

Hanjin Shipping to Merge with Keoyang Shipping

April 14th, 2008, Seoul, Korea - Hanjin Shipping has announced that it is merging with one of its subsidiaries, Keoyang Shipping, at the Board of Director's Meeting held today.

Keoyang shareholders will get 0.4550678 Hanjin Shipping share for each Keoyang share they own, and the shareholders' meeting for approval of the merger is scheduled to take place on the 29th of May. The shareholders who oppose the resolution can exercise the appraisal rights of dissenting shareholders.

Keoyang Shipping specializes in dry bulk business, and its major source of income lies in the transportation of iron ore and coal for POSCO, KEPCO and their affiliated companies.

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.

Hanjin Shipping states that this merger with Keoyang Shipping is part of its mid/long-term plan to expand its bulk business, which is now around 20% of the company's total sales.

Through this merger, Hanjin Shipping will be taking over a total of 17 dry bulk vessels including 13 bulk ships owned by Keoyang Shipping. This will allow the company to improve the efficiency of its fleet operation as well as enhance its bulk business with relatively stable profitability. The company believes it will eventually upgrade its shareholders' value.

Moreover, Hanjin Shipping adds, "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."

Meanwhile, in order to strengthen the company's bulk division, Hanjin Shipping is planning on expanding its bulk fleet, from some 100 vessels to 250 by 2013. Some 250 vessels will be including 16 dry bulk ships of which 10 ordered by Hanjin Shipping and 6 (2 very large dry bulk vessels of 300,000 ton included) ordered by Keoyang Shipping and also, a variety of bulk ships such as handy, panamax and cape sizes to be secured in near future.