

Articles of Association

Hyundai Heavy Industries Co., Ltd.

Articles of Association

Chapter 1. General Provisions

Article 1 (Name of Association) The name of this organization shall be Hyundai Heavy Industries Co., Ltd. ("HHI" in shortened form).

Article 2 (Purpose) The primary purpose of the Company is to manage and operate the following businesses:

1. Ship building and repair/sales;
2. Manufacturing and sales of industrial machinery;
3. Manufacturing and sales of ship components and steel structure products;
4. Inspection and appraisal of ship ironwork;
5. Trading business;
6. Environmental pollution prevention facility business;
7. Sales and rental of real estate;
8. Tourism business and supplementary businesses (excluding travel agency business);
9. Nuclear reactor related facility manufacturing business;
10. Electrical construction business;
11. Export business of industrial facilities;
12. Operation business of leisure sports facilities;
13. Operation business of neighborhood commercial facilities (restaurant, coffee shop, barber/beauty parlor);
14. Operation business of amusement place and public performance place;
15. Operation business of welfare facilities (reading room, day care center);
16. Construction business of fire extinguishing facilities;
17. Machine engineering business (manufacturing and sales of internal combustion engine and turbine, shaft, motion transmitting device, valve and pipe fitting, mold, casting/forging product, pump and motor, paper pulp, corrugating machinery, transportation/loading and unloading machine and metal working machinery);
18. Manufacturing business of heat using machinery and business of construction work with specific heat using machinery;
19. Design and business of construction work of waste treatment facilities;
20. Information and communication work business;
21. Educational work and operation of life-long education facilities;
22. Manufacturing and sales of industrial facilities and service business;
23. Overseas construction business (comprehensive construction business, general construction business, telecommunications work business, special work business, electrical

- construction business, steel tower reinstallation work business);
24. Domestic construction business (steel reinstallation work business, engineering and construction work business, pavement work business, steel tower reinstallation work business, industrial facility work business);
 25. Manufacturing and sales of industrial/medical robot and related automation facilities;
 26. Manufacturing and sales of automated system;
 27. Manufacturing and sales of laser system;
 28. Manufacturing and sales of logistics system;
 29. Manufacturing and sales of functioning model and show display equipments;
 30. Manufacturing and sales of steel tower for transmission;
 31. Manufacturing of metal structure;
 32. Research and development business of steel tower technology;
 33. Manufacturing of automotive components;
 34. Development and sales business of resources in Korea and overseas;
 35. Manufacturing of equipments for ship (engine for ship, stern tube, shaft, propeller, anchor, steering, manufacturing of electronic units of electric equipment, sales, installation, repair and after-sale service and sales, installation and after-sale service of engine parts);
 36. Manufacturing and sales of oil hydraulic/pneumatic equipment and oil pressure application facilities;
 37. Manufacturing of power generation, transmission, transformation and supply equipments;
 38. Manufacturing and sales of electric equipment for railroad cars;
 39. Manufacturing and sales of electric/electronic device, industrial control device and control system;
 40. Manufacturing and sales of electric goods and instruments;
 41. Research business of technical development of electrical equipments;
 42. Installation and training service of machine equipments;
 43. On-site engineering;
 44. Operation and maintenance of facilities;
 45. Operation and management of industrial planning business;
 46. Production and reclamation of components;
 47. Manufacturing and sales of machine equipments for construction, industrial transportation machine, agricultural machine equipment and related components, repair business, import/sales business, used equipment sales business;
 48. Manufacturing and sales of industrial truck, loader, transportation and loading/unloading machine and related components;
 49. Manufacturing and sales of industrial machine and repair business;
 50. Rental of machine equipment for construction and industrial transportation machinery;
 51. Housing construction business and site development business;
 52. Engineering activity and business;

53. Design and construction business of purification facility for wastewater, feces and livestock wastewater;
54. Freight truck transportation business;
55. Consulting business (specialized in technology);
56. Manpower dispatch service business;
57. Design and manufacturing of guided flight vehicle and launch vehicle;
58. System integration business (software development, supply, integrated automation system analysis, development, design and installation);
59. Manufacturing and sales of wired/wireless communication facilities;
60. Manufacturing and sales of road traffic control system;
61. Waste intermediate processing business;
62. Steam and hot water supply business;
63. Sports stadium operation business;
64. Energy conservation business;
65. Manufacturing and sales of oil develop and crude oil production facilities, installation service and supplementary business;
66. Installation of marine structure and rental of marine installation equipment;
67. Informatization business;
68. Business management and technical service business;
69. Scrap Metal Trade;
70. Manufacturing and sales of broadcasting and wireless communication device;
71. Manufacturing and sales of navigation wireless device and measurement device;
72. Manufacturing and sales of weapon and firearms;
73. Specialized business of electric safety management;
74. Manufacturing and sales of renewable energy product, facility engineering, development of power plant, operational management and construction business;
75. Manufacturing and sales of diode, transistor and similar semi-conductor devices;
76. Internet mail order business;
77. Forestry and forest business in Korea and overseas;
78. Sales business of forestry and forest products in Korea and overseas;
79. Preparation of forest development plan, business of afforestation and prevention of harmful insects;
80. Construction business of tree hospital, forest engineering and recreational forests;
81. Research, development and supplementary business of food resource of agriculture/livestock in Korea and overseas;
82. Production, distribution, processing, sales, international trade and farming business in Korea and overseas;
83. Marine transportation business;
84. Rental and management business of vessel;

85. Marine transportation brokerage business, shipping agency business;
86. All other businesses adjacent to the businesses stated above.

Article 3 (Principal Place of Business and Branch Offices)

- ① The principal place of business of the Company shall be located in Ulsan Metropolitan City.
- ② The Company may establish local branch offices at necessary locations subject to resolution of the board of directors, when deemed necessary.

