

Mediation Representation Plan on Behalf of Conglomerated Nanyu Tobacco Ltd.

Background to the dispute: On 14 Dec 2010, Conglomerated Nanyu Tobacco Ltd. (“**Conglomerated**”) and Real Quik Convenience Stores Ltd. (“**Real Quik**”) entered into a Distribution Agreement (the “**Agreement**”) for the distribution of various tobacco products and branded merchandise. Pursuant to the terms of Agreement, Real Quik was obligated to distribute Conglomerated’s products in Gondwana. On 1 Jan 2013, Gondwana entered into force new tobacco regulations (the “**Bill**”) which slightly altered the performance of some of the obligations and prohibited the distribution of some of the products. However, shortly after this, Real Quik stopped performing its obligations altogether and subsequently terminated the Agreement failing to make a payment of liquidated damages stipulated by its provisions.

Conglomerated’s BATNA: Given the fact that Conglomerated wants to concentrate on other markets and reduce business in Gondwana, it does not depend upon Real Quik as business partner in the future. If necessary, Conglomerated can also find another distributor for remaining business in Gondwana. However, since Conglomerated is not planning to leave the Gondwandan market altogether and that Real Quik is still a dominant player on the market, Conglomerated would prefer to stay in business with Real Quik (if the parties would be able to find a mutually beneficial solution and put an end to a pending dispute). Apart from this, Conglomerated still holds the dominant position in the tobacco market and does not in any way feel that its tobacco products were due to the effects of the Bill commoditized.

Conglomerated’s WATNA: The worst alternative to a negotiated agreement for Conglomerated would be an award exempting Real Quik from liability and from paying the outstanding payment of USD 75,000,000 plus interest on the amount.

Conglomerated’s interests: Conglomerated’s main interest is an adequate compensation for the financial losses resulting from the termination of the Agreement. Additionally,

Conglomerated's aim is to ensure the long-term viability of the company and secure its dominant position both in the worldwide and Gondwandan tobacco market. With this in mind, Conglomerated intends to cooperate with a stable and a reliable business partners and therefore (contingent on the outcome of the mediation) is interested in continuing the business relationship with Real Quik.

Real Quik's likely interests: It is likely that Real Quik is interested, in keeping the relationship with Conglomerated ongoing and distributing Conglomerated's products given its dominant position in the worldwide tobacco market. Further it is probable that Real Quik intends to avoid liability for non performance and subsequent termination of the Agreement.

Responsibility Sharing: Mr. Chow will be in charge of presenting Conglomerated's interests (and positions). He will make settlement offers to Real Quik and finally, decide whether a deal is acceptable. The legal representative will be responsible for addressing all legal issues if needed, and will provide objective leverage to the negotiating position of Conglomerated.

Mediation Strategy: In his opening statement, Mr. Chow, will outline his perception of the issues and respective interests. With amicable settlement in mid, Mr. Chow is prepared to acknowledge the difficulties that Real Quik may have had with operation of the Agreement since the introduction of the Bill, a sole reason for the disagreement. If necessary, the legal representative will finish the opening statement by adding concluding comments. During the negotiation phase, in line of its interests, Conglomerated is prepared to work towards an amicable settlement. In order to do that, Conglomerated is willing to try to repair the relationship with Real Quik, renegotiate certain provisions of the Agreement and adjust it to the new situation. Should Real Quik be willing to continue with the relationship, Conglomerated is prepared to lower the claims in order to give Real Quik the right incentive while showing good faith and strong beliefs in the future co-operation.