

Ninestar



PIONEER

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Ninestar

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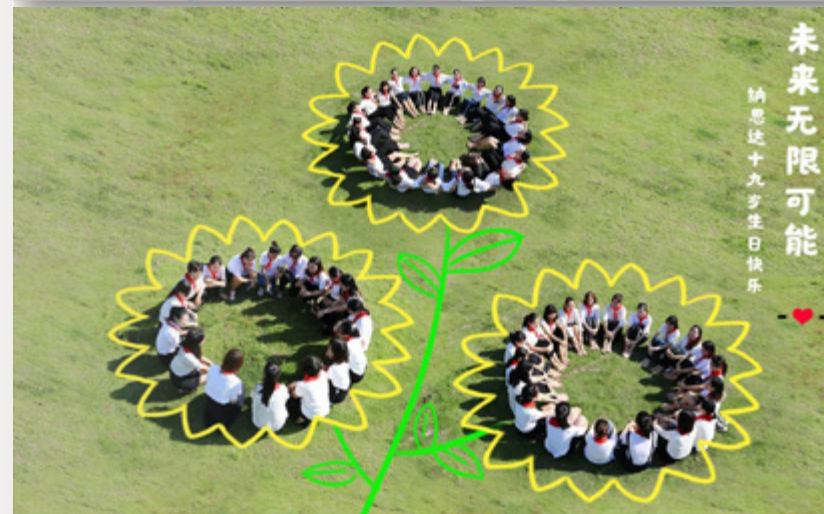
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Ninestar 19th Anniversary

June 28, 2019 marks Ninestar's 19th anniversary. We are sincerely grateful to all of our customers and shareholders who have supported the company's development and progress since our founding 19 years ago.

To celebrate the 19th anniversary, creative group or team photos were taken by different departments. Let us take a look at these photos!





G&G's 2019 Conference for Global Distributors a Success

G&G has held its distributors conference in The Hague, Netherlands in May 23-25, 2019. The three-day event drew together its distributors from G&G's growing international network, which now covers over 21 countries.

Distributors were given an insight into G&G's plans for future, including the industry trend, the long-term vision for the company's development and product launches planned for the coming year.

Mr. Jason Wang, General Manager of Ninestar Image, reviewed G&G's solutions to external challenges

and introduced the efforts G&G has made to improve itself internally in his welcome speech. He emphasized the theme of the conference, "Co-innovating Tomorrow", was not "an empty slogan". He added, "The concept of Co-innovating has developed into Co-branding, Co-developing Co-investing and I'm sure it will be enriched continuously by G&G family's minds and spirits."





Ninstar's going for growth business strategy was also presented to the distributors by Mr. Johnson Qiang, vice General Manager of Ninstar Image.

This year's speakers also included Mr. Charles Brewer, president of Actionable Intelligence, specializes in industry players' strategies analysis ; Mr. Mandy Wei, general counsel of Ninstar



Image, talked about the recent hot IP issues. Of course, successful experience shared by three strategic cooperation distributors in different channels and countries.



During the conference, G&G launched portable marking printer and label printers, which grabbed the attention of the distributors. New products were being notable highlights with their innovative design features.



The three day conference was intensive but included a great night dinner at Hotel Des Indes and a pleasant visit to the Royal Picture Gallery Mauritshuis, thoroughly enjoyed by the distributors.



Welcome Speech from Mr. Jason Wang

Honorable guests, ladies and gentlemen, good morning! Today is the 5th G&G Distributors Conference. From the beginning of European Conference to later EMEA Conference in the previous years, to this year's Global Event, we are very happy to see our G&G family is constantly growing all over the world. Here, on behalf of Ninstar Group, I would like to extend a warm welcome to everyone here. Thank you for your continued support and trust in G&G brand.

