* You must pay the initial franchise fee of ~~\$40,000~~ \$60,000 when you sign your Franchise Agreement.

3. *Initial Training Fee.* You must pay the initial training fee of \$10,000 when you sign your Franchise Agreement.

4. *Construction and Leasehold Improvements.* Leasehold improvements include electrical, plumbing, carpentry, flooring, walls and ceiling, general construction and administration costs as well as other costs associated with initial construction and site improvements of your Premises. The provided estimates do not account for any tenant improvement allowances you may negotiate with your landlord. The cost of leasehold improvements will also depend on the brands purchased, local market conditions, the condition of your Premises, the extent of remodeling required, and other factors.

5. *Furniture, Fixtures, and Equipment.* This estimate includes the cost of furniture, fixtures, equipment and other similar items for your Restaurant, including ovens, baking equipment, mixing equipment, refrigeration, freezers, kitchen equipment, prep stations, service stations, customer tables, artwork, lighting, audio and security systems, and décor items. This cost will depend on the brands purchased, local market conditions, the size of your Restaurant and other factors.

6. Signs. You will be required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage. Additionally, these figures include various other elements of brand identification within your Restaurant such as wall graphics.

7. Technology Systems. The estimate provided includes your purchase of your Technology Systems, including your point-of-sale system. The total cost of your Technology System will depend on whether you already own any components that must be purchased, freight and installation costs, connectivity services in your area, applicable state and local taxes, and other factors.

8. Initial Supply of Proprietary Items. As described in Item 5, you must purchase an initial supply of proprietary merchandise, smallwares, branded uniforms and packaging, frozen food, and sauces from our affiliates NXE Trading and MG Trading prior to the opening of your Restaurant. The cost of these purchases will depend on the cost of taxes and shipping in your area, the quantity of products you order, and market conditions.

9. Other Initial Inventory. You must also obtain an initial inventory of the other products that you will need to begin operating your Restaurant on its opening date, which will include food, beverage, paper goods, and related items. The cost of initial inventory will depend on shipping and freight prices, the cost of raw materials, your geographic market, and similar factors.

10. Rent (3 Months) and Lease Deposits. The estimate above is for a deposit (equal to one month of rent) and three months of rent under the Lease. The cost of leasing a suitable Premises will depend upon the market in which the Premises is located. A suitable space for a Nan Xiang Express Restaurant will be approximately 2,000 to 3,500 square feet. Local market conditions, changes in the economy and inflation will also contribute to your occupancy costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Some lease agreements require the lessee to pay (in addition to rent) for maintenance, insurance, taxes and any other charges or expenses for the land and building or they may require that the lessee reimburse the lessor for its proportionate share of these payments (plus interest), all of which are not included in the provided estimates, and you must negotiate with your landlord.

11. Utility Deposits. To secure the utilities required for the operation of your Restaurant, including but not limited to, gas, electric, water, sewer, and internet, you may be required to pay certain upfront deposits to each applicable utility company.

12. Insurance Deposits and Premiums. The estimate for insurance premiums is for the cost of an initial deposit to obtain the minimum required insurance. Your landlord may also require additional insurance above our minimum requirements, which is not accounted for in the provided estimates.

13. Travel and Lodging for Initial Training. You are responsible for the travel and lodging costs associated with Mandatory Trainees' attendance of the training program and their salary and benefits costs. Costs will depend on the distances Mandatory Trainees need to travel, and the quality of the food and lodging chosen.

14. Grand Opening Advertising. You must spend at least \$2,000 for a grand opening advertising program for your Restaurant. The amount you spend will depend on the local market conditions, brand awareness in the surrounding community, and the competition in your area.

15. Professional Fees. The estimate provided includes your legal and professional fees, and architect fees. The amount of professional fees you incur will depend on the number of representatives

you engage, the experience and sophistication of those representatives, and the geographic market in which you operate. This estimate does not include the cost of any other advisors that you may wish to engage, such as business advisors, accountants, or general contractors.

16. *Business Licenses and Permits.* You are required to obtain all business licenses, permits, approvals, and certificates before you begin operating. Local, municipal, county, and state regulations may vary regarding what is required for you to operate.

17. *Printing, Stationery, and Office Supplies.* This figure is an estimate of the costs of stationery, menus bearing the Marks, and other office supplies.

18. *Additional Funds – First 3 Months of Operation.* This item estimates your initial start-up expenses (other than the items identified separately in the table) for your Restaurant's first 3 months of operation, including inventory and supplies, payroll and benefits, cash shortages, as well as other costs for the continued operation of your Restaurant. These figures are based on our affiliates' experience operating Nan Xiang Express Restaurants in New York, New Jersey, and Pennsylvania.

19. *Total Estimated Initial Investment.* The estimated initial investment figures provided in this table assume that you (or your Managing Owner) are not paid any salary or wages. The estimate does not include the costs associated with any financing. We do not offer financing directly or indirectly for any part of the initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications for Products, Services and Suppliers

We have developed and may continue to develop system standards for types, models and brands of required fixtures, furniture, equipment, Technology Systems, furnishings, signs, and other operating assets, inventory, products, materials, and services used by Nan Xiang Express Restaurants. We may require you to purchase and use only the products and services meeting our system standards. We may also require you to purchase the products and services only from suppliers that we have designated or approved. We or our affiliates may be an exclusive or approved supplier of products and services.

Our system standards for products and services and suppliers are not issued to franchisees or approved suppliers. ~~We may condition our approval of a product or supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service or other criteria.~~ If you would like us to consider approving a vendor that is not already approved by us, you must submit your request in writing before purchasing any items or services from such vendor. We will make all determinations about whether to approve an alternative vendor based on our then-current criteria, including requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, or other criteria. We estimate that we will provide notice of our decision to approve or disapprove an alternative supplier within 60 days of receiving the request and all necessary materials for evaluation. We may also refuse to consider and/or approve any alternative vendor for any reason whatsoever, including if we have already designated a vendor for such product or service. If you ask us to evaluate any proposed alternative vendors, you must reimburse us our costs and expenses for evaluating such proposed alternative vendors upon invoice. We may revoke our approval of any vendor at any time by providing written notice to you. You may not contract with any alternative vendors without receiving our prior approval.

You must purchase: (i) certain proprietary merchandise, smallwares, branded uniforms and packaging, frozen food, and sauces from our affiliates NXE Trading and/or MG Trading; (ii) the Technology System from our designated exclusive suppliers; and (iii) other food and beverage items, furniture, fixtures, equipment, insurance, architect, and advertising services from vendors we have approved. Other than as described in this Item 8, neither we nor our affiliates are suppliers of any required products or services to franchisees.

In our ~~2024~~2025 fiscal year, our affiliates ~~NXE Trading~~ derived ~~\$404,746~~the following revenue from the sale of food products and supplies to franchisees. ~~Other than as described in this Item 8: (i) NXE Trading - \$419,273; and (ii) MG Trading - \$2,104,977. Otherwise,~~ neither we nor our affiliates received any revenue based on franchisee purchases in ~~2024~~2025.

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers will represent approximately 90% to 95% of your total purchases to establish your Restaurant and 90% to 95% of your total purchases to operate your Restaurant.

Insurance

You must maintain at your sole expense insurance policies for your Restaurant as required under applicable law and your Lease, and in minimum types and amounts of coverage we require, including: (i) commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, with coverage including bodily injury, property damage, products liability, foodborne illness, completed operations, independent contractors, personal and advertising liability, contractual; (ii) commercial umbrella insurance with a total liability limit of at least \$1,000,000; (iii) employment practices liability insurance with a limit of not less than \$1,000,000; (iv) workers' compensation insurance with the statutory minimum coverage amounts, in accordance with laws applicable in the state in which your Restaurant is operated, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000; (v) automobile liability insurance in an amount not less than \$1,000,000 for coverage of all owned, non-owned, and hired vehicles; and (vi) property insurance providing all risk coverage/all risk perils on all assets including but not limited to the building, furniture, fixtures, equipment, inventory, and supplies used in the operation of your franchised business at 90% of your Restaurant's full insurable value.

Purchase Arrangements, Material Benefits, and Revenue

We have not negotiated any purchase arrangements or pricing terms for franchisees, nor have we established any purchasing or distribution cooperatives. We do not provide material benefits to franchisees for purchasing particular products or services or for using particular approved suppliers.

We and/or our affiliates may derive revenue in the form of rebates or other consideration from suppliers based on franchisees' purchases and leases of certain products and services, though neither we nor our affiliates do so. In our prior fiscal year neither we nor our affiliates received any compensation from suppliers on the basis of sales to franchisees.

Currently, none of our officers own any interest in any of the approved suppliers, other than an interest in our affiliates NXE Trading and MG Trading.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this Disclosure Document.

Obligation	Section in Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Franchise Agreement - Sections 2.A and 2.B	Item 11
(b) Pre-opening purchases/leases	Franchise Agreement - Sections 2.B and 2.C	Item 5, 7, 8, and 11
(c) Site development and other pre-opening requirements	Franchise Agreement - Section 2	Items 7, 8, and 11
(d) Initial and ongoing training	Franchise Agreement - Section 4	Items 6, 7, and 11
(e) Opening	Franchise Agreement - Section 2.C	Item 11
(f) Fees	Franchise Agreement - Section 3	Items 5, 6, 7, and 11
(g) Compliance with standards and policies/operating manual	Franchise Agreement – Sections 4.F and 8	Items 8, 11, and 16
(h) Trademarks and proprietary information	Franchise Agreement - Sections 5 and 6	Items 13 and 14
(i) Restrictions on products/services offered	Franchise Agreement - Section 8.D	Items 8, 11, 12, and 16
(j) Warranty and customer service requirements	Franchise Agreement - Section 8.G	Item 11
(k) Territorial development and sales quotas	Franchise Agreement - Section 1.E	Item 12
(l) On-going product/service purchases	Franchise Agreement - Section 8.F	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Franchise Agreement - Sections 8.A, 8.B, 8.C	Items 6, 8, 11, and 17
(n) Insurance	Franchise Agreement - Section 8.H	Items 7 and 8
(o) Advertising	Franchise Agreement - Section 9	Items 6, 7, 8, and 11
(p) Indemnification	Franchise Agreement - Section 16.D	Item 6
(q) Owner's participation/management/staffing	Franchise Agreement - Sections 1.C and 8.E	Items 11 and 15

Obligation	Section in Agreement	Item in Disclosure Document
(r) Records and reports	Franchise Agreement - Section 10	Item 6
(s) Inspections and audits	Franchise Agreement - Section 11	Items 6 and 11
(t) Transfer	Franchise Agreement - Section 12	Item 17
(u) Renewal	Franchise Agreement - Section 13	Item 17
(v) Post-termination obligations	Franchise Agreement - Section 15	Item 17
(w) Non-competition covenants	Franchise Agreement - Sections 7.A and 15.C	Item 17
(x) Dispute resolution	Franchise Agreement - Section 17	Item 17
(y) Guaranty and assumption of obligations	Franchise Agreement – Section 1.C, Exhibit B	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your Restaurant, we or our designees will:

1. If you have not received approval for a premises for your Restaurant upon signing your Franchise Agreement, we will review and approve or disapprove sites you propose for the development of your Restaurant. (Franchise Agreement – Section 2.A)
2. Review and either approve or disapprove your Lease. (Franchise Agreement – Section 2.B)
3. Provide you with our then-current prototypical plans showing the layout and specifications for a Nan Xiang Express Restaurant. (Franchise Agreement – Section 2.C)
4. Review and approve or disapprove the construction plans and specifications for your Restaurant. We do not directly provide, deliver, or install any equipment, signs, fixtures, opening inventory, and supplies for our franchisees. (Franchise Agreement – Section 2.C)

5. Provide the Initial Training Program to your Mandatory Trainees (Franchise Agreement – Section 4.A)
6. Provide on-site opening support in connection with the grand opening of your Restaurant for 5 days. (Franchise Agreement – Section 4.D)
7. Make our Manuals available to you (Franchise Agreement – Section 4.F)
8. Review and either approve or disapprove your Restaurant to open for business (Franchise Agreement – Section 2.C)

Site Selection

We expect that you will operate your Restaurant from a Premises identified by you and approved by us before you sign your Franchise Agreement. If you have not yet located a site for the Premises when you sign the Franchise Agreement, you must select a suitable site and obtain our written approval of that site as your Premises. You must send us all of the information we require for the proposed site. We will make all determinations about whether to approve a site based on our then-current criteria, including visibility, size, layout, adjacent uses, parking, demographics, local competition, and other factors we periodically determine. We estimate that we will provide notice of our decision to approve or disapprove a proposed site within 30 days of receiving ~~the~~[all information we request about the site from you](#). Neither we nor our affiliates generally own the sites for Nan Xiang Express Restaurants and lease those sites to franchisees. You must execute a lease, sublease or other document (“Lease”) that we approve to secure possession of the Premises for your Restaurant. We may condition our approval of the Lease on the inclusion of certain terms we believe are necessary to ensure the protection and continuity of the System.

You must secure site approval for a Premises and execute the corresponding Lease within 120 days of signing your Franchise Agreement, otherwise we may terminate the Franchise Agreement.

Opening Requirements

We estimate that you will begin operating your Restaurant within 1 year the date you sign the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open your Restaurant by such deadline. The date that you open your Restaurant for business (your “Opening Date”) will depend on several factors, including when: (a) your Mandatory Trainees complete our Initial Training Program to our satisfaction; (b) you obtain our approval of a Lease for your Restaurant; (c) you complete the build-out of the Premises in accordance with approved plans, including obtaining all required permits and licenses, and conforming the Premises to local ordinances and business codes; (d) you install all operating assets, including components of the Technology System; (e) you obtain all pre-opening inventory, supplies, and insurance we designate; and (f) you meet all of our other criteria to our satisfaction before you begin operating your Restaurant.

Assistance During the Operation of Your Restaurant

During your operation of your Restaurant, we or our designees will:

1. Subject to limitations on scheduling, availability, and similar resources, provide you with periodic additional guidance regarding the operation of your Restaurant, including ongoing training opportunities that we require, or you request us to provide. (Franchise Agreement – Sections 4.B and 4.E)
2. Continue to make our Manuals available to you. (Franchise Agreement – Section 4.F)

3. Let you use our Marks and certain copyrighted and copyrightable materials in connection with the operation of your Restaurant. (Franchise Agreement – Section 5)
4. Approve or disapprove alternative vendors. (Franchise Agreement – Section 8.F)
5. Periodically set a maximum or minimum price that you may charge for products and services offered by your Restaurant. (Franchise Agreement – Section 8.I) (See Item 16)
6. Administer the Brand Fund pursuant to the terms of the Franchise Agreement. (Franchise Agreement – Section 9.B)
7. Approve or disapprove advertising materials you submit to us prior to use. (Franchise Agreement – Section 9.C)

Manuals

We will make our system standards and other suggested specifications, standards and procedures, and information for the operation of Nan Xiang Express Restaurants available to you during the term of the Franchise Agreement, which may include one or more separate manuals, newsletters, memos, or bulletins, as well any audio or video content, and/or other content available through or distributed by electronic or digital means (collectively, the “Manuals”). The current table of contents of the Manuals is attached to this Disclosure Document as Exhibit C. There are currently 15 pages in our Manual.

Advertising and Promotion

Grand Opening Advertising. You must spend at least \$2,000 for a grand opening advertising program for your Restaurant. You must spend this amount in addition to all other amounts you are required to spend on advertising under the Franchise Agreement. The amount you spend on grand opening advertising will not count towards your Local Advertising Expenditure (defined below). You must submit a plan and budget for your grand opening advertising program to us for our approval at least 30 days before your expected Opening Date, and you must complete all grand opening advertising pursuant to the plan we have approved. You must also use any media, materials, programs, and strategies that we require in connection with the grand opening advertising program.

Brand Fund. We have established and will administer a brand promotion fund (the “Brand Fund”) to administer certain advertising, marketing, and public relations programs for the System, the Nan Xiang Express® brand, and the promotion of Nan Xiang Express Restaurants generally. You must contribute to the Brand Fund (the “Brand Fund Contribution”) as follows: (i) \$1,500 in the first month after you open; and (ii) in each subsequent month, 1% of your Gross Sales for the preceding month. We may change the rate of the Brand Fund Contribution at any time, as long as the aggregate of the Brand Fund Contribution and the Local Advertising Expenditure does not exceed 5% of your ~~Store’s~~Restaurant’s Gross Sales. Not all franchisees contribute on the same basis to the Brand Fund.

We are not required to spend any amount on marketing within any particular market. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any website, domain name, email address, social media account, username, other online presence or presence on any electronic, virtual, or digital medium of any kind (each an “Online Presence”) or other software or applications; administering national, regional, digital, or local advertising and marketing campaigns and/or programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the brand, the

“Nan Xiang Express” brand, and/or Nan Xiang Express Restaurants. We are not required to spend any amount on advertising in the area or territory of your Restaurant.

~~We will account for the Brand Fund separately from our other funds, however, neither we nor any of our affiliates have any fiduciary obligation to you or any other person for administering the Brand Fund. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year to cover deficits or invest any surplus for future use. We may administer the Brand Fund through a separate entity, and such entity will have all of the rights and duties specified in this Section.~~ We will prepare an annual, unaudited statement of Brand Fund Contributions and expenses and give you the statement on written request, within 120 days after the end of each fiscal year, but not less than 30 days’ notice from you of such request. We may have the Brand Fund audited annually, at the Brand Fund’s expense, but we are not required to do so.

We may, upon prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will spend the remaining balance until such amounts are exhausted. We may elect to maintain multiple Brand Funds, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds ~~or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to the terms of your Franchise Agreement.~~

~~In our most recently ended~~ During the fiscal year ended December 31, 2025, the Brand Fund spent funds in the following manner: 7284% on brand consulting fees, 2816% on production, 0% on media placement, and 0% on administration. We did not spend any amounts principally to solicit franchise sales. Affiliate-owned Nan Xiang Express Restaurants are not required to contribute to the Brand Fund.

Local Advertising Expenditure. In addition to the grand opening advertising program and the Brand Fund Contributions, you must spend an amount equal to 2% of your Gross Sales to advertise and promote your Restaurant (the “Local Advertising Expenditure”). We may require you to pay part or all of your Local Advertising Expenditure to us or our designee to conduct local marketing in your Restaurant’s area. We may change the amount of your Local Advertising Expenditure at any time as long as the aggregate amount of the Local Advertising Expenditure and Brand Fund Contribution does not exceed 5% of your Gross Sales. You must send us, in the manner we prescribe, an accounting of your expenditures for local advertising at the intervals and on the dates that we designate.

You must conduct local advertising for your Restaurant in accordance with our system standards for advertising and using the Marks or the System, which may include the requirement that you advertise and market your Restaurant in any advertising medium we determine, use forms of advertisement we approve, and/or list your Restaurant with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require.

Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe. At least 14 days before you use them, you must send us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 14 days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them. However, we may withdraw our approval at any time and for any reason. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Online Presences. We may establish and develop Online Presences to advertise, market, and promote Nan Xiang Express Restaurants, the products and services that they offer and sell, or the Nan Xiang Express Restaurants franchise opportunity (each a “System Website”). We may, but are not obligated to, provide

you with a webpage or other Online Presence that references your Restaurant on any System Website. We may require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current system standards. We will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts.

Except as provided above, or as approved by us in writing or in the Manuals, you may not develop, maintain, or authorize any Online Presence that mentions your Restaurant, links to any System Website, or displays any of the Marks. You may also not engage in any promotional or similar activities, or sell any products or services, whether directly or indirectly, through any Online Presence, without our prior written approval. If we approve the use of any such Online Presence in the operation of your Restaurant, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on third-party websites and/or maintaining an online privacy policy.

Franchise Advisory Council. We do not have a franchisee advisory council that advises us on advertising policies.

Advertising Cooperatives. We do not have any local or regional advertising cooperatives.

Technology System

You must obtain and install the computer hardware, software, and point-of-sale system that we approve for Nan Xiang Express Restaurants (collectively, the “Technology System”). We may modify system standards for the Technology System periodically, including the designated or approved suppliers for the Technology System, and you must update your Technology System to comply with the modified system standards promptly after you receive notice. There are no contractual limitations on the frequency and cost of this obligation, and we are not required to reimburse you for these costs. Currently, the Technology System is comprised of: (i) our designated point-of-sale system with 2-3 terminals and associated receipt printers, payment terminals, cash drawers, and peripheral devices; (ii) a personal laptop, tablet, or desktop computer for back of the house manager access; (iii) kitchen order management screens/devices; (iv) modem, router, and other internet connectivity equipment; (v) our designated security system with configurations approved for your Premises; and (iv) approved software for point-of-sale, scheduling, inventory management, and your accounting system.

We estimate the cost of acquiring and installing the Technology System will be \$4,000 to \$8,000. We estimate the ongoing cost of maintaining and upgrading the Technology System to meet the then-current system standards to be approximately \$500 to \$2,000 per year. We also require you to pay us a Technology Fee of \$200 per month (subject to change). Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Technology System.

You must use the Technology System to maintain certain sales and other financial data, customer information, and other information we designate. We will have unlimited, independent access to the components of your Technology System that we designate, including any your point-of-sale system and your branded email addresses and other Online Presences, at all times and you must ensure that we and our designees will have the right to collect and retain any and all data concerning your Restaurant.

