

- **IP Management & Business Development**

**Loncin - Management Practice
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Chongqing, Nov. 2017



About Loncin



Loncin IP Value and IP System



Loncin IP Management and Business Management Practice

LONCIN 隆鑫控股

About Loncin

Loncin Holding Co., Ltd. is an investment group company which takes industry as its foundation and has been mainly involved in the business fields of industry, finance, environmental protection, cultural tourism, automobile dealing, strategic and financial investment, etc. Loncin Holding is the controlling shareholder of Loncin Motor Co., Ltd. (SH603766), Hanhua Financial Holding Co., Ltd. (HK03903), Shanghai Fenghua (Group) Co., Ltd. (SH600615), Chiho Environmental Group Limited (HK00976), USUM Investment Group Co., Ltd., and Chongqing Jinling Auto (Group) Co., Ltd.; it is also one of the major shareholders of Chongqing Rural Commercial Bank Co., Ltd. (HK03618). By 2016, Loncin has more than 20,000 employees, total assets of about RMB 65 billion, and accumulated tax payment of more than RMB 8 billion.



Business Distribution

Industry

Loncin Motor Co., Ltd. (SH603766)

Automobile dealing

Chongqing Jinling Auto (Group) Co., Ltd., one of famous auto life service providers in Chongqing

Cultural tourism

Eastern Spring Cultural Tourism and Relaxation Integrated Development Project

* Business distribution is under way.



Strategic and financial investment

Shanghai Fenghua (Group) Co., Ltd. (SH600615)

Finance

Hanhua Financial Holding Co., Ltd. (HK03903), the largest private financing guarantee company in China.

Chongqing Fumin Bank Co., Ltd., the first private bank in mid-west area.

Chongqing Rural Commercial Bank (HK03618)

Environmental protection

USUM Investment Group Co., Ltd. which has established “Three-Big and One-New” Strategy.

- Chiho Environmental Group Limited (HK00976), the globally-leading mixed metal regenerator.
- Schulz, one of leading secondary metal recycling companies in the world.

Loncin Industry

(Stock Code: 603766)



Loncin Motor Co., Ltd. (SH603766), which started from manufacturing of motorcycle engines in 1993 and was listed on China's A-share market in 2012, now has been developed into a large comprehensive manufacturing company with its business covering engines, scooters, smart powers, drones and electric vehicles. Loncin Motor exports to over 100 countries and regions, making it sales leader in the industry in various businesses.

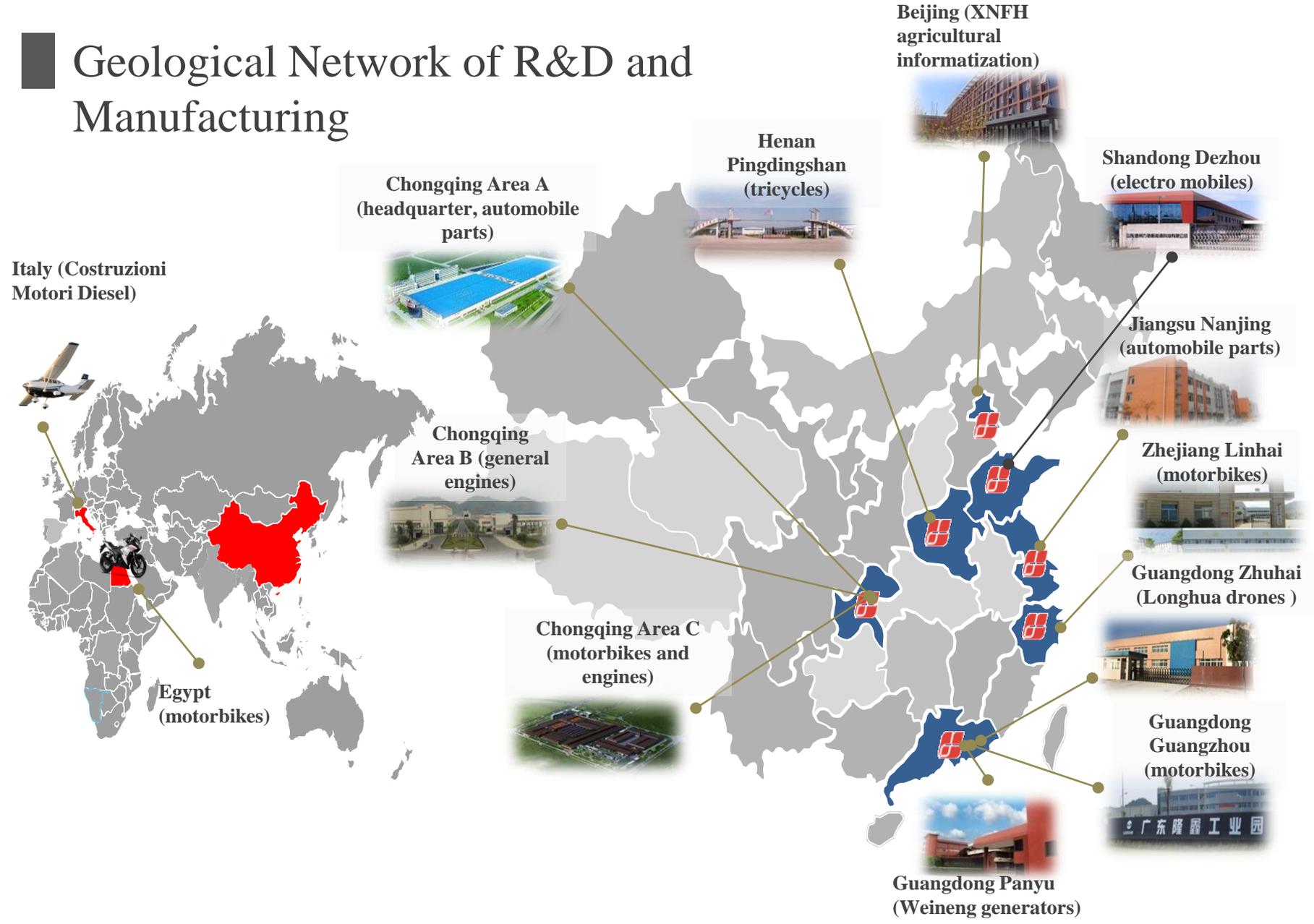
Headquartered in Chongqing, Loncin Motor has its own assets exceeding RMB 8.5 billion and more than 10,000 employees. By controlling and participating in the interest of more than 20 companies over the world, it has established strategic partnership with the world's top 500 enterprises like BMW, TORO, and Cummins.

