

# South Korea gaming groups struggle to fend off China

By Song Jung-a in Seoul

South Korea's computer games industry is facing a crisis as online software makers struggle to compete with fast-growing Chinese rivals in the rapid transition to mobile gaming.

The country's online game makers have long dominated the global market for massively multiplayer online role-playing games (MMORPG) but have lost their edge as gamers have increasingly embraced playing on their smartphones.

So far, Korean game makers have failed to produce any big hits for mobile platforms, which is a problem for an industry that has long been a source of local pride as well as a favourite national pastime.

South Korea is the world's second-largest online games market after China. Its PC-based online games account for a fifth of revenue in the global market — but that is down from 28.6 per cent in 2012, according to the Korea Creative Content Agency (Kocca).

Kocca estimates that sales of Korean games abroad grew about 7 per cent to USD3.2bn last year, slowing sharply from the double-digit pace between 2007-12 when South Korean companies including NCSOFT and Tokyo-listed Nexon developed the global online game market.

Much of their success came from pioneering the "freemium" business model — which is now being successfully utilised in mobile gaming — featuring games that are free to play but charge for virtual items that give players advantages.

Local game companies have been outsmarted by western and Chinese rivals in the shift to fast-growing mobile games, which are quicker and cheaper to develop.

As Korean developers have slashed investment in online games to try to focus on mobile, their online dominance has been eroded by overseas-made games such as Riot Games' League of Legends and Blizzard Entertainment's Overwatch. Those two US-developed games now command more than half of the South Korean market.

"Korean developers [...] have diverted too much resources to mobile games to spare investment in the development of [new trendy online games]," says Chenyu Cui, games analyst at IHS Markit.

## Top 10 countries by game revenues, 2015

Online and mobile games

Country	Revenue (\$bn)	Population (m)	Internet population (m)
China	22.23	1,401.6	740.0
US	21.96	325.1	290.5
Japan	12.33	126.8	116.0
South Korea	4.02	49.8	41.7
Germany	3.65	82.6	72.8
UK	3.53	63.8	59.1
France	2.46	65.0	55.7
Canada	1.81	35.9	31.6
Spain	1.56	47.2	37.4
Italy	1.51	61.1	40.0
Total	91.25	6,406.3	3,077.9

Analysts say South Korean companies have focused too much on graphics-heavy role-playing online battle games that are now losing their appeal among gamers, overshadowed by simpler, more speedily paced offerings: Overwatch is a shooter title, and League of Legends is a strategy game.

Park Young-ho, president of mobile game maker Four Thirty Three, says: "We are no longer the leaders as we enter the mobile era. Our strength in hardcore MMORPGs based on advanced networks has actually become a barrier against our globalisation."

NCSOFT, the country's biggest online game maker, has not produced a big new online title since Blade & Soul in June

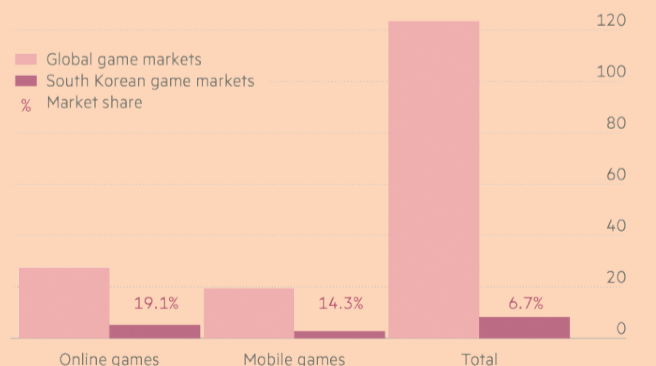


## Once dominant producers have failed to produce any big hits for mobile platforms

2012, while new games such as MapleStory 2 and Sudden Attack 2 from Nexon, Korea's biggest game company, have failed to gain popularity.

