

# **Articles of Incorporation**

**Hanwha Corporation**

## CHAPTER 1 GENERAL PROVISIONS

### Article 1 Company Name

The name of the company is HANWHA CORPORATION (abbreviated to HWC, hereunder "Company").

### Article 2 Object

The object of the Company is as follows:

1. Manufacture, sales, transportation, storage, import and export of explosives, blasting, demolition, and dismantling services, and gunpowder applications
2. Manufacture, sales, storage, import and export of munitions
3. Manufacture, processing, sales, storage, import and export of organic and inorganic chemical products, including blasting accessories, agricultural pesticides, technical material for agricultural pesticides, dyes, fertilizers, and other basic compounds, and their raw materials
4. Manufacture, processing, subdivision, sales, storage, import and export of medicine and medical supplies (medicines, quasi-drugs, cosmetics, medical equipment, medical instruments, hygienic products, etc.), animal drugs, food additives, and other fine chemicals, and manufacture, processing, subdivision, sales, storage, import, and export of imported goods and raw material thereof.
5. Manufacture, sales, storage, import and export of environmental preservation equipment, tools and materials, chemicals, and other relevant products and provision of environmental preservation services
6. Sales, storage, import and export of toxic substances
7. Manufacture, sales, storage, import and export of materials (compound, organic and inorganic, metal products, etc.)
8. Manufacture, sales, storage, import and export, rental of products related to automobile and other transportation equipment
9. Manufacture, processing, sales, storage, import and export of petroleum products, petrochemicals, and synthetic resins
10. Development of mines and minerals; mining business; manufacture, sales, import and export, leasing of construction equipment and materials and minerals; and related business thereof
11. Manufacture, processing, sales, storage, import and export of agricultural, marine, livestock, and forest products, flowers, salt, mineral products, and sand

12. Sales, storage, import and export of bearings and manufacture, processing, sales, import and export of metals and machineries
13. Manufacture, processing, sales, storage, import and export of steels and nonferrous metals
14. Manufacture, processing, sales, storage, import and export of machine tools and precision instruments
15. Manufacture, processing, sales, storage, import and export of measuring equipment
16. Manufacture, processing, sales, storage, import and export of ceramic ware of all sorts (except for folklore materials)
17. Manufacture, processing, sales, storage, import and export of clothing and sporting and leisure goods
18. Manufacture, processing, sales, storage, import and export of food and beverage, foodstuffs (health supplements, etc.), and imported goods
19. Manufacture, processing, sales, storage, import and export of paper and paper manufacturing facilities
20. Manufacture, processing, sales, storage, import and export of furniture
21. Manufacture, processing, sales, storage, import and export of raw hide and leather
22. Manufacture, processing, sales, storage, import and export of raw cotton, cotton yarn, petrochemicals, and synthetic yarn
23. Manufacture, sales, installation, storage, import and export of electric and electronic devices and relevant equipment and their components and materials
24. Operation, leasing, sales, import and export of information and communication service, software, and computer academies
25. Setup, operation, and service provision related to information and communication system
26. Development, manufacture, sales, storage, installation, import and export of information and communication devices
27. Publication and book sales
28. Import and export, storage, filling, sales of LPG and LNG and incidental businesses
29. Import and export business, trading agent, and offer agent
30. Wholesale and retail business
31. Real estate sales and leasing business
32. Sales, import and export of industrial facilities and technical services
33. Security service and building management business
34. Forestation business

35. Restaurant business
36. Design, construction, and supervision services for civil engineering, construction, machinery, and ropeway
37. Electrical work and incidental businesses
38. Telecommunication work business
39. Gas plant construction and gas supply installation business
40. Homebuilding business
41. Apartment building, sales, and management business
42. Rental house business
43. Design and construction of facilities and systems concerning the environment, e.g. water contamination, air pollution, noise, and vibration prevention facilities and night soil treatment, sewage treatment, livestock wastewater treatment, wastewater treatment, and non-industrial waste disposal facilities
44. Non-industrial and designated waste disposal (collection and transportation, intermediate and final treatment) and recycling business
45. Environmental impact assessment agency
46. Dredging work business
47. Pavement work business
48. Landscaping work business
49. Cultural properties maintenance business
50. Steel product installation business
51. Water supply and sewage facilities and plumbing, cooling, and heating installation business
52. Groundwater development and mining business (including rock mountain development and processing, sales, storage, import and export of stones)
53. Forest land reclamation and development, and forestation business
54. Firefighting equipment work business and manufacture, sales, management of disaster prevention equipment
55. Military supply business
56. Construction of equipment and materials using certain heat
57. Manufacture, processing, sales, storage, import and export of cement, aggregate and asphalt, concrete products, soil, and other various types of construction materials
58. Sales of machinery, electricity, heavy equipment parts and components, and chemicals
59. Leasing and import and export of heavy equipment, electric rail cars, and automobile