Business Scope (Industry)

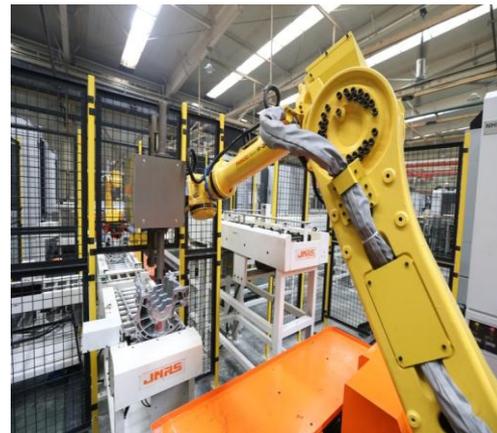


➤ It exports to more than 100 countries and regions in Asia, Europe, Africa, America, etc. **Its export volumes of motorbikes and general engines rank first each.**

Geological Network of R&D and Manufacturing



International Partners



Das Auto.



进无止境



上海通用汽车



JAGUAR



LAND-ROVER

R&D and Innovation

- Export volumes of motorbikes and general engine products (such as general motors and generators) have occupied the first place respectively for more than 10 years.
- Under the background of increasingly fierce competition in global economy, its turnovers and profits respectively saw year-on-year growth of more than 20% for the year of 2016, with international proceeds exceeding 50%.



“National Enterprise
Technical Center”



“ National IP
Demonstration Enterprise ”



“State Accredited Lab”



II. Loncin Innovation and IP Value

A rectangular text box with a 3D effect, featuring a light gray inner area and a dark gray outer border. The text is centered within the box.

Corporate Innovation
should be open
innovation based on
customers' needs, on the
shoulders of giants.

- Respect others' IPs, accumulate own IPs in core area, realize cross-licensing through patent related arrangement, create harmonious business environment and promote corporate sustainable development.

R&D course:

The power to manage IP is allocated in R&D system and is guided by R&D. There is great majority involvement of patents and minority involvement of trademarks and trade secrets.

Top Leadership, Participation by Decision Making Level, Effective Implementation by Implementing Level, Support by Business Labors Level

