

## **REPRESENTATION PLAN ON BEHALF OF CONGLOMERATED NANYU TOBACCO**

### **Facts**

In December - 2010, Conglomerated Nanyu Tobacco Ltd. ("Nanyu") signed a new Distribution Agreement with Real Quik Convenience Stores ("Real Quik") for the sale of its range of tobacco products and merchandise. The agreement required Real Quik to purchase certain minimum cartons of tobacco products and branded merchandise within every three months. From 2013 onwards, Real Quik encountered difficulties in performing its contractual obligation due to the new Gondwandan legislation that introduced restrictions on packaging of tobacco products and banned the sale of branded merchandise. The parties met once thereafter to discuss the changed circumstances and find a mutually beneficial solution but, unfortunately, the negotiations were not conclusive. Without conducting any further negotiations, Real Quik terminated the agreement and did not respond to two notices of outstanding termination penalty sent by Nanyu, as stipulated under the Termination Clause. Both parties share different views regarding the operability of the Termination Clause in the present situation wherein some aspects of Real Quik's contractual obligations have been affected by the new legislation. Consequently, Nanyu has initiated arbitration proceedings against Real Quik to recover the outstanding termination penalty.

### **Interest of the Parties**

1. Conglomerated Nanyu Tobacco Ltd. wishes for the Respondent to pay all outstanding dues resulting from termination of the Agreement.

2. Conglomerated Nanyu Tobacco Ltd. wishes for an amicable settlement of the dispute without resorting to arbitration.
3. Conglomerated Nanyu Tobacco Ltd. wishes to rebuild and restore its relationship with the Respondent.

### **Negotiation Strategy**

At the outset, Conglomerated Nanyu Tobacco Ltd. wishes to prepare an agenda of all the issues the parties intend to discuss. Firstly, Conglomerated Nanyu Tobacco Ltd. would like to establish how Real Quik Convenience Stores Ltd. should have continued its performance of the Distribution Agreement even under the changed circumstances. Subsequently, Conglomerated Nanyu Tobacco Ltd. would like to discuss the repercussions of the termination of the Distribution Agreement, with respect to the agreed Termination Penalty. We hope the discussions are fruitful and consequently mend relationships between the Parties.

Mr. Marcus Chow, CEO of Conglomerated Nanyu Tobacco Ltd., will conduct negotiations, however if necessary, he will be supported by his counsel. The CEO of Conglomerated Nanyu Tobacco Ltd. will primarily focus on the facts and materials available, coupled with assistance on the legal aspects of the various situations and attempt to reach a mutually beneficial agreement.

---