
Dongbu Group units tumble on rights issue plans

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Reuters reported that shares in Dongbu Group units, including Dongbu Insurance and Dongbu Steel dived recently as the company confirmed rumours that Dongbu Life will make a rights issue.

A spokesman for Dongbu Life, the unlisted life insurance arm of the Dongbu group told Reuters the company was proceeding with rights issuance plans.

The group's spokeswoman said "Our solvency margins have fallen to around 120% and we are forgoing with rights issue for the sake of sounder financial health"

Ms Kim Hyun-tae an analyst at Goodmorning Shinhan Securities said that "Since Dongbu Steel is one of the majority shareholders in Dongbu Life they will also be affected by this rights issue. She said that raising addition capital comes as an added financing burden for Dongbu Steel."

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