Initial and Ongoing Training

Initial Training Program. You (or if you are conducting business as an entity, your Managing Owner), one additional management level employee we approve (which must be your General Manager, if we have approve you to operate using a General Manager), and the employee that you hire as your head kitchen manager (together, the “Mandatory Trainees”) must complete an initial training program

conducted by us on the material aspects of operating a Nan Xiang Express Restaurant at least 45 days prior to the Opening Date (the “Initial Training Program”). We will control the substance and duration of our Initial Training Program, which will be held at a location and in a format of our choice, which may be virtually. We may vary the contents or duration of the Initial Training Program among your Mandatory Trainees, based on their experience, role, responsibilities, and other factors we determine. We will also determine the timing, dates, frequency, and schedule of the Initial Training Program, [based on availability and the schedules of participants and trainers, training facility availability, and the projected Opening Date for your Restaurant.](#)

If we determine that the Mandatory Trainees cannot successfully complete the Initial Training Program to our satisfaction, we may terminate the Franchise Agreement. Currently, the Initial Training Program that we provide to new franchisees as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction: Training schedule, brand culture, and goal of owning a Nan Xiang Express	8 Hours	0 Hour	Training Facility we approve in New York or New Jersey
Marketing	4 Hours	0 Hour	
Inventory Management	8 Hours	8 Hours	
Food Preparation and Storage	16 Hours	28 Hours	
Purchasing	4 Hours	4 Hours	
Menu and Recipe Assessment	4 Hours	4 Hours	
Customer Service/Wait Staff	4 Hours	4 Hours	
Point of Sale Systems	4 Hours	4 Hours	
Grand Opening Planning	4 Hours	4 Hours	
Totals	56 Hours	56 Hours	

Our training team is: (i) Jennifer Yang, who has 4 years of experience with us or our affiliates, and 10 years of experience with the subject matters being taught; and (ii) ~~Hiew Kahwai~~ [Weiwen Li](#), who has ~~46~~ [69](#) years of experience with us or our affiliates, and ~~69~~ [69](#) years of experience with the subject matters being taught. Our training materials include the Manuals and other training and operations materials and manuals.

You must pay our then-current additional training fee (currently, \$300 per day), plus reimburse the travel and living expenses and out-of-pocket costs we incur if: (i) you request additional training for any Mandatory Trainees that have previously completed the Initial Training Program (including any Mandatory Trainees that may have completed the Initial Training Program in connection with your development of a previous Nan Xiang Express Restaurant); (ii) you request and we approve any attendees at the Initial Training Program other than the Mandatory Trainees; (iii) we provide any portion of the Initial Training Program more than once to accommodate your attendees; and/or (iv) we provide the Initial Training Program to any new General Manager(s) that you engage during the Term.

You must also pay all travel and living expenses (including wages, transportation, food, lodging, and workers’ compensation insurance) that you and your Mandatory Trainees or any other employee incurs during any and all meetings and/or training courses and programs. If any portion of the Initial Training Program is provided on-site at your Restaurant, which we will determine, you are also responsible for the out-of-pocket costs and expenses we incur in sending our trainer(s) to your Restaurant, including travel, food, accommodations, and living expenses.

Ongoing Training. We may from time to time require that you (or if you are conducting business as an entity, your Managing Owner) and your General Manager (if any) also attend and satisfactorily complete various ongoing, refresher, and/or recurring training courses or programs that we specify at the times and locations that we designate, including courses and programs provided by us, our affiliates, and/or third-parties we designate. We may charge our then-current training fees for such ongoing and/or recurring training at our then-current rate (currently, \$300 per day), plus reimbursement of the travel and living expenses and out-of-pocket costs we incur. We may also require you (or if you are conducting business as an entity, your Managing Owner) and your General Manager (if any) attend one or more conferences of Nan Xiang Express Restaurant franchise owners at location we designate, which may be virtually. If we host such a franchise conference, you must pay us our then-current conference fee (currently, \$750 per attendee, subject to change up to 10% per annum on a compounding basis). You must pay the fee for each required attendee regardless of attendance.

Personnel Training. You must ensure that all of your employees and personnel are appropriately trained to operate your Restaurant in accordance with the Franchise Agreement and our system standards, regardless of any training or support that we provide, and including any and all General Manager(s) that you engage. We may periodically establish certain minimum requirements for your employee training programs; however, you understand that these minimum requirements are solely intended to protect our System and the goodwill of the Marks.

On-Site Opening Support. We will send one or more of our representatives to assist you with your Restaurant's grand opening for 5 days. We will determine the identity and number of the representative(s) we send to your Restaurant and the schedule for all such on-site opening support in our discretion (which may be before and/or after your Opening Date). You must reimburse all of our and our representatives' out-of-pocket costs for providing on-site opening support to you, including travel, food, accommodations, and living expenses. If you request any additional on-site support or we determine that you need such support to bring your Restaurant into compliance with system standards, you must pay our then-current fee for any such support we provide you (currently, \$300 per day), plus reimbursement of the travel and living expenses and out-of-pocket costs we incur.

ITEM 12 **TERRITORY**

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you are in full compliance with the terms and conditions of your Franchise Agreement and all other agreements with us and our affiliates, we will not, during the term of the Franchise Agreement, operate or grant others the right to operate a Nan Xiang Express Restaurant in the geographic area designated in your Franchise Agreement as your "Protected Territory." If a Protected Territory is not designated in your Franchise Agreement, you have not been awarded any Protected Territory. If you have not selected a site for your Restaurant as of the date you sign your Franchise Agreement, we will define or modify your Protected Territory (if any) at the time the Premises is identified and approved by us. We will make all determinations regarding territorial protection based on our then-current criteria, including the demographics and specifications of the area, the experience and qualifications of the franchisee, and our expansion and growth strategies. Our typical Protected Territory (if applicable) will be a 2-block radius for a metropolitan area or a 3-mile radius for non-metropolitan areas. We may also define the boundaries of your Protected Territory (if applicable) by political subdivisions (e.g., cities or counties), streets and highways, zip code boundaries, or other similar designations.

Other than in your Protected Territory (as applicable), we and our affiliates retain the right at all times to engage in any and all activities that we and they deem appropriate, wherever and whenever we and they desire, and whether or not such activities compete with your Restaurant, including the right, anywhere in the world, to do any of the following:

- (1) establish and operate, and allow others to establish and operate, any other type of business, including any business that may offer products and services that are similar to, the same as, or competitive with products and services offered by Nan Xiang Express Restaurants, under trade names, trademarks, service marks and commercial symbols other than the Marks in any location worldwide including in the Protected Territory (if applicable);
- (2) establish, and allow others to establish businesses and distribution channels other than a Nan Xiang Express Restaurant (including selling products at retail, wholesale, or through the internet, catalog sales, telemarketing, direct marketing, e-commerce, product lines in other businesses, or through any other Online Presence), wherever located or operating, regardless of the nature or location of the business and/or customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same as, or competitive with the Marks, and/or that sell products or services that are similar to, the same as, or competitive with, those that Nan Xiang Express Restaurants customarily sell, and including the offer and sale of Nan Xiang Express®-branded products at other third-party businesses;
- (3) establish and operate, and allow others to establish and operate, any Nan Xiang Express Restaurant, or other businesses using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same as, or competitive with those products or services offered by Nan Xiang Express Restaurants, at or through any non-traditional venues, including malls and shopping centers, hospitals and healthcare facilities, college campuses, national parks, military bases, airports or transit centers, hotels and convention centers, or other businesses operated within any larger venue or closed market such as a stadium or entertainment center, at any location in the world; and
- (4) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same as, or competitive with Nan Xiang Express Restaurants, at any location in the world, including in the Protected Territory (and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world).

We may use any channel of distribution (including the Internet, catalog sales, telemarketing, and other direct marketing channels) to make sales anywhere, using the Marks or any other trademarks. We will not compensate you for soliciting or accepting orders from clients anywhere.

There are no limitations on your ability to solicit customers in any location. However, you may not engage in any promotional or similar activities, and/or sell any products or services, whether directly or indirectly, via the internet or any other alternative channels of distribution without our approval, and we may limit the geographic scope of such activities in accordance with our system standards.

You may only operate your Restaurant at the Premises. You may not relocate your Restaurant to a location other than the Premises without our approval.

If you fail to comply with the Franchise Agreement, in addition to our other remedies under the Franchise Agreement, we may terminate or reduce the size of your Protected Territory (if any), and/or terminate the territorial protections that you have in some or all of your Protected Territory (if any). Otherwise, continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

Additional Franchise Rights

We do not grant any options, rights of first refusal, or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into an additional Franchise Agreement.


Affiliated Brands

We have ~~multiple~~ affiliates that operate and/or franchise full-service restaurants named “Nan Xiang Xiao Long Bao” which offer products that are similar to and/or the same as those offered by Nan Xiang Express Restaurants, including our proprietary soup dumplings. ~~None of our affiliates currently offers franchises for full-service “Nan Xiang Xiao Long Bao” restaurants.~~ “Nan Xiang Xiao Long Bao” restaurants may solicit or accept orders from customers in your Protected Territory (if any). If a conflict should arise between any Nan Xiang Express Restaurant and any other business operated or franchised by an affiliate of ours, we will analyze the conflict and take any action or no action as we deem appropriate. ~~The principal business of o~~Our affiliates that operate ~~full-service restaurants is the same as the address of our parents 38-08 Union Street, Ste. 2B, Flushing, NY 11354.~~ and franchise “Nan Xiang Xiao Long Bao” restaurants share our principal business address, though they operate from different training facilities.

**ITEM 13
TRADEMARKS**

Principal Marks

TM Holding owns the following Marks, which have been registered or have been applied for on the Principal Register of the U.S. Patent and Trademark Office:

Mark	Registration Number	Registration Date
Nan Xiang Express	6577483	November 30, 2021
Nan Xiang Express	6634239	February 01, 2022
	6874225	October 11, 2022

All required affidavits of use and renewals have been filed in a timely manner. There is presently no effective determination of the U.S. Patent and Trademark Office, the Trademark Trial & Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks.

We license the Marks from TM Holding under a License Agreement dated September 29, 2025 (the “License Agreement”). The term of the License Agreement will continue for 99 years from its effective date unless terminated. The License Agreement may be terminated (resulting in the loss of our right to use and to sublicense the use of the Marks to you) by mutual agreement of the parties, or by TM Holding for a number of reasons, including if we default on any obligations, we are dissolved, make an assignment for the benefit of creditors, become insolvent, consent to appointment of a receiver, or our business is seized, or the parties cease to be affiliates. All rights in and goodwill from the use of the Marks accrue to TM Holding. Except as described above, no agreement significantly limits our rights to use or sublicense the Marks in a manner material to the franchise.

Your Use of the Marks and the System

If we decide to modify, substitute, add or discontinue the use of any Marks or the System, you must make the modifications and updates we specify and comply with all other directions we give regarding the use of the Marks and the System in connection with your Restaurant within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, promoting a modified or substitute Mark, or for any loss of revenue due to any modifications to the Marks or System.

Infringement, and Claims

You will be required to notify us immediately of any apparent infringement or challenge to your use of the Marks or the System, or of any person’s claim of any rights in the Marks or the System, and not to communicate with any person other than us, our affiliates and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation or other legal or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning the Marks or the System. Neither we nor our affiliates will have any obligation to defend the Marks or the System from valid claims of prior use or of lawful concurrent use by others.

The Franchise Agreement requires us to reimburse you for all damages and expenses that you incur in defending any trademark infringement proceeding disputing your authorized use of the Marks under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and are in compliance with your Franchise Agreement. The Franchise Agreement allows us to, but does not require us to, assume or participate in your defense if you are a party to an administrative proceeding involving a trademark licensed by us to you. If we or our affiliates choose to control the defense of any such proceeding, such person may choose its own legal counsel and other similar representatives, and it will not be liable to you or any of your affiliates or representatives for any costs or expenses incurred on the basis of any additional or separate legal counsel or similar representatives you or they retain.

We are not aware of any superior rights or infringing uses that could materially affect your use of the Marks in any state where your Restaurant may be located.

ITEM 14 **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise.

We and/or our affiliates claim copyrights in the Manuals, System Websites, advertising materials, any or all of the design elements contained within the Marks, and other advertising or marketing materials used in operating Nan Xiang Express Restaurants and the System. We have not registered these copyrights with the U.S. Copyright Office. You may use the copyrighted works only as we specify while operating your Restaurant (and must stop using them if we so direct you). We may modify or discontinue using the subject matter covered by any copyrighted works. There currently are no effective adverse determinations regarding the copyrighted materials. No agreement other than the License Agreement limits our right to use or allow others to use the Confidential Information (defined below) or other copyrighted works. We are not aware of any infringing uses of our copyrighted works which could materially affect your use of the copyrighted works. We need not protect or defend our copyrighted works. We may control any action involving the copyrighted works, even if you bring the matter to our attention. The Franchise Agreement does not require us to take affirmative action when notified of infringement of, or participate in your defense nor indemnify you for damages or expenses in a proceeding involving, the copyrighted works.

You and your owners and personnel may periodically be provided and/or have access to non-public information about the System and the operation of Nan Xiang Express Restaurants, including your Restaurant (the “Confidential Information”), including: (1) site selection criteria, market or demographic research, and/or other real estate reports; (2) training and operations materials and manuals, including the Manuals; (3) the system standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Nan Xiang Express Restaurants; (4) recipes, ingredient lists, nutrition facts, methods of preparation, and other information about products and menu items, including the existence or specifications of any seasonal or other unreleased products and menu items; (5) market research, promotional, marketing and advertising programs for Nan Xiang Express Restaurants; (6) identity of and specifications for vendors, Operating Assets, and other products and supplies; (7) any software or technology which is proprietary to the System, including any login credentials for, source code of, and data, reports, and other materials generated by, the software or technology; (8) knowledge of the operating results and financial performance of any Nan Xiang Express Restaurants, including your Restaurant; (9) customer data, including personal information, analytic data regarding customer behavior, and opt-in/opt-out preferences; ~~and~~ (10) any other data, materials, and/or information that is created by, stored in, and/or derived from your Technology Systems in connection with your Restaurant; and (11) any other information designated as confidential or proprietary by us or our affiliates.

All Confidential Information is exclusively owned by us or our affiliates and is proprietary to our System (other than certain personal information relating to your employees and personnel, and/or certain other data that we do not have access to or are otherwise designated or restricted by us). You and your owners will (and will use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns to): (i) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of your Restaurant in accordance with the Franchise Agreement; (ii) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and system standards we establish, and our and our representative’s instructions; (iii) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating your Restaurant in accordance with the Franchise Agreement (you will be responsible for any violation of this requirement by any person to whom you provide Confidential Information); (iv) not make unauthorized copies of any of our Confidential Information; (v) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than

the terms of the Franchise Agreement (and we may designate or approve the form of confidentiality agreement that you will use); and (vi) at our request, destroy or return any of the Confidential Information. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION
OF THE FRANCHISE BUSINESS

You must identify one of your owners who is a natural person ([not a legal entity such as a corporation, company, or partnership](#)) with at least 25% ownership interest and voting power in you and who will have authority and signatory power on your behalf (the “Managing Owner”) to supervise the business you conduct under the Franchise Agreement. Your Managing Owner must be authorized to deal with us in all matters whatsoever which may arise with respect to the Franchise Agreement. You must obtain our written consent prior to changing the Managing Owner.

You (or if you are conducting business as an entity, your Managing Owner) are solely responsible for the management, direction, and control of your Restaurant. You must supervise the management and day-to-day operation of your Restaurant and continuously exert best efforts to promote and enhance your Restaurant. If you (or your Managing Owner) do not wish to manage the operation of your Restaurant on a day-to-day basis, you must obtain our approval of any person you wish to engage to supervise the management of your Restaurant (each a “General Manager”). Your General Manager(s) must: (i) work full-time to supervise the day-to-day operations of your Restaurant; (ii) complete the Initial Training Program to our satisfaction, and (iii) attend any conferences of Nan Xiang Express Restaurant franchise owners at location(s) we designate. We may establish conditions for approving any such General Manager, which may include confirmation that it will only serve as the General Manager at one Nan Xiang Express Restaurant, have no competitive businesses activities, and/or execution of non-disclosure or other covenants we require. A General Manager is not required to have any ownership interest in you.

If you are a legal business entity, each of your direct and indirect owners must execute a guaranty in the form personally to be bound, jointly and severally, by all provisions of the Franchise Agreement and any ancillary agreements between you and us. Our form of guaranty is attached as Exhibit B to the Franchise Agreement. If any owner is an individual, his or her spouse must consent in writing to that owner’s execution of the guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Products and Services

You must: (1) offer and sell from your Restaurant all of the products and services that we periodically specify from time to time; (2) not offer or sell at your Restaurant, the Premises, or any other location any products or services we have not authorized; and (3) discontinue selling and offering for sale any products or services that we at any time disapprove. You will offer for sale and sell at your Restaurant authorized products and services only in the manner (including days and hours of operation) and at the locations we have prescribed, including that you will not sell any products or services wholesale or through alternative channels of distribution without our express approval. We may authorize one or more Nan Xiang Express Restaurants to offer additional, different, or modified products, or services, and we are under no obligation to authorize every Nan Xiang Express Restaurants to offer the same products or services. We may condition our approval for any such products or services on our then-current criteria, and/or additional terms and conditions that we establish. If we at any time (including after our initial approval) determine that you fail to meet our system standards for offering or selling any products or services, we may permanently or temporarily terminate your right to offer or sell such products or services.

If we modify our system standards for the products and services that we require your Restaurant to offer and sell, you must immediately bring your Restaurant into compliance with our system standards for such products or services, including by purchasing or leasing any necessary Operating Assets, making any required changes to signage and advertising materials, and updating your Technology System to include any software, hardware or other equipment necessary to offer such products or services. [Our right to modify our system standards for products and services is not limited.](#) If you offer delivery, catering and/or any other off-site products or services, we may limit the geographic area in which you may offer such services, and we may modify that geographic area.

Pricing Requirements

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by Nan Xiang Express Restaurants. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

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 Agreement	Summary
(a) Length of the franchise term	Franchise Agreement – Section 1.B	Begins on the date Franchise Agreement is signed and expires 10 years thereafter.

