

REPRESENTATION PLAN

On behalf of CONGLOMERATED NANYU TOBACCO LTD

BACKGROUND TO THE DISPUTE

Conglomerated Nanyu Tobacco Ltd (“Conglomerated Nanyu”) and Distribution Agreement with Real Quik Convenience Stores Ltd (“Real Quik”) have a long-lasting business relationship. The Conglomerated Nanyu has used the Real Quik as a distributor since 2000. The usual practice between the Parties has been to sign 10 year Distribution Agreements and the last Agreement was signed on 14 December 2010. Conglomerated Nanyu performed all its obligations diligently until now. Even Real Quik performed all its obligations for some time after the Agreement. But due to some legislation in Gondwana in 2012, Real Quik notified Conglomerated Nanyu that it wished to renegotiate the Agreement to which Conglomerated Nanyu agreed and a meeting was held between the parties on 11 April 2013 but no agreement could be reached. Then, without trying further negotiation as provided by Clause 65 of the Agreement, Real Quik terminated the Agreement, providing a notice of termination on 1 May 2013, to be effective from 1 June 2013. Conglomerated Nanyu, following the Agreement, claimed compensation from Real Quik pursuant to Clause 60 of the Agreement. Real Quik did not respond. Conglomerated Nanyu issued two notices of default and it was not until 26 September 2013 whereby they refused to compensate Conglomerated Nanyu. It then became unviable and fruitless for Conglomerated Nanyu to try settlement under Clause 65 of the Agreement and consequently, initiated Arbitration against Real Quik on 12 January 2014 for the recovery of the compensation amount.

THE ISSUES

Conglomerated Nanyu Tobacco Ltd feels that the relationship between the parties has fundamentally broken down. Conglomerated Nanyu does not believe that it is reasonable to be held accountable for some unforeseen legislation in Gondwana which is against intellectual property rights as well nor does Conglomerated Nanyu feel that Real Quik is justified in terminating the Distribution Agreement given that Conglomerated Nanyu performed all of its duties in a diligent manner according to the Distribution Agreement. Further, Conglomerated Nanyu is extremely disappointed that Real Quik chose to default on its obligations in the Agreement instead of trying to settle the issue by mutual consent, and believes it is rightfully claiming the termination penalty.

OUR INTERESTS

Conglomerated Nanyu Tobacco Ltd has an interest in preserving the Distribution Agreement. Maintaining the Distribution Agreement will open the opportunity for considerable profit to be made in Tobacco. . If a satisfactory distribution agreement cannot be agreed upon, the distribution will lose meaning and a significant loss will be incurred. It is in Conglomerated Nanyu's interest to amend the Distribution Agreement and be remunerated for the significant loss caused by the nonperformance of Real Quik Convenience Stores Ltd. The Distribution Agreement should be amended so as to include any term(s) that are in the best interests of both Parties and is beneficial to each.

Conglomerated Nanyu comes to mediation with the following 4 interests:

1. Preserve the Distribution Agreement with amendments;
2. Be adequately compensated for the loss suffered as a result of the acts of Real Quik Convenience Stores Ltd;
3. Not be held to suffer due to the legislation in Gondwana;
4. Maintain a positive and lasting relationship with Real Quik.

OUR ALLOCATION STRATEGY

During the opening statements, Mr. Marcus Chow will outline his understanding of the issues and his respective interests. Mr. Adam Mayfair will ensure Mr. Chow remains open minded and considers all possible positions. During the negotiation phase of the mediation, Mr. Chow and Mr. Mayfair will work together to explore all possible options to resolve the dispute. At the conclusion of the mediation, it will be Mr. Chow who decides whether an acceptable outcome has been put on the table.