In the past year, the situation in the aftermarket industry has

been severe and complicated. The vicious competition between Reman and New Build in 2018 has led to the reputation damage of new build printing consumables. Some prejudiced industry media have also been using their platforms to impose defamation rampage against Chinese manufacturers. The consequence is a mutual loss to both Reman and New Build, while the OEMs benefit at our expense. On the other hand, the fight among the New-Builds has never stopped. In this market, you will always find that there will constantly be someone who pushes

the price to another lower level. The practice of non-stop sacrificing the product quality to take temporary price advantage, is squeezing the living space of the aftermarket and no doubt, it is ruining the future of the industry. At the same time, the threats from the OEMs have been endless: repeated firmware updates go on; chip technology are frequently upgraded; litigation against aftermarket continues. I believe you are aware as well that, recently, the OEMs have launched offensive operations against 68 companies on Amazon in order to remove their listings.

Even so, tempering itself at the frontline of the industry, Ninestar has never been afraid. What we have been doing is to turn these difficulties and challenges into opportunities for development, and enrich the core competitiveness of our brand. For example, in the case of RoHS and REACH, Ninestar has been the most responsive manufacturer in the industry. In September last year, Ninestar carried out full-scale self-inspection and rectification. Priority has been given to ensure that G&G brand products comply with local laws and regulations. Till today, Ninestar has been the only one among new build manufacturers to have mass production for clean and compliant products.

As to chip and firmware upgrades, since 2018, Ninestar has successfully addressed upgrades up to 16 times from Samsung, HP, Brother, Epson and other OEMs respectively. The most recent one was the firmware upgrade in April on HP printers using 952/953 series ink cartridges. HP, going back to its old crafty plot, activated F/M updates via internet connection, including wifi. Ninestar responded quickly, solved the problem before its peers and minimized customers' losses.

In terms of litigation, Ninestar proactively protects the legitimate rights and interests of itself and its customers. Through the efforts of Ninestar, a large number of lawsuits

have achieved positive results. In China, the court ruled that Zhuhai Zhengyin Company violated the patent of Ninestar, was ordered to stop the infringement and subject to compensation; in Europe, we helped our customer win the lawsuit against Brother. In the US and Japan, Ninestar is the only legal, authorized Reman Epson ink cartridges provider; And also, I believe you have been informed of the latest ITC's decision on the 337 investigation concerning the dongle gear case.

While resolutely responding to the external environment, Ninestar did not forget to work diligently on improving itself internally. Please allow me to update you some of our efforts.

- Product-wise, in addition to patented new build products, we have strengthened the resources for reman products. The monthly shipments of reman toner cartridges and reman ink cartridges have reached 150,000pcs and 1 million pcs respectively. While patent solutions are introduced to the copier channel as well, we released also label machines, portable printers and related consumables. You'll see some of them here today. Based on the needs of the G&G brand channel, we will continue to increase the output of differentiated products.
- Quality-wise, the company made major adjustments

in its organizational structure, the Quality Management Department has been established, and experienced quality management team has been appointed to coordinate and monitor the company's quality projects; on the other hand, in order to secure a stable quality output, we continue to increase investment in automated production. Some of our friends here visited our factory last year and must have some idea on Ninestar's automation scale. I'm glad to let you know that there has been further progress. The new HP 252 toner cartridge automation line has been put into use, and two other automation lines for the HP 226 and Samsung 101 will be added in the second half of 2019. Our investment will keep growing to over 300 million yuan, covering more and more top-sell models.

- With regard to patents, Ninestar has been cultivating consistently in this field. Although Canon kept adding more protection to its dongle gear patents, Ninestar's products have evolved from the original lever structure to the latest 'SW4', bringing insurance to the safety of our products. Apex's IC R&D team has made significant contributions to aftermarket by removing the OEM's obstacles and releasing new smart-chip

solutions.

