

The introduction of

**YK3CN, YK3CN/MC**

Company growth indicator

YK3CN



patent power score

**Leading indicator**  
of company growth

YK3CN/MC



YK3CN / Market Cap

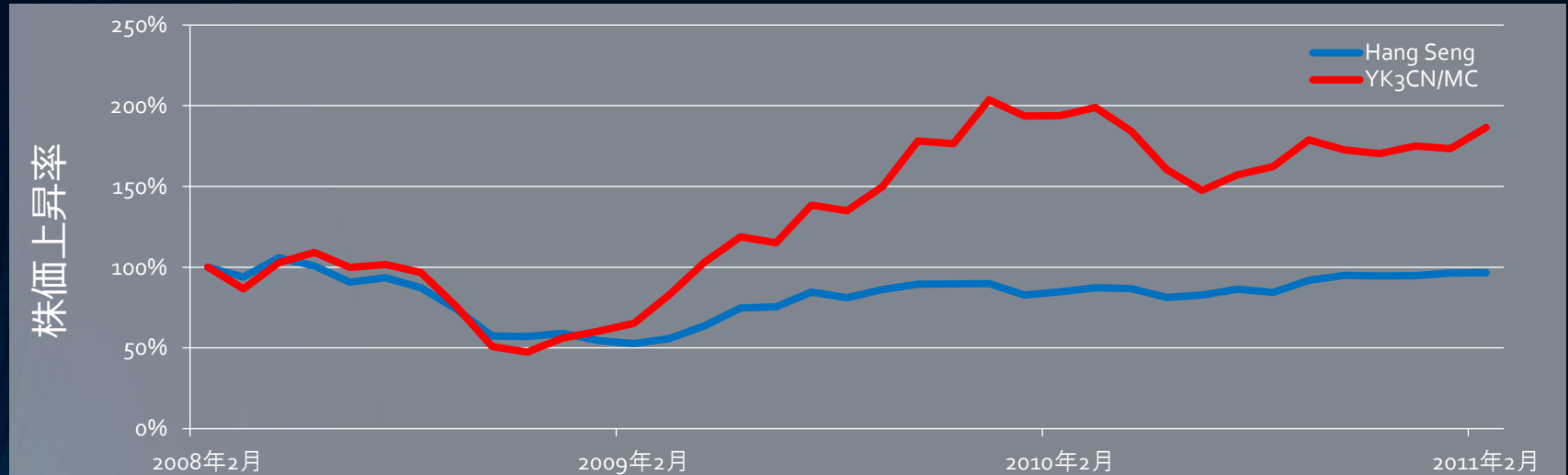
**Leading indicator**  
of stocks prices

# Performance test of YK3CN

## YK3CN/MC weighted portfolio

- Target : Component stocks of  
Hang Seng, H share, Red chip
- Term : February 2008 ~ February 2011
- Rebalance : Once a year

# Results of performance test



# Average returns of high weighted stocks

No	Company name	Average return
1	ZTE	45.99%
2	FOXCONN INTERNATIONAL HOLDINGS	44.60%
3	LENOVO GROUP	56.88%
4	BYD	83.46%
5	CHINA PETROLEUM & CHEMICAL	8.84%
6	JIANGXI COPPER	54.10%
7	DONGFENG MOTOR GROUP	90.04%
8	TENCENT HOLDINGS	88.19%
9	CHINA RAILWAY GROUP	-11.15%
10	ALUMINUM CORPORATION OF CHINA	9.65%
11	ANGANG STEEL	7.97%
12	SHANGHAI INDUSTRIAL HOLDINGS	8.74%
13	CHINA TELECOM	2.51%
14	YANZHOU COAL MINING	80.68%
15	PETROCHINA	8.58%
16	CHINA MOBILE	-11.77%
17	CHINA COMMUNICATIONS CONS	-29.08%
18	ZIJIN MINING GROUP	-1.80%
19	CHINA OILFIELD SERVICES	24.73%
20	TSINGTAO BREWERY	39.37%

# About YK3CN

we will monopolize this business !