60. Development and operation of tourism and resorts (operation of leisure business, e.g. condominiums; lodging, hotel, and restaurant business; development and operation of golf course; development and operation of hot springs; and sports facilities business)
61. Technical services business (machinery, ship, aerospace, metal, textile, mining, construction, environment, agriculture and forestry, marine and fishery, industrial management, applied science, electricity and electronics, communication devices, information and communication processing, automated controller, etc.)
62. Construction, supervision, and all-out supervision of construction projects
63. General surveying business
64. Business related to inducing private investment in social overhead capital
65. Investment or joint venture with local or foreign persons or local or foreign corporations
66. Overseas construction business (construction work, electricity, civil engineering, telecommunication, construction services, and the entire incidental business thereof)
67. Installation and operation of private senior welfare facilities and related business
68. Manufacture, development, sales, installation, import and export of communication and related devices and components thereof
69. Manufacture, development, sales, installation, import and export of automated controller and applied equipment
70. Manufacture, development, sales, installation, import and export of optical fiber, cable, and related equipment
71. Manufacture, sales, storage, import and export of high-pressure vessel for LPG and LNG and incidental business thereof
72. Maintenance and leasing of facilities
73. New and renewable energy, development of related technology, and manufacture, installation, sales, storage, import and export of raw material, components, materials, and equipment
74. Power generation at home and abroad and sales of electricity
75. Construction, ownership, operation of power plant facilities at home and abroad
76. Development, production, sales of resources at home and abroad
77. Special category telecommunication business
78. Manufacture, sales, import and export of model rockets and associated components
79. Design and construction of sewage treatment facility
80. Contamination investigation and restoration of soil and groundwater
81. Business related to electronic commerce and the Internet

82. Start-ups incubator business
83. Brokerage and import and export business of alcoholic beverages
84. Manufacture, processing, sales, storage, import and export of timber and timber products
85. Intellectual property licensing business
86. Event hosting and event agency business
87. Design, construction, operation of greenhouse gas reduction facility; sales, import and export, brokerage of emissions trading
88. Manufacture, processing, assembly, sales, import and export of industrial furnace
89. Manufacture, processing, assembly, sales, import and export of automated mechanical parking system
90. Marine cargo transport business, marine transportation brokerage business, ship chartering business
91. Education services business
92. Trading, operation, leasing, sales of warehouses, distribution centers, and processing centers at home and abroad
93. Advertising agency business
94. The entire incidental businesses related to objects described in each of the Clauses, e.g. design, installation, construction, operation, leasing, processing, transportation, storage, development, brokerage, etc.

### **Article 3 Location of Head Office and Establishment of Branches**

1. The Company shall have its head office located in Seoul, Republic of Korea.
2. The Company may establish branches, as it deems necessary, as determined by the Board of Directors.

### **Article 4 Means of Public Notices**

The Company shall post public notices on its website, <http://www.hanwhacorp.co.kr>. However, if the website is unavailable due to network error or any other unavoidable reasons, public notices shall be posted in the Kyunghyang Shinmun published in Seoul.

## **CHAPTER 2 SHARES**

### **Article 5 Total Number of Shares**

The total number of shares to be issued by the Company shall be 200,000,000.

## **Article 6 Par value**

The par value of each share issued by the Company shall be five thousand (5,000) won.

## **Article 7 Type of Shares**

1. The type of shares to be issued by the Company shall be common shares and classes of shares, all in registered form.
2. The classes of shares issued by the Company shall be preferred shares for dividend, shares for exclusion or restriction of voting right, redeemable shares, convertible shares and the combinations of all or part of the shares described herein.

## **Article 7-2 Dividend Preferred Shares**

1. The Company may issue participating preferred shares or non-participating shares, cumulative preferred shares or non-cumulative preferred shares independently or in combinations within a range not exceeding 1/2 of the total number of the shares issued, by a resolution of the Board of Directors.
2. The dividends on preferred shares shall be paid in cash or in kind based on par value per annum and the rate thereof shall be determined by the Board of Directors at the time of issuance in consideration of dividend rate, interest rate, market situations and other matters relating to the issuance of preferred shares.
3. If the Company carries out paid-in capital increase or free issue of new shares, the allotment of new shares to preferred shares shall be in the same or different classes of shares in case of paid-in capital increase in accordance with the resolution of the Board of Directors, and in the same class of shares in case of free issue.
4. At the time of issuance, the Company shall determine the term of preferred shares by a resolution the Board of Directors, upon the termination of which, the shares shall be converted to common shares. However, if dividends on these shares could not be carried out during the aforementioned time, such term shall be extended until dividend payment is completed, by a resolution of Board of Directors. In such case, the Board of Directors shall adopt a resolution to determine whether or not to apply Article 10-4, Clause 1 to dividing the profit on the shares issued due to the conversion.