- From operation side, in order to seamlessly integrate the market and production, we have assigned the production heads to be in charge of sales as well; Mr. Johnson Qiang, who is here today, has great experience in production and supply chain management. I believe he will bring more efficient resonance to production, supply chain and the market, and present better products and services to Ninestar customers. At the same time, we have also moved our service support closer to customers by arranging technical personnel to work abroad so that we can have faster reaction and higher efficiency when our customers need us. Furthermore, a special team for brand management and support has been set-up lately. In the afternoon, the person in charge of this area will

share his ideas with you.

"Co-innovating Tomorrow", is the theme of the conference today. It is not an empty slogan; since this idea raised on Zhuhai Remax Exhibition last year, we have been discussing with customers all over the world; till today, the concept of Co-innovating has developed into Co-branding, Co-developing Co-investing and I'm sure it will be enriched continuously by G&G family's minds and spirits. Today, we will have Co-innovating ideas from Tonerdumping, G&G partner in Germany, AQA, G&G partner of Italy and Datastar, G&G partner of Greece. Meanwhile, the head of G&G brand in China will also share his experiences and thoughts.

Unswervingly taking the path of brand development is the core strategy of Ninestar Group. I promise you that Ninestar's focus and dedication to G&G brand will continue as always. Thank you very much again for coming! I sincerely hope that

this meeting can benefit you to some extent and make your trip to Den Haag worthwhile! I wish our common G&G cause every success!





Zhuhai Custom Seized 360 Pcs Ink Cartridges that Suspected of Infringing Ninestar's IP

In late April, 2019, Zhuhai Gongbei Custom seized 360 pcs inkjet cartridges that suspected of infringing on Ninestar's intellectual property. The suspected infringed cartridges were declared by a company in Zhuhai to export to Tunisia. The right holder Ninestar found the above mentioned cartridges was suspected of infringing its own IP and submitted an application for intellectual property protection measures on the goods involved on the spot.

The owner of this case, Ninestar, is the IP-leading enterprise in Zhuhai, and is also the key protection enterprise of "Longteng Action" in 2017 and 2018 confirmed by the General Administration of Customs.

Mr. Mandy Wei, the head of Ninestar legal department, said, "Custom's protection provides a strong guarantee for the enterprises who invests a lot to R&D."

SUPPORTED BY



WORK FOR THE BEST IMAGE

G&G is a premium global brand from Ninestar, delivering gold standard consumables and professional printing solutions to more than 200 million consumers in over 170 countries.

"With age comes wisdom
but sometimes age comes alone."
Oscar Wilde

But I am
65 and crazy!

and I'm doing the West Highland Way
Charity Walk – 31 May – 5 June 2019




David, Congratulations on Completing G&G Challenge!

G&G congratulates David Connett on successfully completing the G&G challenge!

G&G supported David and his "crazy" idea, walking Scotland's 154-kilometre West Highland Way to raise well-needed funds for others.

G&G is a premium global brand from Ninestar, delivering gold standard consumables and professional printing solutions to more than 200 million consumers in over 170 countries. G&G believes a brand should take social responsibility and initiative to benefit the society and

community. All actions taken and products created by G&G are based on this vision.

G&G also discovered a fun fact about David, as an engineer the (polite) nickname for a group of

engineers was "Penguins" who have true grit and courage, a precious trait we see in David, and something that inspired us here at G&G where the King Penguins are the G&G's brand image ambassador.





FESPA Global Print Expo 2019

Ninestar brought its latest remanufactured wide format cartridges to Fespa visitors. Featuring environmental friendly and outstanding printing performance, Ninestar's reman wide format cartridges for HP 831 latex ink series got a lot of attention.



TEAM



RT Imaging Expo Americas 2019

Ninestar exhibited its MPS solutions, copiers products and jumbo products during RT Imaging Expo Americas 2019. Customers were impressed by Ninestar's comprehensive printing solutions.



Ninestar's Recent Events At a Glance



ITEX Show 2019

During the show, Ninestar exhibited its advanced automated production lines and one-stop printing solutions. Ninestar's solution for dongle gear series products attracted a lot of attention since USITC has affirmed Ninestar does not infringe on Canon's asserted patents.