Provision	Section in Agreement	Summary
(b) Renewal or extension of the term	Franchise Agreement – Section 13	If you satisfy the conditions in the Franchise Agreement, you may renew your franchise for one successive term of 5 years.
(c) Requirements for franchisee to renew or extend	Franchise Agreement – Section 13	You must meet the following conditions to qualify for a renewal franchise: (i) give us notice 180 to 365 days before expiration; (ii) substantially comply with the Franchise Agreement during its term; (iii) maintain possession of the Premises for at least as long as the full term of the renewal franchise; (iv) take all steps we identify to bring your Restaurant into full compliance with our then-current system standards image, which may include conducting a material remodel or renovation, as we determine; (v) pay us a renewal fee; (vi) for at least 60 days prior to electing to obtain a renewal franchise, remain in full compliance with the Franchise Agreement and all system standards; (vii) you <u>and your Mandatory Trainees complete any required training; (viii) you</u> , your owners, and/or each spouse must sign our then-current Franchise Agreement, the terms of which may be materially different from your current Franchise Agreement; (viii) sign a general release (subject to state law); and (ix) we are offering franchises for Nan Xiang Express Restaurants in your geographic market at the time you seek to obtain a renewal franchise.
(d) Termination by franchisee	Franchise Agreement –Section 14. B <u>A</u>	You may terminate the Franchise Agreement if you are in full compliance with the applicable agreement, we materially breach the Franchise Agreement, and we do not cure the default within 30 days after notice from you, or, if we cannot correct the failure within 30 days, we fail to give you reasonable evidence of our effort to correct the failure within 30 days after you deliver notice to us (subject to state law). Termination is effective an additional 30 days after you deliver to us written notice of termination.
(e) Termination by franchisor without cause	Franchise Agreement –Not Applicable	We may not terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	Franchise Agreement – Section 14.C	We may terminate the Franchise Agreement if you or your owners commit one of several violations.
(g) “Cause” defined — curable defaults	Franchise Agreement – Section 14.C	10 days to pay past due amounts owed to us or our affiliates; applicable cure period to pay past due amounts owed third-parties; 72 hours to cure violations of law, ordinance, rule or regulation of a governmental agency; 10 days to cure any deficiencies in insurance requirements; 30 days to cure an attachment, seizure, warrant, writ, or levy on your Restaurant, or to vacate any order appointing a receiver, trustee, or liquidator on your Restaurant or its assets; 48 hours to cure any failure to prepare any of the System’s core menu items; 15 days to cure failures identified in quality assurance audit, mystery shopper visit, or other inspection; 90 days to cure casualty events; and 30 days to cure a breach of any other provision or obligation under the Franchise Agreement or any agreement between you (and your affiliates) and us (and our affiliates) (subject to state law).
(h) “Cause” defined —	Franchise Agreement – Sections 14.A and	Material misrepresentations or omissions; failure to obtain site or lease approval by the specified deadlines, or failure to open your

Provision	Section in Agreement	Summary
non-curable defaults	14.C	Restaurant for business by the specified deadline; your Mandatory Trainees do not successfully complete the Initial Training Program; abandonment or failure to operate your Restaurant for more than 7 consecutive days, or you provide us with notice of your intent to close or abandon your Restaurant; adverse judgment, order, or decree ; felony; breach of restrictive covenants or confidentiality or intellectual property covenants; unapproved transfer; default or termination of Lease or loss of your right to occupy the Premises; failure to pay taxes due; understatement of Gross Sales 3 or more times; 3 or more breaches within 12 months, or 2 or more of the same breach within 12 months, regardless of cure; immediate health or safety risk; assignment for benefit of creditors or bankruptcy; engage in conduct which negatively impacts or injures the goodwill of the Marks, the System, and/or Nan Xiang Express Restaurant; and acting inappropriately or abusively on two or more occasions .
(i) Franchisee's obligations on termination / non-renewal	Franchise Agreement – Section 15	Pay all amounts owed; close your Restaurant for business; cease using the Marks; cease identifying yourself as a current or former franchise owner or Nan Xiang Express Restaurant; remove all materials and signage bearing the Marks and remove all proprietary trade dress to de-identify the Premises; cease using contact information and Online Presences and transfer controls to us; return or destroy all items, forms, and material contain the Marks and return or destroy Confidential Information (including the Manuals and any and all customer data or other information from your Technology System); comply with all other system standards and applicable laws for closure and de-identification; and provide us evidence of compliance with all obligations. You must also pay us lost revenue damages if we terminate the Franchise Agreement for your breach, or you terminate the Franchise Agreement other than as permitted under the Franchise Agreement.
(j) Assignment of contract by franchisor	Franchise Agreement – Section 12.A	There is no restriction on our right to assign.
(k) "Transfer" by franchisee — defined	Franchise Agreement – Section 12.B	"Transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including by reason of merger, consolidation, issuance of securities, death, disability, divorce, insolvency, encumbrance, foreclosure, surrender or by operation of law, and/or any transfer, surrender, loss of the possession or control or management of: (i) the Franchise Agreement or any rights under or interest in the Franchise Agreement, (ii) your Restaurant or substantially all of its assets, or (iii) any direct or indirect ownership interest in you, if you operate as an entity.
(l) Franchisor approval of transfer by franchisee	Franchise Agreement – Sections 12.B and 12.C	You may not make or initiate a transfer without our prior written approval, in accordance with the standards provided in the Franchise Agreement.
(m) Conditions for franchisor approval of	Franchise Agreement – Section 12.C	You submit an application for transfer and provide all information we request; the transfer and transferee must satisfy our criteria; you and your owners must be in compliance with your agreements with us;

Provision	Section in Agreement	Summary
transfer		you provide us the documents we request about the transfer; you must execute all documents we require, including a general release (subject to state law); transferee and its personnel successfully complete our then-current Initial Training Program; all necessary actions under the Lease are completed; you correct existing deficiencies of your Restaurant; transferee signs our then-current franchise agreement, guaranty, and other documents, the provisions of which may differ materially from those contained in the Franchise Agreement; you pay a transfer fee; and you provide evidence of appropriate transfer of operations.
(n) Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement – Section 12.F	If you or any of your owners wish to conduct any transfer that would require our approval, you must obtain a copy of a bona fide written offer for the transfer and we will have the right of first refusal to obtain the transferred interest(s) on the same terms for 60 days after we receive a copy of the offer and all other information we request; we may substitute cash for any form of payment proposed in the offer; we are offered the same terms for any promissory notes or other deferred payments as those offered by the proposed transferee; we have an additional 90 days to prepare for closing after notifying you of our election to purchase; and we receive all customary representations and warranties given by the seller of the assets of a business or the ownership interests in any legal business entity. If the sale is not complete within 60 days after notice of intent to not exercise right of first refusal, or there is a material change in terms of the offer, we will have an additional right of first refusal.
(o) Franchisor's option to purchase franchisee's business	Franchise Agreement – Section 15.D	We may purchase any or all of the assets of your Restaurant (including the Premises, if it is owned by you or one of your owners or affiliates) upon the termination or expiration of the Franchise Agreement. The purchase price will be based upon the net realizable value of the tangible assets in accordance with the liquidation basis of accounting. We may exercise this right by giving you written notice of our election within 30 days after the termination or expiration. If challenged, the purchase price will be determined by an appraiser designated by us, with costs and fees shared equally by both parties. While any decision regarding purchasing your Restaurant is pending, we may operate your Restaurant on an interim basis as provided in the Franchise Agreement.
(p) Death or disability of franchisee	Franchise Agreement – Section 12.D	Upon death or disability of you or your owners, the estate of such person must transfer all interest in your Restaurant to a party we approve within 180 days following the date of death or disability. If, as a result of the death or incapacity of the transferor, your Restaurant is not otherwise being managed by a you, your Managing Owner, or your General Manager, we may, but are not required to, operate your Restaurant on an interim basis.
(q) Non-competition covenants during the term of the franchise	Franchise Agreement – Section 7.A	You and your owners agree may not have any involvement, directly or indirectly, in a "Competitive Business" during the term of the Franchise Agreement; lease or sublease the premises to a Competitive Business; or perform services for a Competitive Business in any location worldwide. "Competitive Business" means any business operating or granting franchises or licenses to others to operate any

Provision	Section in Agreement	Summary
		business: (1) that offers and/or sells soup dumplings {“小笼包”}, dim sum, and/or any other Chinese cuisine in any form or variation; or (2) whose menu or concept is otherwise substantially similar to that of Nan Xiang Express Restaurants (subject to state law).
(r) Non-competition covenants after the franchise is terminated or expires	Franchise Agreement – Section 15.C	For 2 years beginning on the later of (1) the termination or expiration of the Franchise Agreement (or the effective date of a transfer, for the transferor) or (2) the date you and your owners begin to comply, you and your owners may not have any direct or indirect interest in a Competitive Business; lease or sublease the premises to a Competitive Business; or perform services for a Competitive Business which is located or operating (a) at the Premises or within a 25-mile radius of the Premises, or (b) within a 10-mile radius of any Nan Xiang Express Restaurant (subject to state law).
(s) Modification of the agreement	Franchise Agreement – Section 17.K	No modification unless by written agreement of both parties, but we may change the Manuals and system standards at any time.
(t) Integration / merger clause	Franchise Agreement – Section 17.L	Only the written terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside the Franchise Agreement may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
(u) Dispute resolution by arbitration or mediation	Franchise Agreement – Section 17.E	Subject to state law, all controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a suitable location chosen by the arbitrator within 50 miles of our or, as applicable, our successor’s or assign’s then-current principal place of business (currently, Saddle Brook, NJ). Arbitration may not be conducted on a class-wide basis, consolidated with any other proceeding, or brought on your behalf by an association or agent.
(v) Choice of forum	Franchise Agreement – Section 17.G	Subject to applicable state law and your obligation to arbitrate, you must commence actions in the court nearest to our or, as applicable, our successor’s or assign’s then-current principal place of business (currently, Saddle Brook, NJ).
(w) Choice of law	Franchise Agreement – Section 17.F	Except for the Federal Arbitration Act and other federal law, the laws of the state of New Jersey govern, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently from the Franchise Agreement’s terms (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the franchise system.

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 this Disclosure Document. Financial performance information that differs from any included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any financial performance 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 us by contacting Eddie Zheng at 109 [North](#) 5th Street Saddle Brook, NJ 07663, (718) 885-4259; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS ~~2022~~2023 TO ~~2024~~2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
Franchised	2023	0	2	+2
	2024	2	6	+4
Company-Owned	2022 2025	0 <u>6</u>	0 <u>5</u>	0 <u>-1</u>
Company-Owned	2023	0	2	+2
	2024	2	4	+2
Total[†]	2022 2025	0 <u>4</u>	0 <u>5</u>	0 <u>+1</u>
Total	2023	0	4	+4
	2024	4	10	+6
	2025	10	10	0

~~[†] Since December 31, 2024, one franchised outlet in Massachusetts has closed in 2025, and one company-owned outlet in New Jersey has opened.~~

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS ~~2022~~2023 TO ~~2024~~2025

State	Year	Number of Transfers
All States	2022	0
<u>All States</u>	2023	0
	2024	0
Totals	2022 2025	0
<u>Totals</u>	2023	0
	2024	0
	2025	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2022~~2023 TO ~~2024~~2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Massachusetts [†]	2022	0	0	0	0	0	0	0
<u>Massachusetts</u>	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
New York	2022 <u>2025</u>	0 <u>2</u>	0	0	0	0	0 <u>1</u>	0 <u>1</u>
<u>New York</u>	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
North Carolina	2022 <u>2025</u>	0 <u>3</u>	0	0	0	0	0 <u>1</u>	0 <u>2</u>
<u>North Carolina</u>	2023	0	0	0	0	0	0	0
	2024	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2025	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Texas</u>	2024 <u>2023</u>	0	0 <u>1</u>	0	0	0	0	0 <u>1</u>
Totals	2022 <u>2024</u>	0	0	0	0	0	0	0
	2025	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2023	0	2	0	0	0	0	2
<u>Totals</u>	2024	2	4	0	0	0	0	6
	2025	6	1	0	0	0	2	5

[†]One franchised outlet in Massachusetts has closed in 2025.

TABLE NO. 4
STATUS OF COMPANY-OWNED¹ OUTLETS
FOR YEARS ~~2022~~2023 TO ~~2024~~2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
New Jersey	2022 2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1
New York	2023	0	2	0	0	0	2
	2024	2	0	0	0	0	2
Pennsylvania	2022 2025	0 2	0	0	0	0	0 2
Pennsylvania	2023	0	0	0	0	0	0
	2024	0	2	0	0	0	2
Totals⁺	2022 2025	0 2	0	0	0	0	0 2
Totals¹	2023	0	2	0	0	0	2
	2024	2	2	0	0	0	4
	2025	4	1	0	0	0	5

⁺One company-owned outlet opened in New Jersey in 2025.

TABLE NO. 5
PROJECTED OPENINGS ~~FOR~~AS OF DECEMBER 31, 2025

State	Franchise Agreements Signed But Not Opened	Projected New Franchised in the Next Fiscal Year	Projected New Company-Owned ⁺ Outlets in the Next Fiscal Year
Massachusetts	1 2	0 2	0
New Jersey	0	0	1
North Carolina	1	0 1	0
Texas	1	0 1	0
Totals	3 4	0 4	1 0

The numbers in the Tables 1 through 4 above are as of December 31, ~~2024~~2025, December 31, ~~2023~~2024, and December 31, ~~2022~~2023. The projections in Table 5 are made as of December 31, ~~2024~~2025. Company-owned outlets described above are owned and operated by our affiliates.

Exhibit D-1 contains a list of the names, addresses and telephone numbers of our current franchisees as of December 31, ~~2024~~2025; and Exhibit D-2 contains a list of the names and last known address and telephone number of each franchisee who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of

the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

Within the last three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisee but be aware that not all such franchisees will be able to communicate with you.

As of the date this Disclosure Document, there were no trademark-specific franchisee organizations that were created, sponsored, or endorsed by us and there were no trademark-specific franchisee organizations that requested to be included in this Disclosure Document.

ITEM 21 **FINANCIAL STATEMENTS**

Exhibit E contains: ~~(i) our audited balance sheets as of December 31, ~~2024~~2025, December 31, ~~2023~~2024, and December 31, ~~2022~~2023, and the related statements of operations, changes in member's equity, and cash flow for the fiscal years then-ended; and (ii) our unaudited balance sheet as of July 31, 2025, and profit and loss statement for the 7-month period then-ended.~~ Our fiscal year end is December 31.

ITEM 22 **CONTRACTS**

The following contracts are attached as exhibits to this Disclosure Document:

- EXHIBIT B-1 Franchise Agreement
- EXHIBIT B-2 Representations Statement
- EXHIBIT B-3 Sample General Release
- EXHIBIT F State Addenda

ITEM 23 **RECEIPTS**

Attached as Exhibit G are two copies of a Receipt confirming your receipt of this Disclosure Document. Please sign and date both Receipt pages, keep one for your records, and return the other to us.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Financial Protection &
Innovation:
Toll Free: 1 (866) 275-2677

Los Angeles

~~Suite 750~~
320 West 4th Street, [Suite 750](#)
Los Angeles, California 90013
(213) 576-7505

Sacramento

~~2101 Arena Blvd.~~
[651 Bannon Street](#)
Sacramento, California ~~95834~~ [95811](#)
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce
and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the State of
Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland ~~21202-2021~~[21202-2020](tel:21202-2020)
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General’s Office
~~Consumer Protection~~[Corporate Oversight](#)
Division
Attn: Franchise Section
G. Mennen Williams Building, ~~1st~~[5th](#) Floor
525 West Ottawa Street
Lansing, Michigan ~~48909~~[48913](tel:48913)
(517) ~~373-7117~~[335-7567](tel:335-7567)

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

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

(agent for service of process)

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

NEW YORK

(state administrator)

~~NYS Department of Law~~
[New York State Department of Law](#) Investor
Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) ~~416-8236~~[416-8222](tel:416-8222) Phone
(212) 416-6042 Fax

(agent for service of process)

Attention: ~~New York~~ Secretary of State
[of New York](#) ~~Department of State~~
~~One Commerce Plaza,~~
99 Washington Avenue, ~~6th Floor~~
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota [Insurance &](#) Securities
Department
600 East Boulevard Avenue, [Dept. 401](#)
~~State Capitol – Fourteenth Floor – Dept 414~~
Bismarck, North Dakota ~~58505-0510~~[58505](tel:58505)
(701) ~~328-4712~~[328-2910](tel:328-2910)

[\(agent for service of process\)](#)

[Insurance Commissioner](#)

[600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
\(701\) 328-2910](#)

OREGON

Department of Business Services
Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

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

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

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

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT B-1
FRANCHISE AGREEMENT

NAN XIANG EXPRESS FRANCHISOR LLC
FRANCHISE AGREEMENT

Franchisee:

Franchisee Address for Notice:

Restaurant Address:

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Exhibits

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- EXHIBIT B Guaranty and Assumption of Obligations
- EXHIBIT C Protected Territory
- EXHIBIT D State Specific Riders

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into by and between NAN XIANG EXPRESS FRANCHISOR LLC, a Nevada limited liability company with its principal business address at 109 [North](#) 5th Street Saddle Brook, NJ 07663, New Jersey (“**we,**” “**us,**” or “**our**”), and the franchisee indicated on the first page of this Agreement (“**you**” or “**your**”), as of the date signed by us and set forth below our signature on this Agreement (the “**Effective Date**”).

1. GRANT OF FRANCHISE.

A. BACKGROUND.

(1) We and our affiliates have developed and may continue to develop and modify a system for the establishment, development and operation of fast casual restaurants featuring authentic Shanghainese cuisine, including soup dumplings, dim sum, noodles, and other products and services that we authorize periodically (each, a “**Nan Xiang Express Restaurant**”).

(2) We and our affiliates own, use, promote, and license others the right to use and promote certain trademarks, service marks, trade dress, and other commercial symbols and indicia for Nan Xiang Express Restaurants, including the “Nan Xiang Express” trademark, and may create, use, and license other trademarks, service marks, and commercial symbols to identify Nan Xiang Express Restaurants and the products and services offered by Nan Xiang Express Restaurants in the future (collectively, the “**Marks**”).

(3) Nan Xiang Express Restaurants are developed and operated using certain specified and distinct business formats, methods, procedures, designs, layouts, standards, and specifications, all of which may be improved, further developed, or otherwise modified from time to time (the “**System**”).

B. GRANT AND TERM OF FRANCHISE.

Subject to the terms of this Agreement, we hereby grant you a franchise to develop, own and operate a Nan Xiang Express Restaurant (your “**Restaurant**”) at the premises identified on the first page of this Agreement (the “**Premises**”) for a term that will begin on the Effective Date and expire 10 years from the Effective Date, unless sooner terminated as provided herein (the “**Term**”). You agree to faithfully, honestly, and diligently perform your obligations under this Agreement and to use your best efforts to promote and operate your Restaurant on a continuous basis for the entirety of the Term.

C. IF YOU ARE AN ENTITY.

If you are a corporation, limited liability company, or partnership (each, an “**Entity**”), you represent that you have, and will have throughout the Term, the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed. You agree to remain validly existing and in good standing under the laws of the state of your formation throughout the Term. You agree to maintain organizational documents, operating agreement, or partnership agreement, as applicable, that reflect the restrictions on issuance and transfer of any ownership interests in you described in this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions.

You agree and represent that [Exhibit A](#) to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date. Each of your owners must execute a

guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached herein as Exhibit B. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.

You must identify on Exhibit A one of your owners who is a natural person with at least 25% ownership interest and voting power in you and who will have authority and signatory power on behalf of you (the “**Managing Owner**”). You must obtain our written consent prior to changing the Managing Owner and agree to deliver to us a revised Exhibit A to accurately identify the Managing Owner should the identity of that person change during the Term as permitted hereunder. You agree that the Managing Owner is authorized, on your behalf, to deal with us in respect of all matters whatsoever which may arise in respect of this Agreement. Any decision made by the Managing Owner will be final and binding upon you, and we will be entitled to rely solely upon the decision of the Managing Owner in any such dealings without the necessity of any discussions with any other person, and we will not be held liable for any actions taken by you or otherwise, based upon any decision or actions of the Managing Owner. You represent and agree that the person acting as your Managing Owner has full power and authority to enter into this Agreement and any other documents to which you are a party, and to make binding decisions on your behalf.

D. PREMISES OF YOUR RESTAURANT.

You may operate your Restaurant only at the Premises. If the Premises have not been approved when you sign this Agreement, site selection will be subject to Section 2.A of this Agreement. You agree to use the Premises only for your Restaurant and for no other activities or business of any kind without our written approval. You agree not to conduct the business of your Restaurant at any location other than the Premises. You may not conduct delivery, catering or other services that would be fulfilled away from the Premises except as authorized by us, and we may limit the geographic scope of such activities in accordance with our System Standards.

E. PROTECTED TERRITORY.

Subject to our reservation of rights in Section ~~F1.F~~1.F below, and subject to your continued compliance with this Agreement, during the Term, neither we nor any of our affiliates will establish or operate or authorize any other person to establish or operate a ~~of~~ Nan Xiang Express Restaurant in the area described on Exhibit C (the “**Protected Territory**”). If no geographic area is specified on Exhibit C, you have not been awarded any Protected Territory, and notwithstanding any other provision of this Agreement to the contrary, we and our affiliates reserve all rights not granted to you and we will not be limited with respect to the placement of Nan Xiang Express Restaurants and other businesses using the Marks, the sale of the same, similar or dissimilar products and services, and any other business activities in any manner or in any location whatsoever. If you have not selected a site for your Restaurant as of the Effective Date, we reserve the right to define or modify your Protected Territory at the time the Premises is identified and approved by us. If you fail to comply with the terms of this Agreement at any time, in addition to our other remedies under this Agreement, we may terminate or reduce the size of your Protected Territory (if any), and/or terminate the territorial protections that you have in some or all of your Protected Territory (if any).

F. RESERVATION OF RIGHTS.

Other than in your Protected Territory (as applicable), we and our affiliates retain the right at all times during and after the Term to engage in any and all activities that we and they deem appropriate,

wherever and whenever we and they desire, and whether or not such activities compete with your Restaurant, including the right, anywhere in the world, to do any of the following:

(1) establish and operate, and allow others to establish and operate, other Nan Xiang Express Restaurants using the Marks and the System at any location outside of the Protected Territory (if applicable) on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, any other type of business, including any business that may offer products and services that are similar to, the same as, or competitive with products and services offered by Nan Xiang Express Restaurants, under any trade names, trademarks, service marks and commercial symbols other than the Marks in any location worldwide including in the Protected Territory (if applicable);

(3) establish, and allow others to establish businesses and distribution channels other than a Nan Xiang Express Restaurant (including, selling products at retail, wholesale, or through any Online Presence, as defined in Section 5.B), wherever located or operating, regardless of the nature or location of the business and/or customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same as, or competitive with the Marks, and/or that sell products or services that are similar to, the same as, or competitive with, those that Nan Xiang Express Restaurants customarily sell, and including the offer and sale of Nan Xiang Express-branded products at other third-party businesses;

(4) establish and operate, and allow others to establish and operate, any Nan Xiang Express Restaurant, or other business using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same as, or competitive with those products or services offered by Nan Xiang Express Restaurants, at or through any non-traditional venues, including malls and shopping centers, hospitals and healthcare facilities, college campuses, national parks, military bases, airports or transit centers, hotels and convention centers, or other businesses operated within any larger venue or closed market such as a stadium or entertainment center, at any location in the world; and

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same as, or competitive with Nan Xiang Express Restaurants, at any location in the world (and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world).