Piers Harding-Rolls, head of games research at IHS Markit: "The heyday of South Korean games exports due to development and monetisation expertise is now over — China has a mature domestic industry and western games companies now produce very popular freemium PC games."

South Korea's share of global game markets  
Sales, 2014 (\$bn)



While Korean mobile game makers have yet to crack the Chinese market, many of their Chinese rivals are doing well in Korea. Mu Origin, a Chinese-developed version of a Korean online game, is one of the top five mobile games in Korea.

Eric Cha, analyst at Credit Suisse, says: "Just five years ago, things like this were unimaginable. The Chinese market used to be dominated by Korean online games, but many of their mobile games are nowadays actually better than Korean games. Speed is important with trendy mobile games. China is better than Korea in terms of time to market."

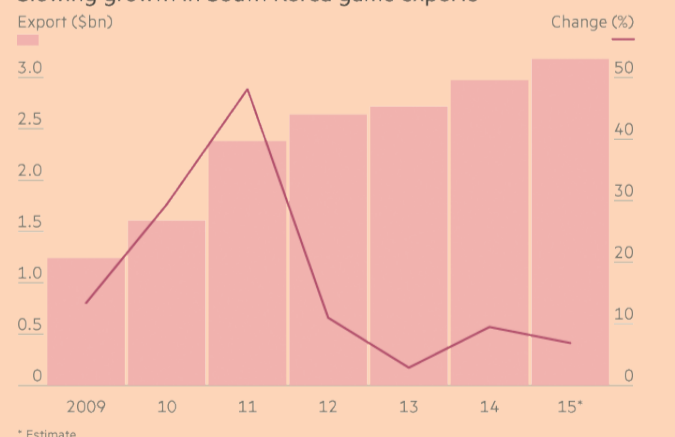
The decline of the local gaming industry has led to sharp downsizing. The number of local game developers fell 30 per cent to 14,000 between 2009 and 2014, according to Ko-

rea Economic Research Institute, while mid-sized loss-making companies have slashed their workforces.

Profits are shrinking at many of the larger groups while some, including NHN Entertainment and Neowiz Games, fell into a loss last year. In the first half of this year, Nexon's net profit dropped 37.5 per cent.

Share prices have also come under pressure, spooking some companies that had been considering public listings. Netmarble Games, the country's biggest mobile game company, gave up the idea of a Nasdaq float and now aims to raise about Won2tn (\$1.7bn) later this year or early next via an initial public offering in Korea, where it is better known.

Slowing growth in South Korea game exports



To broaden their customer base abroad, South Korean game makers need to diversify, says Namgoong Hoon, head of Kakao Games. "They should develop games that anyone can play on any platform if they are serious about overseas expansion."

Yet differentiation is also vital, says Mr Cha at Credit Suisse, referring to the huge popularity of Pokémon Go and noting that South Korean game makers have yet to roll out any major games using augmented or virtual reality.

"It is not that difficult technology-wise. The thing is how to integrate such technology with globally well-known content," he says. "They need something fresh and different that sets their games apart from their competitors' in order to crack the global market."



# US hedge fund Marathon makes Brexit bet on European property

By Mary Childs in New York

Marathon, a USD13bn US hedge fund, is building a big Brexit trade, increasing its investments in property across Ireland, France, Germany and the Netherlands, in a bet that they will be among the big beneficiaries from companies leaving London in the next few years.

These countries “have the most stable outlook and [are the] most likely to benefit from Brexit,” said Bruce Richards, co-founder and chief executive of the distressed debt and property specialist.

Hedge funds were reluctant to put on trades ahead of Britain’s referendum on EU membership in late June given the closeness of the polls. With the volatility triggered by the vote long since vanished, hedge fund managers such as Marathon, and private equity firms such as CVC, have been preparing for any opportunities created by the UK’s decision to leave.

Marathon, which acquired a cluster of European real estate this year, including a portfolio of commercial properties in the Netherlands from Credit Suisse, is planning to buy more in France, Germany, the Netherlands and Ireland.