ITC Final Determination: Ninestar Does Not Infringe



Actionable Intelligence | ITC Final Determination: Ninestar Does Not Infringe



The ITC announced its decision to affirm ALJ Dee Lord's initial determination granting the respondents' respective motions for summary determination of noninfringement.

The Commission determined there was no violation of Section 337 of the Tariff Act of 1930 and terminated the investigation.

Canon petitioned for and got the full U.S. International Trade Commission (ITC) to review the aftermarket's win in the OEM's toner cartridge investigation, but Canon did not get the outcome it wanted. On May 20, just two weeks after announcing that it would review the summary determination of noninfringement awarded to the respondents and the underlying *Markman* order, the ITC announced its decision to affirm Administrative Law Judge (ALJ) Dee Lord's initial determination granting the respondents' respective motions for summary determination of noninfringement. The Commission determined there was no violation of Section 337 of the Tariff Act of 1930 and terminated the investigation.

Background

In February 2018, with the goal of obtaining a general exclusion order (GEO), Canon asked the ITC to open a Section 337 investigation into infringement of its toner cartridge patents (see ["Canon Causes Another Cataclysm: OEM Sues Numerous Aftermarket Firms for Patent Infringement"](#)). At the same time, Canon filed 36 parallel patent-infringement lawsuits in U.S. federal courts. Altogether, the complaints named 49 different aftermarket supplies firms as respondents/defendants. Canon originally asserted nine patents in the ITC investigation but ultimately whittled down the number of patents asserted to seven (see ["Canon Amends ITC Complaint to Assert Fewer Patents, Sees More Settlements and Defaults"](#)).

Most of the respondents defaulted in the investigation. In the end, the only respondents left fighting Canon's patent infringement claims were three groups of manufacturers (Aster, Ninestar, and Print-Rite and their various subsidiaries)

and two resellers (LD Products and The Supplies Guys).

Claim construction proved to be the central matter in determining the outcome of this investigation. At issue was whether the Canon patents require the coupling member to pivot or incline with respect to the photosensitive drum. In order to avoid infringing Canon's original dongle gear patents on which the ITC awarded Canon a GEO in 2015 in the 337-TA-918 investigation (see ["ITC Awards Canon GEO in Dongle Gear Investigation"](#)), the respondents' accused cartridges employed a gear that plunged in and out of the OPC drum coaxially rather than pivoting or inclining. The respondents argued that the Canon patents asserted in the 337-TA-1106 investigation did not claim this type of coaxial motion and required inclination or pivoting. Canon's position was that the patents do claim this type of coaxial motion and that the patents do not require inclination or pivoting.

ALJ Lord held a *Markman* hearing on August 30, 2018. ALJ Lord's *Markman* order was issued on February 28, 2019 (see ["Markman Order Issued in Canon Toner Cartridge Investigation"](#)). While she sided with Canon on some issues, ALJ Lord construed one of the crucial disputed claim terms (disputed claim term 1) in a way that was favorable to the respondents, saying the coupling was movable between a first "angular" position and a second "angular" position. This decision meant that the respondents' motions for summary determination of noninfringement were "ripe for adjudication" (see ["Respondents Likely to Get Summary Determinations of Noninfringement in Canon Investigation"](#)). On March 13, ALJ Lord issued her initial determination of noninfringement for the respondents (see

Actionable Intelligence | ITC Final Determination: Ninestar Does Not Infringe



Ninestar notes that until now Canon has largely been successful in its litigation targeting the aftermarket.

["Huge Aftermarket Victory: Respondents to Canon Investigation Are Awarded Summary Determination of Noninfringement"](#).