Article 4 (Public Notification)

Public notification of the Company shall be announced through official website of the Company (<http://www.hhi.co.kr>): Provided that when public notification cannot be made through the official website due to computer problems or other unavoidable causes, the public notification concerned may be made through the Korea Economic Daily published in Seoul.

Chapter 2. Stock and Stock Certificate

Article 5 (Total Number of Issued Stocks)

The number of issued stocks of the Company shall be 160,000,000.

Article 6 (Par Value)

A par value of a stock issued by the Company shall be 5,000 KRW.

Article 7 (Total Number of Issued Stocks at the Time of Incorporation)

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Article 8 (Type of Stocks)

- ① All stocks issued by the Company shall be common stock and class stock in registered nominative forms.
- ② The class share issued by the Company shall consist of dividend preferred stock, non-voting or voting-restricted stock, convertible stock, redeemable stock and stock mixed with part of or entirety of the stocks mentioned above.

Article 8-2 (Dividend Preferred Convertible Stock: Class 1 Stock)

- ① The Company may issue non-voting dividend preferred convertible stock ("Class 1 Stock") where the total number of issued stock concerned shall be 20,000,000.
- ② When Class 1 Stock is issued at 1% or higher annually based on the par value, preferred dividend shall be allotted in cash with the amount under preferred ratio determined by the board of directors.
- ③ When dividend rate of common stock exceeds the dividend rate of Class 1 Stock, the

exceeding amount concerned shall be allotted after being participated at the rate identical with that of common stock.

- ④ When Class 1 Stock fails to offer a certain amount of dividend in a certain fiscal year, accumulated undistributed dividends shall be preferentially allotted during the offering of dividends in the following fiscal year.
- ⑤ Upon resolution not to offer dividends for Class 1 Stock, voting right shall be bestowed to the stocks concerned from the next general meeting following the general meeting rendering the said resolution until the end of general meeting to render a resolution to deliver preferred dividends.
- ⑥ Upon subscription offering and dividend offering of Class 1 Stock, Paragraph 4 of Article 9, Paragraph 2 of Article 48 and Paragraph 3 of Article 49 shall apply *mutatis mutandis*.
- ⑦ Duration of Class 1 Stock shall be subject to resolution of the board of director within the scope of 5 years or longer and 10 years or less from the date of issuance: Provided that when dividends are not offered during this period above, the duration above shall be extended until the dividend concerned is completed. Upon such occasion, Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued due to conversion.

Article 8-3 (Dividend Preferred Convertible Stock: Class 2 Stock)

- ① The Company may issue non-voting dividend preferred convertible stock ("Class 2 Stock") which shareholders are entitled to request the Company for conversion to common stock pursuant to the followings, where the total number of stocks to be issued shall be 20,000,000 including the number of Class 1 Stocks.
 1. The number of stocks to be issued due to conversion shall be identical with the number of stocks prior to conversion.
 2. Duration to request conversion shall be subject to the resolution of the board of directors within the scope of one month or longer and 5 years or less from the date of issuance.
 3. The stocks issued due to conversion shall be common stocks.
- ② Paragraph 2 through Paragraph 6 of Article 8 shall apply *mutatis mutandis* to Class 2 Stock.

Article 8-4 (Dividend Preferred Convertible Stock: Class 3 Stock)

- ① The Company may dividend preferred convertible stock ("Class 3 Stock"), where the total number of stocks to be issued shall be 20,000,000.
- ② Paragraph 2 through Paragraph 6 of Article 8 shall apply *mutatis mutandis* to Class 3 Stock.
- ③ Class 3 Stock may be redeemed subject to the selection of the Company pursuant to any of the following subparagraphs:
 1. Redemption price shall be an accumulation of issue price and additional value determined within the scope not exceeding annual 10% of issue price, where additional value shall be determined by the board of directors under the consideration of dividend rate, market situation and various issues concerning issuance of class stock upon its

- issuance: Provided that when redemption price needs to be adjustable, the board of directors shall determine the meaning of adjustability, grounds for adjustment, standard date of adjustment and adjustment method.
2. Redemption period shall be determined by the board of directors within the scope of one month from the closing of regular general meeting of shareholders during the fiscal year which falls under between 1 year and 10 years from the issuance date: Provided that when any of the following subparagraphs arises, notwithstanding the expiration of redemption period, the redemption period concerned shall be extended until the grounds of extension concerned are resolved
 - A. When redemption is not completed within the redemption period;
 - B. When preferred dividends are not completed.
 3. Class 3 Stock may be redeemed all at once or by installments: Provided that upon redemption by installment, the Company may determine the type of Class 3 Stock by the method of random drawing or proportional distribution, and odd-lock stocks arising during proportional distribution shall not be redeemed.
 4. The Company shall notify or publicly announce shareholder of the said stock and right holders enlisted at the register of stockholders of the upcoming redemption 2 weeks prior to the acquisition date of the stocks subject to redemption.
- ④ When issuing Class 3 Stock, the Company may issue voting-registered class stock ("Class 3-1 Stock") or non-voting class stock ("Class 3-2 Stock") subject to resolution of the board of directors, where voting right of Class 3-1 Stock shall be one vote per share.

