

COMMENTS AND OBSERVATIONS ON DISTRIBUTION AGREEMENT

APPOINTMENT

3.3

- i. The risk needs to be defined
- ii. We are not Agents but Independent Distributors?
- iii. This should cover representative agreement not just Distributor.

3.4

- i. What of where the entrance fee has been paid already?
- ii. This is questionable considering the capital outlay.

DISTRIBUTOR OBLIGATIONS

4.1

- i. Effects of this on 3.4

4.3

- i. NCC approvals and Licenses
- ii. We need to find out about licenses.

4.5

- i. Who will bear the cost of the suppliers representative
- ii. Includes Staff Salaries
- iii. Does this include their Staff salaries?

4.6

- i. There will be competitors, internal and external

4.7

- i. The possibility of similar products in future is very high

4.8

- i. They are not the only producers of LIFI products

4.9

- i. Why must they determine this?

SUPPLIER OBLIGATIONS

5.4.

- i. Cost implications to be specified

LIABILITY OF THE SUPPLIER

6.1.

- i. How practicable is this?
- ii. We are to contact NCC for related laws.

6.5

- i. Why not 100%

INTELLECTUAL PROPERTY RIGHTS

7.1

- i. It should be exclusive at least in Nigeria

PRODUCT REGISTRATION

8.3

- i. Why will the registration be in the name of the supplier?
- ii. Why not in the name of the Distributor
- iii. Does this include NCC registration?

8.4

- i. In what name will the Supplier be operating if it is the Distributor that is registered

CONCESSION OF AUTHORISED SUB-DISTRIBUTION

9.1

- i. How does this effect section 3.3?

PURCHASE ORDER

10.1

- i. Who specifies this minimum?
- ii. What is this minimum annual requirement?

10.4

- i. This should be after products have been received by the Distributor.
- ii. CCI-INCOTERM 2010?

10.5

- i. Sales team, whole housing facility
- ii. What happens to the sign on fee?
- iii. Is the Entrance fee non-refundable?

PRICING AND PAYMENTS

11.1

- i. Increase in price within 6 months is too short and not good for marketing.

11.5

- i. This is not good for business. This is key

TERM

12.1

- i. What is your take on this?
- ii. How does this effect section 10.5?

TERMINATION

13.1

- i. What happens to the entrance fee paid?

13.2

- i. Conditions are not friendly
- ii. After paying the entrance fee?
- iii. What of delay from regulatory authority?

13.4

- i. One sided?

13.5

- i. No mention of the sign on fee?

13.6.

- i. What of the covenants and agreements by the supplier?

FORCE MAJEURE

14.1

- i. International jurisdiction is preferable, definitely not the Dubai courts.

MISCELLANEOUS

17.6.

- i. How does this relate to section 3.3

17.8

- i. 17.6

17.10.

- i. Why?
- ii. What does the convention say?

17.12

- i. No
- ii. International court is preferable.

3. Fee Schedule.

Table 2.

- i. This should be re-negotiated if at all.
- ii. 43% of turnover in a year is not reasonable.

Table 4.

- i. When we set up sub-distributors, yet they will take everything away again.

6. GENERAL TERMS AND CONDITIONS OF SALE

2.4

- i. Too short period, 7 days is not feasible.

3.2

- i. All these conditions are not feasible and as such, not customer friendly, they need to be amended.

3.6

- i. No trader will agree to this terms.

4.3

- i. It is ok

4.5

- i. Damages should be changed

5.1

- i. One sided rules and terms

5.3

- i. Customers should be able to demand for refund.

6.1

- i. Why do they have double standard all over the agreement?

6.2

- i. All these conditions are to aid only suppliers only and one sided.

7.1

- i. Whichever way, but why can't they work together with customer on a win-win relationship?

7.2

i. When a container is delivered to your ware house, how can one confirm damages immediately?

8.2

i. The period of 7 days is too short.

8.3

i. This shouldn't be.

ii. This is not real

9.2

i. This is not customer friendly

10.2

i. What about other clearing cost e.t.c?

11.2

i. These termination terms are tilted one-sided and are not customers friendly. Nobody handles international trade in such strict terms and conditions.

12.1

i. Change UAE to International court