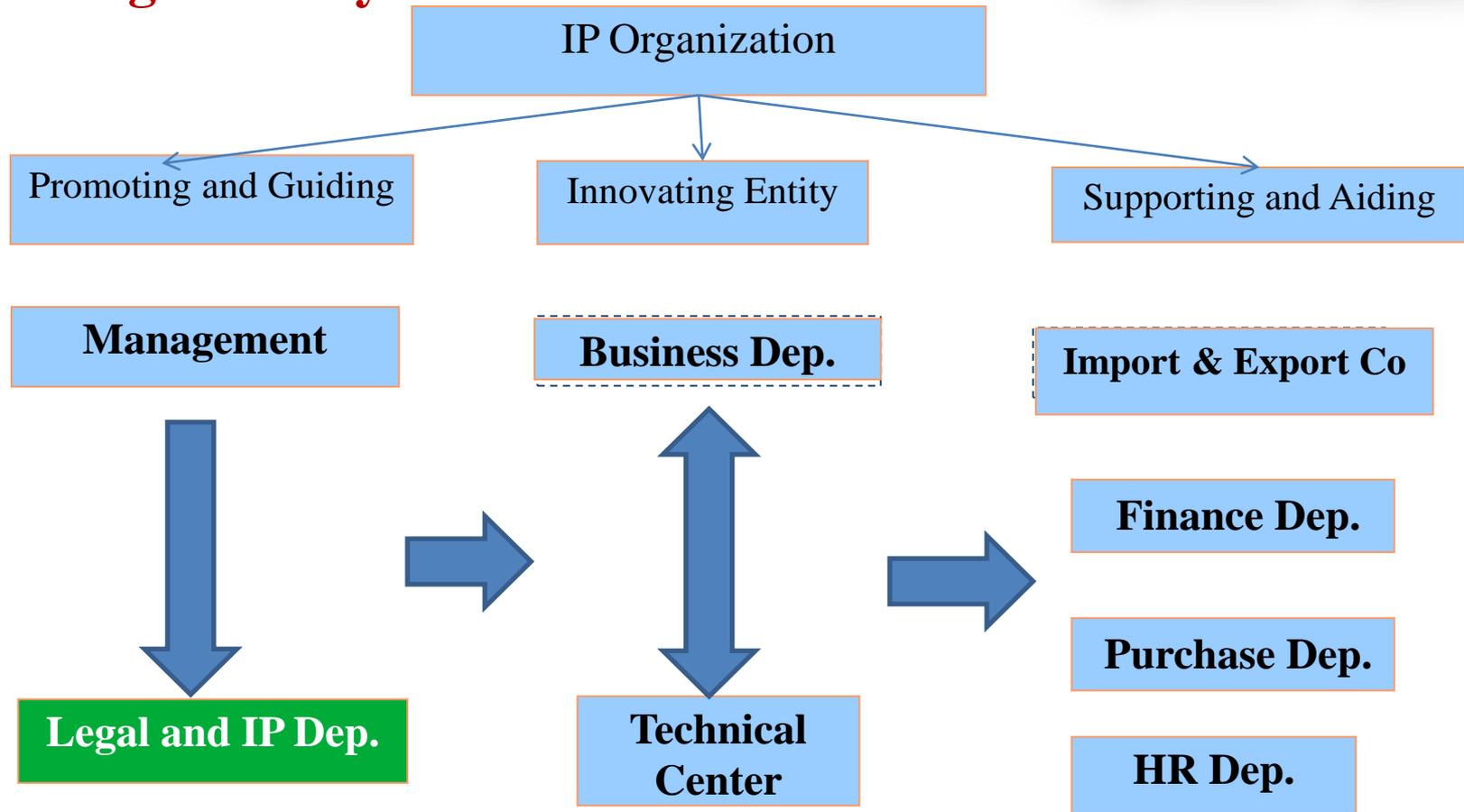
Legal course:

Combined management of IP business and legal business extends to market and internal management and involves all IP related businesses, so it is integrated management.

Independent course:

As a common model for international companies, IP matters are governed by Vice President, who is responsible to President.

II. IP Management System



- In 2002, the company formed Legal and IP Department to carry out management for IP, legal and technological projects. The department is headed by Board Chairman and has 12 full-time employees, 15 part-time employees and 6 global professional service providers.
- IP strategic management goal: **Risk Control – Power Distribution – Competition Surpassing – Valued Added Operation.**

Description of Loncin IP Work

- In 2002, the company established group-wide IP Department. The company's management pays high attention to IP work, and has listed IP strategy as part of, and incorporated IP strategy into, its general business strategy.
- The department is directly headed by Board Chairman and is devoted into the management for IP, legal and technological projects.
- On yearly basis, about 3~5% of R&D expenditure is applied for application and protection of IPs.
- The company has more than 5,000 patent applications in the world, of which more than 4,000 patent applications have been approved. Currently, the company has nearly 2,000 effective patents, domestically and abroad, of which nearly 200 ones are PCT and foreign patents. Last three years, the company's granted invention patents grew at the rate of more than 50%; and the company has obtained more than 2,000 trademark registrations, domestically and aboard, 5 well-known trademarks, and more than 300 software and copyright registrations.



➤ By patent, trademark and unfair competition.

➤ Loncin took the initiative to safeguard its legal rights for the first time in Europe, whereby it was successfully paid EUR 68,000 as liquidated damages and won new customers.