Canon, however, petitioned the ITC to review this initial determination on March 25 (see ["Canon and Respondents Petition ITC to Review ALJ Determination"](#)). That same day, the remaining respondents also petitioned the Commission to review this decision. Canon asked the full Commission to construe the Canon patents as not requiring pivoting, reverse the initial determination granting summary determination of noninfringement based on the ALJ's *Markman* order, and remand the case for further proceedings. The respondents wanted the Commission to adopt the respondents' constructions for two other disputed claim terms (see ["Canon, Respondents, QUIL Argue over Petition to Review"](#)).

On May 6, the Commission agreed to review both the summary determination of noninfringement awarded to respondents and *Markman* order (see ["Canon Gets the Redo It Wanted: ITC to Review Determination of Noninfringement"](#)).

The only questions that the Commission asked the parties to submit written answers to before making its decision were related to whether if the ITC affirmed the *Markman* order and summary determination of noninfringement Canon would still be seeking relief against the defaulting respondents. Canon said it would not (see ["Canon Briefs ITC on Questions Posed as Part of Review"](#)).

The Decision

The May 20 [notice from the Commission](#) states:

Notice is hereby given that the U.S. International Trade Commission has

determined to affirm the initial determination ("ID") (Order No. 40) of the presiding administrative law judge ("ALJ") granting certain respondents' respective motions for summary determination of non-infringement. Accordingly, the Commission has determined to find no violation of section 337. The investigation is terminated.

Most of the notice delves into the history of the investigation. The Commission concludes by saying much the same thing at the end of its notice that it does at the beginning:

Having reviewed the record of the investigation, including Order No. 40 and the Markman Order, the parties' briefing, and Canon's response, the Commission has determined to affirm the subject ID. Accordingly, the Commission finds no violation of section 337. The investigation is terminated.

Ninestar Comments

Ninestar immediately issued a [press release](#) celebrating the decision in its favor.

Ninestar notes that until now Canon has largely been successful in its litigation targeting the aftermarket. The Zhuhai, China-based company states, "Previously, Canon filed numerous patent infringement lawsuits against aftermarket companies in federal district courts and before the ITC. Canon's previous enforcement efforts have largely been successful, securing settlements, injunctions, exclusion orders, and default judgments." Indeed, over the years, Actionable Intelligence has chronicled Canon's string of wins and its scant number of losses in its relentless pursuit of alleged infringers of its intellectual property.

Ninestar has settled in some previous Canon toner cartridge investigations

Actionable Intelligence | ITC Final Determination: Ninestar Does Not Infringe



Jason Wang, general manager of Ninestar Image Tech Limited, commented, "We are very pleased that the ITC confirmed that Ninestar does not infringe Canon's patents."

before the ITC, including investigation 337-TA-730 (see ["Canon Officially Announces End of Patent-Infringement Dispute with Ninestar"](#)) and 337-TA-918 (see ["Déjà Vu All Over Again: Ninestar and Others Settle with Canon, ITC Hearing Suspended"](#)). Canon was ultimately awarded a GEO in the latter investigation (see ["ITC Awards Canon GEO in Dongle Gear Investigation"](#)). However, Ninestar indicates it had no intention to settle this time around and instead helped lead the respondents' defense.

The company states:

As always, Ninestar mounted a fierce defense. The ITC record shows that on August 30, 2018, the ALJ held a Markman hearing (i.e., a hearing to determine the scope of Canon's asserted patents). The hearing transcript obtained from the ITC's online docket shows that two attorneys representing Ninestar and Static argued the case for all respondents only.

Jason Wang, general manager of Ninestar Image Tech Limited, commented, "We are very pleased that the ITC confirmed that Ninestar does not infringe Canon's patents. Ninestar takes great pride in developing innovative cutting-edge products, protected by Ninestar's own intellectual property."

What Comes Next?

This decision is remarkable in that it is the first time in a printer consumables-related Section 337 investigation that the Commission had decided in favor of the aftermarket supplies firms named as respondents rather than the OEM complainants.