2. DEVELOPMENT AND OPENING OF YOUR RESTAURANT.

A. SITE SELECTION.

If you have not yet located a site for the Premises as of the Effective Date, then within 120 days from the Effective Date, you must obtain our written approval of a site for your Premises and secure occupancy rights to such Premises in accordance with a Lease we have approved in accordance with Section 2.B below. You agree to send us all of the information we require for the proposed site. We will make all determinations about whether to approve or disapprove a site based on our then-current criteria, which may change periodically. You may not relocate your Restaurant to a location other than the Premises without our prior written approval. You acknowledge and agree that you have the sole

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responsibility to identify and select an appropriate site for your Restaurant, and any involvement in the site selection process by us or our representatives is for our sole benefit. If we recommend, approve or give you information regarding a site for the Premises, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a Nan Xiang Express Restaurant or any other purpose. Our recommendation and/or approval of any site indicates only that we believe that the site meets our then-current minimum criteria which have been established for our own purposes and are not intended to be relied on by you. You agree that you are not relying on our site approval for your benefit.

B. LEASE OF PREMISES.

We must approve the site of your Restaurant before you sign any lease, sublease, or other document to secure its occupancy rights (the "**Lease**"). You agree to provide us information and documents we require to approve the proposed Lease. You may not sign the Lease until you have received our written approval of its terms. As a condition to our approval of the Lease, we may require the Lease to include certain provisions that we periodically require to protect and maintain the Marks and System, including: (a) a collateral assignment of the Lease to us or our designees upon the termination or expiration of this Agreement, or upon your default; (b) the right for us and our representatives to enter the Premises for the purposes described in this Agreement; and (c) notice to us of any breach of the Lease.

You acknowledge and agree that you have the sole responsibility to negotiate and execute your Lease, and any of our involvement in the Lease review and approval is for our sole benefit. You agree that you are not relying on our Lease review and approval for your benefit. You further acknowledge that you have been advised to obtain the advice of your own professional advisors before you sign a Lease. If you do not agree with the Lease provisions that we have approved, you may elect not to sign the Lease, but you would have to find another suitable site for the Premises and secure its possession by signing a Lease we have approved for such site. You must deliver an executed copy of your Lease and lease addendum to us within 10 days after execution.

C. DEVELOPMENT OF YOUR RESTAURANT.

We will provide you our then-current prototypical plans showing the standard layout and specifications for a Nan Xiang Express Restaurant. You agree at your expense to do all things necessary to develop and prepare your Restaurant for opening in accordance with this Agreement and our System Standards (defined in Section 4.F) including that you must:

- (1) obtain and submit to us for approval detailed construction plans and specifications and space plans for your Restaurant that comply with any design specifications or prototypical plans provided by us, our requirements for approved or designated design consultants, and all applicable ordinances, building codes, permit requirements, and lease requirements and restrictions, including those arising under the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions;
- (2) obtain all required zoning changes, planning consents, building, utility, sign and business permits and licenses, and any other consents, permits and licenses necessary to lawfully open and operate your Restaurant;
- (3) construct all required improvements in compliance with construction plans and specifications approved by us;

(4) obtain and install the equipment, fixtures, furnishings, signage, décor, or other operating assets and products we designate from time to time as meeting our System Standards for quality, design, appearance, function, and performance (collectively, the “**Operating Assets**”), including: (i) the computer hardware, software, and point-of-sale system (collectively, the “**Technology System**”), and (ii) all other fixtures, furniture, equipment, furnishings, and signage and other products and services that we approve for Nan Xiang Express Restaurants (if we designate or approve certain brands, types, and models of Operating Assets, you agree to purchase or lease only Operating Assets meeting the specifications we have designated or approved);

(5) obtain all customary contractors’ sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services;

(6) obtain all certificates of insurance to demonstrate to us your compliance with our insurance requirements; and

(7) satisfy all of your pre-opening requirements under this Agreement, including payment of fees and satisfaction of all training obligations.

You must satisfy all of our System Standards for developing and opening your Restaurant and open your Restaurant for business no later than the first anniversary of the Effective Date. We must approve the date that you open your Restaurant for business (the “**Opening Date**”) and you may not open your Restaurant without our written approval.

3. **FEES.**

A. **INITIAL FRANCHISE FEE.**

You agree to pay us an initial franchise fee of ~~\$40,000~~60,000 in a lump sum when you sign this Agreement. The initial franchise fee is fully earned by us on the Effective Date and is not refundable. You must pay us the initial franchise fee in accordance with the payment instructions we specify.

B. **INITIAL TRAINING FEE**

You agree to pay us an initial training fee of \$10,000 in a lump sum when you sign this Agreement. The initial training fee is fully earned by us on the Effective Date and is not refundable. You must pay us the initial franchise fee in accordance with the payment instructions we specify.

C. **ROYALTY FEE.**

Throughout the Term, you agree to pay us a monthly royalty fee (the “**Royalty**”) equal to five percent (5%) of your Restaurant’s Gross Sales (defined in Section 3.D below) during the immediately preceding month.

D. **DEFINITION OF “GROSS SALES”.**

As used in this Agreement, the term “**Gross Sales**” means all revenue that you derive from operating your Restaurant, whether from cash, check, vouchers, tickets, or other comparable forms of payment, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority. If we authorize or require participation in online group-bought deals, gift

certificate or gift card programs, or other similar programs, the payments you receive for those online group-bought deals, gift certificates or gift cards will be included in Gross Sales in accordance with our then-current guidelines for calculating Gross Sales, which may be modified from time to time. Gross Sales also include all insurance proceeds you receive for loss of business and loss of revenue, due to a casualty to or similar event at your Restaurant.

E. **TECHNOLOGY FEE.**

We require you to pay us a technology fee in the amount at the intervals we specify during the Term. The technology fee is currently \$200 per month, but we may modify the technology fee at any time during the Term, by up to the greater of: (i) our associated direct costs for technology products or services; or (ii) \$50 per year (on a \$50 per month on an annual compounding basis during the Term), or our associated costs of technology products and services, whichever is greater. The technology fee is in addition to all direct out-of-pocket costs you must otherwise incur under the terms of this Agreement or the Manuals to acquire, maintain, or service your Technology System. If you fail to pay your technology fee when due, you understand that in addition to our other remedies, we may de-activate, suspend, or terminate you and your personnel's access to any or all technology products, services, benefits, or support.

F. **INTEREST ON LATE PAYMENTS.**

All amounts which you owe us for any reason will bear interest accruing as of their due dates at the lesser of 18% per annum or the highest commercial contract interest rate allowed by law. The interest on late payments is in addition to and not an estimate of any other damages arising from your breach of the Agreement, and is not a waiver of any kind of our right to seek additional remedies arising from your default, including terminating this Agreement under Section 14.C, or other damages, remedies or forms of relief under Section 17. Without limiting the foregoing, you agree that paying interest will not cure any default under this Agreement for failure to pay any amount to us when due.

G. **APPLICATION OF PAYMENTS; SET-OFFS.**

Despite any designation you make, we may apply any of your payments to any of your past-due indebtedness to us. We and our affiliates may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement.

H. **METHOD OF PAYMENT.**

You must make all payments due under this Agreement in the manner we designate from time to time. All amounts payable by you or your owners to us or our affiliates must be in United States Dollars (\$USD). We may change the timing, frequency, and intervals of any payments from time to time, but with no less than 30 days' prior written notice to you.

You authorize us to debit your checking, savings, or other account automatically for all amounts due to us or our affiliates (the "EFT Authorization"). You agree to sign and deliver to us any documents we require for such EFT Authorization upon our request, but in no event later than 30 days prior to the Opening Date. Such EFT Authorization shall remain in full force and effect during the Term. We will debit the account you designate for these amounts on their due dates (or the subsequent business day if

the due date is a national holiday or a weekend day). You agree to ensure that funds are available in your designated account to cover our withdrawals.

If you fail to report Gross Sales, we cease to have access to your Technology System, or your Restaurant is closed without our authorization for any period of time, then for any fees under this Agreement which are calculated based on Gross Sales, we may debit your account for 110% of the average Gross Sales for the last three months of operations of your Restaurant. If the amounts that we debit from your account on the basis of any understatement are less than the amounts you actually owe us once we have determined the true and correct Gross Sales, we will debit your account for the balance on the day we specify. If the amounts that we debit from your account on the basis of any understatement are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following period.

If there are insufficient funds in your designated account to cover our withdrawals, and/or any other payment that you issue to us fails, we may charge you an insufficient funds fee of \$50 for each instance. The insufficient funds fee is a reasonable estimate of our damages in processing the failed payment, and is in addition to and not an estimate of any other damages arising from your breach of the Agreement, and is not a waiver of any kind of our right to seek additional remedies arising from your default, including terminating this Agreement under Section 14.C, or other damages, remedies or forms of relief under Section 17. Without limiting the foregoing, you agree that paying such fee will not cure any default under this Agreement for failure to pay any amount to us when due. We may modify the amount of the insufficient funds fee periodically during the Term up to \$100 per instance.

4. TRAINING AND ASSISTANCE.

A. INITIAL TRAINING PROGRAM.

You (or if you are conducting business as an Entity, your Managing Owner), one additional management level employee we approve (which must be your General Manager, as defined in Section 8.E, if we have approved you to operate using a General Manager) and the employee you hire as your head kitchen manager (together, the “**Mandatory Trainees**”) must complete an initial training program conducted by us on the material aspects of operating a Nan Xiang Express Restaurant at least 45 days prior to the Opening Date (the “**Initial Training Program**”). We will control the substance and duration of our Initial Training Program, which will be held at a location and in a format of our choice, which may be virtually. We may vary the contents or duration of the Initial Training Program among your Mandatory Trainees, based on their experience, role, responsibilities, and other factors we determine. We will also determine the timing, dates, and schedule of the Initial Training Program. All Mandatory Trainees must complete the Initial Training Program to our satisfaction prior to operating your Restaurant. If we determine that the Mandatory Trainees cannot successfully complete the Initial Training Program to our satisfaction, we may terminate this Agreement. You may invite additional attendees to the Initial Training Program, if space allows, subject to our approval, and subject to all attendees participating at the same time. If the Mandatory Trainees complete our Initial Training Program to our satisfaction, and do not expressly and promptly request additional training after completion of the Initial Training Program, then you and they will be deemed to have been trained sufficiently to operate a Nan Xiang Express Restaurant.

You must pay our then-current additional training fee, plus reimburse the travel and living expenses and out-of-pocket costs we incur if: (i) you request additional training for any Mandatory Trainees that have previously completed the Initial Training Program (including any Mandatory Trainees that may have completed the Initial Training Program in connection with your development of a previous Nan Xiang Express Restaurant); (ii) you request and we approve any attendees at the Initial Training Program other than the Mandatory Trainees; (iii) we provide any portion of the Initial Training Program

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more than once to accommodate your attendees; and/or (iv) we provide the Initial Training Program to any new General Manager(s) that you engage during the Term. Our training fee is currently \$300 per day, but we may modify the additional training fee at any time during the Term by up to \$50 per ~~year (on a day~~ on an annual compounding basis during the Term).

You agree to pay all travel and living expenses (including wages, transportation, food, lodging, and workers' compensation insurance) that you and your Mandatory Trainees or any other employee incurs during any and all meetings and/or training courses and programs. If any portion of the Initial Training Program is provided on-site at your Restaurant, which we will determine, you are also responsible for the out-of-pocket costs and expenses we incur in sending our trainer(s) to your Restaurant, including travel, food, accommodations, and living expenses.

B. ONGOING TRAINING.

We may from time to time during the Term require that you (or if you are conducting business as an Entity, your Managing Owner) and/or your General Manager(s) (if applicable) attend and satisfactorily complete various ongoing, refresher, and/or recurring training courses or programs that we specify at the times and locations that we designate, including courses and programs provided by us, our affiliates, and/or third-parties we designate. We and our designees may charge our then-current training fees for such ongoing and/or recurring training at our then-current rate (currently, \$300 per day, subject to change by up to \$50 per ~~year on a day on an annual~~ compounding basis), plus reimbursement of the travel and living expenses and out-of-pocket costs we incur. We may also require you (or if you are conducting business as an Entity, your Managing Owner) and/or your General Manager(s) to attend one or more conferences of Nan Xiang Express Restaurant franchise owners at the location we designates, which may be virtually. If we host such a franchise conference (which we are not obligated to do), you must pay us our then-current conference fee (currently, \$750 per attendee, subject to change by up to \$50 per ~~year (on a~~ attendee on an annual compounding basis during the Term).

C. PERSONNEL TRAINING.

You have the ultimate and exclusive responsibility for ensuring that all of your employees and personnel are appropriately trained to operate your Restaurant in accordance with this Agreement and our System Standards, regardless of any training or support that we provide, and including any and all General Manager(s) that you engage. We may periodically establish certain minimum requirements for your employee training programs; however, you understand that these minimum requirements are solely intended to protect our System and the goodwill of the Marks.

D. ON-SITE OPENING SUPPORT.

We will send one or more of our representatives to assist you with its grand opening for 5 days. We will determine the identity and number of the representative(s) we send to your Restaurant and the schedule for all such on-site opening support in our discretion (which may be before and/or after your Opening Date). You must reimburse all of our and our representatives' out-of-pocket costs for providing on-site opening support to you, including travel, food, accommodations, and living expenses. If you request any other on-site support or we determine that you need such support to bring your Restaurant into compliance with System Standards, you must pay our then-current fee for any such support we provide (currently, \$300 per day, subject to change by up to \$50 per ~~year on a day on an annual~~ compounding basis), plus reimbursement of ~~the our~~ travel and living expenses and out-of-pocket costs ~~we incur.~~

E. **OTHER GENERAL GUIDANCE.**

Subject to limitations on scheduling, availability, and similar resources, we will provide you additional guidance from time to time regarding the operation of your Restaurant, including: (1) System Standards and other suggested standards, specifications and operating procedures and methods that Nan Xiang Express Restaurants use; (2) purchasing required and authorized Operating Assets and other products and services; and (3) advertising and marketing materials and programs. We may provide guidance on the telephone, virtually, or at our offices or your Restaurant.

If you request, and we agree to provide, any additional or special guidance or training, we may charge you our then-current fee (currently, \$300 per day, subject to change by up to \$50 per ~~year-on-a-day~~ on an annual compounding basis), plus reimbursement of the travel and living expenses and out-of-pocket costs we incur. Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time. We may also require you (or your Managing Owner) and/or your General Manager to attend additional training that we specify if you at any time fail to comply with our System Standards, and we may charge you our then-current fee (currently, \$300 per day, subject to change by up to \$50 per ~~year-on-a-day~~ on an annual compounding basis), plus reimbursement of the travel and living expenses and out-of-pocket costs we incur.

Notwithstanding any provision in this Agreement to the contrary (including our obligations related to operations support, inspections, training or otherwise), we will not be required to send any of our personnel and/or representatives to your Restaurant to provide any services in person if, in our sole determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under this Agreement and will not constitute a default of this Agreement by us. We may also, at any time, for any reason, elect to conduct any or all support, inspections, training, or other services virtually, and you agree to comply with our instructions for all virtual programs.

F. **MANUALS.**

We will make the brand manuals for the operation of Nan Xiang Express Restaurants available to you during the Term (the “**Manuals**”), which may include one or more separate manuals, newsletters, memos, or bulletins, as well as any audio or video content, and/or other content available through or distributed by any Online Presence or other electronic or digital means. The Manuals contain mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for operating Nan Xiang Express Restaurants (“**System Standards**”), other specifications, standards, and policies we may suggest from time to time, and information on your obligations under this Agreement. We may modify the Manuals periodically to reflect changes in System Standards. If we make any portion of the Manuals available on any Online Presence, you agree to monitor and access that Online Presence for any updates to the Manuals. You agree that the Manuals and any passwords or other access credentials necessary to access the Manuals ~~on any Online Presence~~ will be deemed to be part of Confidential Information (as defined in Section 6.A). We have no obligation to provide you a printed copy of the Manuals.

G. **DELEGATION OF PERFORMANCE.**

We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

5. **INTELLECTUAL PROPERTY.**

A. **OWNERSHIP AND GOODWILL.**

You acknowledge and agree that the Marks and the System are owned by us and/or our affiliates. You acknowledge and agree that your use of the Marks and the System and any goodwill established by that use are exclusively for our and our affiliates' (as applicable) benefit. This Agreement does not confer any goodwill or other interests in the Marks or the System upon you (other than the right to operate your Restaurant under this Agreement). Your unauthorized use of the Marks and the System would be a breach of this Agreement and an infringement on the intellectual property rights of us and our affiliates (as applicable). Your unauthorized use of the Marks and the System will cause us and our affiliates (as applicable) irreparable harm for which there is no adequate remedy at law and will entitle us and our affiliates (as applicable) to injunctive relief. All provisions of this Agreement relating to the Marks and the System apply to any additional or modified components of the Marks and the System we authorize you to use.

You may not at any time during or after the Term contest or assist any other person in contesting the validity of any registration for the Marks or the System, and/or our and our affiliates' (as applicable) rights to the Marks and the System.

B. **USE OF MARKS AND SYSTEM.**

You are hereby granted a limited, non-exclusive license to use the Marks and the System, during the Term, strictly to operate your Restaurant in compliance with the terms of this Agreement and our System Standards. You have no right to sublicense or assign your right to use the Marks and the System. You agree to use and display the Marks in the style and graphic manner we describe in the Manuals. You may not use any other trademarks, service marks, or commercial symbols, other than the Marks, to identify or operate your Restaurant.

You may not use any Mark (1) as part of any corporate or legal business name; (2) with any unauthorized prefix, suffix, or other modifying words, terms, designs, or symbols; (3) in selling any unauthorized services or products; (4) as part of any website, domain name, email address, social media account, user name, other online presence or presence on any electronic, virtual, or digital medium of any kind ("**Online Presence**"), except in accordance with our guidelines set forth in the Manuals; or (5) in any other manner that we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale, or other disposition of your Restaurant or an ownership interest in you without our prior written consent. You agree to display the Marks prominently as we prescribe at your Restaurant and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree, during and after the Term, not to directly or indirectly, appropriate, use or duplicate the System or System Standards, or any portion thereof, for use in any other business or endeavor.

C. **NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

You agree to notify us immediately of any apparent infringement or challenge to your use of the Marks or the System, or of any person's claim of any rights in the Marks or the System, and not to communicate with any person other than us, our affiliates and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we or they deem appropriate (including no action) and control exclusively any litigation or other legal or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning the

Marks or the System. You agree to sign any documents and take any other action that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' (as applicable) interests in the Marks and the System.

If we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section with the same legal force and effect as if executed by you.

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of the Marks under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we and our affiliates and may control the defense of any proceeding arising from your use of the Marks under this Agreement. If we choose to control the defense of any such proceeding, we may choose our own legal counsel and other similar representatives, and we will not be liable to you or any of your affiliates or representatives for any costs or expenses incurred on the basis of any additional or separate legal counsel or similar representatives you or they retain.

D. CHANGES TO MARKS AND SYSTEM.

You understand that the Marks and the System may evolve over time, including after you sign this Agreement. If we decide to modify, substitute, add or discontinue the use of any Marks or the System, you agree to make such modifications and updates as we specify and to comply with all other directions we give regarding the use of the Marks and the System in connection with your Restaurant within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, promoting a modified or substitute Mark, or for any loss of revenue due to any modification to the Marks or System.

6. PROPRIETARY INFORMATION.

A. CONFIDENTIALITY.

In connection with your Restaurant, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the System and operation of Nan Xiang Express Restaurants, including your Restaurant (the "**Confidential Information**"), including: (1) site selection criteria, market or demographic research, and/or other real estate reports; (2) training and operations materials and manuals, including the Manuals; (3) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Nan Xiang Express Restaurants; (4) recipes, ingredient lists, nutrition facts, methods of preparation, and other information about products and menu items, including the existence or specifications of any seasonal or other unreleased products and menu items; (5) market research, promotional, marketing and advertising programs; (6) identity of and specifications for Vendors (defined in Section 8.F), Operating Assets, and other products and supplies; (7) any software or technology which is proprietary to the System, including any login credentials for, source code of, and data, reports, and other materials generated by, the software or technology; (8) knowledge of the operating results and financial performance of any Nan Xiang Express Restaurant, including your Restaurant; (9) customer data, including personal information, analytic data regarding customer behavior, and opt-in/opt-out preferences; ~~and~~ (10) any other data, materials, and/or information that is created by, stored in, and/or derived from your Technology System in connection with

your Restaurant; and (11) any other information designated as confidential or proprietary by us or our affiliates.

All Confidential Information will be owned by us or our affiliates (other than Restricted Data, as defined in Section 8.~~K~~L). You acknowledge and agree that: (i) you will not acquire any interest in any of our Confidential Information, other than the right to use it as we specify in operating your Restaurant during the Term, and (ii) our Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you will protect it. You acknowledge that any unauthorized use or disclosure of our Confidential Information would be an unfair method of competition and a breach of trust and confidence and will result in irreparable harm to us and/or our affiliates. You and your owners agree to (and to use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns to):

- (a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of your Restaurant in accordance with this Agreement, and not for any other purpose of any kind;
- (b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative's instructions;
- (c) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating your Restaurant in accordance with this Agreement; and you agree that you will be responsible for any violation of this requirement by any person to whom you provide Confidential Information;
- (d) not make unauthorized copies of any of our Confidential Information;
- (e) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of this Agreement (and we reserve the right to designate or approve the form of confidentiality agreement that you use, provided that it is your responsibility to ensure that such agreement complies with and is enforceable under applicable laws in your jurisdiction); and
- (f) at our request, destroy or return any of the Confidential Information.

Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

We and our affiliates are not making any representations or warranties, express or implied, with respect to the Confidential Information. We and our affiliates have no liability to you and your affiliates for any errors or omissions from the Confidential Information.

B. INNOVATIONS.

All improvements, developments, derivative works, feedback, enhancements, or modifications to the System and any Confidential Information (collectively, “**Innovations**”) made or created by you, your employees or your representatives, whether developed separately or in conjunction with us, shall be owned solely by us and will in no event be owned by you or your affiliates. You represent, warrant, and covenant that your employees and representatives are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your representatives are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us and agree to obtain the same from your personnel and representatives. To that end, you agree to execute, verify, and deliver such documents and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. If we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section with the same legal force and effect as if executed by you.

7. RESTRICTIVE COVENANTS.

A. NON-COMPETITION DURING TERM.

We have granted you the rights in this Agreement in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, you and your owners agree not to (and to use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, representatives, affiliates, successors and assigns not to):

- (i) have any direct or indirect interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than 5% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (ii) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating; or
- (iii) divert or attempt to divert any actual or potential business or customer of any Nan Xiang Express Restaurant to a Competitive Business.

The term “**Competitive Business**” means any business (excluding any Nan Xiang Express Restaurant operated under a franchise agreement) operating or granting franchises or licenses to others to operate any business: (1) that offers and/or sells soup dumplings (“小笼包”), dim sum, and/or any other Chinese cuisine in any form or variation; or (2) whose menu or concept is otherwise substantially similar to that of a Nan Xiang Express Restaurant.

B. NON-INTERFERENCE.

During and after the Term, you and your owners agree not to (and to use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns not to) solicit, interfere, or attempt to interfere with our or our affiliates' relationships with any customers, franchisees, licensees, lenders, Vendors, or consultants.

C. NON-DISPARAGEMENT.

During and after the Term, you and your owners agree not to (and to use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns not to): (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, current and former franchisees of us or our affiliates, the Nan Xiang Express brand, the System, any Nan Xiang Express Restaurant, any business using the Marks, or any other brand concept operated, licensed, or franchised by us or our affiliates; or (ii) take any other action which would, directly or indirectly, subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact or injure the goodwill of the System or the Marks.

8. OPERATION OF YOUR RESTAURANT.

A. SYSTEM STANDARDS.

You agree at all times to operate and maintain your Restaurant according to each and every System Standard, as we periodically modify and supplement them. Though we retain the right to establish and periodically modify System Standards, you retain the sole responsibility for the day-to-day management and operation of your Restaurant and the implementation and maintenance of System Standards at your Restaurant. System Standards may regulate any aspect of the operation and maintenance of your Restaurant, including any one or more of the following:

- (1) amounts and types of Operating Assets and inventory you must purchase, [install](#), [use](#), and/or maintain, and the storage and commercial display of merchandise;
- (2) sales, marketing, advertising, and promotional campaigns, including prize contests, special offers and other national, regional or location marketing programs, and materials and media used in these programs;
- (3) minimum staffing levels, qualifications, training, uniforms, and appearance (although you have sole responsibility and authority concerning all other matters relating to employee and personnel, including hiring and promotion, hours worked, rates of pay and other benefits, work assigned, the manner of performing work, and working conditions);
- (4) use and display of the Marks;
- (5) days and hours of operation;
- (6) accepting credit and debit cards, other payment systems, currencies, and check verification services;

- (7) participation in market research and testing and product and service development programs;
- (8) issuing and honoring gift cards, gift certificates and similar items, and participating in loyalty programs;
- (9) menus, including product offerings, recipes, appearance, and nutrition, allergen, and similar information;
- (10) bookkeeping, accounting, data processing, reporting, and recordkeeping systems and forms;
- (11) participation in quality assurance and customer satisfaction programs;
- (12) policies for the registration, use, content, and/or management of Online Presences or other technology systems, solutions, or products;
- (13) use of any third-party food delivery, online ordering, or other order management or fulfillment services;
- (14) types, amounts, terms, and conditions of insurance coverage required for your Restaurant, including criteria for your insurance carriers; and
- (15) any other aspects of operating and maintaining your Restaurant that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Nan Xiang Express Restaurants.

You understand that the System will continue to evolve and the System Standards may change periodically. These modifications may obligate you to invest additional capital in your Restaurant and/or incur higher operating costs. You agree to implement any changes to your Restaurant in accordance with our System Standards within the time period we request, including by buying new Operating Assets, upgrading or replacing any or all of the Technology System, adding new products and services, or otherwise modifying the nature of your operations. You will be solely responsible for the costs of implementing all changes to your Restaurant in accordance with the System Standards.

You acknowledge and agree that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right to vary System Standards for any franchise owner based on the peculiarities of any condition that we consider important to that franchise owner's successful operation or preserving the goodwill of the System and Marks. We may choose not to authorize similar variations or accommodations to you or other franchise owners.

B. CONDITION OF YOUR RESTAURANT.

You agree to maintain the condition and appearance of your Restaurant, its Operating Assets, and the Premises to meet the highest standards of professionalism, cleanliness, sanitation, efficient, courteous service, and pleasant ambiance. Without limiting the foregoing, you agree to take the following actions during the Term at your expense: (a) cleaning, repainting and redecorating of the interior and exterior of the Premises; (b) interior and exterior repair of the Premises; and (c) repair or replacement of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced). You understand that we may periodically require you to renovate, refurbish, remodel, or replace, at your own

expense, the real and personal property and equipment used in operating your Restaurant, and/or make one or more additional and/or material improvements to your Restaurant, when reasonably required by us to comply with our System Standards.

C. DAMAGE BY CASUALTY

If your Restaurant, or any material portion thereof, is damaged or destroyed by fire, flood, act of God, or other catastrophic event (a “Casualty”), you shall promptly notify us in writing of the occurrence and extent of the damage. Promptly following the date of the Casualty, you shall commence in good faith the repair, replacement, or reconstruction of your Restaurant and all affected improvements, equipment, and signage, to restore your Restaurant to our System Standards. All plans, specifications, and contractors engaged for the repair or reconstruction shall be subject to our prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed. You shall keep us reasonably informed of progress and provide evidence of the status of all remediation as we request. You shall apply all insurance proceeds received in connection with the Casualty to the costs of repair or reconstruction. If this Agreement is terminated due to the Casualty, you must apply any insurance proceeds from the Casualty event first to satisfy your outstanding obligations to us. We may terminate this Agreement if any Casualty event is not remediated within 90 days of occurrence.

D. PRODUCTS AND SERVICES YOUR RESTAURANT OFFERS.

You agree that you will: (1) offer and sell from your Restaurant all of the products and services that we periodically specify; (2) not offer or sell at your Restaurant, the Premises, or any other location any products or services we have not authorized; and (3) discontinue selling and offering for sale any products or services that we at any time disapprove. You will offer for sale and sell at your Restaurant authorized products and services only in the manner (including, days and hours of operation) and at the locations we have prescribed, including that you will not sell any products or services wholesale or through alternative channels of distribution without our written approval.

We may authorize one or more Nan Xiang Express Restaurants to offer additional, different, or modified products or services, and we are under no obligation to authorize every Nan Xiang Express Restaurant to offer the same products or services. We may condition our approval for any such products or services on our then-current criteria, and/or additional terms and conditions that we establish. If we at any time (including after our initial approval) determine that you fail to meet our System Standards for offering or selling any products or services, we may permanently or temporarily terminate your right to offer or sell such products or services; provided, that nothing contained herein will be deemed a waiver of our right to terminate pursuant to Section 14.C.

If we modify our System Standards for the products and services that we require your Restaurant to offer and sell, you must immediately bring your Restaurant into compliance with our System Standards for such products or services, including by purchasing or leasing any necessary Operating Assets, making any required changes to signage and advertising materials, and updating your ~~Computers~~Technology System to include any software, hardware or other equipment necessary to offer such products or services. ~~We may require you to enter into a written agreement with the provider of any technology services, with terms and conditions we approve or require.~~ If we at any time require or permit you to offer delivery, catering and/or any other off-site products or services, we reserve the right to limit the geographic area in which you may offer such services, and we may modify that geographic area from time to time, in our sole discretion.

E. **MANAGEMENT OF YOUR RESTAURANT.**

You are solely responsible for the management, direction, and control of your Restaurant and all day-to-day operations of your Restaurant. You must supervise the management and day-to-day operation of your Restaurant and continuously exert best efforts to promote and enhance your Restaurant. If you (or if you are conducting business as an Entity, your Managing Owner) does not wish to manage the day-to-day operation of your Restaurant on a ~~day-to-day~~full-time basis, you must obtain our approval of any person that you wish to engage to supervise the management of your Restaurant (each a “**General Manager**”). We may establish conditions for approving any such General Manager in our discretion, which may include confirmation that such General Manager will only serve as the General Manager at one Nan Xiang Express Restaurant at a time, have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants we require.

During any period in which no General Manager is approved (including because the General Manager resigns or otherwise indicates to us or you that he or she wishes to cease acting as your General Manager, or we disapprove of your General Manager for any reason), you (or if you are conducting business as an Entity, your Managing Owner) must supervise the day-to-day operations of your Restaurant on a full-time basis. Your Restaurant must always be under the direct on-site supervision of one or more persons who we have approved and who have completed the Initial Training Program to our satisfaction. Each General Manager must complete the Initial Training Program to our satisfaction before providing services at your Restaurant.

F. **APPROVED VENDORS.**

We may designate, approve, or develop System Standards for manufacturers, distributors and suppliers of products and services to your Restaurant (collectively, “**Vendors**”), which may be us and/or our affiliates. You must purchase the products and services we periodically designate only from the Vendors we prescribe or approve, as applicable, and only on the terms and according to the specifications we approve. We may also designate a single Vendor for any product or service, or approve a Vendor only for certain products, which may be us or our affiliates.

We may concentrate purchases with one or more Vendors for any reason, including to obtain lower prices, advertising support and/or services for us, our affiliates, or any group of Nan Xiang Express Restaurants that we designate. You acknowledge and agree that we and/or our affiliates may derive consideration, revenue and profits based on your purchases (including from charging you for products and services we or our affiliates provide to you, and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from Vendors on the basis of sales to you or other franchise owners). We and/or any of our affiliates may retain and use such consideration, revenue, and profit without restriction.

If you would like us to consider approving any proposed alternative Vendor that is not an approved Vendor, you must submit your request in writing before purchasing any items or services from that Vendor. We will make all determinations about whether to approve an alternative Vendor in our sole discretion based on our then-current criteria, which may change from time to time. We may also refuse to consider and/or approve any proposed alternative Vendor for any reason whatsoever, including if we have already designated Vendor(s) for such product or service. If you ask us to evaluate any proposed alternative Vendors, and we agree to such evaluation, you must reimburse us our costs and expenses of evaluating such proposed alternative Vendors upon invoice. We may, with or without cause, revoke our approval of any Vendor at any time.

We may, at our option, arrange with designated Vendors, to collect or have our affiliates collect fees and expenses associated with products and services, to provide such services to you and, in turn, pay the vendor on your behalf for such products or services, and/or conduct other centralized billing or vendor practices. If we elect to do so, you agree that we or our affiliates may auto debit your account for such amounts pursuant to the EFT Authorization that you grant us under Section 3.H.

G. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the operation of your Restaurant and operate your Restaurant in full compliance with all applicable laws, ordinances, and regulations, including food and safety laws, construction and accessibility laws, and data protection and PCI compliance standards. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders, or regulations, and specifically acknowledge and agree that your indemnification responsibilities under Section 16.D apply to any claims alleging that you or your Restaurant have violated any such laws, orders, or regulations. You agree to comply with and assist us in our compliance efforts, as applicable, with any and all laws and regulations. Without limiting the foregoing, you agree to comply with our website privacy policy, as it may be amended periodically. You further agree to comply with any requests to return or delete customer's personal information, whether requested by us or directly by the customer, as required by applicable data sharing and privacy laws.

Your Restaurant must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct in all dealings with customers, suppliers, us, and the public. Promptly upon receipt, you agree to provide us a copy of any and all notices you receive from any person, entity or governmental authority claiming that you (or your affiliates or representatives) have violated any laws, regulations, permits, licenses, agreements or other committed any other breach, default or violation in connection with your Restaurant, including any default notices from any landlord or supplier, any violation notices from a health or safety regulatory board, and any customer complaints alleging violations of law, or which may otherwise adversely affect your operation or financial condition or that of your Restaurant.

H. INSURANCE.

During the Term you must maintain in force at your sole expense the types and amounts of insurance that we require and that comply with the terms of your Lease. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Restaurant's operation or activities of your personnel in the course of their employment. All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

Each insurance policy for liability coverage must name us and any of our affiliates or other designees that we specify as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. Each insurance policy must contain a waiver of all subrogation rights against us and any of our affiliates or other designees that we specify. You must routinely furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying

premiums upon demand. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but are not required to) obtain such insurance for you and your Restaurant on your behalf, in which event you agree to cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Restaurant's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Restaurant that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

I. **PRICING.**

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by Nan Xiang Express Restaurants. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

J. **CONTACT INFORMATION.**

You agree that, as between us and you, we reserve the right to all telephone numbers, fax numbers, email addresses, Online Presences, online listings, and/or any other type of contact information or directory listing for your Restaurant or that you use in the operation or promotion of your Restaurant (collectively, the "**Contact Information**"). The Contact Information may be used only for your Restaurant in accordance with this Agreement and our System Standards and for no other purpose. We may notify any telephone company, listing agencies, website hosting company, domain registrar, social network, and any other third-party owning or controlling any Contact Information, if any information relating to your Restaurant is inaccurate or violates our System Standards, and request that they modify such Contact Information, and/or remove such Contact Information.

K. **TECHNOLOGY SYSTEM**

We may establish System Standards for the Technology System and/or require the use of the designated Technology System for any purpose associated with your Restaurant, including purchasing equipment and supplies, pricing, scheduling, accounting, security, data management, information storage, retrieval and transmission, customer information, customer programs, marketing, communications, or any other business purpose. We may require that you, at your expense, acquire a new or substitute Technology System, and/or replace, upgrade or update the existing Technology System, upon reasonable prior notice. You must take all steps necessary to enable us to have independent and unlimited access to the data collected through the Technology System as we designate, including information regarding your Gross Sales, customer information, service and performance reports, and any other information relating to your Restaurant.

You are solely responsible for protecting the Technology System against computer viruses, bugs, power disruptions, disruptions, internet access failures, internet content failures, data-related problems, and attacks by hackers and other unauthorized intruders.

You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology System. Certain components of the Technology System must be purchased or licensed from designated or approved suppliers, which may be us or our affiliates. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology System and require you to participate in the terms of those agreements, including pricing and fee structures and billing practices.

L. ~~K.~~ INFORMATION SECURITY.

You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, billing and payment information, and/or government-issued identification numbers (“**Personal Information**”). You may gain access to such Personal Information from us, our affiliates, our vendors, and/or your own operations. You acknowledge and agree that all Personal Information (other than Restricted Data, defined below) is our Confidential Information and is subject to the protections in Section 6.A.

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree to, and to cause your respective current and former employees, representatives, affiliates, successors and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes of practice issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws, regulations, and orders relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other person to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach. We reserve the right to conduct a data security and privacy audit of any of your Restaurant and your Technology Systems at any time, from time to time, to ensure that you are complying with our requirements.

Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any of the following Personal Information (collectively, the “**Restricted Data**”): (a) any Personal Information of the employees, officers, contractors, owners or other personnel of you, your affiliates, or your Restaurant; (b) such other Personal Information as we from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which we do not have access. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes of practice issued by industry or regulatory agencies applicable to such Restricted Data.

M. ~~L.~~ EMPLOYEES, AGENTS, AND INDEPENDENT CONTRACTORS.

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Restaurant. You agree that any employee, agent, or independent contractor that you hire will be your employee, agent, or independent contractor, and not our employee, agent, or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Restaurant in compliance with all applicable employment laws.

9. MARKETING.

A. GRAND OPENING ADVERTISING.

You must spend at least \$2,000 for a grand opening advertising program for your Restaurant. You must spend this amount in addition to all other amounts you must spend on advertising specified in this Agreement. The amount you spend on grand opening advertising program will not count towards your Local Advertising Expenditure (defined below) or your Brand Fund Contribution. You agree to submit a plan and budget for your grand opening marketing program to us for our approval at least 30 days before your expected Opening Date, and to complete all grand opening marketing pursuant to the plan we have approved. You must also use any media, materials, programs, and strategies that we require in connection with the grand opening advertising program.

B. BRAND FUND.

We have established a brand fund to administer certain advertising, marketing, and public relations programs for the System, the Nan Xiang Express brand, and the promotion of Nan Xiang Express Restaurants (the “**Brand Fund**”). You must contribute to the Brand Fund (the “**Brand Fund Contribution**”) as follows: (a) in the first month after your Opening Date, an amount equal to \$1,500; and (b) in each month beginning with the second month after your Opening Date and for the remainder of the Term, an amount equal to 1% of your Gross Sales derived in the preceding calendar month. The Brand Fund Contribution must be paid by you in the manner we designate from time to time, which may include collecting it in the same manner as the Royalty. We will have the right, at any time and on notice to you, to change the rate of the Brand Fund Contribution; provided, that the aggregate of the Brand Fund Contribution and the Local Advertising Expenditure (defined below) will not exceed 5% of your Restaurant’s Gross Sales.

We will have exclusive control over all programs and services administered by the Brand Fund, with sole discretion over the creative concepts, materials, and campaigns and their geographic market, media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences or other software or applications; administering national, regional, digital, or local advertising and marketing campaigns and/or programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the brand, the “Nan Xiang Express®” brand, and/or Nan Xiang Express Restaurants. We may also use the Brand Fund to pay for the Brand Fund’s administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are

related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time in our sole discretion.

The purpose of the Brand Fund, if established, will be to promote the Marks, the System, the Nan Xiang Express brand, and Nan Xiang Express Restaurants generally. As such, you acknowledge and agree that there is no guarantee that you or your Restaurant will benefit from Brand Fund expenditures directly or in proportion to your Brand Fund Contribution. You further acknowledge and agree that neither we nor any of our affiliates or representatives has guaranteed the results of any Brand Fund or other marketing or promotional programs, services, or expenditures in any manner.

We will account for the Brand Fund separately from our other funds. However, neither we nor any of our affiliates has any fiduciary obligation to you or any other person for administering the Brand Fund. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may administer the Brand Fund through a separate entity whenever we deem appropriate, and such entity will have all of the rights and duties specified in this Section. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Brand Fund in our sole discretion.

We may, upon prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will spend the remaining balance of the monies in the Brand Fund in accordance with this Section until such amounts are exhausted. We may elect to maintain multiple Brand Funds, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds, in each case provided that each such Brand Fund will otherwise remain subject to this Section.

C. **LOCAL ADVERTISING EXPENDITURES.**

You are solely responsible for conducting all local advertising for your Restaurant. However, you must satisfy our System Standards for all such local advertising, which may include the requirement that you advertise and market your Restaurant in any advertising medium we determine, using forms of advertisement we approve. You must also list your Restaurant with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require. You must comply with all of our System Standards for all advertising for your Restaurant.

You agree to spend an amount that we designate from time to time to advertise and promote your Restaurant, in addition to your obligations under Section 9.A and Section 9.B above (the "**Local Advertising Expenditure**"). We reserve the right to require you to pay part or all of your Local Advertising Expenditure to us or our designee to conduct local marketing in your Restaurant's area. Currently, the Local Advertising Expenditure is an amount equal to 2% of your Gross Sales. We may change the amount of your Local Advertising Expenditure with notice to you, from time to time; provided, that the aggregate of the Brand Fund Contribution and the Local Advertising Expenditure will not exceed 5% of your Restaurant's Gross Sales. You agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising at the intervals and on the dates that we designate from time to time.

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. At least 14 days before you use

them, you agree to send us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 14 days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them. However, we may withdraw our approval at any time and for any reason. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

D. SYSTEM WEBSITES & ONLINE PRESENCES.

We may establish and develop Online Presences to advertise, market, and promote any Nan Xiang Express Restaurants, the products and services that they offer and sell, or the Nan Xiang Express Restaurant franchise opportunity (each a “**System Website**”). We may, but are not obligated to, provide you with a webpage or other Online Presence that references your Restaurant on any System Website. If we provide you with a webpage or other presence on any System Website, you must: (i) provide us the information and materials we request to develop, update, and modify the information about your Restaurant on the System Website; and (ii) notify us whenever any information on the System Website about your Restaurant is not accurate. We will maintain each System Website in our sole discretion, and may use the Brand Fund’s assets to develop, maintain, and update the System Website. We may periodically update and modify any System Website (including references to your Restaurant). We have final approval rights over all information on any System Website (including references to your Restaurant).