“Many bank service sector jobs will undoubtedly move to Frankfurt and Paris as EU rules will likely require bank employees to be domiciled within the EU when serving EU clients,” Mr Richards said.

Marathon believes London



After Brexit, London may lose the appeal for companies

## Distressed debt group expects property in the Netherlands, Ireland, France and Germany to benefit

will remain the centre for finance in Europe but predicts that many jobs will move elsewhere.

Although UK economic data since the vote has been mixed, there are other signs that hedge fund investors

still anticipate trouble for the economy. Bets among speculators on a decline in the pound touched a record last week, according to the Commodity Futures Trading Commission.

Since the first quarter, Mar-

athon has acquired office buildings in Amsterdam, multifamily residences in Dublin, industrial warehouse properties or logistic centres in France and shopping centres in Germany.

Investors will be handed more up-to-date information on the UK economy this week, with a snapshot of the manufacturing sector in August and a survey of house prices for the same month both scheduled for release.

The UK will likely slide into a “mild” recession next year, according to Marathon, so Mark Carney, Bank of En-

gland governor, will probably continue on a path of easy monetary policy that the central bank began at the start of this month.

In the US, the credit cycle is unlikely to present opportunities for investors in distressed assets until 2018, according to Mr Richards.

Investors have been anticipating a rising tide of distress in credit and real estate markets. Marathon expects “anaemic growth” of 1 per cent in the coming year. “Monetary policy has reached a point of diminishing returns,” Mr Richards said, adding that

“lower rates are no longer stimulative but rather oppressive.”

Marathon, founded almost 20 years ago, in June sold a minority stake to Blackstone Group, as the world’s biggest alternative asset.

In 2011, Mr Richards said Europe presented “the motherlode of distressed opportunities” as the continent grappled with its sovereign debt crisis and growth sputtered.

Additional reporting by Robin Wigglesworth

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## JAPAN'S SHRINKING FUNERAL MARKET DRIVES HEARSE MAKERS OVERSEAS

# Manufacturers hope China’s love of luxury will extend to the final journey

By Leo Lewis in Tokyo

Japan’s automotive industry is making an international push for the custom of the world’s least vocal road users: the dead.

Mitsuoka, best known for its roaring supercars, is wooing emerging Asian markets with a sales pitch for its more sedate USD70,000 Type 5 hearses.

Japan’s battle for the funeral dollar was on display at Endex, the country’s largest “end of life industry” trade show in Tokyo last week. Japan may boast one of the world’s oldest populations, but its domestic \$20bn funeral industry is in decline: mourner numbers are dwindling and graves are shrinking.

Indeed, pricey real estate — the driver of ever smaller final resting places — made “compact grave-stones” the hit product of the show. Nobuko Inada, a tombstone wholesaler, bemoaned the fact that where once the Japanese spent between



Mitsuoka, known for its supercars, is targeting Asian markets for its hearses

¥3m (\$30,000) and ¥5m on a tombstone, the average was now between ¥1m and ¥3m.

Demographics in today’s Japan

mean there are more funerals than before, but they are being held on a smaller and cheaper scale. Some 8 per cent of elderly Japanese now

opt for no funeral at all, according to an estimate by Japan’s largest firm of undertakers, taking a toll on hearse sales — now 550 a year, one-third of which are sold by Mitsuoka and Kawakita.

Beyond Japan, the industry is looking up. Like Mitsuoka, Kawakita has turned its attention to exports as Asia’s rising middle classes demand a classier final journey for their loved ones and environmental regulators clamp down on the smoke-belching small trucks and minivans deployed by undertakers.

Efforts so far have been modestly rewarded: nine high-end hearses have been sold abroad since 2015, though Mitsuoka expects more explosive growth when China trades in its hearse fleet for something more luxurious.

