



Lawyer's Letter

**To: Shanghai Saifei Exhibition Co., Ltd.,
Ms. Huang Shihua and Mr. Pan Chunhui:**

Guantao Law Firm, as approved by the Ministry of Justice of People's Republic of China, was authorized to carry out legal activities under Chinese laws and regulations. As entrusted by CIEC Overseas Exhibition Co., Ltd. (hereafter referred to as "client"), we delegate our attorneys Mr. Qian Yewen and Ms. Xu Juan to write to you in terms of your company's the infringement of the legitimate rights of our client and CHINA ADULT-CARE EXPO (hereafter referred to as "ADC EXPO") by your company and Shanghai International Adult Products Industry Exhibition (hereafter referred to as "API EXPO").

Based on the facts provided by our client, your company has carried out the following infringements or illegal actions:

1. Ms. Huang Shihua and Mr. Pan Chunhui set up a company to compete with our client while they were employed by our client. Furthermore, by taking advantage of their positions, they organized API EXPO which is extremely similar with ADC EXPO in aspects of subject, content and formality. What Ms. Huang Shihua and Mr. Pan Chunhui have done is clearly a breach of their legal duties as an employee and is in violation of client's rules and regulations as well.

ADC EXPO, initiated by our client's parent company CIEC in 2004, has been organized by our client once a year since 2009. Up to 2019, our client has organized 16 sessions in total. As one of the most impressive trade fairs in the adult industry,



ADC EXPO is widely acknowledged by exhibitors and trade visitors both at home and abroad.

Ms. Huang Shihua and Mr. Pan Chunhui, ex-employees of our client, were once responsible for the sales of ADC EXPO. Ms. Huang Shihua submitted her resignation on July 2, 2019, while Mr. Pan Chunhui resigned on July 23, 2019. They both left our client on July 31, 2019, whereafter they joined Shanghai Saifei Exhibition Co., Ltd. (hereafter referred to as “SAIFEI Co.”)

SAIFEI Co. was set up on June 10, 2019 in the formality of one-person company of limited liability, with Ms. Huang Shihua as the sole shareholder and Mr. Pan Chunhui as the supervisor. The business scope of SAIFEI Co. is basically identical with our client’s, and as the only exhibition SAIFEI organized at present, API EXPO shares the same subject, content and formality with ADC EXPO which Ms. Huang Shihua and Mr. Pan Chunhui were once responsible for.

Therefore, by setting up the company in competition with our client during their employment at our client and organizing exhibition identical to ADC EXPO shortly after they quit the job, Ms. Huang Shihua and Mr. Pan Chunhui have violated Article 8 of the Employee Manual as well as the principle of good faith and fairness stated in the Labor Contract Law.

2. Ms. Huang Shihua and Mr. Pan Chunhui took away our client’s property with the intent of obtaining and making use of the information of exhibitors and trade visitors that are stored therein. Such behavior has violated our client’s rules and regulations, and has infringed our client’s trade secrets.

Ms. Huang Shihua took away a corporate computer disk from client’s Shanghai office when she resigned, while Mr. Pan Chunhui formatted a corporate computer disk in Beijing office. These two disks contained a large amount of information about



ADC EXPO, such as information of exhibitors participating the fairs during the past years.

In fact, with the illegally obtained information from our client, SAIFEI Co. directly contacted exhibitors via telephone, email and other social media during the promotion of API EXPO. Such conduct not only violates the client's Employee Manual, but also constitutes infringement of trade secrets, which disrupts the normal competition order of the industry.

3. API EXPO is identical to the ADC EXPO in aspects of exhibition location, dates, subject, name, logo and promotion, which makes it difficult for the public to distinguish these two EXPOS.

As a matter of fact, the location of 2020 API EXPO is Shanghai Convention and Exhibition Center of International Sourcing FL 1-3 at No. 2739 Shanghai West Guangfu Rd., and dates for it is from April 17 to April 19, 2020. Compared with 2019 ADC EXPO, API EXPO will be hold exactly at the same location and during the similar dates, which for ADC EXPO 2019 was April 26 to 28.

