
Hanjin Shipping to boost dry bulk activities

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It is reported that Hanjin Shipping is to increase the prominence of its dry bulk activities by absorbing a subsidiary and ordering new vessels.

As per report, Hanjin plans to merge with Keoyang Shipping, which specializes in dry bulk transportation of iron ore and coal for POSCO, KEPCO and their affiliated companies. If approved by shareholders, Hanjin Shipping will take over Keoyang Shipping's total owned fleet of 17 dry bulk vessels.

Hanjin Shipping said "The main reason for this merger is to avoid the overlap of the bulk business run by Keoyang Shipping and Hanjin Shipping and eventually to improve the efficiency of the management and bring synergy effect to the business." The company hopes that the move will also serve to enhance its bulk business with relatively stable profitability. The dry bulk sector currently accounts for around 20% of the company's total sales.

As per report the matter will be put to a vote by shareholders at a meeting on May 29th 2008 at which shareholders who oppose the resolution can exercise the appraisal rights of dissenting shareholders. Hanjin Shipping has proposed a transaction of 0.4550678 Hanjin Shipping share for each Keoyang share owned.

In 2007 Keoyang Shipping's total sales recorded KRW 140.2 billion with operating profit of KRW 24.8 billion and net profit of KRW 20 billion. Its total asset reached KRW 338.9 billion and liability ratio, 35% as of 2007.

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