Article 9 (Subscription Right of New Stock)

- ① When the Company issues new stocks subject to resolution of the board of directors, the issuance concerned shall comply with the followings:
1. Shareholders shall be given an opportunity to subscribe new stocks in order to offer new stocks according to the number of shares owned by the shareholder concerned;
 2. When necessary to achieve business goals of the Company, including introduction of new technology and improvement of financial structure, within the scope not exceeding thirty-one hundredth of the total number of stocks issued, an opportunity to subscribe new stock may be given to specified individuals (including shareholders of the Company) in order to offer new stocks to the said individuals, aside from Subparagraph 1 above;
 3. An opportunity to subscribe new stocks may be given to many and unspecified individuals (including shareholders of the Company) in order to offer new stocks to the said individuals within the scope not exceeding thirty-one hundredth of the total number of stocks issued, aside from Subparagraph 1 above;
 4. The Company may issue new stocks pursuant to issuance of depository receipt in accordance with applicable laws, including the Financial Investment Services and Capital Markets Act.

- ② When issuing new stocks under the method prescribed at Subparagraph 3 of Paragraph 1, new stocks shall be issued under one of the following methods subject to resolution of the board of directors:
 1. Where the Company offers new stocks to many and unspecified individuals without classifying the types of individuals granted with opportunity to subscribe new stocks;
 2. Where the Company grants opportunities to subscribe new stocks to many and unspecified individuals including stocks offered but not subscribed by members of the employee's stock holding association in accordance with applicable laws;
 3. Where the Company grants opportunities to subscribe new stocks to many and unspecified individuals when there are stocks not subscribed after a preferred opportunity to subscribe new stocks is given to shareholders;
 4. Where an investment trader or investment broker grants an opportunity to subscribe new stocks to specific type of individuals based on reasonable standards prescribed by applicable laws, including demand forecast prepared as subscriber or broker.
- ③ When offering new stocks to individuals other than shareholders under Subparagraph 2 and 3 of Paragraph 1, the Company shall notify shareholders of or publicly announce the matters prescribed by Subparagraph 1, 2, 2-2, 3 and 4 of Article 416 of the Commercial Act: Provided that the notification and public announcement above may be replaced by disclosing a material fact report to the Financial Services Commission and an Exchange pursuant to Article 165-9 of the Financial Investment Services and Capital Markets Act.
- ④ When issuing new stocks under any of the subparagraphs of Paragraph 1 above, the type, number and issue price of the stock to be issued shall be determined subject to resolution of the board of directors. Upon such occasion, the board of directors may assign new stocks to be allotted to common stock to either common stock or class stock, where new stocks to be allotted to class stocks shall be the same type of class stocks.
- ⑤ When the Company allots new stocks and when new stocks are not subscribed by the deadline or there are shares of which payments are not made, subsequent processing methods shall be determined by the resolution of the board of directors in accordance with applicable laws including propriety of issue price.
- ⑥ Odd shares arising when the Company allots new stocks shall be processed pursuant to the resolution of the board of directors.
- ⑦ When the Company allots new stocks under Subparagraph 1 of Paragraph 1 above, the Company shall issue stock warrant to shareholders.

Article 9-2 (Stock Option)

- ① The Company may grant stock option to executives and employees of the Company (including executives and employees of relevant companies prescribed by Article 30 of the Enforcement Decree of the Commercial Act, hereinafter the same shall apply) within fifteen-one hundredth of total number of stocks issued under Article 340-2 and Article 542-3 of

the Commercial Act subject to special resolution of general meeting of shareholders: Provided that the Company may grant stock option within one-one hundredth of total number of stocks issued subject to resolution of the board of directors. When stock option is granted subject to resolution of the board of directors, approval shall be acquired from the first general meeting of shareholders convened after the Company grants stock option subject to resolution of the board of directors. Stock options granted subject to resolutions of the board of directors or general meetings of shareholders may be performance-based options in connection with business performance goal or market index.

- ② Persons to be granted stock option shall be an executive or employee of the Company who has contributed or has capability to contribute to establishment and management of the Company, overseas business or technical innovation; however those who fall under any of the followings shall be excluded. Notwithstanding the above, the foregoing shall not apply to persons (including part-time executives of affiliated companies) who fall within specially related persons (referring to specially related persons under Paragraph 4 of Article 34 of the Enforcement Decree of the Commercial Act, hereinafter the same shall apply) when they become executives of the company concerned.
 1. The largest shareholder (referring to the largest shareholder under Subparagraph 5 of Paragraph 2 of Article 542-8 of the Commercial Act, hereinafter the same shall apply) and specially related persons;
 2. Major shareholder (referring to a major shareholder under Subparagraph 6 of Paragraph 2 of Article 542-8 of the Commercial Act, hereinafter the same shall apply) and specially related persons;
 3. Persons who become a major shareholder by exercising stock option.
- ③ Stocks to be delivered by exercising stock option (When delivering cash or own shares for the difference of stock option between option price and market price, it means the stocks which serve as the calculation standards for the difference) shall be registered common stock or registered class stock, but the above shall be determined subject to resolutions of general meetings of shareholders under Paragraph 1 or the board of directors.
- ④ Stock option shall not be granted at once to entire executives and employees currently in service, and stock option granted to a single individual of executive or employee shall not exceed ten-one hundredth of total number of stocks issued.
- ⑤ Option price per share of the stocks to exercise stock option with shall be equal to or higher than the prices prescribed at the following subparagraphs below. The same shall apply when adjusting option price after granting stock option:
 1. When issuing new stocks to grant stock option, its option price shall be higher one between the following two:
 - A. Actual price of stock prescribed by Subparagraph 3 of Paragraph 2 of Article 340-3 of the Commercial Act based on the date of granting stock option;
 - B. Face value of stock in the given year.