“We are in negotiations in Taiwan, Indonesia, Malaysia and Hong Kong and are expecting orders from those,” said Takanari Kawakita, the president of Kawakita. “In those

countries, we are seeing a big shift from carrying coffins in micro-bus style vehicles to the more traditional van-type hearses.”

Hearse makers are not the only funeral players eyeing growth potential in Asia. Japanese coffin makers, who have come under increasing pressure to produce high-quality, non-traditional caskets that feature the favourite hobbies, locations and spectator sports of the deceased, said they were expecting a substantial pick-up in overseas demand.

So too do companies that offer engineering solutions for securing tombstones in quake-prone countries.

Nor is it just humans. One exhibit closely scrutinised by foreign buyers at the Endex show was a range of portable crematoriums that can be installed in vehicles to allow delivery of roadside pet funeral services.

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AP PHOTO



Collapsed houses in the village of Santi Lorenzo e Flaviano

By Vanessa Gera & Hakan Kaplan,  
Amatrice

## DISASTER

# Italy investigates quake buildings, checking for code fraud

**B**ULLDOZERS with huge claws pulled down dangerously overhanging ledges yesterday in Italy's quake-devastated town of Amatrice as investigators worked to figure out if negligence or fraud in building codes had added to the quake's high death toll.

The quake that struck before dawn Wednesday killed 290 people and injured hundreds as it flattened three medieval towns in central Italy. Giuseppe Saieva, the prosecutor in the regional capital of Rieti, said the high human death toll "cannot only be considered the work of fate."

Investigations are focusing on a number of structures, including an elementary school in Amatrice that crumbled despite being renovated in 2012 to resist earthquakes at a cost of 700,000 euros (USD785,000). No one was in the school at the time, but many were shocked that it did not withstand the 6.2 magnitude quake.

After an entire first grade class and teacher were killed a 2002 quake in San Giuliano di Puglia, Italian officials had vowed to ensure the safety of schools, hospitals and other critical institutions.

Questions also surround a bell tower in Accumoli that collapsed, killing a family of four sleeping in a neighboring house, including a baby of 8 months and a 7-year-old boy.

That bell tower also had been recently restored with special funds allocated after Italy's last major earthquake, which struck nearby L'Aquila in 2009.

Italy's national anti-terrorism prosecutor, Franco Roberti, also vowed to work to prevent the mafia from infiltrating in public works projects to rebuild the earthquake zone.

"This risk of infiltration is always high," he said in comments Sunday in the *La Repubblica* newspaper. "Post-earthquake reconstruction is historically a tempting morsel for criminal groups and colluding business interests."

Roberti said, although he does not wish to prejudge the outcome of the investigation into the area's damaged buildings, the high number of public buildings to collapse in the quake raises suspicions.

He said if buildings are well-constructed according to regulations for earthquake zones, "parts of buildings can be damaged and cracked but they don't pulverize and implode."

Italy's state museums, meanwhile, embarked on a

fundraising campaign, donating their proceeds yesterday to relief and reconstruction efforts in the earthquake zone.

Wednesday's quake destroyed not only private homes but also churches and other centuries-old cultural treasures. The idea is to use art for art — harnessing the nation's rich artistic heritage to help recover and restore other objects of beauty in the hard-hit towns.

It's one of several efforts that have sprung up to help the towns rebuild: restaurants in Italy and elsewhere are also serving up pasta all'Amatriciana, the region's most famous dish, in another fundraising effort.

Also yesterday, Pope Francis vowed in his weekly address from a window over St. Peter's Square to visit people of the earthquake region soon and bring them "the comfort of faith."

Amatrice bore the brunt of earthquake's destruction, with 229 fatalities and a town turned into rubble and dust. Eleven others died in nearby Accumoli and 50 more in Arquata del Tronto, 10 miles (16

kilometers) north of Amatrice.

Overnight was relatively calm, the first since the quake struck without strong aftershocks. In all, the region has seen 1,820 aftershocks, according to the National Institute of Geophysics and Volcanology.

