

Representation plan on behalf of Real Quik Convenience Stores Ltd

Facts and Nature of the Dispute

Conglomerated Nanyu Tobacco Ltd. (Nanyu) and Real Quick Convenience Stores Ltd (RQ) entered into a long-standing business relationship, usually signified by signing 10 years Distribution Agreements. The last Distribution Agreement (the “Agreement”) between Parties was signed on December 14th, 2010. On March 14, 2011, a Gondwana Senator introduced Bill 275 which introduces far-reaching reforms to tobacco regulation, including the requirements that all tobacco products be placed in generic packaging which would eliminate all trademarks, images, designs, colors or structural elements which used by tobacco producers to characterize its products. Only the band or company’s name would be printed on the products. Between March 21st, 2011 and March 11th, 2013, RQ attempted to raise concerns about the regulations in Gondwana with the Nanyu several times and its wishes to renegotiate the contract. Although parties managed to sit together on April 11, 2013, efforts to renegotiate the contract failed. On May 1, 2013, RQ notified the Nanyu that it would no longer be able to perform its duties under current Agreement because of impossibilities caused by passage of Bill 275 and other several regulations. Nanyu subsequently requested the liquidated damages set out in the termination clause of the Agreement, which the RQ refused to pay. On January 12th, 2014, Nanyu brought the arbitration claim based on the Dispute Resolution clause as set out in the original Agreement before the current tribunal.

Interests of the parties

Real Quik Convenience Stores Ltd

1. RQ wishes Nanyu to share the responsibility for the failure of performing Agreement result from Bill 275.
2. RQ wishes to renegotiate the Agreement and maintain a long-lasting relationship based on trust and understanding.

Conglomerated Nanyu Tobacco Ltd

1. Nanyu wishes to reduce the financial losses resulting from the termination of the agreement.
2. Nanyu has an interest in asking RQ to fulfill the obligation of the Agreement and if CR refused

to do so, Nanyu wishes RQ to pay the liquidated damages in the sum of USD \$75,000,000 or transfer its equity.

3. Nanyu has an interest in renegotiating the Agreement and maintain a long-lasting relationship based on trust and understanding.

Mediation strategy and responsibility sharing

John Worthington will be in charge of presenting RQ's interest and positions, make settlement offers to Nanyu, and finally decide whether a deal is acceptable. His legal representative will be responsible for addressing all legal issues and will provide an objective leverage to the negotiation position of RQ.

RQ would like to discuss the impossibility of performances the sale of branded merchandise and other related display issue is prohibited and 20% premium is no longer reasonable due to the fundamental change of circumstances. Therefore, RQ is not liable for the liquidated damage in the Agreement for exemption of obligations. Secondly, RQ has an interest in renegotiating the distribution agreement as Nanyu is a supplier of tobacco products on the basis that clauses in the new agreement be modified according to the fundamental change of circumstances. The price in the new agreement should the same as other similar distribution agreement, excluding the 20% premium as the brand strength of RQ has been diminished, the priority in display should not be provided for free, and the sales of branded merchandise should no longer exist in the new agreement.