2. Actual price of stock prescribed by Subparagraph 3 of Paragraph 2 of Article 340-3 of the Commercial Act when transferring own shares.
- ⑥ Stock option may be exercised within 5 years from the date exceeding 2 years from the date of resolution of general meeting of shareholders granting the stock option concerned.
- ⑦ In any of the following cases, stock option granted by the resolution of the board of directors may be revoked:
 1. When an executive or employee granted the stock option voluntarily retires or resigns from office;
 2. When an executive or employee granted the stock option intentionally or negligently inflicts substantial loss on the company;
 3. When the company is unable to accept the exercise of the stock option due to bankruptcy, dissolution or any similar event;
 4. When any other event stipulated as a ground for revocation in the stock option grant agreement made with the person granted the stock option occurs.
- ⑧ Persons granted the stock option may exercise the stock option after working for the Company or remaining in office for 2 years or longer from the date of resolution under Paragraph 1: Provided that when the person granted appraisal rights deceases within 2 years from the date of resolution under Paragraph 1 or when the person above resigns or retires not due to the causes attributable the person him/herself, the person concerned may exercise the stock option during the period concerned.
- ⑨ Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued through exercise of appraisal rights.

Article 10 (Record Date of Dividend Payout of New Stock)

When the Company issues new stocks due to capital increase for consideration, capital increase without consideration and stock dividends, the issuance of the new stocks subject to dividends shall be deemed as issued at the end of fiscal year preceding the fiscal year when the new stocks concerned were issued.

Article 11 (Types of Stock Certificate)

- ① The types of stock certificates issued by the Company shall be 8 types, including one stock certificate, ten stock certificate, fifty stock certificate, one hundred stock certificate, five hundred stock certificate, one thousand stock certificate and ten thousand stock certificate.

Article 12 (Transfer Agent)

- ① The Company shall have transfer agents of stocks.
- ② The scope of transfer agents, their place of business and their business shall be determined by the resolution of the board of directors.
- ③ Register of shareholders or its copy shall be displayed at the business place of transfer agent

where the transfer agent shall handle the transfer of the title, registration or cancellation of trust property, issuance of stock certificate, receipt of report and other businesses concerning other stocks.

- ④ Procedures of administrative affairs under Paragraph 3 shall comply with provisions on transfer of stocks by transfer agent.

Article 13 (Report of Address, Name and Seal Impression or Signature of Shareholder)

- ① Shareholders and pledgees shall report their name, address and seal impression or signature to the Company or transfer agents under Article 12.
- ② Shareholders and pledgees residing in overseas shall make a report after designating the location and agent to receive notifications in Korea.
- ③ The same shall apply when changes are made to the matters under Paragraph 1 and 2.

Article 14 (Closure of Register of Shareholders and Record Date)

- ① The Company shall suspend the change of entry in the register of stockholder concerning rights from January 1st until 31st every year.
- ② The Company shall recognize the stockholders registered at the final register of stockholder on December 31st every year as a stockholder to exercise the rights at the general meeting of shareholders.
- ③ When convocation of extraordinary meeting of shareholders is required, the Company may suspend the register of stockholders or determine its record date by designating a specified period not exceeding one month after making public announcement 2 weeks in advance subject to the resolution of the board of directors; however, when deemed necessary by the board of directors, the Company may suspend the register of stockholders and determine its record at the same time.

Chapter 3. Bonds

Article 15 (Issuance of Convertible Bonds)

- ① The Company may issue convertible bonds to persons other than stockholders subject to resolution of the board of directors within the scope of total nominal value of the bonds not exceeding ₩400 billion when falling under one of the followings:
 - 1. Where the Company issues convertible bonds in a way granting opportunity for specific persons to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 when necessary to achieve business goals of the Company, including introduction of new technology and improvement of financial structure;
 - 2. Where the Company issues convertible bonds in a way offering an opportunity for many and unspecified individuals to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 and subsequently allocating the bonds to

the persons subscribing;

- ② When allocating the bonds in a way under Subparagraph 2 of Paragraph 1, the Company shall allocate the bonds in a way falling under any of the followings subject to resolution of the board of directors:
 1. Where the Company allocates the bonds to many and unspecified individuals subscribing the bonds without classifying the types of individuals granted with opportunity to subscribe the bonds;
 2. Where the Company first grants opportunities to stockholders to subscribe the bonds and grants opportunities to many and unspecified individuals to be allocated with the bonds when there are bonds not subscribed;
 3. Where an investment trader or investment broker grants an opportunity to subscribe the bonds to specific type of individuals based on reasonable standards prescribed by applicable laws, including demand forecast prepared as subscriber or broker.
- ③ With convertible bonds under Paragraph 1, the board of directors may issue the bonds under the condition to grant the right to convert only to part of the bonds.
- ④ From the stocks issued due to conversion, ₩200 billion Won of total nominal value of the bonds shall be common stocks, and ₩200 billion Won of total nominal value of the bonds shall be Class 1 Stocks; and when issuing the bonds with its face value at the face value of the stocks or higher, the conversion price shall be determined by the board of directors.
- ⑤ The period during which conversion may be requested shall be from the following day of the date issuing the bonds in the given year until the day immediately before the redemption date; however, the period to request conversion may be adjusted subject to resolution of the board of directors within the period above.
- ⑥ Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued due to conversion and interest payment for convertible bonds.