## **Article 7-3 Non-Voting Shares**

1. The Company may issue non-voting shares within a range not exceeding 1/2 of the total number of the shares and the limit allowed by laws, by a resolution of the Board of Directors.
2. In the event preferred shares are issued as non-voting shares according to Clause 1, if

the Board of Directors decides not to distribute dividends on the preferred shares, it may determine that the shares have voting rights during the period between the general shareholders meeting immediately following the general meeting at which the resolution not to distribute dividends on the preferred shares is adopted and the end of the general meeting of shareholders at which a resolution to distribute such dividend is adopted.

#### **Article 7-4 Convertible Shares**

1. The Company may issue convertible shares within a range not exceeding 1/2 of the total number of shares issued, by a resolution of the Board of Directors.
2. The total issue price of the shares issued upon conversion shall be equal to the total issue price of the convertible shares prior to conversion.
3. By a resolution of the Board of Directors, the Company may issue the convertible shares that are converted upon maturity, or the convertible shares that can be converted by the company's selection or by the shareholders' request, or combinations of all or part of the convertible shares described herein.
4. The issued convertible shares can be converted by the Company's selection in case any of the reasons described in each of the following Paragraphs arises.
  - (1) deemed necessary to improve the financial circumstances of the Company
  - (2) a reason determined by the Board of Directors at the time of issuance in consideration of the matters required for the Company's management or other matters relating to the issuance of convertible shares.
5. The shareholders may request the conversion of the issued convertible shares to the Company based on the reason determined by the Board of Directors at the time of issuance in consideration of the matters relating to the issuance of convertible shares.
6. The types of shares to be issued upon conversion shall be common shares or the classes of shares determined by a resolution of the Board of Directors at the time of issuing the convertible shares.
7. The number of shares to be issued upon conversion shall be determined by a resolution of the Board of Directors, at the time of issuing the convertible shares.
8. The conversion period or the period for conversion request shall be determined within a range of thirty (30) years, by a resolution of the Board of Directors at the time of issuance of convertible shares.
9. The Board of Directors shall adopt a resolution at the time of issuance of convertible shares to determine whether or not to apply Article 10-4, Clause 1 to dividing the profit on the shares issued due to the conversion.



#### **Article 7-5 Redeemable Shares**

1. The Company may issue the redeemable shares that can be redeemed through the shareholders' right of recourse or by the Company's selection, within a range not exceeding 1/2 of the total number of shares issued, by a resolution of the Board of Directors.
2. The amount of redeemable shares shall be the price of shares issued plus additional value (if any). The additional value shall be determined by a resolution of the Board of Directors in consideration of dividend rate, interest rate, market situations and other matters relating to the issuance of redeemable shares. In case redeemable shares of which the amount can be adjusted, however, the Board of Directors shall determine the adjustable amount of redemption, the reason, the record date and method.
3. The redemption period shall be determined within a range not exceeding thirty (30) years, by a resolution of the Board of Directors in consideration of dividend rate, interest rate, market situations and other matters relating to the issuance of redeemable shares.
4. In case redeemable shares are redeemed by the Company's selection, the whole redeemable shares can be redeemed at a time or by installments, In case of redemption by installments, however, the Company may determine the shares to be redeemed by lot or proportional distribution. Any fractional shares resulting from proportional distribution shall not be redeemed.
5. In case redeemable shares are redeemed by the Company's selection, the Company shall notify the shareholders and the rights-holders registered on the shareholders' list of the redemption two (2) weeks prior to the date of acquiring the shares to be redeemed.
6. In case shareholders have the right of recourse, they can request redemption of the whole redeemable shares at a time or by installments at discretion. At this time, the shareholders shall notify the Company the intention to redeem and the shares to be redeemed, by allocating a period of two (2) weeks or longer. If the profit available for dividend at that time is not enough to redeem all shares to be redeemed at once, however, the company may determine the shares to be redeemed by lot or proportional distribution. Any fractional shares resulting from proportional distribution shall not be redeemed.
7. In case the Company decides to issue convertible shares per Article 7-4 as the redeemable shares that can be redeemed by the Company's selection, the priority between redemption by exercise of shareholders' conversion right and that by the Company's selection may be determined by a resolution of the Board of Directors at the

time of issuance.