If you are in default of any obligation under this Agreement or our System Standards, then we may, in addition to our other remedies, temporarily remove references to your Restaurant from any System Website until you fully cure the default. We will permanently remove all references to your Restaurant from each System Website upon this Agreement’s expiration or termination. All advertising, marketing, and promotional materials that you develop for your Restaurant must contain notices of the System Website’s domain name in the manner we designate.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. You acknowledge and agree that we will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users’ access to it at any time. ~~We reserve the right to charge you a fee for each email address we provide you.~~

Except as provided above, or as approved by us in writing or in the Manuals, you may not develop, maintain, or authorize any Online Presence that mentions your Restaurant, links to any System Website, or displays any of the Marks. You may also not engage in any promotional or similar activities, or sell any products or services, whether directly or indirectly, through any Online Presence, without our prior written approval. If we approve the use of any such Online Presence in the operation of your Restaurant, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on third-party websites and/or maintaining an online privacy policy. Unless we specify otherwise, we will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You must use the Technology System to maintain certain sales and other financial data, customer information and other information we designate. You agree that we will have access to your Technology System ~~at all times and that you must ensure that~~ as we and our designees ~~ate have~~ from time to time, including the right to access, collect, and retain ~~from the Technology System~~ any and all data concerning your Restaurant. At our request, you agree to sign a release with any Vendor of your Technology System, providing us and our designees with such access to the Technology System as we may request from time to time. If such Vendor is not willing to grant independent access for any reason, you agree to provide us and our designees access to your Technology System through your account and/or deliver to us any and all reports, records, receipts and other documents we request regarding your Gross Sales.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You further agree to deliver to us such financial records, including profit and loss statements, operating statements, cash flow statements, statistical reports, bank activity reports, tax records, royalty reports, and such other records we request, at the intervals (e.g. monthly, annual, etc.) and in the formats we specify, including monthly and annual profit and loss and cash flow statements.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may use and/or disclose these reports and/or any data derived from these reports, as we determine in our sole discretion. You agree to preserve and maintain all records in a secure location at your Restaurant for at least three years, or such longer period as may be required by applicable law (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers).

Further, at our request, you will provide current financial information for your owners and guarantors sufficient to demonstrate such owners and guarantors ability to satisfy their financial obligations under their individual guarantees (our form of which is attached hereto as Exhibit B).

If you fail to deliver any required report, financial statement, or other record in compliance with this Agreement by the deadline we specify, we will assess a late reporting fee of \$100 per instance per delinquent record. The late reporting fee is a reasonable estimate of our damages in processing the late report, and is in addition to and not an estimate of any other damages arising from your breach of the Agreement, and is not a waiver of any kind of our right to seek additional remedies arising from your default, including terminating this Agreement under Section 14.C, or other damages, remedies or forms of relief under Section 17. Without limiting the foregoing, you agree that paying such fee will not cure any default under this Agreement for failure to deliver any required report, financial statement, or other record, and/or to pay any amount to us on the basis of such reports and records.

11. INSPECTIONS AND AUDITS.

A. OUR RIGHT TO INSPECT YOUR RESTAURANT.

We and our designated agents or representatives, may at all times and without prior notice to you: (1) inspect your Restaurant; (2) ~~photograph your Restaurant and~~ observe, photograph and record (both audio and videotape) your Restaurant's operation for consecutive or intermittent periods that we deem necessary; (3) continuously or periodically monitor your Restaurant using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) speak with your Restaurant's personnel and customers; (6) inspect your Technology System, including hardware, software, security, configurations, connectivity, and data access; and (7) inspect and copy any books, records, and documents relating to

your Restaurant's operation. Additionally, we may contract with third parties to conduct mystery shopper, customer survey or other market research testing, and quality assurance inspections at your Restaurant. You consent to all photos and video and audio recordings and agree to cooperate with us and our designees fully during the course of these inspections and tests. You agree to obtain all third-party consents required under applicable laws to permit photos and video and audio recordings. You agree to reimburse us for the cost of any quality assurance inspection and mystery shoppers that we engage to inspect your Restaurant from time to time.

If we determine after any inspection of your Restaurant that one or more failures of System Standards exist, we may re-inspect your Restaurant one or more times thereafter to evaluate whether such failures have been cured and/or conduct any other follow-up review that we deem is necessary. You must reimburse all of our costs associated with any failed inspection and all re-inspections and follow-up visits, including vendor fees, travel expenses, room and board, and compensation of our representatives and designees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law if you violate any System Standards.

B. OUR RIGHT TO AUDIT.

We and our agents or representatives may at any time during your business hours, without prior notice to you, examine the bookkeeping and accounting records for your Restaurant, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives in any examination. If any examination discloses an understatement of the Gross Sales, you agree to pay us, within 15 days after receiving the examination report, the amounts that would be due on such understated Gross Sales under this Agreement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement exceeding 2% of the amount that you actually reported to us for the period examined, you agree to reimburse us for our costs of the examination, including the audit cost, charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFER.

A. BY US.

We maintain a staff to manage and operate the franchise system and you understand that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third party without restriction.

B. BY YOU.

The rights and duties this Agreement creates are personal to you (and if you are conducting business as an Entity, each of your owners), and we have granted you the rights under this Agreement in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred, mortgaged, pledged, or encumbered, without our prior written approval: (1) this Agreement (or any interest in this Agreement), (2) your Restaurant or substantially all of its assets, or (3) any direct or indirect ownership interest in you. A transfer of your Restaurant ownership, possession, or control, or

substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our written approval is ~~a breach of this Agreement~~ void and has no effect. In this Agreement, the term “transfer” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including by reason of merger, consolidation, issuance of securities, death, disability, divorce, insolvency, encumbrance, foreclosure, surrender or by operation of law, and/or any transfer, surrender, loss of the possession or control, or management of your Restaurant.

If you intend to list your Restaurant for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Restaurant or of any ownership interest in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Restaurant or of any ownership interest in you without our prior written approval.

C. CONDITIONS FOR APPROVAL OF TRANSFER.

You may not transfer this Agreement before your Restaurant has opened for business. Thereafter, we will approve a transfer if all of the following requirements are met:

(1) you submit an application in writing requesting our consent and providing us all information or documents we request about the transferee and its owners that we request to evaluate their ability to satisfy their respective obligations under our then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of our application and certification requirements, including the criteria that neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest in or perform services for a Competitive Business;

(2) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer, including that you have paid all Royalties, Brand Fund Contributions, and other amounts owed to us, our affiliates, and third-party Vendors, and have submitted all required reports and statements;

(3) you provide us executed versions of any documents executed by you (or your owners) and transferee (and its owners) to effect the transfer, and all other information we request about the proposed transfer, and such transfer meets all of our requirements, including terms, closing date, purchase price, amount of debt and payment terms, and we have determined that the purchase price and other terms of the transfer will not adversely affect the operation of your Restaurant;

(4) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including: (i) a release of any and all claims (except for claims which cannot be released or waived pursuant to applicable law) against us and our affiliates and our and their owners, officers, directors, employees, and agents, and (ii) covenants that you and your transferring owners agree to satisfy all post-termination obligations under this Agreement;

(5) all persons required to complete training under the transferee’s franchise agreement satisfactorily complete our training program, and transferee has paid all costs and expenses we incur to provide the training program to such persons;

(6) if the proposed transfer requires notice to or approval from the landlord of the Premises, or any other action under the terms of the Lease, you have taken such appropriate action and delivered us evidence of the same;

(7) you have corrected any existing deficiencies of your Restaurant of which we have notified you, and/or the transferee agrees to upgrade, remodel, and refurbish your Restaurant in accordance with our then-current specifications for Nan Xiang Express Restaurants within the time period we specify following the date of the transfer and the transferee agrees to escrow an amount we approve for payment of the required upgrade, remodel or refurbishment;

(8) the transferee must (if the transfer is of this Agreement or your Restaurant), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Brand Fund Contribution; provided, that the term of the new franchise agreement signed will equal the then-remaining Term;

(9) the transferee(s) must (if the transfer is any beneficial or ownership interest in you), sign our then-current form of guaranty undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us, and an updated Exhibit A;

(10) you pay us a transfer fee of \$10,000; and

(11) you provide us the evidence we request to show that appropriate measures have been taken to effect the transfer as it relates to the operation of your Restaurant, including, transferring all necessary business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements, each in accordance with our System Standards.

We may review all information regarding your Restaurant that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Restaurant.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Restaurant's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

D. **YOUR DEATH OR DISABILITY.**

Upon the death or disability of you (or if you are conducting business as an Entity, any of your owners), such person's executor, administrator, conservator, guardian, or other personal representative must transfer such person's interest in this Agreement, your Restaurant, or ownership interest in you, to a third party that we approve (which may be such person's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed 180 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 12, except that any transferee that is the spouse or immediate family member of the deceased, will not have to pay the transfer fee described in Section 12.C(10) if the transfer meets all the other conditions in Section 12.C, and the transferee reimburses us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable attorneys' fees. The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent such

person from fulfilling such person's respective duties under this Agreement, as applicable. If your Restaurant is not being managed properly at any time from and after the death or disability of you (if you are conducting business as an individual), your Managing Owner (if you are conducting business as an Entity) or your General Manager, in our sole judgment, we may, but need not, operate the Restaurant on an interim basis (or appoint a third party to operate your Restaurant on an interim basis) in accordance with Section 14.D.

E. TRANSFER TO A WHOLLY-OWNED ENTITY.

If you do not originally sign this Agreement as an Entity, you may transfer this Agreement to an Entity; provided, that: (i) such Entity conducts no business other than your Restaurant and, if applicable, other Nan Xiang Express Restaurants; (ii) you maintain management control of such Entity; (iii) you own and control 100% of the economic interests, equity and voting power of all issued and outstanding ownership interests in such Entity; (iv) all of the assets of your Restaurant are owned, and the business of your Restaurant is conducted only by that single Entity; and (v) you satisfy all conditions applicable to a transfer described in Section 12.C, except that we will not require payment of a transfer fee as described in Section 12.C(10) (provided, that you reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees) and our right of first refusal under Section 12.F will not apply; and (vi) that Entity must expressly assume all of your obligations under this Agreement, your Lease, and otherwise satisfy the conditions under this Agreement, including delivery of insurance certificates to us. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur, including by signing our then-current form of personal guaranty of the obligations of such Entity. You must also sign an assignment ~~and assignment~~ satisfactory to us which must include a release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise statute) against us and our affiliates, and our and their owners, officers, directors, employees, and agents.

F. OUR RIGHT OF FIRST REFUSAL.

If you or any of your owners wish to conduct a transfer described under Section 12.B and Section 12.C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide written offer relating exclusively to an interest in you or in this Agreement and your Restaurant. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (1) we notify you or your selling owner(s) that we intend to purchase the interest within 60 days after we receive a copy of the offer and all other information we request; (2) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity); (3) we or our designee will be offered the same terms for any promissory notes or other deferred payments as those offered by the proposed buyer; (4) we will have an additional 90 days to prepare for closing after notifying you of our election to purchase; and (b) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in any legal business entity.

We have the unrestricted right to assign any or all of our rights under this Section to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Section 12.B and Section 12.C, and if you and your owners and the transferee comply with the conditions in Section 12.B and Section 12.C.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal on the same terms as described above.

13. RENEWAL OF YOUR FRANCHISE.

A. YOUR RIGHT TO RENEW YOUR FRANCHISE.

When this Agreement expires, you may renew your franchise to operate your Restaurant for one successive term of 5 years, if you meet the following conditions:

- (1) you give us written notice of your election to acquire a successor franchise no more than 365 days and no less than 180 days before this Agreement expires;
- (2) you and each of your owners have substantially complied with this Agreement at all times during the Term;
- (3) you maintain possession of the Premises pursuant to a Lease we have approved, which must have a Lease term no less than the full term of the renewal franchise;
- (4) you take all steps identified by us to remodel, refurbish, and/or modernize your Restaurant and otherwise bring your Restaurant into full compliance with the then-current standards and image for new Nan Xiang Express Restaurants, as contained in the Manuals or otherwise set forth in writing by us. Among other things, this may require you (at your expense) to conduct a material remodeling or renovation of your Restaurant, and/or to repair or replace, or to obtain new or additional, signs, Operating Assets, interior and exterior décor items, fixtures, furnishings, equipment, supplies, and other products and materials;
- (5) you pay us our renewal fee of \$10,000;
- (6) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the 60-day period before you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement including that you have paid all Royalties, Brand Fund Contributions, and other amounts owed to us, our affiliates, and third-party Vendors, and have submitted all required reports and statements;
- (7) [your Mandatory Trainees satisfactorily complete any training we may require;](#)
- (8) ~~(7)~~ you, your owners, and/or each spouse sign, as appropriate, the franchise agreement and all other ancillary documents and guaranties we then use to grant franchises for Nan Xiang Express Restaurants (modified as necessary to reflect the fact that it is for a renewal

franchise), which may contain provisions that differ materially from those contained in this Agreement, including changes to your Royalty and Brand Fund Contribution, and which must be signed within 14 days of delivery to you;

(9) ~~(8)~~ you and your owners agree to sign, in a form satisfactory to us, a general release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise statute) against us and our owners, affiliates, officers, directors, employees, agents, successors, and assigns; and

(10) ~~(9)~~ we are then-offering franchises for Nan Xiang Express Restaurants in your geographic market.

If you and/or your owners fail to meet the conditions set forth in this Section, you acknowledge that we are not required to offer you a renewal franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 14.C.

B. ACQUIRING A RENEWAL FRANCHISE.

If we agree to grant you a renewal franchise after we receive your notice that you wish to renew your franchise upon the expiration of the Term, our notice may describe certain remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring your Restaurant into compliance with then-applicable System Standards for new Nan Xiang Express Restaurants, and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies. If our notice states that you must remodel your Restaurant and/or must cure certain deficiencies of your Restaurant or its operation as a condition to our granting you a renewal franchise, and you fail to complete the remodeling and/or to cure those deficiencies, we may revoke any approval of such a renewal franchise we may have awarded. If you fail to notify us of your election to acquire a renewal franchise within the prescribed time period, we need not grant you a renewal franchise.

14. TERMINATION OF AGREEMENT.

A. AUTOMATIC.

This Agreement and all rights granted to you in this Agreement shall automatically terminate without notice if: (i) you make an assignment for the benefit of creditors; (ii) you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; (iii) your Restaurant is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; (iv) any order appointing a receiver, trustee, or liquidator of you or your Restaurant is not vacated within 30 days following the order's entry; and/or (v) you or any of your owners file a petition in bankruptcy or a petition in bankruptcy is filed against you.

B. BY YOU.

If you and your owners are fully complying with this Agreement and we materially fail to comply with this Agreement and do not correct the failure within 30 days after you deliver written notice of the material failure to us or if we cannot correct the failure within 30 days and we fail to give you within 30 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional 30 days after you deliver to us written notice of

termination. Your termination of this Agreement other than according to this Section 14.B will be deemed a termination without cause and a breach of this Agreement.

C. **BY US.**

We may terminate this Agreement, effective upon delivery of written notice to you, if:

(1) you or any of your owners have made or make any material misrepresentation or omission in acquiring the rights under this Agreement or operating your Restaurant;

(2) you do not obtain lawful possession of a Premises we have approved and deliver to us a fully executed copy of the Lease and lease addendum we have approved for such Premises, in each case by the deadline set forth in Section 2.A;

(3) you do not satisfy all of your development obligations specified in this Agreement, including obtaining our approval prior to opening your Restaurant, and open your Restaurant for business by the deadline specified in Section 2.C;

(4) your Mandatory Trainees do not satisfactorily complete the Initial Training Program;

(5) you abandon or fail to actively operate your Restaurant for more than 7 consecutive days of operation, or you provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of your Restaurant;

(6) you or your owners are subject to an adverse judgment, order, or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim;

(7) ~~(6)~~ you or any of your owners are or have been convicted of or have pleaded no contest or guilty to a felony;

(8) ~~(7)~~ you fail to maintain the insurance we require and do not correct the failure within 10 days after we deliver written notice of that failure to you;

(9) ~~(8)~~ you create or allow to exist any condition in connection with your operation of your Restaurant, at any location, which we reasonably determine to present an immediate health or safety concern for your Restaurant's customers or employees;

(10) ~~(9)~~ you fail to prepare any of the System's core menu items (including xiao long bao dumplings) in accordance with our System Standards, and/or fail to offer, sell, and serve such core menu items from your Restaurant during any required operating hours, and in each case do not cure such failure within 48 hours of notice from us;

(11) ~~(10)~~ you or any of your owners violate any of the covenants made in Section 5 (Intellectual Property), Section 6 (Proprietary Information) or Section 7 (Restrictive Covenants);

(12) ~~(11)~~ you or any of your owners make or attempt to make an unauthorized transfer under Section 12;

(13) ~~(12)~~ an event of default occurs under the terms of your Lease, your Lease is terminated by either party thereto, or you otherwise lose the right to occupy the Premises, whether or not through any fault of yours;

(14) ~~(13)~~ you violate any law, ordinance, rule, or regulation of a governmental agency in connection with the operation of your Restaurant and fail to correct such violation within 72 hours after notice to you, whether from us or any other party;

(15) ~~(14)~~ you fail to pay us or our affiliates any amounts due and do not correct the failure within 10 days after notice to you;

(16) ~~or you or any of your owners or affiliates~~ fail to pay any other third-party obligations, including any landlord, supplier, or lender, any amounts owed in connection with your ~~ownership or operation of your~~ Restaurant when due, and/or breach any other material obligation to such third-party, and do not ~~correct~~ cure such failure within any applicable cure periods ~~permitted by the person to whom such obligations are owed~~ granted by such third-party;

(17) ~~(15)~~ you fail to pay when due any federal or state income, service, sales, use, employment, or other taxes due on or in connection with the operation of your Restaurant, unless you are in good faith contesting your liability for these taxes;

(18) ~~(16)~~ you understate the Gross Sales three times or more during the Term;

(19) ~~(17)~~ you (or any of your owners) (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(20) ~~(18)~~ you fail to pass quality assurance audits, mystery shopper visit, or other inspection, and do not cure all deficiencies within 15 days after notice to you;

(21) ~~(19)~~ you or any of your owner(s) fail to comply with any other provision of this Agreement or any System Standard, and do not correct the failure within 30 days after notice to you;

(22) ~~(20)~~ you (or any of your owners) engage in conduct which negatively impacts or injures the goodwill of the Marks, the System, and/or Nan Xiang Express Restaurants; ~~or~~

(23) you, your Managing Owner, and/or your General Manager have acted inappropriately or abusively towards us or our representative, other franchisees, and/or customers on two or more occasions, whether in connection with your Restaurant under this Agreement and/or any other agreement with us or our affiliates; or

(24) ~~(21)~~ you or an affiliate fails to comply with any other agreement with us or our affiliate and do not correct such failure within the applicable cure period, if any.

D. INTERIM OPERATIONS.

We have the right, but not the obligation, to enter the Premises and operate your Restaurant on an interim basis, or to appoint a third party to operate your Restaurant on an interim basis: (1) if you abandon or fail actively to operate your Restaurant for a period of more than 7 consecutive days; (2) at any time after the death or disability of you (if you are conducting business as an individual) or your Managing Owner (if you are conducting business as an Entity), if your Restaurant is at any time not being managed properly, as required by Section ~~12.8.D.E~~; or (3) if this Agreement expires or is terminated and we are transitioning your Restaurant operations to us or another person we designate, or determining whether to do so.

If we elect to operate your Restaurant on any interim basis, you must cooperate with us and our designees, continue to support the operations of your Restaurant, and comply with all of our instructions and System Standards, including making available any and all books, records, and accounts. You understand and acknowledge that during any such interim period, you are still the owner of your Restaurant, and you continue to bear sole liability for any and all accounts payable, obligations, and/or contracts, including all obligations under the Lease and all obligations to your vendors, employees, and contractors, and any and all sales tax, income tax, and other taxes and charges arising from the Gross Sales of your Restaurant, in each case unless and until we expressly assume them in connection with the purchase of your Restaurant under Section 15.D. If we or our designee operate your Restaurant on an interim basis, you acknowledge that we or our designee will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Restaurant incurs, or to any of your creditors for any supplies, products, or other assets or services your Restaurant purchases, while we or our designee manage it. You understand that we are not required to use your employees, vendors, or contractors to operate your Restaurant. You also agree that we may elect to cease such interim operations of your Restaurant at any time.

During any time period that we elect to operate your Restaurant on any interim basis, we will collect the Gross Sales of your Restaurant in an account we designate, which may be your business account and/or the business account of us or one of our affiliates or designees. We will account for and deduct from such Gross Sales all operating expenses of your Restaurant, including: (a) any applicable Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates, and (b) any and all of our and our affiliates' and our designees' costs and expenses arising from such interim operations, which you hereby agree that you will reimburse in full as an operating expense of your Restaurant. Any and all Gross Sales that exceed the expenses of your Restaurant during the period of interim operations, as we determine and calculate, will be retained by us in full and will become our property, as consideration for the interim operations that we are providing under this Section. If the Gross Sales derived from operations of your Restaurant is less than the amount of the associated expenses during the time of any interim operations, you are solely directly responsible for the balance of all such expenses and costs, including reimbursement of our and our affiliates' and designee's costs and expenses, and payment of any Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates. We may collect any amounts owed to us, our affiliates, or designees directly from any Gross Sales, and/or pay over such amounts to us, our affiliates, or designees in any manner we see fit.