Article 16 (Issuance of Bonds with Warrants)

- ① The Company may bonds with warrants to persons other than stockholders subject to resolution of the board of directors within the scope of total nominal value of the bonds not exceeding ₩400 billion when falling under one of the followings:
 1. Where the Company issues bonds with warrants in a way granting opportunity for specific persons to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 when necessary to achieve business goals of the Company, including introduction of new technology and improvement of financial structure;
 2. Where the Company issues bonds with warrants in a way offering an opportunity for many and unspecified individuals to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 and subsequently allocating the bonds to the persons subscribing;
- ② When allocating new stocks in a way under Subparagraph 2 of Paragraph 1, the Company

shall allocate the bonds subject to resolution of the board of directors in a way falling under any of the followings:

1. Where the Company allocates the bonds to many and unspecified individuals subscribing the bonds without classifying the types of individuals granted with opportunity to subscribe the bonds;
 2. Where the Company first grants opportunities to stockholders to subscribe the bonds and grants opportunities to many and unspecified individuals to be allocated with the bonds when there are bonds not subscribed;
 3. Where an investment trader or investment broker grants an opportunity to subscribe the bonds to specific type of individuals based on reasonable standards prescribed by applicable laws, including demand forecast prepared as subscriber or broker.
- ③ The amount for new stocks to be subscribed shall be determined by the board of directors within the scope not exceeding the total nominal value of the bonds.
 - ④ From the stocks issued by exercising subscription rights, ₩200 billion Won of total nominal value of the bonds shall be common stocks, and ₩200 billion Won of total nominal value of the bonds shall be Class 1 Stocks; and when issuing the bonds with its face value at the face value of the stocks or higher, the issue price shall be determined by the board of directors.
 - ⑤ The period during which subscription rights may be exercised shall be from the following day of the date issuing the bonds in the given year until the day immediately before the redemption date; however, the period to exercise subscription rights may be adjusted subject to resolution of the board of directors within the period above.
 - ⑥ Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued by exercising subscription rights

Article 16-2 (Issuance of Bonds)

- ① The Company may issue bonds subject to resolution of the board of directors.
- ② The board of directors may entrust the representative director to issue bonds within the period not exceeding one year after determining the amount and type of bonds.

Article 16-3 (Provisions Applicable Mutatis Mutandis Concerning Issuance of Bonds)

Provisions at Article 12 and Article 13 shall apply *mutatis mutandis* to the issuance of bonds.

Chapter 4. General Meeting of Shareholders

Article 17 (Convocation)

- ① The regular general meeting of shareholders shall be convened within 3 months from the day following the last day of the fiscal year; and extraordinary meetings of shareholders may be convened whenever deemed necessary pursuant to resolution of the board of

directors and other applicable laws.

- ② At the general meeting of shareholders, resolutions shall not be made for any matters other than the agenda notified to shareholders in advance: Provided that when all shareholders consent, the above shall not apply.
- ③ The regular general meeting of shareholders shall be convened at the principal place of business of the Company.
- ④ The regular general meeting of shareholders shall be convened by the representative director or a person delegated by the representative director.

Article 17-2 (Respect for Minority Shareholders)

The Company shall respect rights of independent shareholders and minority shareholders recognized by the Commercial Act and applicable laws.

Article 18 (Individual and Public Notification of Convocation)

- ① Upon convocation of general meetings of shareholders, the Company shall send a notification of the date, location and agenda in writing or electronic document to each shareholder 2 weeks prior to the date of the meeting.
- ② A notification to shareholders who own one-one hundredth or less of total stocks issued shall be publicly announced twice or more of the intent to convene the general meeting of shareholders and agenda through the Korea Economic Daily and Maeil Business Newspaper published in Seoul or may be replaced with the notification of convocation under Paragraph 1 by making public announcement through the electronic public disclosure system operated by the Financial Supervisory Service or an exchange.

Article 19 (Presiding Officer of General Meeting)

The representative director of the Company shall preside the general meeting of shareholders. At the time of absence of the representative director, other director designated by the representative director shall assume the duty of the representative director of the meeting; however, when the designation above is not made, one of the directors shall assume the duty above.

Article 20 (Maintenance of Order by Presiding Officer)

- ① The presiding officer of a general meeting of shareholders may order anyone who notably disturbs the order by intentionally speaking or acting for a filibuster, to stop speaking or to leave the meeting room.
- ② The presiding officer of general meeting of shareholders may limit the length and number of times for shareholders to have the floor in order to ensure proper progress of proceedings when deemed necessary.

Article 21 (Rights to Vote of Shareholders)

In all matters, each shareholder shall have one vote for each stock registered under the name of the shareholder concerned.

Article 22 (Exercise of Voting Rights in Disunity)

- ① If a shareholder has at least two votes, he/she may exercise them in disunity. In such cases, he/she shall notify the Company, in writing, of his/her intent to do so and the grounds therefor three days prior to the date set for a general meeting of shareholders.
- ② The Company may reject the exercise of vote in disunity by a shareholder; however, the above shall not apply when the shareholder has accepted a trust of shares or holds the shares on behalf of another person.

제23조 (Exercise of Voting Rights by Proxy)

- ① Shareholders may have their proxy to exercise their voting rights.
- ② The proxy above shall submit evidentiary documents in writing (letter of delegation) proving agency authority prior to the commencement of general meeting of shareholders.

Article 24 (Quorum and Resolution of General Meeting)

Unless otherwise provided for by applicable laws, resolutions shall be adopted at a general meeting of shareholders by affirmative votes of a majority of the voting rights of shareholders present thereat and representing at least a quarter of the total issued and outstanding shares.

Article 25 (Minutes of General Meeting)

Minutes shall record a summary of proceedings of the meeting, and the chairperson as well as the directors present at the meeting shall write their names and affix their seals, or shall affix their signatures, where the minutes shall be displayed at the principal office and branch offices of the Company.

Chapter 5. Directors, Board of Directors and Audit Committee

Article 26 (Number of Directors)

- ① The board of directors of the Company shall consist of 6 or more directors.
- ② The board of directors of the Company shall have 3 or more outside directors who shall compose a majority of the total number of directors: Provided that when the number of outside directors fails to represent a majority of the total number of directors due to vacancies, the Company shall appoint outside directors at the first general meeting of shareholders convened after such cause has occurred, to satisfy the requirements.