Fee for application

maintenance fee

Inven  
tion

application

publication

examinatio  
n

registration

maintenance

extinct  
ion

Fee for examination

# About YK3CN

step1

Picking up legal actions of each patents

Extracting the information of legal actions of each patents which executed by their holder (ex: application, maintenance) from public data

step2

Adding the predefined points of each legal actions

Adding predefined points(defined by standard costs) of each legal actions to each patents

step3

Discounting each points by using the technical attenuation rate

Discounting each points by using the technical attenuation rate which caused by technological progress, and totalizing these points by each patents

YK3CN of each patents

step4

Totalizing YK3CN of each patents by their holders (companies)

Totalizing YK3CN of each patents by their holders

YK3CN of each companies



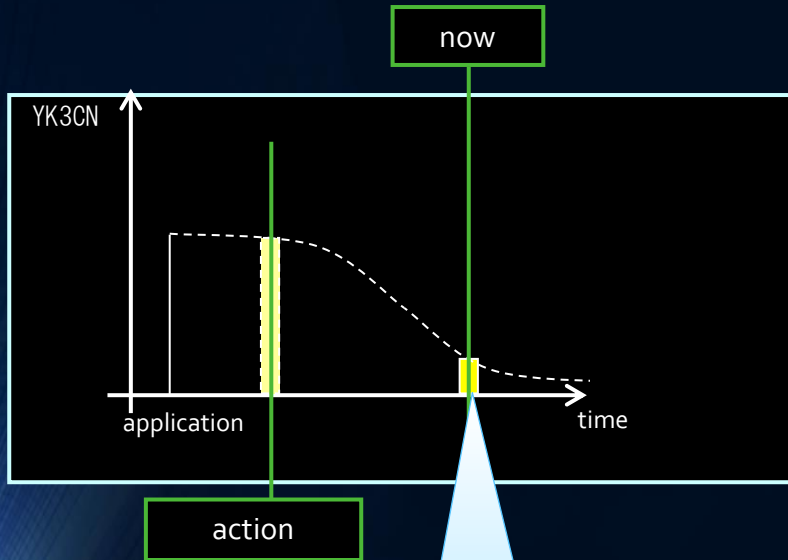
# About YK3CN

## Target legal action

- Application
- Declaration of priority (first)
- Declaration of priority (after first)
- Translation
- Examination
- Registration
- Maintenance

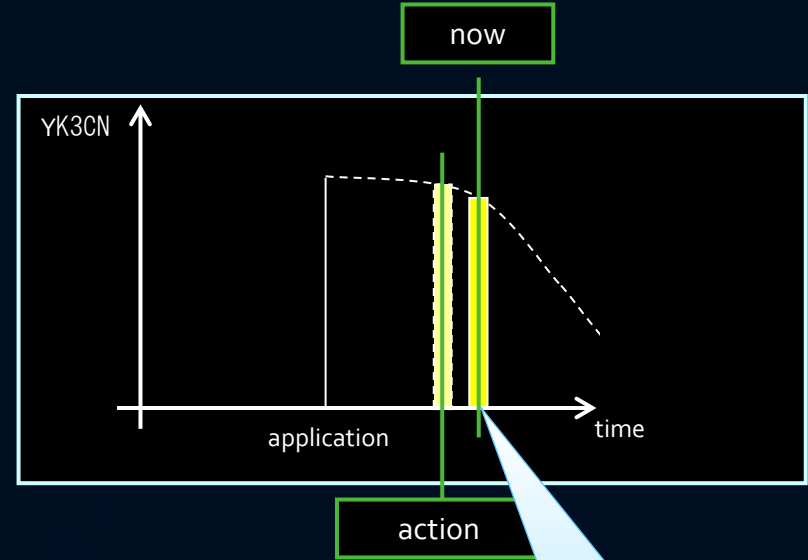
# Attenuation rate

In the case of the action which was **executed long ago**



**High**  
attenuated

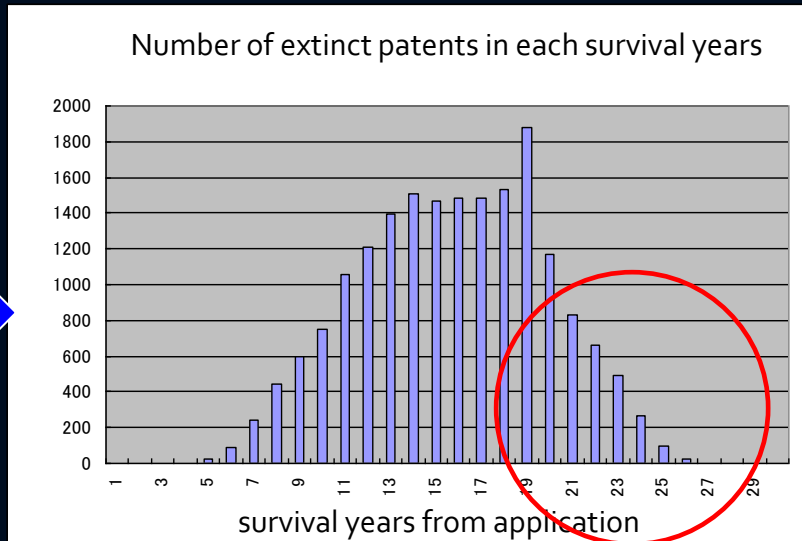
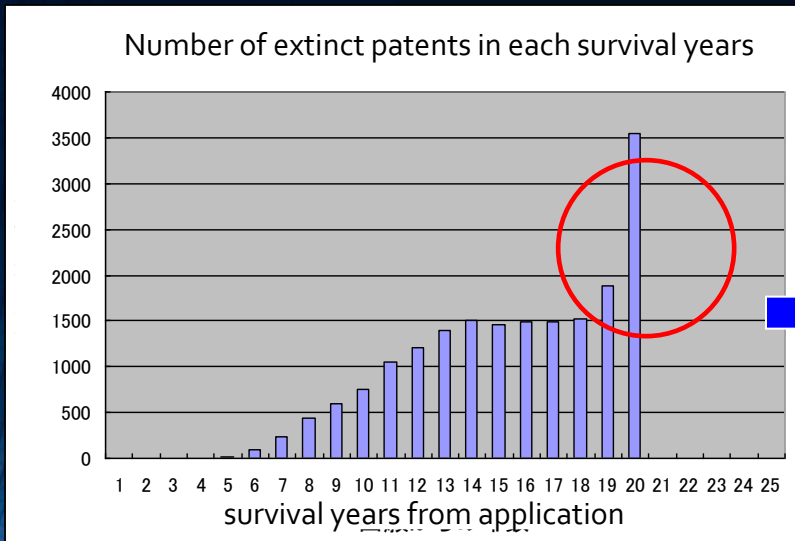
In the case of the action which was **executed recently**