Interestingly, however, in terms of the products that the aftermarket respondents actually are selling, the decision may change very little. By and

large, the aftermarket respondents named in the investigation have already redesigned their products so as not to infringe the patents that Canon asserted in the 337-TA-1106 investigation. Ninestar, for its part, has already stated that if the Commission were to uphold the ALJ's finding of noninfringement, it would continue to sell its redesigned Sidewinder solution in the United States (see ["Ninestar Says It Is an IP Powerhouse, Plans Patent Suits"](#)).

When the respondents were awarded the summary determination of noninfringement, we noted that while it was a big victory for the aftermarket, the aftermarket respondents should chill rather than pop those champagne bottles because Canon would likely petition the Commission for a review of the decision.

We think that same advice holds true now. You could knock us over with a feather if Canon did not appeal this decision to the U.S. Court of Appeals for the Federal Circuit. The OEM has been signaling very clearly that if the Commission's decision does not go its way it would appeal. For example, in the last submission Canon made in this investigation, Canon noted that it would not be seeking relief against the defaulting respondents "unless and until the construction of the 'moveable' limitation is modified on appeal."

So stay tuned! We expect more to come. In the days ahead, we expect we will be covering more industry reaction to the Commission's determination to affirm ALJ Lord's decision. Meanwhile, we will be keeping an eye out for whether Canon appeals.



G&G Handheld Inkjet Printer

Your mobile and portable
printing solution for
business and industry



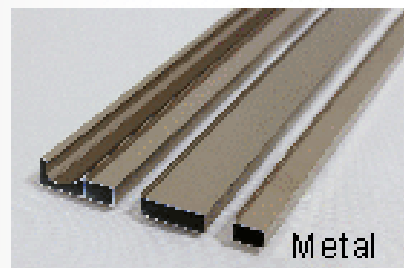
Paper



Woods



Cardboard



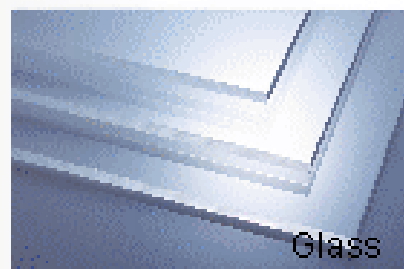
Metal



Plastic



Leather



Glass



Cement



Foam



Reman Wide Format Cartridges for HP 831 Latex Ink Series



Environmental standards,
no harmful substances, no stimulating odor



Outstanding stereoscopic effect



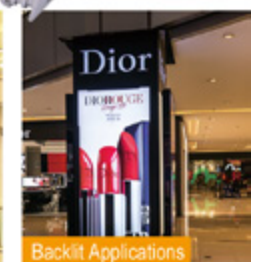
Wide applicable media



Event Banner



Canvas



Backlit Applications



Vehicle Graphics



Decorative Textiles



Floor Graphics





Ninestar Solutions for Jumbo Toner Cartridges



Up to 300%
increase rate, lower CPP



Self-developed
patented technology



Outstanding
printing performance



Products Available:

Brand	NS Model	OEM Model	Page Yield		Increase Rate
			G&G	OEM	
HP	NT-PH281LC	CF281X	40000	25000	60%
HP	NT-PH390LC	CE390X	40000	24000	67%
HP	NT-PH217LC	CF217A	6000	1600	275%
HP	NT-PH435LC	CB435A/CB436A	6000	1500	300%
Brother	NT-PB760LC	TN-760	6000	3000	100%
Brother	NT-PB2420LC	TN-2420	6000	3000	100%
Brother	NT-PB450L	TN-450/TN-2220/TN-2275 TN-27J/TN-2250/TN-2280	5000	2600	92%



Ninestar

PATENTED SOLUTIONS FOR CANON GPR-55 SERIES PRODUCTS



Patented design



Quick toner supply



Stable product quality which is
verified by MPS software program.



Strong chip support from
the brother company---Apex.



Complete product models to
satisfy your different demands.



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