Article 27 (Appointment of Directors)

- ① Directors shall be appointed at a general meeting of shareholders. The Company shall appoint outside directors under Article 26 from among candidates recommended by the committee for recommending candidates for outside directors, and directors to be appointed to the member of audit committee, not outside director under Article 42-3, shall be separated and appointed.
- ② Directors shall be appointed by affirmative votes of a majority of the voting rights of shareholders present thereat and representing at least a quarter of the total issued and outstanding shares.
- ③ When appointing 2 or more directors, shareholders may exercise only one voting right to one share owned, and Article 1382-2 of the Commercial Act shall not apply.

Article 28 (Term of Office of Directors)

- ① The term of office of directors shall be 1 year or longer and 3 years, and the term of individual director shall be determined at the time of appointment; however, when the term expires prior to the regular general meeting of shareholders concerning the final period for settlement of accounts, the term concerned shall be extended until the closure of the general meeting concerned.
- ② Directors may be reelected.

Article 29 (Vacancies)

- ① When vacancies arise at the office of directors, appointment of directors shall be executed at a general meeting of shareholders; however, the above shall not apply if the vacancy above does not violate statutory number of directors or hinder business performances.
- ② The director appointed due to vacancies shall serve the remaining term of the predecessor.

Article 30 (Responsibilities of Directors)

The Company shall compensate all legal costs as well as other losses, damages and debts either paid or assumed by directors in the pursuit of given duties: Provided that when the losses, damages and debts concerned occurred due to breach of duty by his/her act in bad faith or gross negligence, the above shall not apply.

Article 31 (Dismissal and Vacancies of Directors)

- ① Dismissal of directors shall be in compliance with Article 385 of the Commercial Act.
- ② Directors shall be removed from office when falling under any of the followings:
 1. When submitting a letter of resignation;
 2. When adjudicated bankrupt;
 3. When adjudicated quasi-incompetent or incompetent;
 4. When deceased.

Article 32 (Appointment of Representative Director)

The Company shall appoint 1 or more representative directors at the board of directors.

Article 33 (Duty of Representative Director)

- ① The representative director shall represent the Company and oversee entire operation of the Company.
- ② Directors shall assist the representative director and share and perform their duties. Upon absence of the representative director, a director designated by the representative director shall assume the duty of the representative director; however, when designation above is not made, the duty concerned shall be assumed by in the order of president, vice president, executive director and managing director.
- ③ Directors shall perform their duties in good faith for the interest of the Company in accordance with statutes, and the articles of association.

Article 34 (Duty of Report by Directors)

- ① Directors shall report the progress of business to the board of directors at least once in 3 months.
- ② Directors shall immediately report to the audit committee when discovering matters likely to cause noticeable harms to the Company.

Article 35 (Duty of Auditor)

<Deleted>

Article 36 (Audit Records of Auditor)

<Deleted>

Article 37 (Constitution and Authority of Board of Directors)

- ① The board of directors shall be composed of directors, and shall adopt resolution of matters significant to the business of the Company.
- ② The board of directors may establish separate provisions in order to determine matters required for delegation of authorities and other operations of the board of directors.

Article 38 (Convocation of Board of Directors' Meetings and Methods of Adopting Resolutions)

- ① The board of directors shall be convened by the chairperson of the board or a director separately assigned. When the board of directors is convened, notification in writing or verbal shall be served to each director one day prior to the date of the board of directors' meeting: Provided that with unanimous consent from all directors, the meeting may be convened without undergoing a convocation procedure.
- ② A resolution of the board of directors shall be adopted in the presence of a majority of

directors in office by the affirmative votes of a majority of directors present at the meeting: Provided that a resolution of the board of directors upon matters falling under Article 397-1 (Prohibition of Appropriation of Company's Opportunities) and Article 1398 (Prohibition of Self-transaction) of the Commercial Act shall be adopted by the affirmative votes of two-third of directors.

- ③ No person who has special interests in a resolution by the board of directors shall exercise his/her voting rights.
- ④ The board of directors may allow all or some of the directors to take part in the adoption of a resolution without presence in person at the meeting by means of a remote communications system that enables all directors' simultaneous transmission and receipt of sounds. In such cases, the relevant directors shall be deemed present at the meeting.

Article 39 (Chairperson)

- ① The board of directors shall appoint a chairperson of the board of directors with one-year term of office at the first board of directors' meeting following annual regular general meeting of shareholders.
- ② In preparation for an occasion where a chairperson is absent without designating an acting chairperson, the chairperson shall determine the order of directors who shall act as an acting chairperson on behalf of the chairperson.
- ③ When a chairperson is unable to attend the board of directors' meeting, the chairperson shall designate a director from all directors to act as an acting chairperson; and when the designation above is not made by the chairperson, an acting chairperson shall be appointed according to the order determined by Paragraph 2 of this article above.

Article 40 (Minutes of Board of Directors' Meeting)

Minutes shall be prepared with regard to the proceedings of a board of directors' meeting. The agenda items, summary of the proceedings and the outcomes thereof, and the objectors and grounds for their objection shall be entered in the minutes, and the directors and auditors present at the meeting shall write their names and affix seals, or affix their signatures, thereon.

Article 41 (Remuneration and Retirement Allowance for Directors)

- ① The amount of remuneration to be received by directors shall be determined by a resolution of a general meeting of shareholders.
- ② Retirement allowance for directors shall be prescribed by the regulation on executive's retirement allowance under the resolution adopted by a general meeting of shareholders.

Article 42 (Committees within Board of Directors)

- ① The board of directors shall establish the committee for recommending candidates for outside directors and audit committee for committees within the board. In addition, the

board of directors may establish a committee which deliberates and determines corporate strategies and other matters delegated by the board.