On Saturday, a state funeral took place for 35 of the victims in the town of Ascoli Piceno, where mourners prayed, hugged, wept and even applauded

as coffins carrying earthquake victims passed by ahead of being buried.

"It is a great tragedy. There are no words to describe it," said Gina Razzetti, a resident at the funeral.

Saturday's funeral involved most of the dead from Arquata del Tronto. Many of the dead from Amatrice, however, are still awaiting identification in a refrigerated morgue in an airport hangar in Rieti, 65 kilometers away. On Tuesday, a memorial service — without the bodies — will be held for the dead of Amatrice.

Nobody has been found alive in the ruins since Wednesday and hopes have vanished of finding any more survivors. The number still missing is uncertain, due to the many visitors seeking a last taste of summer in the Apennine mountains.

Hundreds of people have also been left homeless by the quake, with many spending their nights in tent cities and a gym in Amatrice. Longer-term housing needs for earthquake survivors will be another key challenge for Italian authorities. **AP**

**Investigations are focusing on a number of structures, including an elementary school in Amatrice that crumbled despite being renovated in 2012**



# Thai farmers launch (bee) sting operation to stop elephants

Vicky Ge Huang, Pana

To stop wild elephants from rampaging through their produce, farmers in Thailand put up electric fences, set off firecrackers and even switched their crops from pineapples to pumpkins, which the pachyderms don't relish much. Nothing worked, so the villagers decided on Plan Bee.

In a pilot scheme run by the Thai Department of National Parks, farmers are deploying bees as a new line of defense, exploiting elephants' documented fear of bee stings. The idea to play on the phobia came out of Oxford University research and has been used successfully for several years in Africa. It's now gaining a toehold in Asia.

The problem is quite severe in the eastern province of Chanthaburi, which has thick forests near farming communities that grow rice, cassava, pineapple and rubber.

There are an estimated 3,000 wild elephants in Thailand, according to the Thai Elephant Conservation Center. And as farmers push into forests for



agriculture, elephants have been forced to venture out of their shrinking habitats in search of food.

"Starting two years ago, elephants have come and destroyed farmers' crops almost every day," said Prasit Sae-Lee, the head of the local administration. "Elephants travel in a herd, a big herd, razing everything to the ground everywhere

they go. The ground is flattened so much so that a 10-wheeled truck can drive through after they had gone."

Government officials suggested farmers stop growing pineapples, which elephants love. "The latest suggestion is for us to grow pumpkins," Prasit said. "But it didn't solve anything. They destroyed pumpkins. They pulled roots out and stepped on

them and even ate them."

Help for the residents of the remote Pana village came from a government wildlife research station, which is helping them raise bees. It's a simple technique. Traditionally beehives are placed on the ground, but here researchers raise them on stilts, putting them at eye level for the elephants.

Beehive boxes are connected with a rope to create a fence. When the elephants try to enter, they push at the ropes and shake the beehives, causing the bees to swarm out in a fearsome cloud of buzz and venomous sting that the animals are unlikely to forget.

"At first I thought it would not work. Even the forestry officials did not think it would work," said Boonchu Sirimaha, 66, whose family became the first in the village to participate in the research project. "But after we put the beehives up [two months ago], it worked. The elephants were stung by the bees and they have not been back since."

The downside of the project is that it is not feasible on lar-

ge farms because that would require thousands of beehive boxes, which would prove to be expensive. Each box has about 10,000 bees and costs 4,000 baht (USD115). But it is a good solution for small farms, and for people like Boonchu who want to protect their homes, which can be ring-fenced by beehives.

"They will have to figure out ways that are cheap for everyone to use," said Tony Lynam of the New York-based Wildlife Conservation Society. "Methods they can set up by themselves such as fences with bells, and guard posts [...] firecrackers, beehives, all of these things can be used together but any one of those methods by itself won't be a solution," he said.

