



WARRENER DE AGRELA AND ASSOCIATES INC.

Attorneys and Notaries

Your Reference: DR 102

Our Reference: MR A WARRENER/DA

14 February 2022

DAVID BAYLISS ATTORNEY

Via E-Mail: davidbayliss@mweb.co.za

Dear Sir / Madam,

RE: REGIMA SKIN TREATMENTS CC // KACHAN MARKETING AND DISTRIBUTION CC

1. We act on instructions of Kachan Marketing and Distribution CC.
2. Our client is in receipt of your correspondence dated 8 February 2022, sent to our client on 9 February 2022.
3. In this letter, our client raises issues which have clearly not been contemplated by your client. This letter is not our client's last word on this matter, and our client reserves the right to deal with the matters between our clients more exhaustively, as and when appropriate.
4. Our client denies that an agreement exists that the distribution relationship between Kachan Marketing and Distribution CC and your client would terminate with immediate effect. Your client has prematurely and unlawfully terminated the agreement with our client, which purported termination is not accepted by our client.
5. Our client and yours had discussions, and no final agreement was entered into for the termination. After the meeting referred to, at which no conclusive agreement was reached, our client invited yours to discuss a mutual termination, which required proper agreement, preferably in writing.
6. Pursuant to that meeting, on 5 February 2022, our client sent the following communication in furtherance of the preliminary discussions, to your client by WhatsApp message:

"Hi Jacqui and Pete

I see you have not yet sent me confirmation for Monday's meeting. I have given thought to some of the proposals you made when we last met. I would consider a handover and a smooth transition and have willingness to co-operate - if we find proper terms of agreement and enter a proper contract. For now, I will attend the Distributor's meeting, and I have asked Dante to take some time off while we engage. Can we perhaps also have a structured discussion about terms upon which I would be prepared to depart? Regards Karen."

7. On the same day, your client responded as follows:

"hi Karen. do not come to the distributors meeting on Monday. Pete said he will contact you later in the week. what have you decided about Dante in your business?"

8. And our client responded as follows:-

"Thank you. As I said, I have asked Dante to take some time off, so we can engage and resolve terms.

It's no more than to give us space to talk and negotiate.

I look forward to hearing from you or Pete. I am happy to meet and discuss, but need to do so sooner than later in the week. Maybe Pete could contact me Tuesday?

Regards

Karen"

9. The communication our client next received from your client was your letter now under reply.

10. As you can see from the communications, there is no agreement that there would be a termination of our client's distribution agreement for your client's products. Your client has acted prematurely and has (in essence) hijacked our client's business for what purpose our client cannot say. Our client however does not accept that the termination was lawful and does not accept the termination as alleged.



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11. Since those communications, your client has unlawfully refused to service our client's orders. Your client has done great damage to our client's business in so doing, and to aggravate the position, your client has sent a letter to all of our client's clients which reads as follows:

"Dear Valued RégimA Stockist

The agreement with Kachan has been terminated. RégimA orders and Service will now be managed by RégimA Skin Treatments Head Office. This may result in some slight delays initially, but rest assured your business is of high priority to us. Please contact RégimA Head Office with your details and a new knowledgeable representative will make contact with you.

To place orders in future please find below contact details of Head Office as well as Banking Information.

Tel: 011 615 2869 (Kent) or 011 450 0539 (Kayla)

Email: orders@regima.com

RégimA Worldwide Banking Details:

FNB Bank

Account No. - 62323196362

Branch Code - 257705

Swift Code - FIRNZAJJ

Please Note: All Payments Must Be Made into The Above RégimA Bank Account and send Proof Of Payment to: orders@regima.com

We are attaching the RégimA Head Office Registration Form Plus the RégimA Order Form. Please complete your registration as soon as possible and we will be able to then allocate a new representative to service you.



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Kindest Regards"

12. Your client is more than aware that it has no agreement with our client to terminate – as yet. Your client has acted prematurely, and in a grossly high-handed and unlawful manner, as a result of which our client is suffering substantial damages daily and has suffered reputational harm.
13. Your client's misconduct above amounts (on our advice to our client) to an unlawful repudiation of distribution agreement by your client, in respect of which our client reserves its rights *in toto*.
14. Your client is invited to remediate its unlawful conduct and to reinstate our client's orders and client relationships immediately. Your client is advised that our client will not perform its obligations to yours until your client fulfils its reciprocal obligations to ours. This defence will be relied upon (*inter alia*) should your client wish to proceed legally.
15. We also record that our client is not happy with certain of your client's business practices, including your client's labelling practices. This is the reason why our client was willing to entertain a discussion about termination. Your client is welcome (perhaps best done through our respective offices) to enter into discussions to find an amiable parting of ways, however the actions of your client above are not accepted, and will result in action to secure and protect our client's rights in the event that same are not remediated.
16. This letter of first reference is most certainly not to be construed as an exhaustive traversal of all of the facts and allegations our client will rely upon. In this regard, and to the extent relevant and pertinent, our client hereby reserves its rights *in toto*.

Kind Regards,

Unsigned as sent electronically

Alan Warrener

Consultant