- ② The committee within the board shall be composed of two or more directors, and its organization and operation shall be determined by the resolution of the board.
- ③ The board of directors shall not delegate to the committees its power of the following matters:
 1. Proposal of matters subject to approval by a general meeting of shareholders;
 2. Appointment or dismissal of the representative director;
 3. Establishment of committees and appointment or dismissal of their members;
 4. Other matters as determined by the board of directors.
- ④ The committee shall notify each director of the resolutions it has adopted. In such cases, any of the directors may, upon receipt of the notification, request the convocation of a meeting of the board of directors, and the board of directors may resolve, once again, on the resolutions of the committee.

Article 42-2 (Committee for Recommending Candidates for Outside Directors)

A majority of all members of the committee for recommending candidates for outside directors shall be composed of outside directors, and the committee shall perform a function of recommending candidates for outside directors appointed by a general meeting of shareholders.

Article 42-3 (Constitution of Audit Committees)

- ① The Company shall establish an audit committee as prescribed by Paragraph 1 of Article 42 in lieu of auditor.
- ② The audit committee shall be composed of 3 or more directors.
- ③ Two-third or more of members of the committee shall be outside directors, and members who are not outside directors shall meet the requirements under Paragraph 2 of Article 542-10 of the Commercial Act.
- ④ Where the total amount of voting stocks of the Company held by the largest shareholder and his/her specially related persons, persons owning stocks in the computation of the largest shareholder or his/her specially related persons, and other persons delegating voting rights to the largest share holder or his/her specially related persons exceeds three percent of the total number of shares issued and outstanding, excluding nonvoting stocks, such shareholder may not exercise his/her voting rights on the stocks in excess when appointing members of the audit committee who are not outside directors.
- ⑤ Any shareholder who has stocks in excess of three percent of the total number of issued stocks other than nonvoting rights of the Company, may not exercise his/her voting rights on the stocks in excess when appointing members of the audit committee as outside directors.
- ⑥ The audit committee shall appoint a person to represent the committee by its own resolution. In such case, the chairperson shall be an outside director.

Article 42-4 (Duty of Audit Committee)

- ① The audit committee shall audit the accounting and businesses of the Company.
- ② The audit committee may request to convene the board of directors' meeting by submitting the objective and grounds for convocation of the meeting in writing to a director (referring to a director with the power to convene a board of directors' meeting, hereinafter the same shall apply).
- ③ When the director fails to immediately convene a board of directors' meeting despite the request at Paragraph 2 above, the audit committee so requested may convene a board of directors' meeting.
- ④ The audit committee may request to convene an extraordinary general meeting of shareholders by submitting the objective and grounds for convocation of the meeting in writing to the board of directors.
- ⑤ The audit committee may request subsidiary companies for their business reports when deemed necessary to fulfill its duty. In such case, when the subsidiary company concerned fails to immediately report or when necessary to verify the contents of the report, the committee may investigate the businesses and the status of the property of the subsidiary company concerned.
- ⑥ The audit committee shall approve the appointment of an external auditor.
- ⑦ The audit committee shall deal with matters delegated by the board of directors other than as prescribed by Paragraph 1 through Paragraph 5.
- ⑧ Resolutions adopted by the audit committee shall not be re-determined by the board of directors.

Article 42-5 (Audit Records)

The audit committee shall prepare a record pertaining to the audit; and a summary of audit process and the outcomes thereof shall be recorded in the audit record and auditors who have carried out such audit shall write their names and affix their seals, or shall affix their signatures, thereon.

Article 42-6 (Appointment of External Auditor)

The Company shall appoint an external auditor subject to approval from the audit committee in accordance with the Act on External Audit of Stock Companies; and the appointment above shall be reported to the regular general meeting of shareholders convened during the fiscal year when the appointment concern is made, notified in writing or by an electronic document to shareholders as of date of closing the latest register of shareholders or posted at the official website of the Company.

Article 43 (Managerial Executives)

- ① The Company may have managerial executives in order to execute the resolution of the board of directors.
- ② Matters concerning managerial executives shall be determined by separate provisions of the board of directors.

Article 44 (Adviser, etc.)

- ① The representative director may appoint advisers and consultants due to necessity for businesses based on the recommendation made by the chief executive officer.
- ② The chief executive officer may determine and pay advisers and consultants above remunerations and expenses required for given duties as if they are managerial executives.

Article 45 (Qualification of Outside Directors)

The Company shall appoint persons with qualifications under applicable laws such as the Commercial Act from those who have professional knowledge or experiences in business management, economics, laws or relevant technologies or who have good social reputations, to outside directors; and if the person loses the qualification above after being appointed to an outside director, the person concerned shall lose the office of outside director.

Article 46 (Preparation and Availability of Financial Statements and Business Report)

- ① The representative director of the Company shall prepare documents under following subparagraphs, accompanying statements and business report 6 weeks prior to the date of regular general meeting of shareholders, have the documents above audited by the audit committee, and submit the documents under following subparagraphs and business report to the regular general meeting of shareholders:
 1. A balance sheet;
 2. An income statement;
 3. Other documents indicating financial standing and management performance as prescribed by the Enforcement Decree of Commercial Act.
- ② When the Company falls under the company subject to prepare consolidated financial statements as prescribed by the Enforcement Decree of Commercial Act, each document under Paragraph 1 shall include consolidated financial statements.
- ③ The audit committee shall submit an audit report to the representative director 1 week prior to the date of regular general meeting of shareholders.
- ④ Notwithstanding the above, the Company may approve the above subject to resolution of the board of directors when the Company satisfies all requirements under the following subparagraphs:
 1. That an external auditor presents an opinion that each of the documents listed in Paragraph 1 appropriately represents the company's financial conditions and performance of management in accordance with statutes and the articles of association;

2. That all member of the audit committee give consent thereto.

- ⑤ In cases where a board of directors gives approval pursuant to Paragraph 4, directors shall report the details of each document listed in Paragraph 1 to a general meeting of shareholders.
- ⑥ The representative director shall keep the documents listed in Paragraph 1 as well as an audit report at the principal office of the company for five years and shall keep copies thereof at the branch offices for three years, from one week prior to the date set for a regular general meeting of shareholders.
- ⑦ When each document listed in Paragraph 1 is approved by a general meeting of shareholders or by the board of directors pursuant to Paragraph 4, the representative director shall immediately publicly notify the financial statements and external auditor's opinion.