8. The Company may issue non-cash securities (excluding other types of shares) and other assets in return for the acquisition of shares.
9. For redeemable shares, it can be determined at the time of issuance by a resolution of the Board of Directors that new shares shall not be allotted or dividends shall not be paid even in the case of paid-in capital increase, share dividend or free issue of new shares.

#### **Article 9 Types of Share Certificates**

Share certificates of the Company shall be issued in eight (8) denominations of one (1), five (5), ten (10), fifty (50), one hundred (100), five hundred (500), one thousand (1,000), and ten thousand (10,000) share(s).

#### **Article 10 Issuance and Allotment of Shares**

1. New shares to be issued by the Company upon the resolution of the Board of Directors shall follow one of the ways described in the following paragraphs:
  - (1) Shareholders are given the opportunity to subscribe for new shares which shall be allocated in proportion to their respective shareholdings.
  - (2) If deemed necessary to achieve the management objective, such as introduction of new technology, improvement of financial structure, etc., within a range not exceeding twenty (20) percent of the total number of shares issued, designee (including shareholders) is given the opportunity to subscribe for new shares which shall be allocated to such designee through a means other than described in Paragraph (1),
  - (3) Many and unspecified persons (including shareholders) are given the opportunity to subscribe for new shares pursuant to Paragraph (1) and new shares shall be allocated those who subscribe accordingly within a range not exceeding fifty (50) percent of the total number of shares issued.
2. If new shares are allocated pursuant to Clause 1, Paragraph (3), the Board of Directors shall adopt a resolution to allocate new shares through a means corresponding to either one of the following Paragraphs:
  - (1) New shares are allocated to many and unspecified subscribers without distinguishing types of persons who are given the opportunity to subscribe for new shares.
  - (2) New shares are allocated to members of the Employee Stock Ownership Association pursuant to relevant legislation and many and unspecified persons are given the opportunity to subscribe for new shares, including those not subscribed for.

- (3) Shareholders are given priority in subscribing to new shares and if there are shares not subscribed for, many and unspecified persons are given opportunity to be allocated of the new shares.
  - (4) Specific type of persons designated according to reasonable criteria defined by relevant legislation, e.g. demand forecast prepared by investment dealer or investment broker as the underwriter or agent, are given the opportunity to subscribe for new shares.
3. In the event new shares are allocated according to Clause 1, Paragraph (2) and (3), the Company shall notify shareholders or publicly announce matters specified by Article 416, Paragraphs 1, 2, 2-2, 3, and 4 of the Commercial Act two weeks before the date of payment. Nonetheless, such notification and public announcement may be replaced by public posting of a current report on Financial Services Commission and the stock exchange pursuant to the Financial Investment Services and Capital Markets Act
4. In the event new shares are issued according to any of the means prescribed in each of the Paragraphs under Clause 1, the type, number, and issue price of the new shares to be issued shall be determined by a resolution of the Board of Directors.
5. In case the Company allots new shares, if the new shares are not subscribed for or the payment is not made by the due date, the method of dealing with such shares shall be determined by a resolution of the Board of Directors in accordance with the related laws on the adequacy of issue price, etc.
6. If any fractional shares are made in the course of allotting new shares, the method of dealing with such fractional shares shall be determined by a resolution of the Board of Directors.
7. In case the Company allots new shares pursuant to Clause 1 Paragraph 1, the Company shall issue subscription right certificates to shareholders.

#### **Article 10-2 Stock Options**

1. The Company may grant stock options to its executives and employees (including executives and employees of related companies as set forth in Article 30 of the Enforcement Ordinance of the Commercial Act; the same shall apply for the purpose of this Article) by a special resolution of the general meeting of shareholders pursuant to Article 542-3 of the Commercial Act within a range not exceeding fifteen (15) percent of the total number of shares issued. However, within a range not exceeding one (1) percent of the total number of shares issued, the Company may grant stock options to persons other than members of the Board of Directors by a resolution of the Board of Directors. If

the Company grants stock options by a resolution of the Board of Directors, the Company shall obtain the approval at the general meeting of shareholders convened for the first time following such resolution. The stock options may be linked with the Company's performance, such as business result, market index, etc.