Our decision to operate your Restaurant on an interim basis will not affect our right to terminate this Agreement under Section 14. Your indemnification obligations set forth under Section 16.D will apply during any period that we or our designee operate your Restaurant on an interim basis.

15. **RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.**

A. **PAYMENT OF AMOUNTS OWED TO US.**

You agree to pay us the Royalty, Brand Fund Contributions, late fees and interest, and all other amounts owed to us and our affiliates which then are unpaid within 5 days after this Agreement expires or is terminated.

B. **DE-IDENTIFICATION.**

Upon termination or expiration of this Agreement you and your owners must immediately:

(1) close your Restaurant for business to customers and cease to directly or indirectly sell any products and services of any kind and in any manner from your Restaurant and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 15.D;

(2) cease to directly or indirectly use any Mark, any colorable imitation of a Mark, other indicia of a Nan Xiang Express Restaurant, or any trade name, trademark, service mark, or other commercial symbol that indicates or suggests a connection or association with us or the System, in any manner or for any purpose (except in connection with other Nan Xiang Express Restaurants you operate in compliance with the terms of a valid Franchise Agreement with us);

(3) cease to directly or indirectly identify yourself or your business as a current or former Nan Xiang Express Restaurant or as one of our current or former franchise owners (except in connection with other Nan Xiang Express Restaurants you operate in compliance with the terms of a valid Franchise Agreement with us) and take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(4) if we do not exercise our option to purchase your Restaurant under Section 15.D below, promptly and at your own expense, make the alterations we specify to distinguish your Restaurant clearly from its former appearance and from other Nan Xiang Express Restaurants, including by removing all materials and signage bearing our Marks and removing from both the interior and exterior of the Premises all materials and components of our trade dress as we determine to be necessary in order to prevent public confusion and in order to comply with the non-competition provisions set forth in Section 15.C;

(5) cease using and, at our direction, either disable or transfer, assign or otherwise convey to us full control of all Contact Information and Online Presences that you used to operate your Restaurant or that displays any of the Marks or any reference to the franchise system (provided that all liabilities and obligations arising from any such Contact Information or Online Presence prior to the date of the transfer, assignment or conveyance to us will remain your sole responsibility in all respects, and any costs we incur in connection therewith will be indemnifiable under Section 16.D);

(6) return to us or destroy (as we require) all items, forms and materials containing any Mark or otherwise identifying or relating to Nan Xiang Express Restaurants, and any and all Confidential Information (including the Manuals and any and all customer data or other information from your Technology System);

(7) comply with all other System Standards we establish from time to time (and all applicable laws) in connection with the closure and de-identification of your Restaurant, including as it relates to disposing of Personal Information, in any form, in your possession or the possession of any of your employees; and

(8) give us evidence satisfactory to us of your compliance with these obligations.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Restaurant. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. You hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to effect the foregoing purposes.

C. COVENANT NOT TO COMPETE.

For two years beginning on the date of termination or expiration of this Agreement, you and your owners agree not to (and to use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, representatives, affiliates, successors and assigns not to): (1) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business; (2) lease or sublease the Premises to a Competitive Business; and/or (3) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, in each case, if such Competitive Business is located or operating:

- (a) at the Premises or within a 25-mile radius of the Premises; or
- (b) within a 10-mile radius of any other Nan Xiang Express Restaurant.

If any person restricted by this Section fails to comply with these obligations as of the date of termination or expiration, the two-year restricted period for that person will commence on the date the person begins to comply with this Section, which may be the date a court order is entered enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. The restrictions in this Section will also apply after any transfer, to the transferor and its owners, for a period of two years beginning on the effective date of the transfer, with the force and effect as though this Agreement had been terminated for such parties as of such date.

D. OUR RIGHT TO PURCHASE YOUR RESTAURANT.

We have the option to purchase any or all of the assets of your Restaurant, including your Premises (if you or one of your owners or affiliates owns the Premises) upon termination or expiration of this Agreement. We have the unrestricted right to assign this option to purchase. We may exercise this option by giving you written notice within 30 days after the date of such termination or expiration. The purchase price for your Restaurant will be the net realizable value of the tangible assets in accordance with the liquidation basis of accounting (not the value of your Restaurant as a going concern). If you dispute our calculation of the purchase price, the purchase price will be determined by one independent accredited appraiser designated by us who will calculate the purchase price applying the criteria specified above. We agree to select the appraiser within 15 days after we receive the financial and other

information necessary to calculate the purchase price (if you and we have not agreed on the purchase price before then). You and we will share equally the appraiser's fees and expenses. The appraiser must complete its calculation within 30 days after its appointment. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates.

Closing of the purchase will take place, as described below, on a date we select which is within 90 days after determination of the purchase price in accordance with this Section, although we or our designee may decide after the purchase price is determined not to purchase your Restaurant and/or the Premises. At the closing, you agree to deliver to us or our designee: (a) an asset purchase agreement and related agreements in the form we dictate, which provide all customary warranties and representations, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; (b) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all taxes paid by you, including sales, goods and services, harmonized sales, use, value added, retailer's excise, or similar taxes; (c) any and all of your Restaurant's licenses and permits which may be assigned or transferred; (d) the ownership interest or leasehold interest (as applicable, if we determine) in the Premises and improvements or a lease assignment or lease or sublease, as applicable; and (d) an agreement, in form and substance satisfactory to us, voluntarily terminating this Agreement, under which you agree to comply with all post-term obligations under this Agreement, and that you and your owners agree to a general release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise statute) against us and our owners, affiliates, officers, directors, employees, agents, successors, and assigns. If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow.

E. **LOST REVENUE DAMAGES.**

If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, and that the Brand Fund would have otherwise derived from your continued Brand Fund Contributions, through the remainder of the Term. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced (the "**Lost Revenue Damages**"), is an amount equal to the net present value of the Royalties and Brand Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (a) 36 months following the date of termination; or (b) the scheduled expiration of the Term. For the purposes of this Section, Royalties and Brand Fund Contributions will be calculated based on the average monthly Gross Sales of your Restaurant during the 12 full calendar months immediately preceding the last date of regular operations of your Restaurant; provided, that if as of such date, your Restaurant has not been operating for at least 12 months, Royalties and Brand Fund Contributions will be calculated based on the average monthly Gross Sales of all Nan Xiang Express Restaurants operating under the Marks during the fiscal year immediately preceding the termination date.

You agree to pay us Lost Revenue Damages within 5 days after this Agreement is terminated. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

F. **CONTINUING OBLIGATIONS.**

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including all obligations relating to non-disparagement, non-competition, non-interference, confidentiality, information security, Innovations, and indemnification.

16. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A. **INDEPENDENT CONTRACTORS.**

This Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, Vendors, public officials, your personnel, and others as the sole owner and operator of your Restaurant and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time. You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under this Agreement, and not our affiliates, designees, officers, directors, employees, or other representatives or agents.

B. **NO LIABILITY TO OR FOR ACTS OF OTHER PARTY.**

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Restaurant or the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any product Vendors.

C. **TAXES.**

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Restaurant, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any such taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

D. **INDEMNIFICATION.**

You agree to indemnify, defend, and hold harmless us, our affiliates, and each of our and their respective affiliates, owners, directors, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of: (i) the development and operation of your Restaurant; (ii) the business you conduct under this Agreement; (iii) your breach of this Agreement; (iv) your employment practices, instituted by your employees or by others; and/or (v) the actions or omissions of you, your owners, or your and their respective representatives, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction or arbitrator. For purposes of this indemnification, "**claims**" include all obligations, damages

(actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced.

Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section. Any Indemnified Party may demand that you advance funds to such Indemnified Party to pay for any claims that are indemnifiable under this Section, and you will advance such funds promptly upon demand; provided, however, that if (and only to the limited extent that) any such claim is ultimately determined not to be indemnifiable under this Section in a final, unappealable ruling issued by a court with competent jurisdiction or arbitrator, such Indemnified Party must reimburse any portion of such funds that are attributable to such non-indemnifiable claims.

17. **ENFORCEMENT.**

A. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, arbitrator, agency, or other tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. **WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any

other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice.

No right, power, or option you or we are provided under this Agreement will be impaired or waived because of any custom or practice at variance with this Agreement's terms or your or our failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Nan Xiang Express Restaurants; the existence of franchise agreements for other Nan Xiang Express Restaurants which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: 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.

C. **COSTS AND ATTORNEYS' FEES.**

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs, and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

D. **RIGHTS OF PARTIES ARE CUMULATIVE.**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

E. **ARBITRATION.**

We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you and your owners, guarantors, affiliates, and employees, on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, ~~109-5th Street~~ Saddle Brook, NJ-~~07663~~). All matters relating to arbitration will be governed by the Federal

Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this Section, and in any action in which a party seeks to enforce compliance with this Section, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT A PROCEEDING REQUIRED UNDER THIS SECTION TO BE SUBMITTED TO ARBITRATION MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS; (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING; (III) JOINED WITH ANY SEPARATE CONTROVERSY, DISPUTE OR CLAIM OF AN UNAFFILIATED THIRD-PARTY; OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

F. **GOVERNING LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement and any related agreements, the franchise and rights granted hereunder and thereunder, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the state of New Jersey, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

G. **CONSENT TO JURISDICTION.**

Subject to the obligation to arbitrate under Section 17.E above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to our or, as applicable, our successor's or assign's then-current principal place of business (currently, ~~109-5th Street~~ Saddle Brook, NJ-07663), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

H. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION.**

Except for your obligation to indemnify us for third party claims under Section 16.D, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any proceeding brought by either of us.

We and you agree that any proceeding between us or relating to this Agreement will be conducted on an individual basis and that any proceeding between us and any of our affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you or your owners, guarantors, affiliates, and employees, on the other hand, may not be: (i) conducted on a class wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent.

I. **INJUNCTIVE RELIEF.**

Nothing in this Agreement, including the provisions of Section 17.E, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

J. **LIMITATIONS OF CLAIMS.**

You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. UNLESS PROHIBITED BY APPLICABLE LAW, EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RESTAURANT, OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our affiliates' members, managers, shareholders, directors, officers, employees, and agents shall neither be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

K. **BINDING EFFECT.**

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Manuals and System Standards, this Agreement may not be modified except by a written agreement signed by our and your duly authorized officers.

L. **CONSTRUCTION.**

The preambles and exhibits are a part of this Agreement, which together with this Agreement constitute our and your entire agreement relating to the matters contemplated hereby, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Restaurant (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as provided in this Agreement, including Section 16.D, Section 17.E, and those provisions expressly benefiting our affiliates, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to: (i) "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal; (ii)

“affiliate” of any person means any other person that is directly or indirectly owned or controlled by, under common control with, or owning or controlling such person; (iii) “control” of any person means the ownership interest of greater than 50% of the outstanding ownership interests of any entity, and/or the power to direct or cause the direction of management and policies; (iv) “ownership interest” means any direct or indirect title, ownership and/or beneficial interest in the equity, voting rights, or economic interest in any Entity; (v) “owner” means any person that holds any direct or indirect ownership interest in an Entity; (vi) “person” means any natural person, Entity, unincorporated association, cooperative, or other legal or functional organization; (vii) unless otherwise specified, “days” means calendar days and not business days; and (viii) “your Restaurant” includes all of the assets of the Nan Xiang Express Restaurant you operate under this Agreement, including its revenue and the Lease. The use of the term “including” in this Agreement, means in each case “including, without limitation.” If two or more persons are at any time the owners of the franchise and/or your Restaurant, their obligations and liabilities will be joint and several.

18. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manuals will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand and/or otherwise actually received by the applicable recipient, (ii) at the time delivered via electronic transmission and, in the case of the Royalty, Brand Fund Contributions, and other amounts due, at the time we actually receive electronic payment, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Notices must be sent to each party at its most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of the Premises. Any notice we send you by electronic means will be deemed delivered if it is delivered to the address of the Managing Owner listed on Exhibit A, or any other email address your Managing Owner has notified us of, and/or any branded email address we issue your Managing Owner that is associated with a System Website.

19. PROHIBITED PARTIES.

You hereby represent and warrant to us, as an express consideration for the franchise granted hereby, that neither you nor any of your owners, employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

~~1-~~ (1) listed ~~Listed~~ on: (a) the U.S. Treasury Department’s List of Specially Designated Nationals; (b) the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders; (c) the U.S. State Department’s Debarred List or Nonproliferation Sanctions; or (d) the Annex to U.S. Executive Order 13224.

~~2-~~; or (2) a ~~A~~ person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism. You further represent and warrant to us that you and your owners are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you or your owners to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all of your owners, employees, agents, representatives, and any other person or entity associated with you not to, during the Term, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

20. **EXECUTION.**

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. This Agreement may be executed by electronic means.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**NAN XIANG EXPRESS FRANCHISOR
LLC** a Nevada limited liability company

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

Date: _____

**EXHIBIT A
TO FRANCHISE AGREEMENT**

FRANCHISEE INFORMATION

1. **Entity Formation:** You were formed on _____, _____ under the laws of the State of _____.

2. **Management:** The following is a list of your directors, officers, managers, or anyone else with a management position or title:

<u>Name of Individual</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest:

<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
_____	_____
_____	_____
_____	_____

4. **Managing Owner:**
- a. Name: _____
- b. Email Address: _____

5. **General Manager(s):** _____

**NAN XIANG EXPRESS FRANCHISOR
LLC, a Nevada limited liability company**

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT B
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a “**Guarantor**”) to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the “**Agreement**”) on this date by **NAN XIANG EXPRESS FRANCHISOR LLC**, a Nevada limited liability company (“**us,**” “**we,**” or “**our**”), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (“**Franchise Owner**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each Guarantor consents and agrees that: (1) Guarantor’s direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including the acceptance of any partial payment or performance or the compromise or release of any claims, or any amendment, waiver or restatement to any terms of the Agreement, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor’s ability to satisfy the financial obligations of Franchise Owner under the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Franchise Owner arising as a result of the Guarantor’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor’s undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 17 (Enforcement) of the Agreement, including Section 17.E (Arbitration), Section 17.G (Consent to Jurisdiction) and Section 17.C (Costs and Attorneys’ Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any

disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse and personally agrees to be bound by the obligations in the Agreement regarding confidential information (Section 6) and the restrictive covenants regarding non-competition, non-interference and non- disparagement (Sections 7 and ~~16~~15.C). Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely for the purposes described above and, as necessary, to bind the assets of the marital estate as described herein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchise Owner (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guaranty is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

GUARANTOR(S)	SPOUSE(S)
Sign: _____ Name: _____ Address: _____ _____ _____ Email Address: _____	Sign: _____ Name: _____ Address: _____ _____ _____ Email Address: _____
Sign: _____ Name: _____ Address: _____ _____ _____ Email Address: _____	Sign: _____ Name: _____ Address: _____ _____ _____ Email Address: _____
Sign: _____ Name: _____ Address: _____ _____ _____ Email Address: _____	Sign: _____ Name: _____ Address: _____ _____ _____ Email Address: _____

**EXHIBIT C
TO FRANCHISE AGREEMENT**

PROTECTED TERRITORY

The Protected Territory is: _____

NAN XIANG EXPRESS FRANCHISOR
LLC, a Nevada limited liability company

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**EXHIBIT D
TO FRANCHISE AGREEMENT**

STATE-SPECIFIC RIDERS

The various state-specific terms listed below will apply to the Franchise Agreement and modify the terms to the Franchise Agreement, if the transaction satisfies the jurisdictional requirements described below for any particular state law, and is not otherwise exempt from such law. The provisions of multiple states may apply.

ILLINOIS

The following provisions are annexed to and form part of the Franchise Agreement if and only if, and in such case to the extent that: (a) you are domiciled in the State of Illinois or (b) the offer of the franchise is made or accepted in the State of Illinois, and, if (a) or (b) is satisfied, your franchised business is or will be operated in the State of Illinois.

1. The following language is added to the end of the Franchise Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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

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

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

2. The following language is added to the end of Section 3 of the Franchise Agreement:

All initial fees and payments owed by franchisees shall be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

MARYLAND

The following provisions are annexed to and form part of the Franchise Agreement if and only if, and in such case to the extent that: (a) you are a resident of the State of Maryland; or (b) your franchised business is or will be operated in the State of Maryland; or (c) the offer to sell you a franchise or the offer to buy a franchise from us was made in the State of Maryland.

1. The following is added to the end of Sections 12.B, 12.C(4), 12.E, 13.A(8), and 15.D of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer/sale will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of Section 14.A of the Franchise Agreement:

This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

3. Section 17.E of the Franchise Agreement is supplemented by adding the following to the end of the Section:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Section 17.G of the Franchise Agreement is supplemented by adding the following to the end of the Section.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law.

5. The following is added to the end of Section 17.J of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

7. 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.

MINNESOTA

The following provisions are annexed to and form part of the Franchise Agreement if and only if, and in such case to the extent that: (a) your franchised business will be operated wholly or partly in Minnesota; and/or (b) you are either a resident of, domiciled in, or actually present in Minnesota.

1. The following is added to the end of Section 5.C of the Franchise Agreement:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec 80C.12 Subd. 1(g).

2. The following is added to the end of Sections 12.B, 12.C(4), 12.E, 13.A(8), and 15.D of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. The following is added to the end of Sections 13.A and 14 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

4. The following language is added to the end of Section 15.E of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

5. The following is added to Section 17.I of the Franchise Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

6. The following is added to the end of Section 17.J of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

7. Notwithstanding anything to the contrary contained in the Franchise Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

8. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise

Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

9. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

NEW YORK

The following provisions are annexed to and form part of the Franchise Agreement if and only if, and in such case to the extent that: (a) you are domiciled in, and your franchised business will be operated in, the State of New York; or (b) our offer to sell you a franchise is made from or your offer to buy a franchise from us accepted in the State of New York.

1. The following is added to the end of Sections 12.B, 12.C(4), 12.E, 13.A(8), and 15.D of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and ~~687.4~~687.5, as amended.

2. The following sentence is added to the end of Section 12.A of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under the Franchise Agreement.

3. The following sentence is added to the end of Section ~~12~~14.B of the Franchise Agreement:

You also may terminate the Franchise Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. The following sentence is added to the end of Sections 17.F and 17.G of the Franchise Agreement:

This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law as amended, and the regulations issued thereunder.

NORTH DAKOTA

The following provisions are annexed to and form part of the Franchise Agreement if and only if, and in such case to the extent that: (a) you are domiciled in, and your franchised business will be operated in, the State of North Dakota; or (b) our offer to sell you a franchise is made from or your offer to buy a franchise from us accepted in the State of North Dakota.

1. The following is added to the end of Sections ~~12C~~12.C, 12.E and ~~13A~~13.A(8) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of Section ~~15C~~15.C of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. The following language is added to the end of Section ~~15E~~15.E of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

4. The following language is added to the end of Section ~~17E~~17.E of the Franchise Agreement:

The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

~~Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.~~

5. The following is added to the end of Section ~~17G~~17.G of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

6. To the extent required by the North Dakota Franchise Investment Law, Section ~~17H~~17.H of the Franchise Agreement is deleted.

7. The following is added to the end of the first paragraph Section ~~17J~~17.J of the Franchise Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

RHODE ISLAND

The following provisions are annexed to and form part of the Franchise Agreement if and only if, and in such case to the extent that: (a) you are domiciled in, and your franchised business will be operated in, the State of Rhode Island; or (b) our offer to sell you a franchise is made from or your offer to buy a franchise from us accepted in the State of Rhode Island.

D-1

1. The following is added at the ends of Section ~~17E~~17.E and ~~17G~~17.G of the Franchise Agreement:

Section 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.”

2. The following is added at the end of Section ~~17G~~17.G of the Franchise Agreement:
Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The ~~following~~ provisions ~~are annexed to and~~ of this Addendum form an integral part of, are incorporated into, and modify the Franchise ~~Agreement if and only if, and in such case to the extent that: (a) our offer to sell you a franchise is directed into and received in the State of~~ Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; ~~or~~ (b) you are the purchaser of the franchise is a resident of ~~the State of~~ Washington; and/or (c) ~~your~~ the franchised business ~~is or will~~ that is the subject of the sale is to be located or operated, wholly or partly, in ~~the State of~~ Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such

release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. Franchisor's Business Judgment. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed

\$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

- 15. Non-solicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
- 16. Questionnaires and Acknowledgements. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
- 18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
- 19. Financial Assurance. We will defer collection of the Initial Franchise Fee and all initial franchise fees you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and your restaurant opens for business.
- 20. Lost Revenue Damages. As required by the Director of the Department of Financial Institutions, we hereby agree not to collect Lost Revenue Damages from you in an amount greater than the net present value of the Royalties and Brand Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (i) 2 years following the date of termination; or (ii) the scheduled expiration of the Term.

[\[Signature Page to Follow\]](#)

NAN XIANG EXPRESS FRANCHISOR
LLC, a Nevada limited liability company

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

Nan
~~2025~~2026
~~1597.002.001/438952~~
FDD |
Xiang
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Ex.