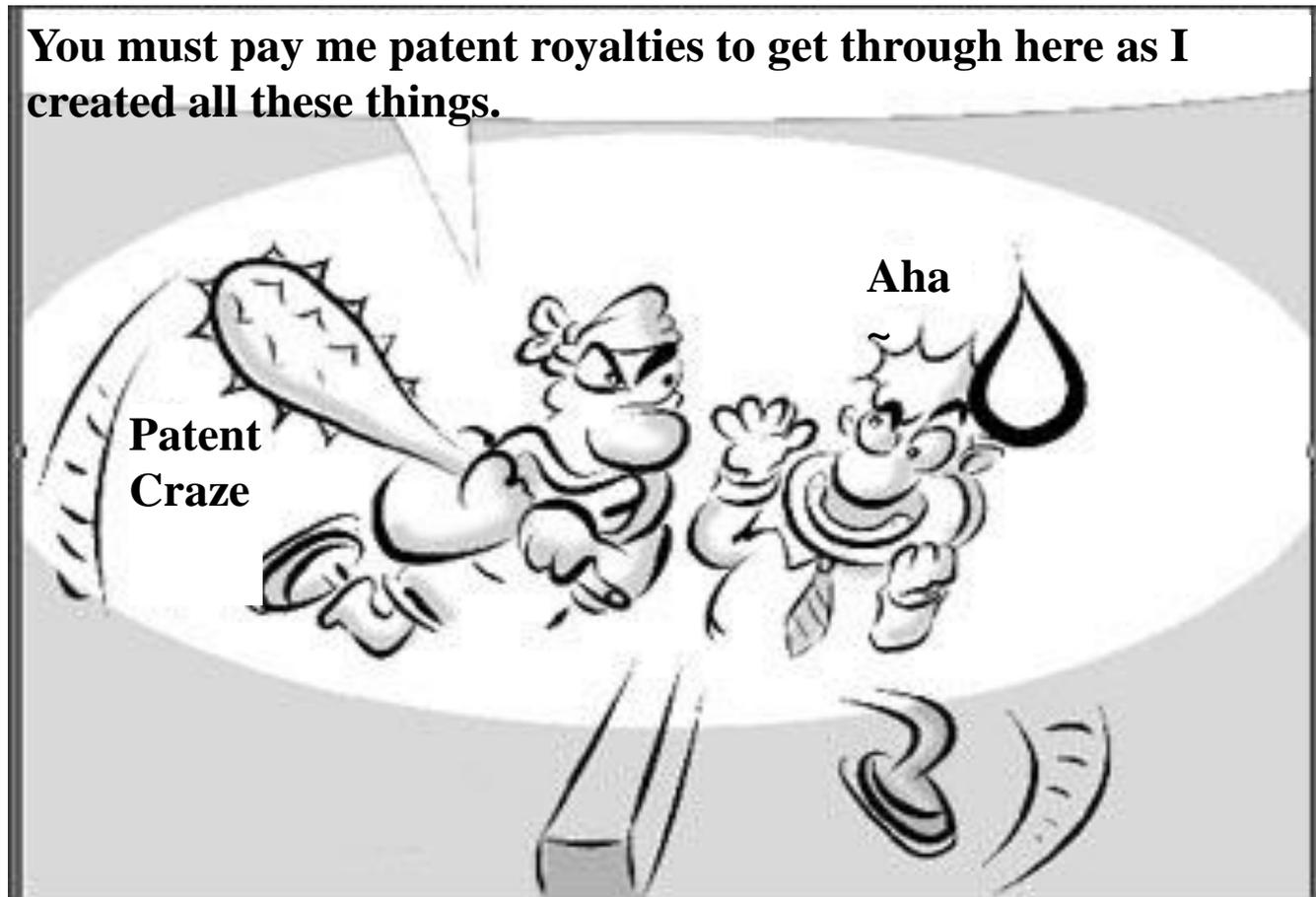
Patent Value and Distribution Competition



- Facebook purchased WhatsApp at purchase price of USD 19 billion to reply mobile impact.
- The giant consortium led by Apple defeated Google to purchase about 6,000 patents from Nortel Networks at purchase price of USD 4.5 billion (USD 2.6 billion – 1024 patents).
- Lenovo Group purchased from Google (USD 12.5 billion) at purchase price of USD 2.9 billion, Motorola Mobility together with 3,500 employees, 2,000 patents and combination of Motorola Mobility's brand and trademark.
- **Ren Zhengfei (2012): In 5-8 years, “World Patent War” would come. Therefore, Huawei has to develop clear strategic judgment and strategic design. (A cloud of smoke floated in the communication industry, with more than 50 patent cases)**



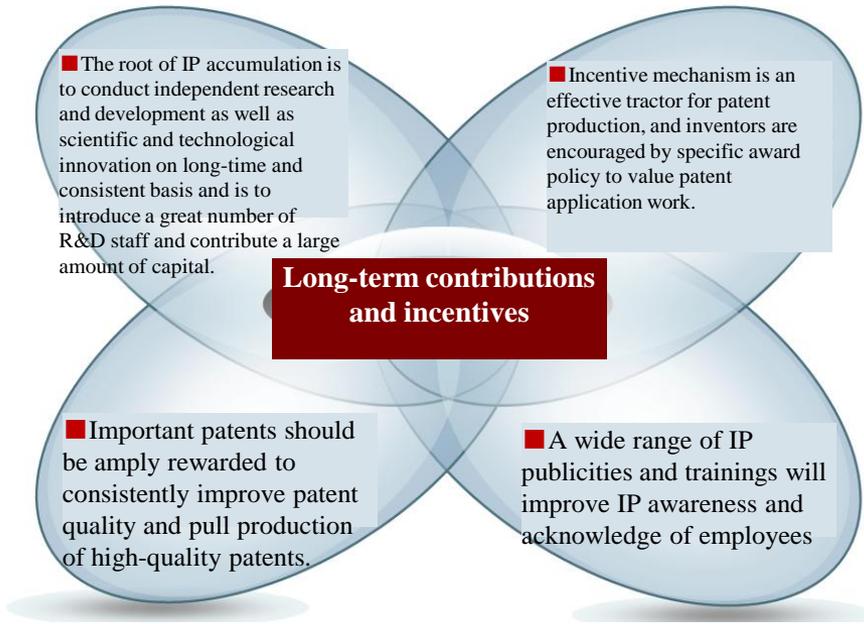
The breakout of the above-said Patent War indicates the arriving of post trade war era where the Patent War is the main battle.