2. The person to whom stock options may be granted are executives and employees of the Company and related companies who have contributed or have the capacity to contribute to the establishment and management of the Company, overseas business, technical innovation, etc.; provided, however, that persons described in either one of the following Paragraphs are excluded.
  - (1) Largest shareholder (as defined in Article 542-8, Clause 2, Paragraph 5 of the Commercial Act; the same hereinafter) and their affiliated persons (as prescribed in Article 13, Clause 4 of the Enforcement Ordinance of the Commercial Act; the same hereinafter); provided, however, that persons who became affiliated by being an executive of the concerned corporation and related companies (including part-time executives of affiliated companies) are excluded.
  - (2) Major shareholder (as prescribed in Article 542-8, Clause 2, Paragraph 6 of the Commercial Act; the same hereinafter) and their affiliated persons; provided, however, that persons who became affiliated by being an executive of the concerned corporation and related companies (including part-time executives of affiliated companies) are excluded.
  - (3) Persons who became major shareholder by exercising stock options
3. The shares to be issued by the exercise of stock options (in case the Company pays, either in cash or treasury shares, the difference between the exercise price of stock options and the market price, they refer to the shares upon which the calculation of such difference is done) shall be common shares (or class of shares) in registered form.
4. The total number of executives and employees to whom stock options are granted shall not exceed ninety (90) percent of the number of incumbent executives, and the stock options granted to one (1) executive or employee shall not exceed one (1) percent of the total number of shares issued.
5. The exercise price on each share upon which stock options will be exercised shall be of the price described in either one of the following paragraphs. The same applies to any adjustments to the exercise price after stock options have been granted.
  - (1) In case new shares are issued and delivered, the higher between the market price of shares and the par value of shares as of the date on which stock options are granted

- (2) In case own shares are transferred, the market price of shares as of the date on which stock options are granted
6. The stock options may be exercised within a period not exceeding five (5) years from the date when two (2) years have elapsed from the date of the resolution described in Clause 1.
7. The person to whom a stock option is granted should serve the Company for at least two (2) years after the date of the resolution described in Clause 1 in order to exercise such stock option. Nevertheless, if the person to whom a stock option is granted deceases within two (2) years from the date of the resolution described in Clause 1 or resigns or retires due to reasons not attributable to him/her, the person may exercise the stock option during such exercise period.
8. The dividend on new shares issued by an exercise of stock options shall follow provisions in Article 10-4, Clause 1.
9. The Company may cancel granting stock options by a resolution of the Board of Directors in any of the cases described in each of the following Paragraphs:
  - (1) In case an executive or an employee to whom stock option is granted voluntarily resigns or retires;
  - (2) In case an executive or an employee to whom stock option is granted causes substantial damages to the Company by willful misconduct or gross negligence;
  - (3) In case the Company cannot respond to the exercise of stock options due to insolvency or dissolution; and
  - (4) In case any of the causes for cancellation set forth in the stock option agreement occurs.

#### **Article 10-4 Base Date for Calculation of Dividends for New Shares**

1. When the Company issues new shares by rights issue, bonus issue, and stock dividend, with respect to the distribution of dividends on the new shares, the new shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year in which the new shares are issued.
2. The Company shall determine not to apply Clause 1 to new share issuance, by a resolution of the Board of Directors.

#### **Article 11 Transfer Agent**

1. The Company shall appoint a transfer agent for its shares.
2. The transfer agent of the Company, the location of its services, and the scope of its

operation shall be determined by a resolution of the Board of Directors.

3. The Company shall keep the Register of Shareholders and a copy thereof at the office of the transfer agent and entrust the transfer agent to deal with any entry into the Register of Shareholders, registration or deregistration of pledges, notation of entrustments or cancellation thereof, issuance of share certificates, receipt of notices, and other matters related to shares.
4. The procedures for the activities referred to in Clause 3 shall comply with the Regulation on the Securities Transfer Agency Business.

#### **Article 12 Registration of Address, Name and Seal, or Name of Shareholders**

1. Shareholders and registered pledgees shall register their names, addresses, and seals or signatures with the transfer agent described in Article 11.
2. Shareholders and registered pledgees who reside in foreign countries shall appoint and report the place where, and an agent to whom, notices will be given in Korea.
3. The same shall apply in case of any changes in matters referred to in the above Clauses 1 and 2.

#### **Article 13 Closing of Register of Shareholders and Base Record Date**

1. The Company shall suspend any alteration to the entry on the rights into the Register of Shareholders between January 1 and 14 of each year.
2. The Company shall allow shareholders who are entered into the Register of Shareholders as of December 31 of each fiscal year to exercise their rights thereof at the annual general meeting of shareholders.
3. In case where the Company convenes an extraordinary general meeting of shareholders or where deemed otherwise necessary, the Company may, by resolution of the Board of Directors close the Register of Shareholders for a certain period not exceeding three (3) months or allow shareholders who are entered into the Register of Shareholders as of the date set by a resolution of the Board of Directors to exercise their rights thereof, and, if the Board of Directors deems it necessary, the Company may close the Register of Shareholders and set the record date at the same time. The company shall give at least two (2) weeks' prior public notice thereof.

