

THE  
INVESTOR

# DECODED X

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## ARE WE BUYING THAT DARN HORSE AGAIN?



A (super) pudgy guy with a surprisingly disarming smile.

That's Kim Jong-un, the leader of one of the world's most dangerous countries – at least for South Korea.

Embarrassing the Moon Jae-in administration, Kim not only refused to talk, but instead, shot up more missiles.

Moon had thrown up some decent proposals, saying he wants to revive inter-Korean business projects including tourism.

But all this was lost on the man who is hell-bent on hanging onto power and keeping his country intact in the only form he knows.

It's past time for South Korea to quit dreaming. Regardless of how the Moon government wants to be remembered – it no doubt has aspirations to go down as the successor to the Kim Dae-jung and Roh Moo-hyun administrations in terms of North Korean policies – it cannot afford to buy that darned horse yet another time.

Read on for this week's **DECODED X**.



## THE TORCH THAT BURNS...



<North Korea's Juche Tower>

As if the logo is the problem.

Conservative Liberty Korea is contemplating changing its logo, which consists of a red-hot torch representing the burning patriotism of the party members.



It has been suggested from the beginning that it resembles North Korea's Juche Tower, the edifice created to praise the nation's Juche ideology.



Critics say, it's not the logo or name that's the problem. It's a matter of presenting the party as a conservative, yet practical and sound group of folks, instead of being viewed as party full of rightist radicals who worship the past.

We agree.

## S:UM vs. SUM



LG Household & Healthcare and SM Entertainment are strained over using a brand LG claims ownership over.

[Local courts recently ruled that SM Entertainment has infringed on LG's trademark rights for using "SUM" as the name for its celebrity shop selling products with images of K-pop artists and actors.](#)

SUM, pronounced just as it's written, is similar to S:UM 37, a high-end cosmetics brand LG has had since 2007. SM has been using SUM since 2015.

SM Entertainment is planning to appeal, claiming that consumers are NOT confused, contrary to what LG says.

"SUM has already become a brand of its own," said their lawyer.



## BLOCKBUSTING IPO?

CJ CGV Vietnam is gearing up to [get listed in Korea](#).

The movie theater-operator is the biggest in Vietnam, and it's the fourth overseas affiliate of a local company to go public here.

CJ CGV Vietnam has a 100 percent stake in Virgin Islands-registered Envoy Media Partners, which in turn holds an 80 percent stake in CGV Vietnam.

CGV Vietnam is expected to raise up to 500 billion won (US\$ 444.81 million) with the IPO, which is likely to be pursued in earnest at the end of this year.

CJ CGV Vietnam is one of the most lucrative among CJ CGV's overseas ventures, posting operating earnings ratio of 10 percent last year.

But this deal is not just about money. It's the possibility of another aspect of Hallyu that has been in the shadows of celebrities.

Incidentally, a remake of Korean-made film "Miss Granny" was a box office No.1, and Corporate Korea seems to believe Vietnam will continue to have a sweet tooth for things Korean.

## 1ST ANNIVERSARY

September will mark the one-year anniversary of the anti-graft Kim Young-ran law.

And companies are still complaining about the gag it placed on media relations.

It's not the ceiling on meals or gifts that's the problem. It's the lockdown of sponsorships and media field trips, they say.

OK, let's say field trips are unnecessary. Corporate sponsorships are a must, especially for sectors like arts and performance that depend on companies for funding in a country where individual consumers are reluctant to make donations.

Companies are currently repeatedly requesting to the Anti-Corruption and Civil Rights Commission to revise related regulations.



## COFFEE, ANYONE?



Pharmaceutical firms, which have been found quite frequently for offering bribes, have had their hands tied even tighter since the Kim Young-ran law went into effect.

Companies can spend 10,000 won (US\$8.89) or less when “entertaining” doctors, so coffee is being used as a common “treat.” To help the doctors remember who brought the coffee, marketing people put stickers with the name of the medicine they are promoting on the coffee cups.

That’s called thinking out of the box (out of desperation).

## WHY US?



Daiso has become the latest target for the Fair Trade Commission, which is the government's sharpest tool for getting companies into shape.

The [FTC has begun a probe into Daiso A-sung](#), best known for its low-end household item chain brand Daiso.

That's on allegations that it's mistreating suppliers, one of the most serious corporate crime these days.

Other retailers like Hi-Mart and Olive Young are also under investigation.

So what do the industry watchers say? That the FTC was smart to start with one of the messiest industries around: retail, where anything goes, really.

Not only do companies mess around with suppliers, but so do the consumers against the manufacturers or distributors.

Some had thought the FTC may start out with the upper end, but instead, it is beginning with the middle, which is actually scarier since it means the knife can head anywhere after that. Either up, or down.

## **SPECULATION VS. INVESTMENT**

Real estate is still one of the most preferred type of asset in Korea for people with money.

KB Financial Group's research institute said in a recent report that out of 242,000 rich Koreans with liquid assets of 1 billion won (US\$ 889,629) or more, 20 percent said they consider real estate as the best place to invest.

In March this year, nationwide housing prices averaged just over 600 million won (US\$533,777).

Considering that the average monthly wages of a city employee were 4,390,000 won (US\$3,905) in 2016, it would take more than 10 years to buy a house in Seoul, assuming the wages are saved in their entirety.

The [Moon Jae-in administration has promised to address this and make it easier for everyone to afford homes](#), mainly by slapping huge taxes on multiple home owners. These people have until April next year to get rid of excess homes, or pay up.



However, critics are still sitting on the fence, given the preference for real estate investment – or speculation, depending on how one looks at it – and equity analysts are skeptical of funds flowing to the stock markets.

## FIRST TIME FOR EVERYTHING

[Samsung Electronics Vice Chairman Lee Jae-yong, who is on trial](#) for his alleged involvement with Choi Soon-sil, said in court that he had been “flustered” at a meeting with former President Park Geun-hye, who allegedly requested Samsung to contribute to Choi’s businesses including equestrian sports in which Choi’s daughter was a part of.

Lee said it was the first time anyone, especially a woman, had spoken down to him, and that he felt flustered.

“Even my father had never scolded me,” he said.

Basically, Lee is saying he was angry and surprised, and was not able to think straight. He also said he was shocked at how angry Park sounded about JTBC, a liberal broadcaster.

Lee seems to be doing a good job of provoking anger towards the former president, as this is probably the only strategy that would work in his favor.

## DECODED X

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