Chapter 6. Accounting

Article 47 (Fiscal Year)

The fiscal year of the Company shall begin on the first date of January each year and end on the last day of December of that year.

Article 48 (Disposition of Profit and Loss)

The Company shall dispose profits (including net earned surplus forwarded) of each fiscal year in the following order of priority:

1. Earned Surplus Reserve;
2. Legal Reserve;
3. Dividends;
4. Voluntary Reserve;
5. Other amounts of appropriation of retained earnings;
6. Surplus profit carried forward to the following term

Article 48-2 (Capitalization of Reserve)

When issuing new stocks due to capitalization of reserve, the Company may issue new stocks to be allotted to common stocks with common stocks or class stocks, and new stocks to be allotted to class stocks shall be the same class stock.

Article 49 (Payment of Dividends)

- ① Dividends shall be paid with money, stocks and other properties.
- ② Dividends under Paragraph 1 shall be paid to the shareholders or the pledgees of the Company who have been duly entered in the Shareholders Register as of the end of each fiscal year.
- ③ When paying profit dividends with stocks, the Company may issue new stocks to be allotted

to common stocks with common stocks and class stocks subject to resolution of a general meeting of shareholders, and new stocks to be allotted to class stocks shall be the same class stock.

Article 49-2 (Quarterly Dividends)

- ① The Company may distribute dividends by quarters pursuant to Article 165-12 of the Financial Investment Services and Capital Market Act to shareholders as of the end of March, June and September from the commencement of fiscal year. Quarterly dividends shall be paid with money.
- ② Quarterly dividends in Paragraph 1 shall be subject to resolution of the board of directors; however, the resolution concerned shall be within 45 days from the record date under Paragraph 1.
- ③ Quarterly dividends shall be limited to the amount subtracting the amount under following subparagraphs from net assets worth at the balance sheet of the preceding period for settlement of accounts:
 1. Amount of equity capital of the preceding period for settlement of accounts;
 2. Accumulated amount of retained earnings and capital reserve reserved until the preceding period for settlement of accounts;
 3. Unrealized profit as prescribed by the Enforcement Decree of Commercial Act;
 4. Amount to distribute dividends determined by the regular general meeting of shareholders of the preceding period for settlement of accounts;
 5. Voluntary reserve reserved for specific purpose pursuant to the resolution of a general meeting of shareholders or provisions of the articles of association until the preceding period for settlement of accounts;
 6. Retained earnings which need to be reserved during the given period for settlement of accounts pursuant to quarterly dividends;
 7. Accumulated amount of the amounts when quarterly dividends are paid during the given fiscal year;
- ④ When issuing new stocks prior to the record date under Paragraph 1 after the commencement date of fiscal year (including capitalization of reserve, stock dividends, request to convert convertible bonds, exercise of subscription right of bonds with warrants), new stocks of the given year shall be deemed as issued at the end of preceding fiscal year with regard to quarterly dividends.
- ⑤ <Deleted>

Article 49-3 (Retirement of Stocks)

<Deleted>

Article 50 (Statute of Limitation for Claims for Payment of Dividends)

- ① The statute of limitation for claims for payment of dividends shall expire unless exercised for 5 years.
- ② Dividends from the expiration of the statute of limitation in Paragraph 1 shall be attributed to the Company.

Chapter 7. Addenda

Article 1 (Amendment)

All amendments of the article of association of the Company shall be executed by a resolution of a general meeting of shareholders.

Article 2 (Detailed Regulation and Bylaws)

Detailed regulations and bylaws necessary for the operation and management of the Company shall be determined and implemented by the board of directors.

Article 3 (Enforcement Date)

These Articles of Association shall enter into force on March 25, 2016.

Established on December 28, 1973

Amended on January 3, 1974

Amended on January 4, 1974

Amended on January 5, 1974

Amended on January 9, 1974

Amended on January 10, 1974

Amended on January 15, 1974

Amended on February 22, 1974

Amended on September 27, 1978

Amended on December 14, 1978

Amended on March 11, 1980

Amended on March 18, 1980

Amended on August 31, 1981

Amended on October 12, 1981

Amended on July 3, 1982

Amended on December 4, 1981

Amended on June 29, 1983

Amended on September 1, 1984

Amended on October 4, 1984

Amended on August 1, 1987

Amended on March 26, 1988

Amended on December 22, 1989

Amended on November 26, 1991
Amended on November 30, 1991
Amended on June 1, 1992
Amended on June 3, 1992
Amended on June 20, 1992
Amended on March 11, 1993
Amended on September 24, 1993
Amended on October 28, 1993
Amended on December 29, 1993
Amended on March 16, 1995
Amended on March 15, 1996
Amended on March 24, 1997
Amended on March 27, 1998
Amended on March 20, 1999
Amended on March 24, 2000
Amended on March 16, 2001
Amended on March 15, 2002
Amended on March 14, 2003
Amended on March 19, 2004
Amended on March 18, 2005
Amended on March 17, 2006
Amended on March 16, 2007
Amended on March 14, 2008
Amended on March 13, 2009
Amended on March 12, 2010
Amended on March 11, 2011
Amended on March 16, 2012
Amended on March 25, 2016