## **CHAPTER 3 BONDS**

### **Article 14 Issuance of Corporate Bonds**

1. The Company may issue corporate bonds by a resolution of the Board of Directors.
2. The Board of Directors may authorize Representative Director(s) to determine the amount and type of corporate bonds and issue them within a period not exceeding one (1) year.

### **Article 14-2 Issuance of Convertible Bonds**

1. The Company may issue convertible bonds to the persons other than existing shareholders of the Company by a resolution of the Board of Directors, to the extent that the total face value of such convertible bonds shall not exceed four hundred (400) billion won, if it is deemed necessary to achieve the management objectives of the Company such as introduction of technologies and improvement of financial structure.
2. The Board of Directors may determine that the convertible bonds described in Clause 1 may be issued on the condition that conversion rights will be attached to only a portion of the convertible bonds.
3. The shares to be issued upon conversion shall be common shares or the classes of shares prescribed in this Articles of Incorporation, which can be determined by a resolution of the Board of Directors at the time of issuance of the relevant bonds, and the convertible price shall be equal to or more than the face value of the shares and determined by the Board of Directors at the time of the issuance of the relevant bonds.
4. The period during which conversion rights may be exercised shall commence on the issuance date of the convertible bonds and end on the date immediately preceding the redemption date thereof. However, the Board of Directors may decide upon the conversion period within the above period by its resolution, at the time of the issuance of the bonds.
5. For the purpose of any distribution of dividends on the shares issued upon conversion as well as the payment of interest on the convertible bonds, application of Article 10-4, Clause 1 shall be determined by a resolution of the Board of Directors at the time of issuance of the bonds..

### **Article 15 Issuance of Bonds with Warrants**

1. The Company may issue bonds with warrants to persons other than existing shareholders of the Company by a resolution of the Board of Directors to the extent that the total face value of such bonds shall not exceed three hundred (300) billion won, if it is deemed

necessary to achieve the management objectives of the Company such as introduction of technologies and improvement of financial structure.

2. The amount of new shares which can be subscribed for shall be determined by the Board of Directors at the time of the issuance of the bonds, provided that the maximum amount of such new shares does not exceed the aggregate face value of the bonds.
3. The shares to be issued upon the exercise of warrants shall be common shares or the classes of shares prescribed in this Articles of Incorporation, which can be determined by a resolution of the Board of Directors at the time of issuance of the relevant bonds, and the issue price shall be equal to or more than the face value of the shares and determined by the Board of Directors at the time of the issuance of the relevant bonds.
4. The period during which warrant rights may be exercised shall commence on the issuance date of the relevant bonds and end on the date immediately preceding the redemption date thereof. However, the Board of Directors may decide upon such exercise period within the above period by its resolution at the time of issuance of the relevant bonds.
5. For the purpose of any distribution of dividends on the shares issued upon exercising warrant rights, application of Article 10-4, Clause 1 shall be determined by a resolution of the Board of Directors at the time of issuance of the relevant bonds.

#### **Article 16 Applicable Provisions for the Issuance of Bonds**

The provisions of Articles 11 and 12 hereof shall apply mutatis mutandis to the issuance of bonds.

## **CHAPTER 4 GENERAL MEETING OF SHAREHOLDERS**

#### **Article 17 Time of Convening**

1. General meetings of the shareholders of the Company shall be of two types: Annual and Extraordinary.
2. The annual general meeting of shareholders shall be held within three (3) months after the end of each fiscal year and the extraordinary general meeting of shareholders may be held at any time whenever necessary.

#### **Article 18 Authority to Convene**

1. Unless otherwise provided for in the relevant laws and regulations, the general meeting of shareholders shall be convened by the Representative Director of the Company by a



resolution of the Board of Directors

2. If Representative Director is absent or unable to serve his/her duties, the provision of Article 34, Clause 2 shall apply mutatis mutandis.

#### **Article 19 Notification and Public Notice of Convening of General Meeting**

1. When convening a general meeting of shareholders, a written or electronic notice thereof setting forth the time, date, place, and agenda of the meeting, and, if appointing a director, the details of the director nominee shall be sent to the shareholders at least two (2) weeks prior to the date of such general meeting.
2. The written notification of the general meeting of shareholders to be given to shareholders holding one-hundredth (1/100) or less of the total issued voting shares may be substituted by issuing a public notice of the convening and agenda of the General Meeting of Shareholders two (2) times or more in the Kyunghyang Shinmun and Maeil Business Newspaper, which are published in Korea, or in the electronic disclosure systems run by the Financial Services Commission or the Korea Exchange two (2) weeks prior to the date set for such meeting.