In addition, API EXPO and ADC EXPO are very alike in many aspects, such as the subject, content, name and logo. Meanwhile, based on the information illegally obtained by Ms. Huang Shihua and Mr. Pan Chunhui, your company used similar layout, numbers and descriptions in the promotion pamphlet and web introduction of API EXPO, making it highly confusing compared with ADC EXPO.

In order to attack first and to obtain preemptive advantage, your company intentionally began organizing API EXPO since this July and took all subsequent measures in marketing, including releasing false representations so that the public cannot clearly distinguish API EXPO with ADC EXPO.



4. During the expo promotion, your company deliberately concealed your identity and carried out the promotion under the name of ADC EXPO.

In fact, rather than disclosing your company's identity during expo marketing, your company announced that API EXPO is "managed by the same team, at the same location, and on the same dates", "is supported by a team of members who have over 10-years' experience and bunch of customer resources, and it is the most experienced team in the adult exhibition industry in China". Your company even contacted customers under the name of ADC EXPO, and confused them by case statements such as "like last year". All your actions are contrary to the moral standard and laws, and have inflicted great harm to our client and ADC EXPO.

5. Your company made much misleading and false representations in API EXPO marketing.

API EXPO in fact is being hold for the first time, and thus your allegations such as "over 10-years' experienced team and abundant customer resources", "organized by the same team, hold at the same dates and location" and "like last year" are all false and does not exist at all. These false allegations are made by stealing the reputation and history of ADC EXPO, with the intent to raise API EXPO's recognition and reputation among the public. All these actions have constituted making false or misleading representations with intent to fraud, which is prescribed and prohibited by the Advertising Law.

Our client holds that:

1. Ms. Huang Shihua and Mr. Pan Chunhui set up a company in competition with our client during their employment, and they further took away the computer disk or removed the information stored in the disk when they resigned from our client. With



the information they illegally obtained from our client, they subsequently organized API EXPO of the same subject and scale at the same location and dates as ADC EXPO. Ms. Huang Shihua and Mr. Pan Chunhui have violated the Employee Manual and breached their fiduciary duty to our client.

2. Your use of the commercial information that were illegally obtained from our client by Ms. Huang Shihua and Mr. Pan Chunhui in the promotion and advertising of API EXPO has constituted misappropriation and illegal use of our client's trade secrets.

3. You deliberately concealed your identity, and repeatedly alleged that API EXPO has the same management team, hold at the same location during the same dates that like last year. Your company further misled the public by stealing the history background of ADC EXPO and even promoted under the name of ADC EXPO. It is clear such illegal actions constitutes unfair competition.

4. Your company promoted that API EXPO is supported by a management team with years of experience as well as abundant customer resources, which is fake and misleading. Such action constitutes false advertising that is prohibited by the Advertising Law.

In view of this, to protect our client's legal rights, we hereby inform you that:

1. You should immediately cease all infringements, including but not limited to stop false advertising, and revoking all and any marketing materials, web introductions and advertisement on social media regarding API EXPO.

2. You should immediately stop making use of any trade information illegally obtained from our client, including but not limited to information of previous exhibitors, trade visitors and long-term service providers.

3. Ms. Huang Shihua and Mr. Pan Chunhui should immediately return the



appropriated computer disk and any trade secrets obtained from our client, and delete any copies of the information.

4. You should immediately make a public apology and clarify the facts directly with all related customers to eliminate any adverse impact on our client.

5. Our client has filed formal report to the Department of Commerce, Administration of Market Regulation and Industry Association regarding the false advertising, unfair competition and any infringement inflicted by your company. We will further file the case to the regulatory government agencies and even to the police, seeking for fair sanction or criminal penalty if any depending on the situation.

6. If your company failed to comply with the demands 1-4 listed above within 10 days after receiving this letter, our client shall reserve the right to seek relief through litigation in court.

Yours respectfully!

Guantao Law Firm
Qian Yewen Attorney at Law
Xu Juan Attorney at Law
November 11, 2019