Boonchu's daughter, Dararath, is happy with the bee strategy.

"The elephants come out at night. They come all the way up to the house," said Dararath, 36, recalling the horrors of the past. "They've banged against our door and windows. They've tipped over parked motorcycles, pulled down tarpaulins and knocked over our washing machine."

Dararath is now a beekeeper. A spin-off benefit is that for every 50 boxes she cultivates, she harvests 300 kilograms of honey, which sells for 150 to 500 baht (\$4.30 to \$14.30) per kilogram, or \$9.50 to \$31.50 per pound. The beeswax can sell for about that much. AP

## ASK THE VET

By Dr Ruan Du Toit Bester



### 8 TIPS FOR SUCCESSFULLY WEANING KITTENS

**WEANING** kittens requires patience and determination. Having only known mother's milk since they have been born, solid food will be quite different to them. Introducing the solid food to the kittens slowly and patiently will determine how successful the weaning process will be. Weaning is an important part of kitten care.

#### TIP #1: NEVER FORCE A KITTEN'S FACE INTO FOOD

He may inhale it accidentally which will cause serious health problems, not to mention the kitten will have acquired abhorrence to solid food due to the bad experience.

#### TIP #2: CONFINE THE KITTENS DURING FEEDING

Kittens may actually get more food on them than in them at first so by keeping them confined, they will not be able to track the food around. The mother may perhaps lick them clean; however, you may need to assist with some baby wipes.

#### TIP #3: DETERMINE THE AGE OF A KITTEN

Starting before the digestive system is capable of digesting solid foods can be counterproductive. Start after they reach 4

weeks of age or if you do not know their birth date, when they reach 350 to 500 grams depending upon the breed. By using a bottle, a kitten can learn that food does not necessarily have to come from the mother.

#### TIP #4: USE SMALL PORTIONS AT FIRST

Start with a tablespoon of canned kitten food per kitten and place it on the edge of the plate so they can reach it. Placing the food in the center of the dish will make it harder for them to reach. Placing it in a single bunch will only allow one kitten access to the food. Refrigerate leftovers; however, microwave the food (not in the can) before introducing it to the kittens so that they can smell it.

#### TIP #5: INTRODUCE THE FOOD TO REACH KITTEN, ONE AT A TIME

Start with one kitten, perhaps the boldest one or the most outgoing one. If this kitten will start eating the canned food on his own, then the others will watch and follow, making it easier for you. Dab a little morsel of food on your finger. Gently open his mouth and wipe the little morsel off and onto the roof of his mouth. If he resists or spits the food out, wait a day or two before trying again.

#### TIP #6: COAX THE KITTEN TO LICK THE FOOD OFF YOUR FINGER

If the kitten had accepted the food offered before in tip #5, immediately attempt to allow the kitten to lick another morsel of canned food off of your fingertip on his own. Repeat this 2 to 3 times a day until he willingly takes the food.

#### TIP #7: COAX THE KITTENS TO EAT OFF THE DISH

Once the kittens are licking food off of your finger, gradually move closer to the dish. Soon they will discover that there is food there for the taking. This process may take a while, so patience is needed.

#### TIP #8: INTRODUCE DRY FOOD

Once the kittens are eating canned food, introduce dry food by mixing it in with the canned food. First soften the dry food in hot water so that it can be mashed with



a fork. Gradually increase the dry food amount until the mixture is half and half. Gradually introduce non-softened dry food into the mixture until finally the servings are exclusively dry food.

Most veterinarians recommend feeding cats half dry, half canned food at each feeding or the morning feeding exclusively canned food and the evening feeding exclusively dry food for a balanced diet.

Hope this helps  
Till next week  
Dr Ruan

**Ask the Vet:**  
**Royal Veterinary Centre**  
Tel: +853 28501099, +853 28523678  
Fax: +853 28508001  
Email: info@rvcmacau.com  
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