#### **Article 20 Place of Meeting**

The general meeting of shareholders shall be held in the city where the head office is located or any other places adjacent thereto as required.

#### **Article 21 Chairman**

1. The Representative Director shall serve as chairman of the general meeting of shareholders.
2. If Representative Director is absent or unable to serve as chairman, the provision of Article 34, Clause 2 shall apply mutatis mutandis.

#### **Article 22 Chairman's Authority to Maintain Order**

1. The chairman of the general meeting of shareholders may order persons, who intentionally speak or behave obstructively or significantly disturb the order, to stop their statement or to leave.
2. The chairman of the general meeting of shareholders may restrict the time and number of statements of a shareholder as deemed necessary for the purpose of smooth proceeding of the meeting.

#### **Article 23 Voting Right of Shareholders**

Each shareholder shall have one (1) vote per share.

#### **Article 24 Limitation to Voting Rights of Cross-Held Shares**

If the Company, parent company and subsidiaries, or any of its subsidiaries hold shares exceeding one-tenth (1/10) of the total number of shares of another company, the shares of the Company held by the other company shall not have voting rights.

#### **Article 25 Split Voting**

1. If any shareholder who holds two (2) or more votes wishes to split his/her votes, he/she shall notify the Company in writing of such intent and the reasons thereof no later than three (3) days before the date set for the meeting.
2. The Company may refuse to allow the shareholder to split his/her votes, unless the shareholder acquired the shares in trust or otherwise holds the shares for and on behalf of some other persons.

#### **Article 26 Voting by Proxy**

1. A shareholder may exercise his/her vote by proxy; provided that the proxy is a shareholder.
2. In the case of Clause 1 above, the proxy shall file with the company the documents (power of attorney) evidencing the authority to act as a proxy before the convening of the general meeting of shareholders.

#### **Article 27 Method of Adopting Resolutions at Meeting of Shareholders**

Unless otherwise provided in the relevant laws and regulations, all resolutions of a general meeting of shareholders shall be passed by the affirmative votes of a majority of the shares represented by the shareholders present at the meeting, which shall not be less than one quarter (1/4) of the total number of issued shares of the Company.

#### **Article 27-2 Exercise of Voting Right in Writing**

1. A shareholder may exercise his/her voting right in writing without attending the general meeting.
2. The Company shall attach a written document and reference materials necessary for exercising shareholders' voting right to the notification of the convening of the general meeting.
3. Shareholders who intend to exercise their voting right in writing shall fill in the necessary written documents described in Clause 2 and submit them to the Company by the day before the day of the meeting.

#### **Article 28 Minutes of General Meeting of Shareholders**

The proceedings and results of a general meeting of shareholders shall be recorded in minutes, which shall be kept at the main office and branch offices after chairman and all directors present at the meeting have signed and sealed or affixed their signatures thereto.

## **CHAPTER 5 DIRECTORS AND BOARD OF DIRECTORS**

### **Article 29 Number of Directors**

The Company shall have not less than three (3) and not more than thirteen (13) directors. The number of independent directors shall be more than one half of the total number of directors but not less than three (3).

### **Article 30 Election of Directors**

1. Directors shall be elected at the general meeting of shareholders.
2. A resolution for electing directors shall be passed by the affirmative votes of a majority of the shares represented by the shareholders present at the meeting, which shall not be less than one quarter (1/4) of the total number of issued shares.
3. In case two (2) or more directors are appointed, the cumulative voting system provided for in Article 382-2 of the Commercial Act shall not apply.

### **Article 30-2 Nomination of Independent Directors**

1. The Independent Director Nomination Committee shall nominate independent directors among those qualified pursuant to the Commercial Act or other relevant laws and regulations.
2. Specifics of the nomination and credentials evaluation of independent directors shall be determined by the Independent Director Nomination Committee.

### **Article 31 Term of Office**

1. The term of a director shall be until the close of the annual meeting of shareholders convened in respect of the last period for the settlement of accounts within two (2) years after his/her inauguration as director.
2. The term of a director who serves consecutive terms shall be until the close of the annual meeting of shareholders convened in respect of the last period for the settlement of accounts within two (2) years after the commencement of the second term.

