

REPRESENTATION PLAN ON BEHALF OF CONGLOMERATED NANYU TOBACCO

A. BACKGROUND TO THE DISPUTE

On 14 December 2010, Conglomerated Nanyu Tobacco Ltd. (“**Nanyu Tobacco**”) and Real Quik Convenience Stores Ltd. (“**Real Quik**”) entered into a 10-year distribution agreement (“**the Agreement**”). The Agreement provided for, *inter alia*, the sale and purchase of tobacco products as well as tobacco-branded promotional merchandise to be distributed by Real Quik in Gondwana. In 2013, new tobacco legislation was implemented in Gondwana. This affected the operations of Real Quik. On 11 April 2013, the parties attempted unsuccessfully to renegotiate the Agreement. Shortly thereafter, on 1 June 2013, Real Quik moved to terminate the Agreement and failed to comply with the requirement for the payment of USD 75 million in liquidated damages for early termination.

B. NATURE OF THE DISPUTE

The present dispute is contractual in nature as it concerns Real Quik’s premature termination of the Agreement.

C. ISSUES IN DISPUTE

The main issue is Real Quik’s liability for its premature termination of the Agreement. Another pertinent issue is the possibility of renegotiating the Agreement.

D. INTERESTS OF THE PARTIES

I. Conglomerated Nanyu Tobacco Ltd.

Nanyu Tobacco’s main interest is for Real Quik to pay the sum of USD 75 million, which is fair compensation for the losses it has suffered as a result of Real Quik’s premature termination of the Agreement. Nanyu Tobacco also has an interest in preserving its long-standing business

relationship with Real Quik. It is therefore open to the possibility of renegotiating the Agreement. In addition to advancing Nanyu Tobacco's business interests, any renegotiated agreement should also reflect the strength of the Nanyu brand and demonstrate a commitment to the stability of a long-term commercial agreement.

II. Real Quik Convenience Stores Ltd.

Real Quik is keen to avoid paying the sum of USD 75 million for its premature termination of the Agreement. Real Quik is also likely to be keen on preserving its business relationship with Nanyu Tobacco if the renegotiated agreement is a profitable business arrangement can be performed in compliance with Gondwandan legislation.

E. MEDIATION STRATEGY

In his opening statement, Mr. Chow will provide a brief history of the dispute and state Nanyu Tobacco's interests in the matter. In particular, Mr. Chow will highlight his concern about compensation for Real Quik's premature termination of the Agreement. Mr. Chow is also willing to discuss the continuity of the parties' long-term business relationship. To this end, a detailed examination of the original Agreement will be necessary to ensure the viability of any renegotiated agreement. Mr. Chow will then seek to assess the interests of Real Quik and its attitude towards a compromise. Provided that the expectations of both parties are within reasonable bounds, Mr. Chow would be willing to explore all possible solutions. When necessary, the Counsel for Nanyu Tobacco will provide a legal perspective on any proposed solution. Throughout the mediation, both Client and Counsel will remain flexible and reasonable in order to reach an amicable resolution to the dispute.