● Are we ready?

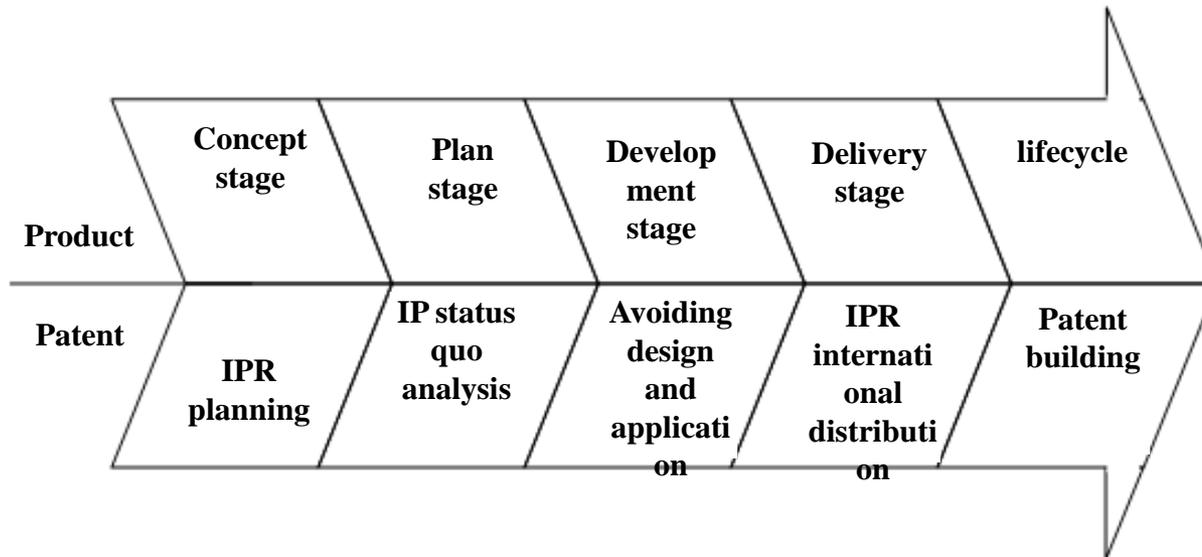
- Absolutely a product of technological innovation!
- A mere and pure business tool!
- A legal way to seek all profits that may be earned by a company!
- A “corporate product” that may be used for any business purpose!
- Companies need to create new patents constantly!
- **Trademark is a company’s “name card”, while patent is “chip” or “weapon”!**

III. IP and Business Management Practice (Regime and Training)



- **Title of National IP Demonstration Enterprise**, establish procedures for administration of patent management, trademark, trade secret and training, reward, etc. to reflect the company's core values.
- Establish patent database for the company and counterparties and the company's internal IP management information platform, realize online review, approval, control and sharing of IP related matters in the company while improving R&D efficiency, and improve public knowledge of IP management.

All-process IP management:



- **Only involvement in all phases of the company reflects core values of the company, and only a closed cycle of IP work can provide self-regeneration and self-development functions.**
- **Prepare IP management manual.**
- **Management Goal: Risk Control – Power Distribution – Competition Surpassing – Valued Added Operation.**

III. IP and Business Management Practice (IP creation)

Ciweek

2015 China Creation Top 100

Rank	Company	Industry	Declared invention (100%)	Granted invention (60%)	Utility model (15%)	Appearance design (15%)	Recombined number after authorization
1	Huawei	Communication	22020	25183	1797	2636	17977
2	ZTE	Communication	30118	15780	2120	1080	11960
3	BYD	Automobile	2209	2442	5353	1157	2663
4	Haier	Electric appliances	2875	1326	4666	4765	2498
5	Gree	Electric appliances	3073	579	6695	3892	2243
6	SMIC	Electronics	3304	2810	1373	0	2222
7	Hisense	Home appliances	2605	1168	4818	3114	2151
8	CSR	Traffic	2978	1022	7409	659	2121
9	Lenovo	IT	5556	1929	1740	928	2113
10	Midea	Home appliances	1498	307	6699	4714	2046
11	Geely	Automobile	1607	702	8624	1127	2045
12	Chery	Automobile	2459	1457	3090	2342	1935
13	TCL	Home appliances and communication	3234	1160	3293	2043	1820
14	BOE	Electronics	5046	914	2868	253	1521
15	Ansteel	Iron and Steel	1531	900	4283	21	1339
16	Baosteel	Iron and Steel	1241	696	4712	57	1257
17	Chana	Automobile	1431	425	2681	2500	1175
18	Changhong	Home appliances	1906	464	1873	2222	1083
19	Zoomlion	Machinery	1304	751	2672	369	1037
20	Taizhou Catic	Ship	1599	878	2138	81	1020
21	AVIC	Aviation	1633	727	1874	29	885
22	Sinopec	Chemical	500	1108	9665	2	860
23	JVC	Automobile	877	94	2899	1725	838
24	Konka	Home appliances	1479	344	2123	847	800
25	PKU Founder	IT	1496	924	345	293	800
26	Beiqi Foton	Automobile	709	178	3126	948	789
27	Loncin	Machinery	373	220	927	3133	778
28	Wuhan Iron and Steel	Iron and Steel	1022	465	2606	32	777
29	Shougang	Iron and Steel	1085	739	1387	18	763
30	Skyworth	Home appliances	1075	544	1161	585	696