D-1
Express
B-1 - Form

Franchisor
of Franchise

LLC
Agreement

EXHIBIT B-2

REPRESENTATIONS STATEMENT

REPRESENTATIONS STATEMENT

DO NOT COMPLETE OR SIGN THIS QUESTIONNAIRE REPRESENTATION STATEMENT IF YOU ARE A RESIDENT, LOCATED IN, YOUR NAN XIANG EXPRESS'S STORE RESTAURANT WILL BE LOCATED IN OR OPERATED IN, OR THE FRANCHISE GRANTED IS SUBJECT TO THE FRANCHISE REGISTRATION OR DISCLOSURE LAWS OF: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

The purpose of this Statement is to demonstrate to NAN XIANG EXPRESS FRANCHISOR LLC. (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Nan Xiang Express’s Store Restaurant franchise rights is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document (the “FDD”) in deciding to purchase the franchise. In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD at least 14 calendar days before I executed a Franchise Agreement or paid Franchisor or its affiliates any fees. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these agreements and only in these agreements. I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its affiliates, officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	<p>INITIAL:</p>
<p>My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.</p>	<p>INITIAL:</p>
<p>I have made my own independent determination that I have the capital necessary to fund the franchised business and my living expenses, particularly during the start-up phase.</p>	<p>INITIAL:</p>

<p>PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.</p> <p>Have you received any information from the Franchisor or any of its affiliates, officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchised business (including any statement, promise or assurance concerning the likelihood of success)?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Initial Here: ____)</p> <p>If you selected "Yes," please describe the information you received on the lines below:</p> <p>_____</p> <p>_____.</p>	<p>INITIAL:</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

Entity Name

Sign: _____

Name: _____

Title: _____

DATED: _____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL):

Individual Name

Sign: _____

DATED: _____

EXHIBIT B-3

SAMPLE GENERAL RELEASE

NAN XIANG EXPRESS FRANCHISOR LLC

GENERAL RELEASE AGREEMENT

NAN XIANG EXPRESS FRANCHISOR LLC (“we,” “us,” or “our”) and _____ (“you” or “your”) are currently are parties to a certain franchise agreement dated _____ (the “Agreement”). You have asked us to take the following action or to agree to the following request: _____

_____. We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

You and your owners, jointly and severally, on behalf of themselves and their spouses and immediate family members, and each such foregoing person’s or entity’s respective affiliates, employees, owners, officers, directors, successors, assigns, spouses and immediate family members (the “**Releasing Parties**”) hereby fully and forever unconditionally release and discharge us and our current and former affiliates, parents, subsidiaries, franchisees, area developers, owners, agents, insurers and our and their respective affiliates, employees, officers, directors, successors, assigns, owners, guarantors and other representatives (the “**Franchisor Parties**”), of and from any and all claims, obligations, debts, proceedings, demands, causes of action, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, and known or unknown, suspected or unsuspected, whether at law or in equity, which any of them has, had, or may have against any of the Franchisor Parties, from the beginning of time to the date of this document (together, **Claims**”), including any and all Claims in any way arising out of or relating to the Agreement or the relationship of the Releasing Parties with any of the Franchisor Parties. You and your owners, on your own behalf and the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity.

IF THE FRANCHISED BUSINESS YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF ANY OF THE RELEASING PARTIES ARE RESIDENTS OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN

FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchised business is located in Maryland or if you are a resident of Maryland, the following shall apply: Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

For Washington franchisees, the general release form does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this document on the date stated below.

NAN XIANG EXPRESS FRANCHISOR LLC
a Nevada limited liability company

Sign: _____

Name: _____

Title: _____

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

Entity Name

Sign: _____

Name: _____

Title: _____

DATED: _____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL):

Individual Name

Sign: _____

DATED: _____

EXHIBIT C

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<u>Topic</u>	<u>No. of Pages</u>
Manager Handbook.....	7
Cashier Service Steps.....	4
Packer Service Steps.....	2
Menu Item SOP.....	2

EXHIBIT D-1

LIST OF CURRENT FRANCHISEES

FRANCHISED OUTLETS
AS OF DECEMBER 31, ~~2024~~2025

	Franchisee	Address	City	State	Telephone Number
1	Ting Management Group Corp.	52 Beach St	Boston	MA	617-992-2600
	Ting Management Group Corp. ⁺	1750 Washington St	Boston	MA	617-992-2600
	Tsaocha Durham LLC	1605 Erwin Rd	Durham	NC	919-748-3288
	Kim & Hua Holding LLC	2783 Broadway	New York	NY	212-871-1788
	Kim & Hua Holding LLC	167 Grand St	Brooklyn	NY	347-799-1078
	Kim & Hua Holding <u>Tsaocha Durham LLC</u> ⁺	654 9th Ave <u>1605 Erwin Rd</u>	New York <u>Durham</u>	NY <u>NC</u>	646-449-8086 <u>919-748-3288</u>
	<u>Nan Xiang Houston LLC</u>	<u>13126 Farm to Market 1960 Rd W Suite 150</u>	<u>Houston</u>	<u>TX</u>	<u>281-653-9103</u>

~~1. These franchisees left the system since the end of our last fiscal year.~~

If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

**FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED
AS OF DECEMBER 31, ~~2024~~2025**

	Franchisee	Address	City	State	Telephone Number
<u>1.</u>	Ting Management Group Corp.	TBD	Boston	MA	617-992-2600
<u>2.</u>	Linro NanXiang Inc	5020 Boston Tpke, #D7	Shrewsbury	MA	TBD
	Nan Xiang Austin, LLC	1201 Barbara Jordan Blvd #1280	Austin	TX	TBD
<u>3.</u>	Tsaocha Raleigh LLC	3020 Hillsborough St.	Raleigh	NC	TBD
<u>4.</u>	Nan Xiang- Houston Nanxiang Austin LLC	13126 Farm to Market 1960 Rd 1201 Barbara Jordan Blvd #1280	Houston Austin	TX	281-653-9103

If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

EXHIBIT D-2

LIST OF FORMER FRANCHISEES

**FRANCHISEES WHO HAVE LEFT THE SYSTEM
DURING THE FISCAL YEAR ENDED DECEMBER 31, ~~2024~~ 2025**

Name	City	State	Last Known Phone Number	Reason
Ting Management Group Corp. [†]	Boston	MA	617-992-2600 <u>857-991-1937</u>	Closure
<u>Kim & Hua Holding LLC</u>	<u>New York</u>	<u>NY</u>	<u>646-449-8086</u>	<u>Closure</u>

~~1. This franchisee left the system since the end of our last fiscal year.~~

If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

EXHIBIT E
FINANCIAL STATEMENTS

AUDITED FINANCIALS

UNAUDITED FINANCIALS

**NAN XIANG EXPRESS FRANCHISOR, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2025**

**NAN XIANG EXPRESS FRANCHISOR, LLC
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the members
Nan Xiang Express Franchisor, LLC

Opinion

We have audited the financial statements of Nan Xiang Express Franchisor, LLC which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Nan Xiang Express Franchisor, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nan Xiang Express Franchisor, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nan Xiang Express Franchisor, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

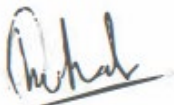
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nan Xiang Express Franchisor, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nan Xiang Express Franchisor, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Muhammad Zubairy, CPA PC
Westbury, NY
February 23, 2026

NAN XIANG EXPRESS FRANCHISOR, LLC
BALANCE SHEETS

	YEARS ENDED DECEMBER 31	
	2025	2024
<u>ASSETS</u>		
Current Assets		
Cash	\$ 239,062	\$ 226,406
Accounts receivables	95,035	80,000
Due from related parties	18,800	18,800
Prepays	359	359
Total current assets	353,256	325,565
Intangibles, net	82,096	95,152
Total Assets	\$ 435,352	\$ 420,717
<u>LIABILITITES AND MEMBERS' EQUITY (DEFICIT)</u>		
Current Liabilities		
Accounts payable	\$ 1,000	\$ 1,480
Contract Liability	58,000	61,000
Total current liabilities	59,000	62,480
Contract Liability, net of current	197,334	240,584
Members' Equity(Deficit)	179,018	117,653
Total Liabilities and Members' Equity(Deficit)	\$ 435,352	\$ 420,717

See notes to financial statements

NAN XIANG EXPRESS FRANCHISOR, LLC
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2025	2024
Revenues		
Franchise Fees	\$ 86,250	\$ 71,666
Royalty Fees	85,473	24,263
Total Revenues	171,723	95,929
Operating, Selling and Administrative Expenses	110,358	59,502
Net Income (Loss)	61,365	36,427
Member's Contributions (Distributions)	—	—
Member's Equity (Deficit)-Beginning	117,653	81,226
Member's Equity (Deficit)-Ending	\$ 179,018	\$ 117,653

See notes to financial statements

NAN XIANG EXPRESS FRANCHISOR, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2025	2024
Operating Activities		
Net Income(loss)	\$ 61,365	\$ 36,427
Amortization	13,056	13,056
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Changes in assets and liabilities		
Accounts receivables	(15,035)	(80,000)
Due from related parties	—	(5,000)
Accounts payable	(480)	(9,770)
Contract Liability	(46,250)	88,334
	<u>12,656</u>	<u>43,047</u>
Net Increase(decrease) in Cash	12,656	43,047
Cash-Beginning	226,406	183,359
Cash-Ending	<u>\$ 239,062</u>	<u>\$ 226,406</u>

See notes to financial statements

NAN XIANG EXPRESS FRANCHISOR, LLC
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY

Nan Xiang Express Franchisor, LLC (“the Company”) is a Nevada Limited Liability company was formed in January 2021 for specific purpose to offer the franchising of “Nan Xiang Soup Dumplings’ restaurant concept offering northern Chinese food, Jiangsu and Zhejiang cuisine, soup dumplings and other fine Asian cuisines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an Omega Learning Center using the Company’s system for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company’s cash accounts did not exceed the Federal Deposit Insurance Company’s (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on their individual income tax returns.

3. REVENUE RECOGNITION

The Company will record revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commission paid for franchises will be amortized over the life of the franchise agreement.

4. CONTRACT LIABILITIES

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”) as adjusted by ASU 2021-02, the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2025 and 2024, were \$255,334 and \$301,584, respectively.

5. RELATED PARTY TRANSACTIONS

The company periodically advances fund to related entities. At December 31, 2025 and 2024, the amounts due were \$18,800 and \$18,800 respectively. These advances are due on demand and bear no interest.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through February 23, 2026, the date at which the financial statements were issued.

**NAN XIANG EXPRESS FRANCHISOR, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NAN XIANG EXPRESS FRANCHISOR, LLC
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the members
Nan Xiang Express Franchisor, LLC

Opinion

We have audited the financial statements of Nan Xiang Express Franchisor, LLC which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Nan Xiang Express Franchisor, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nan Xiang Express Franchisor, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nan Xiang Express Franchisor, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

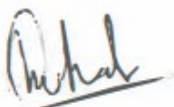
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nan Xiang Express Franchisor, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nan Xiang Express Franchisor, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Muhammad Zubairy, CPA PC
Westbury, NY
February 23, 2024

NAN XIANG EXPRESS FRANCHISOR, LLC
BALANCE SHEETS

	YEARS ENDED DECEMBER 31	
	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash	\$ 226,406	\$ 183,359
Accounts receivables	80,000	—
Due from related parties	18,800	13,800
Prepays	359	359
Total current assets	325,565	197,518
Intangibles, net	95,152	108,208
Total Assets	\$ 420,717	\$ 305,726
<u>LIABILITES AND MEMBERS' EQUITY (DEFICIT)</u>		
Current Liabilities		
Accounts payable	\$ 1,480	\$ 11,250
Contract Liability	61,000	59,000
Total current liabilities	62,480	70,250
Contract Liability, net of current	240,584	154,250
Members' Equity(Deficit)	117,653	81,226
Total Liabilities and Members' Equity(Deficit)	\$ 420,717	\$ 305,726

See notes to financial statements

NAN XIANG EXPRESS FRANCHISOR, LLC
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2024	2023
Revenues		
Franchise Fees	\$ 71,666	\$ 36,750
Royalty Fees	24,263	—
Total Revenues	95,929	36,750
Operating, Selling and Administrative Expenses	59,502	72,308
Net Income (Loss)	36,427	(35,558)
Member's Contributions (Distributions)	—	—
Member's Equity (Deficit)-Beginning	81,226	116,784
Member's Equity (Deficit)-Ending	\$ 117,653	\$ 81,226

See notes to financial statements

NAN XIANG EXPRESS FRANCHISOR, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2024	2023
Operating Activities		
Net Income(loss)	\$ 36,427	\$ (35,558)
Amortization	13,056	12,972
Adjustments to reconcile net income to net cash provided(used) by operating activities:		
Changes in assets and liabilities		
Accounts receivables	(80,000)	—
Due from related parties	(5,000)	(13,800)
Prepays	—	(359)
Accounts payable	(9,770)	11,250
Contract Liability	88,334	213,250
	<u>43,047</u>	<u>187,755</u>
Investing Activities		
Acquisition of intangibles asset	—	(72,652)
Net Increase(decrease) in Cash	43,047	115,103
Cash-Beginning	183,359	68,256
Cash-Ending	<u>\$ 226,406</u>	<u>\$ 183,359</u>

See notes to financial statements

NAN XIANG EXPRESS FRANCHISOR, LLC
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY

Nan Xiang Express Franchisor, LLC (“the Company”) is a Nevada Limited Liability company was formed in January 2021 for specific purpose to offer the franchising of “Nan Xiang Soup Dumplings’ restaurant concept offering northern Chinese food, Jiangsu and Zhejiang cuisine, soup dumplings and other fine Asian cuisines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an Omega Learning Center using the Company’s system for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company’s cash accounts did not exceed the Federal Deposit Insurance Company’s (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on their individual income tax returns.

3. REVENUE RECOGNITION

The Company will record revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commission paid for franchises will be amortized over the life of the franchise agreement.

4. CONTRACT LIABILITIES

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”) as adjusted by ASU 2021-02, the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2024 and 2023, were \$301,584 and \$213,250, respectively.

5. RELATED PARTY TRANSACTIONS

The company periodically advances fund to related entities. At December 31, 2024 and 2023, the amounts due were \$18,800 and \$13,800 respectively. These advances are due on demand and bear no interest.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through February 11, 2025, the date at which the financial statements were issued.

EXHIBIT F
STATE ADDENDA

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
NAN XIANG EXPRESS FRANCHISOR LLC**

The following are additional disclosures for the Franchise Disclosure Document of Nan Xiang Express Franchisor LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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.

CALIFORNIA

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. ~~SUCH REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING~~ THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

2. 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.

3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

4. OUR WEBSITE, www.nanxiangexpress.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

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

Neither we, our parent, predecessor or affiliate nor any person in Item 2 of the Franchise 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 Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following paragraph is added at the end of Item 6:

The highest rate of interest allowed by California law is 10% annually.

7. The following paragraphs are added at the end of Item 17:

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. ~~California's Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the~~ Franchise Investment Law (~~California~~ Corporations Code ~~Sections~~ 31000—31516). ~~Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000—20043).~~ 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

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

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

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

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is within a 50 mile radius of our then current principal place of business (currently Saddle Brook, New Jersey) with the costs being borne as provided in the Franchise Agreement. Prospective developers and 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 the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of New Jersey. This provision might not be enforceable under California law.

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices we set for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

8. Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or

its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

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

HAWAII

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. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS 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 OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR 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.

DO NOT SIGN THE REPRESENTATIONS STATEMENT IF YOU ARE LOCATED, OR YOUR RESTAURANT WILL BE LOCATED IN HAWAII.

ILLINOIS

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. The following paragraphs are added to the end of Item 17:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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

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

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. The following is added to the end of Item 5:

All initial fees and payments owed by franchisees shall be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

MARYLAND

1. Do not complete or sign this Representation Statement if you are a RESIDENT of Maryland or the business is to be OPERATED in Maryland.

2. ~~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.

3. ~~2-~~The following is added to the Item 17(c) and Item 17(m):

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. ~~3.~~The following is added to Item 17(h):

The Franchise Agreement provides for termination upon bankruptcy. This provision 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.

5. ~~4.~~The following sentences are added to Item 17(v):

A franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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. The following is added at the end of the chart in Item 6:

The Item 6 line item entitled “Lost Revenue Damages will not be enforced to the extent prohibited by applicable law.

3. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document, Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by Governing Law with respect to claims arising under Minn. Rule 2860.4400D.

In compliance with Minnesota Statute 80C.17 Subd. 5, no action may be commenced pursuant to this section more than three years after the cause of action accrues

You cannot consent to us obtaining injunctive relief. You may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

4. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

5. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR

PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

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

With regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our principal trademark:

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

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

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

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

4. The following is added to the end of Item 4:

Neither we, our affiliate, predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately preceding 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 U.S. 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 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

5. The following is added to the end of Item 5:

We apply the initial franchise fee to defray our costs for site review and approval, sales, legal compliance, salary, and general administrative expenses and profits.

6. The following is added to Item 17:

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

7. The following is added to Item 17(d):

You may terminate the Franchise Agreement on any grounds available by law.

8. The following is added to Item 17(j)

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under the Franchise Agreement.

9. The following is added to Item 17(v) and 17(w):

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The following is added at the end of the chart in Item 6:

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the Franchise Agreement is considered unenforceable.

Sections of the Franchise Disclosure Document requiring you to pay all costs and expense incurred by us in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

2. The following is added to the end of Item 17(c) and Item 17(m):

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The following is added to the end of Item 17(r):

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The following is added to the end of Item 17(~~v~~u):

The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

5. The following is added to the end of Item 17(v):

However, subject to your arbitration obligations, to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. ~~5-~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. ~~6-~~The following is added to the end of Item 17(w):

Except as otherwise required by North Dakota law, the laws of the State of New Jersey shall apply.

RHODE ISLAND

1. The following language is added to the end of Item 17(v) and 17(w):

Section 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. To the extent required by applicable law Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

VIRGINIA

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. The following language is added to the end of 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 do 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.

3. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$488,000 to \$925,000. This amount exceeds the franchisor's stockholder's equity as of December 31, 2025, which is \$179,018.

WASHINGTON

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

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

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

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

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

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

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

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

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

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

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

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

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

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

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

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

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

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

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

19. The following is added to the end of Item 7, Note 18:

These figures are also based on assumed staffing levels of 7 to 10 hourly workers and 1 General Manager.

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	November 13, 2025 Pending
Hawaii	October 8, 2025 Pending
Illinois	November 24 March 13, 2025 2026
Indiana	October 1, 2025 Pending
Maryland	November 21, 2025 Pending
Michigan	September 30 March 13, 2025 2026
Minnesota	October 15, 2025 Pending
New York	December 3, 2025 Pending
North Dakota	October 1, 2025 Pending
Rhode Island	October 6, 2025 Pending
South Dakota	October 1 March 13, 2025 2026
Virginia	November 21, 2025 Pending
Washington	December 4, 2025 Pending
Wisconsin	September 30 March 13, 2025 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT G

RECEIPTS

ITEM 23 RECEIPT

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 Nan Xiang Express Franchisor LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, Nan Xiang Express Franchisor LLC must give you this Disclosure Document at the earlier of the 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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

Issuance date: ~~September 30~~ March 13, 2025 ~~2026~~

The franchisor is Nan Xiang Express Franchisor LLC, located at 109 North 5th Street, Saddle Brook, New Jersey 07663. Its telephone number is (718) 885-4259. The franchise seller who offered you a Nan Xiang Express ~~Store~~ Restaurant is:

<input type="checkbox"/> Xing Yan (“Eddie”) Zheng Nan Xiang Express Franchisor LLC 109 <u>North</u> 5th Street Saddle Brook, New Jersey 07663	<input type="checkbox"/> Richard Xu Nan Xiang Express Franchisor LLC 109 <u>North</u> 5th Street Saddle Brook, New Jersey 07663	<input type="checkbox"/> _____ Nan Xiang Express Franchisor LLC 109 <u>North</u> 5th Street Saddle Brook, New Jersey 07663
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I received a disclosure document dated ~~September 30~~ March 13, 2025 ~~2026~~, that included the following Exhibits:

Exhibit A – State Administrators/Agents for Service of Process	Exhibit C – Table of Contents to Manual
Exhibit B-1 – Franchise Agreement	Exhibit D-1 – List of Franchisees
Exhibit B-2 – Representations Statement	Exhibit D-2 – List of Former Franchisees
Exhibit B-3 – Sample General Release	Exhibit E – Financial Statements
	Exhibit F – State Addenda
	Exhibit G – Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

Name of Business Entity

By: _____

Its: _____

(Print Name): _____

Dated: _____

If an individual:

(Print Name): _____

Dated: _____

Please sign this copy of the receipt, print the date on which you received this Disclosure Document and return it, by mail or e-mail, to:

Nan Xiang Express Franchisor LLC
109 North 5th Street Saddle Brook, New Jersey 07663, finance@nanxiangusa.com

ITEM 23 RECEIPT

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

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

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	Exhibit G – Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

Name of Business Entity

By: _____

Its: _____

(Print Name): _____

Dated: _____

If an individual:

(Print Name): _____

Dated: _____

You may keep this copy of the receipt for your own records.

Nan Xiang Express Franchisor LLC

~~2025~~2026 FDD | Ex. G – Receipts

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