Mediation Representation Plan

On Behalf of Hampton SunCare Ltd

Background to the Dispute

Hampton SunCare Ltd ("**Hampton**") and Heng SunCare Ltd ("**Heng**") entered into an exclusive distribution agreement on 15 January 2002 ("**Distribution Agreement**") under which Hampton appointed Heng as the exclusive distributor of its moisturising sun-cream ("**Product**") in Inachi. In 2009 Heng failed to attain the applicable sales target. On 1 March 2010 a super typhoon hit SIS destroying much of Hampton's Blanco bean plantations. Consequently the price of Blanco bean rose by 75% per pound. It is no longer commercially viable to produce the Blanco bean based moisturising cream. On 12 March 2010 Hampton purported to terminate the Distribution Agreement.

The Issues

Hampton feels that the relationship between the parties has fundamentally broken down. Hampton does not believe it is reasonable to be held accountable for the parallel importation in Inachi nor does Hampton feel the Inachi District Court action is justified given that Heng gave Hampton no notice of the dispute. Further, Hampton does not believe it caused the short fall in sales. The super typhoon of 1 March 2010 has increased the production costs of the Product. It is no longer commercially viable to continue production.

Our Interests

Hampton has an interest in preserving the Distribution Agreement, but is prepared to terminate the Distribution Agreement if it cannot be satisfactorily amended and if the relationship between the parties cannot be repaired. If the Distribution Agreement is to be preserved, it should be amended so as to include an express and mandatory obligation to meet applicable sales targets, a coherent dispute resolution clause and a renegotiated price for the product that takes into account the increased production costs. Hampton should not be prohibited from selling the Product to other distributors outside of Inachi. It is in Hampton's interest to be remunerated for the loss suffered as result of Heng's failure to meet the applicable sales target in 2009 and for Heng to drop the Inachi District Court action.

Hampton comes to mediation with the following six interests:

1. preserving the Distribution Agreement with amendments;
2. amending the Distribution Agreement to take into account the impediment caused by the storm;
3. being adequately compensated for the loss suffered during 2009;
4. not being held responsible for the parallel importation;
5. ceasing the Inachi District Court action; and
6. forming a positive and lasting relationship with Heng.

Our Allocation Strategy

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

Mediation Representation Plan

On Behalf of Heng SunCare Ltd

Background to the Dispute

Hampton SunCare Ltd ("**Hampton**") and Heng SunCare Ltd ("**Heng**") entered into an exclusive distribution agreement on 15 January 2002 ("**Distribution Agreement**") under which Hampton appointed Heng as the exclusive distributor of moisturising sun-cream ("**Product**") in Inachi. In 2002 Heng sold 2 million Inachi dollars worth of the Product. - Between 2002 and 2007 Heng increased sales by 20% in each year. Between February 2009 and January 2010 Hampton sold large quantities of the Product to an Ornian distributor i who was resupplying substantial quantities of stock for sale to two wholesalers in Inachi, who were then selling the product in Inachi at below wholesale prices. On 1 March 2010 a super typhoon hit SIS destroying much of the Blanco bean plantations and the price of Blanco beans rose per pound by 75%. On 12 March 2010 Hampton purported to terminate the Distribution Agreement.

The Issues

Heng feels that the relationship between the parties has significantly diminished because Heng approached Hampton regarding the issue of parallel importation but Hampton denied any involvement. After Hampton had conducted investigations, Hampton failed to notify Heng. Heng believes that Hampton's conduct caused the parallel importation in Inachi, and that the parallel importation caused the short fall in sales.

Our Interests

Heng has an interest in preserving the Distribution Agreement. Continuing the Distribution Agreement will give the opportunity to for considerable profit to be made. If the contract is not continued a significant loss will be incurred. It is in Heng's interest to amend the Distribution Agreement, be remunerated for the significant loss caused by the parallel importation and not be held responsible for Heng's shortfall of sales. The Distribution Agreement should be amended so as to include a coherent dispute resolution clause, a practical sales obligation, an exclusive distribution right over the Product (regardless of Territory), and reasonable termination grounds.

Heng comes to mediation with the following four interests:

1. preserving the distribution agreement with amendments;
2. be adequately compensated for the loss suffered as a result of the parallel importation;
3. not be held responsible for Heng's shortfall of sales; and
4. form a positive and lasting relationship with Hampton.

Our Allocation Strategy

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