**Low**  
attenuated

# Attenuation rate

Researching survival years of each extinct patents



\*Survival years of construction technology field patents in Japan

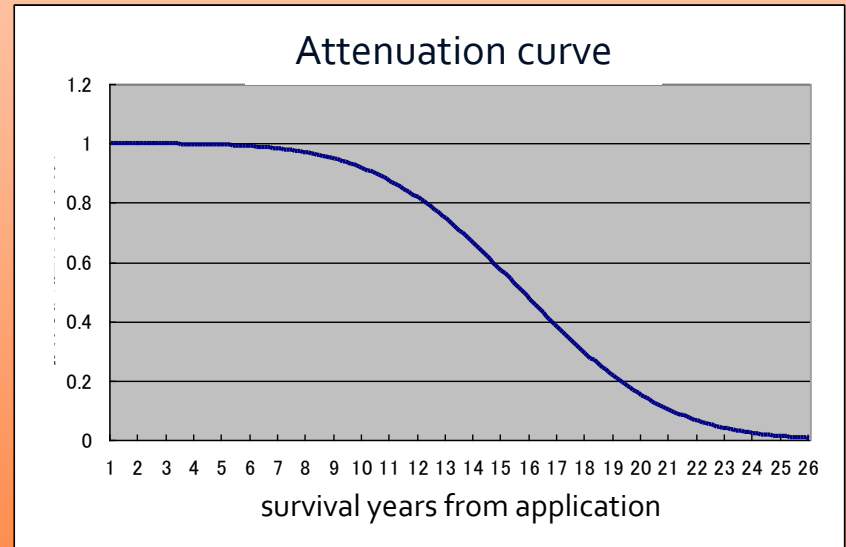
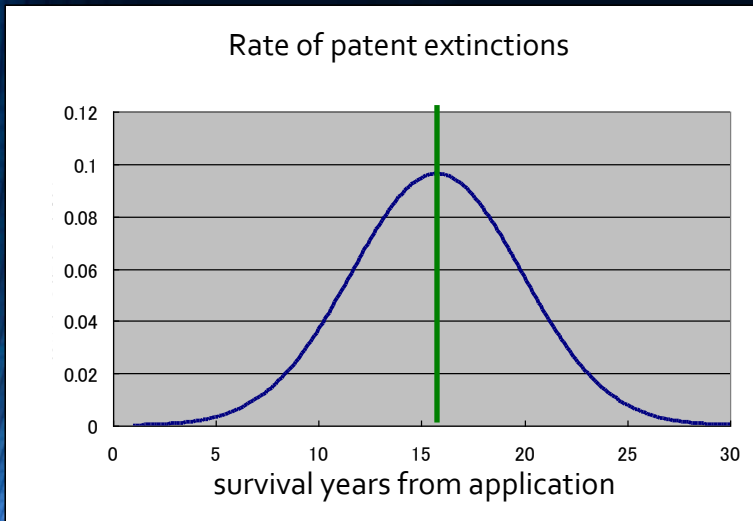
The number of patents which is extinct in 20th year are divided into years after 20th year, under the assumption that their survival years should follow normal distribution.

# Attenuation rate

Rate of patent extinctions  
in each survival years  
( Normal distribution )



Attenuation curve in  
construction technology field  
(1- Normal distribution )



The average of survival years  
from application is 15.74