Guarantee key features of company products and customers' points of need

Focus on major investment fields, key technical directions and key technical fields

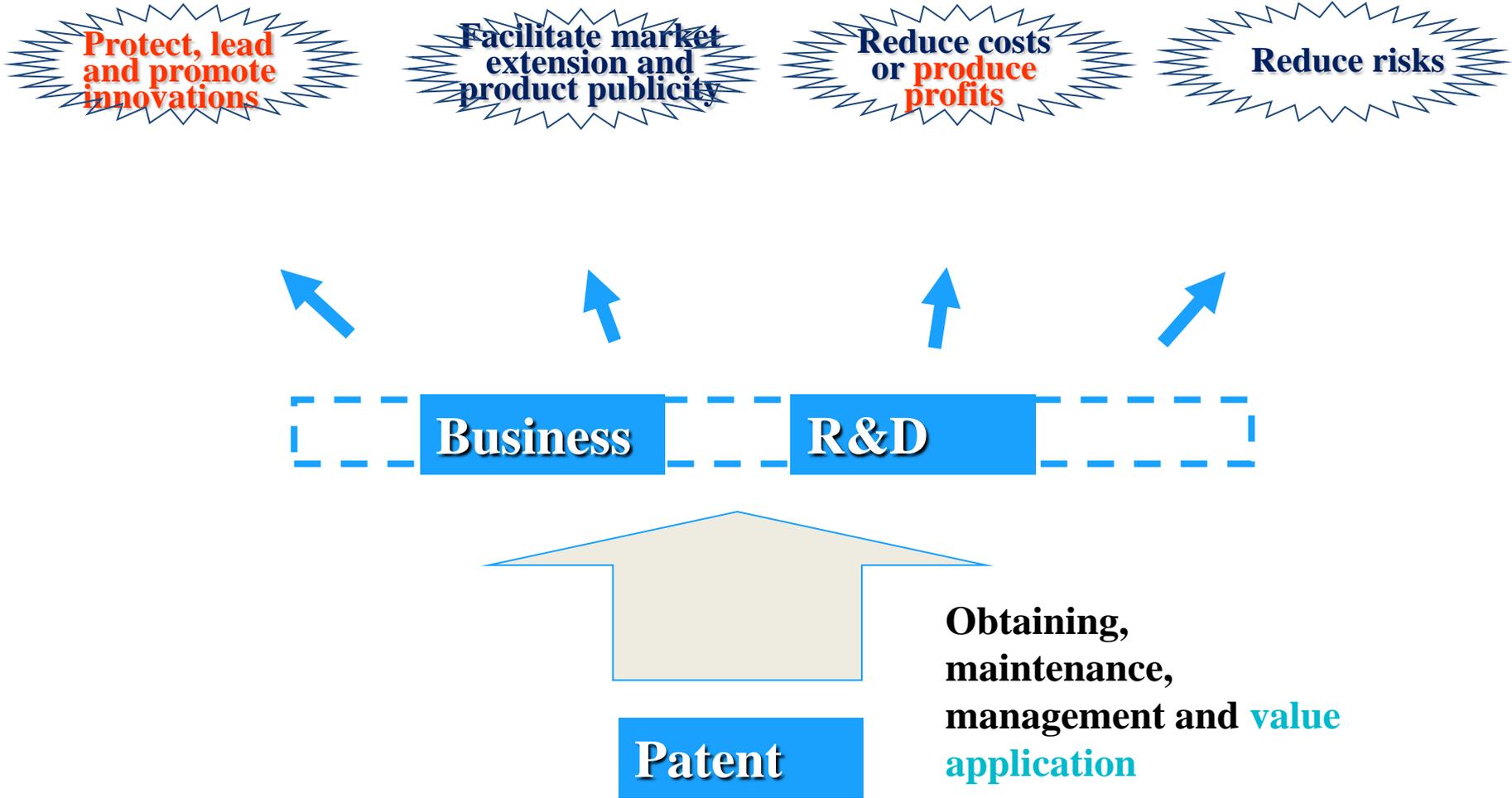
All-lifecycle management in R&D process

- **Strategy Layout, Quality Core** – adhere to “quality core, moderate growth in quantity” and “strategy and comprehensiveness” principles and emphasize patent distribution to avoid the wrong direction - pursuit of number of patent applications.
- **Resource Optimization and Look to the Future** – 80% of patent work resources are placed on promising projects and products, and the remaining 20% are placed on product improvement and upgrading.

