

DECODED X

Special Edition

May 10 2017

Today has finally come; we have a new president in Korea.

The results were all pretty much expected.

The bigger issue actually wasn't who won. It was the amount of attention the elections garnered.

People were obsessed, perhaps unhealthily so. All over Korea, it was all about who said what during the televised debates. Who talked too much, who talked too less, who made an idiot of themselves, and who deserves to be permanently eliminated from politics.

And the candidates all played their hearts out.

Moon Jae-in, as someone who built a career out of being a presidential candidate, was out playing the final game of his political life. It was a make-or-break situation for the veteran politician who had for most of his career, played second fiddle to late president Roh Moo-hyun.

For Ahn Cheol-soo, the nerdy professor-turned-politician, it was a matter of pride. As a man who had nailed everything in life – big brains, stand-out career, trophy wife – was out to get the one thing that kept alluding him: the presidency.

Hong Joon-pyo was purely a dark horse. Once a respected prosecutor and "dragon-from-the-stream", Hong had been more or less out of the picture for opposing former president Park Geun-hye's impeachment. But then he saw his chance on the conservative logic of "better Hong than Moon." His support ratings precisely reflected the amount of resistance the conservatives had for a liberal president.

Yoo Seung-min was the resident fall-guy. Well-spoken, highly-educated and with a nice-looking daughter to boot, Yoo is the kind of guy everyone speaks highly of, but doesn't go with. The last-minute betrayal of his sidekicks proved this point. But hey, in every election, we need a suave speaker who reminds us of the ideals of politics, if not the realpolitik.

Read on for more on the elections that shook up Korea and this week's DECODED X.



May 9

Liberal presidential candidate Moon Jae-in won the presidency, as widely expected. Here are some numbers and keywords you can throw around when talking about the elections.

- Moon took home the presidency with **13,423,800** votes
- These accounted for **41.08%** of the votes cast
- First runner-up Hong Joon-pyo lost by a record-breaking gap of **5,570,951** votes
(*The previous record was **5,317,708** votes between former president Lee Myung-bak and his liberal rival Chung Dong-young.)
- **Jeolla Province** gave Moon the most votes
- Seoul accounted for **42.34%** of the votes cast
- Voter turnout was **77.2%**, the highest since **1997**
- Moon's Democratic Party holds **119** out of **300** seats in parliament
- Moon was officially inaugurated as president as of **8:09** a.m. on **May 10**

2 On Moon's plate

• Domestic economy

Try to improve "Hell Chosun" without getting the country completely bankrupt

Try not to totally annihilate the chaebol

Come up with next-generation "growth engines"

• Domestic politics

Form a government that won't face too much resistance from political rivals

Avoid impeachment

• International politics

Gain China's support on all issues

Find a way to negotiate on key issues (THAAD, KORUS FTA) to keep the alliance with the US afloat without killing Trump, or vice versa

• North Korea

Get it into shape without squandering too much tax money

Meet North Korean leader Kim Jong-eun without ruffling too many conservative feathers



3 New Chinese owner for Hana Bank?

Our sources say Hana Financial Group is all set to sell a “significant” portion — up to 49% — of its business in China to a Chinese company.

Hana Financial Group CEO Kim Jung-tae has met with Ye Jianming, the founder and chairman of **CEFC China Energy**, to discuss the details. **CEFC China Energy** is not well known in both China and Korea, because it’s a privately-owned company that pretty much keeps low profile. But CEFC was ranked 229th place on the Fortune Global 500 in 2016, jumping from 342 in 2015. Ye ranks at No. 2 on the Fortune 40 Under 40 list, and his business is worth \$42 billion a year. If the deal happens, it will be the first time for a Korean bank to sell its stake to a Chinese company.

4 Xiaomi’s Korean dilemma

Staying on the theme of China, it looks like **Xiaomi** will have more thinking to do before it decides to jump the gun on launching in Korea.

The company was all set to launch its offices in Korea during the first half of this year, but the plans may get pushed back over Beijing’s attitude over **THAAD**. Xiaomi will still be launching its premium smartphone, the **Mi MIX** in Korea, but the official launch of its Korean bureau is now pending.

5 New lawyer in town

Novartis Korea has come under some heavy fire on rebate charges that made the Korean authorities slap it with a 55 billion won (US\$48.8 million) fine. It also became the first pharmaceutical company in Korea with products that have been denied insurance coverage. Talk about hot and heavy.

Perhaps due to the such issues, the **next CEO** — the seat is currently empty — of Novartis’ Korean unit is said to be an attorney who will be able to “preemptively” deal with legal issues in the future. Just saying, if you don’t break the laws to begin with, no need for such dire measures.



6 So long, Young-ran?

The so-called “**Kim Young-ran**” anti-graft law changed much in the way corporations and the media interact. The days of fine-dining and freebies are over. Or are they? Several Korean companies seem to have gone back to the way things were, even Samsung, LG and Hyundai Motor. As expected, companies have found a way to get around the law. Case in point, Maeil Business Daily reporters have been found to have breached the Kim Young-ran law on some 2,000 occasions since it was enacted in September 2016.

But on the flipside, some firms have been forced to cut back on freebies. One well-known designer brand recently had to collect “goody bags” it had given to reporters who attended a press event after headquarters shook its head. Reflecting these new trends, corporate entertainment expenses were found to have slipped by almost 30 percent on-year in the fourth quarter of 2016.

7 Lap of luxury

Lotte Tower’s Signiel Hotel’s Royal Suite received its first guests.

The guests, rumored to be a Japanese couple, stayed until the end of April.

There is just one Royal Suite, located on the 100th floor. It costs 20 million won per night, but Lotte apparently gives you a discount if you stay for more than three nights. But the occupancy rate will remain a mystery since the hotel has little else to offer other than spectacular amenities and a great view of Seoul.

8 DECODED X

Thanks for reading. Below are 7 things you should know about DECODED X.

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