- Patent application needs to be based on application of business competition.
 - Innovation
 - Market value
 - Competition based international distribution
 - Patent ROI (total volume/value/cost)
 - Scope of right conception
 - Possibility of infringement
 - Identifiability of infringement
 - Complexity of avoiding design
- According to competitive goal of operation, nothing is impossible. It is necessary to accelerate patent distribution of the company and add the value of the company by exploring its patents.



Main Values Reflected in IP Work



➤ Traditional patent management needs to be changed.

III. IP and Business Management Practice (Patent Industrialization Management)

□ Innovation is source of corporate patents and analysis and application are core. The goal of patent management is to maximum corporate profits.

Standardized and industrialized management

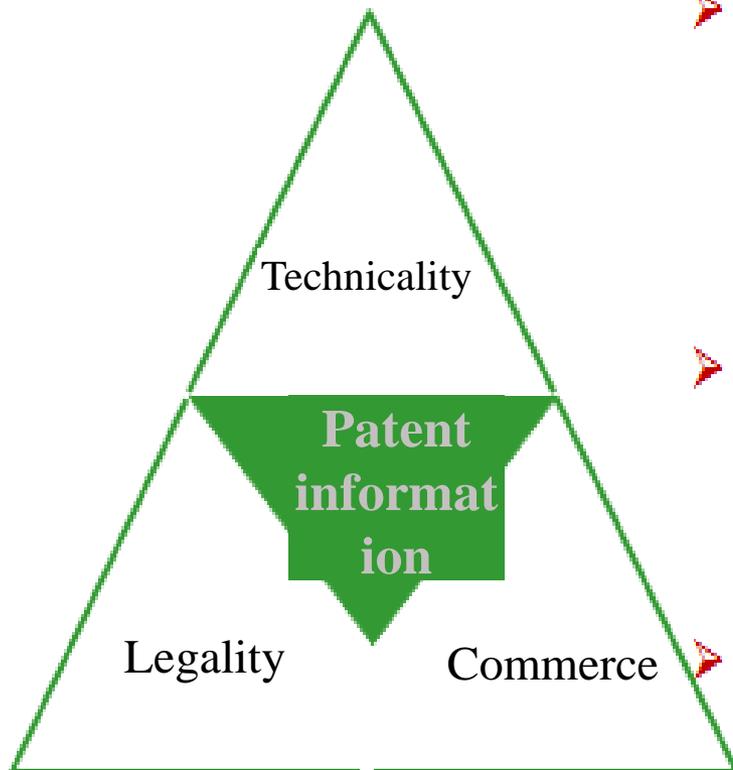
Legal management

Technical management

- Especially focus on technical competition information and hope to take technical opportunities in patent references;
- Exchange capital for patent technologies, and realize win-win in patent cooperation;
- Apply for technical patents, industrialize the patents rapidly and standardize the patents.
- Coordination by several departments: IP Dep. Market Dep. and R&D Dep. often discuss corporate development strategies together to do more with less.

Patent Information Is Helpful to Technical Research and Development

- Patent information is helpful to technical research and development.



- Patent is the most essential part of intellectual property and the most important strategic resource in knowledge economy era. Patent Specification contains 90-95% research works. In addition, patent documentation contains important economic, legal, commercial and other information.
- WIPO statistics indicate that 60% R&D time and 40% R&D expenditure can be saved by effectively utilizing patent information, so as to increase innovation efficient and improve edge of competition.
- Taking full advantage of technical information is an important way to increase innovation level of a company.

Patent Database Platform for the Company and Counterparties

隆鑫通用动力股份有限公司



企业技术研发库

快速查找..

通用动力机械

- 微耕机
 - 发电机/发电机组
 - 扫雪机
 - 割草机
 - 水泵

发动机

- 冷却系统/机构
 - 缸体
- 配气机构
- 曲柄连杆机构
- 进气系统/机构 中美
- 排放系统/机构
- 润滑机构
- 启动系统/机构
- 电气系统

当前位置: [通用动力机械](#)

“通用动力机械”导航概况 Baidu 百科

[查看检索结果](#)

通用动力机械导航专利统计结果: (单位: 件)

专利总数	发明专利	实用新型	外观设计	发明授权	香港特区	中国台湾专利	有效专利	失效专利	实质审查	公开发明	部分有效
234574	80311	138288	9950	25009	76	5949	105366	90648	24569	7960	6

中国专利

“通用动力机械”最新专利

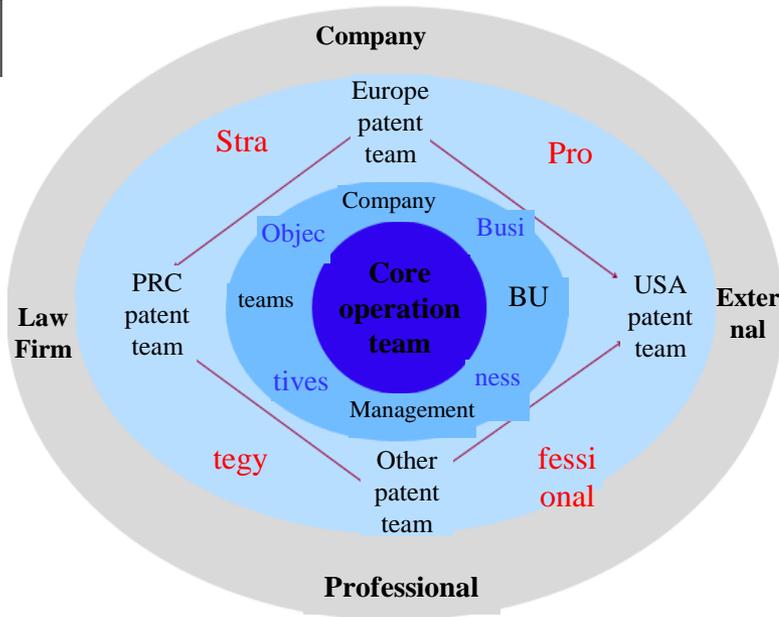
本月(916)

上月(3360)

本年(13911)

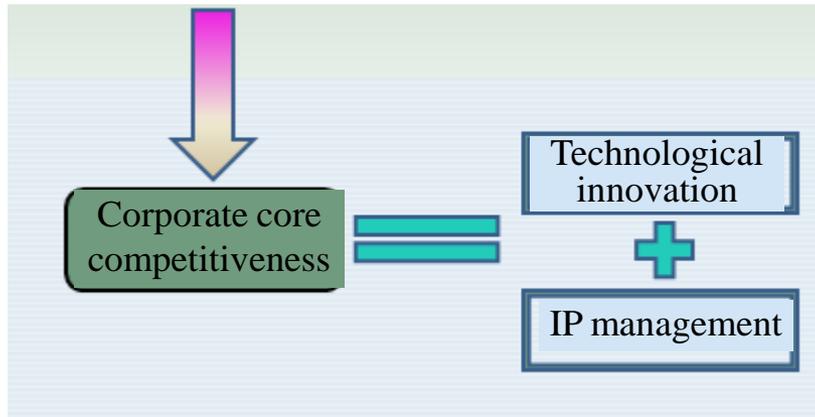
序号	专利号	专利名称	主分类号	发明人	公开日	申请人
1	CN201510886653.9	高温气冷堆直接制氢耦合蒸汽循环发...	G21D5/14	陈志强;何宏舟;张亮	2016-05-04	集美大学

III. IP and Business Management Practice (IP Protection)



- Since 2006, more than 50 disputes have been dissolved, and no payment for the damages from IP infringement has been made by the company, but the company has obtained lots of proceeds from safeguarding its IP rights, domestically and abroad.
- Establish industrial IP consortium, right protection coordination mechanism and IP work related advisory service mechanism, and participate in patent dispute resolution in the industry.
- In 2011, the company's case was included by **General Administration of Customs** into Top 10 Classic Cases and by **Patent Reexamination Board** in Annual Top 10 Key Cases.

- PRC companies grow up from lessons. They were in a passive position of having to receive blows initially, later began to fight against and launch an attack. This change proves the maturing development of IP environment in China! Maybe strong IP protection area arrives where companies bear more risks and meet more opportunities.
- IP has become a common intercompany business competition approach. (**strong lion and fat sheep**).
- Core competitiveness is necessary for a company to launch an attack!



In major IP cases:

Iceberg on the Sea

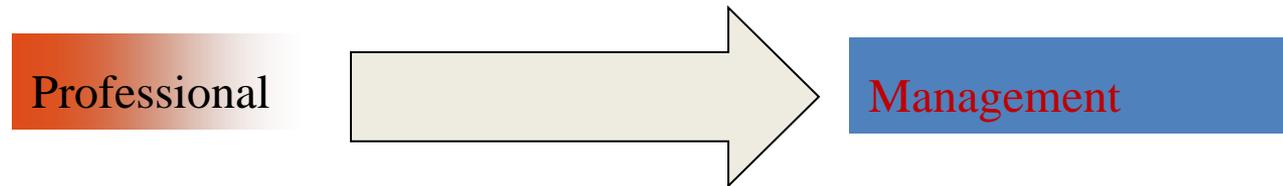
In IP cases, intellectual knowledge is only the sharp corner of the iceberg on the sea, while business competition and market fight are the iceberg body under the sea. The intention of the drunkard lies not on the wine, but on other purposes, courts are extension of market competition:

On the back of laws is business.

Endorsement of cases is interest

The intention of the drunkard lies not on the wine,

Aim of action is trade war!



- Find the right position and make clear purposes and expectations.
- Business departments are customers and decision-making level of the company is the top customer.
- CEO's way of thinking: Customer demands and disadvantages, other than non-functional disciplines, are based to realize Competition Surpassing and Value Added Operation.



WELCOME TO LONCIN.

WELCOME TO LONCIN

THANK YOU.

THANK YOU