### **Article 32 Election of Directors to Fill Vacancy**

1. If there is a vacancy in the position of directors, a director shall be elected at the general

meeting of shareholders. However, if the number of directors does not fall below the number prescribed in Article 29 and there is no difficulty in the administration of business, the foregoing shall not apply.

2. If due to resignation, death, etc. of independent directors causes the number of directors to fall below the number prescribed in Article 29, this requirement shall be met at the general meeting of shareholders convened for the first time after such cause has arisen.

### **Article 33 Election of Representative Director**

1. The Company may, by a resolution of the Board of Directors, appoint a number of Chairman, Vice-chairman, CEO, Senior Executive Vice President, Executive Vice President, and Senior Vice President, among whom one (1) or more shall be elected Representative Director(s).

### **Article 34 Duties of Directors**

1. Representative Director(s) shall represent the Company and direct the Company's overall business.
2. Senior Executive Vice Presidents, Executive Vice Presidents, and Senior Vice Presidents shall assist Representative Director(s) and take charge of the Company's business as determined by the Board of Directors and, if Representative Director(s) is absent or unable to execute his/her duties, shall act as Representative Director(s) in an order determined by the Board of Directors.

### **Article 34-2 Directors' Obligations to Report**

1. A director shall report to the Board of Directors on the progress of business not less than once every three (3) months.
2. If a director finds anything that is likely to cause material damages to the Company, he/she shall immediately report it to the Audit Committee.

### **Article 35 Mitigation of Directors and Auditors' responsibility on the Company**

1. By a resolution of the general meeting of shareholders, the Company may exempt directors or auditors of their responsibilities pursuant to Article 399 of the Commercial Act on the amount in excess of six (6) times (three (3) times in the case of independent directors) their compensation amount (including profit arising from incentives and exercise of stock options) over one (1) year preceding the date such actions were taken.
2. If a director or an auditor causes damage to the Company by willful misconduct or gross negligence and if Article 397 Non-compete, Article 397-2 Usurpation of Corporate

Opportunity, and Article 398 Self-dealing Transaction of the Commercial Act are applicable to a director, Clause 1 shall not apply.

### **Article 37 Composition of Board of Directors and Convening of Meetings**

1. The Board of Directors shall be composed of directors and make major decisions on the Company's business.
2. Representative Director or other director appointed by the Board of Directors for this purpose, if any, shall convene all meetings of the Board of Directors by giving notice thereof to each director three (3) days prior to the date set for each of such meetings; provided, however, that, if all directors unanimously consent to holding a meeting of the Board of Directors, the procedure of convening a meeting may be omitted.
3. The chairman of the meeting of the Board of Directors shall be the person who convenes the meeting pursuant to the provision in Clause 2.

### **Article 38 Method of Adopting Resolutions**

1. The presence of the majority of all directors shall constitute a quorum for a meeting of the Board of Directors and the resolutions of the Board of Directors shall be adopted by a majority of the votes of the directors attending the meeting. However, a resolution of the board of directors on matters regarding Article 397-2 Usurpation of Corporate Opportunity, and Article 398 Self-dealing Transaction of the Commercial Act, not less than two thirds (2/3) of the directors shall exercise affirmative votes.
2. All or part of the directors may participate in the meetings of the Board of Directors by means of a communication with real-time voice transmission and reception whereby they can vote on matters at the same time. In such case, a director participating in the meeting by such arrangement shall be considered present at the meeting.
3. No directors having a specific interest in any resolution of the Board of Directors shall be allowed to exercise their vote upon such a resolution.

### **Article 39 Minutes of the Meeting of the Board of Directors**

1. The substance of the proceedings of the Board of Directors shall be recorded in the minutes.
2. The minutes shall include agenda, proceedings, results, and opponents and their reason for opposition, and all directors present shall affix their names and seals or sign the minutes.

#### **Article 39-2 Committees**

1. The Company may establish the following committees within the Board of Directors:
  - (1) Independent Director Nomination Committee;
  - (2) Audit Committee; and
  - (3) Other committees as deemed necessary by the Board of Directors.
2. Composition, authority, and operation of each committee shall be determined by a resolution of the Board of Directors.
3. Articles 37, 38, and 39 shall apply mutatis mutandis in respect of the committees for items not defined in Clause 2.

#### **Article 40 Remuneration and Severance Allowance of Directors**

1. Remuneration of directors shall be determined by a resolution of the Board of Directors.
2. Severance allowances for directors shall be paid in accordance with the Company's regulation concerning severance allowances for executives which shall have been duly approved by a resolution of a general meeting of shareholders.

### **CHAPTER 6 AUDIT COMMITTEE**

#### **Article 41-2 Composition of Audit Committee**

1. The Company shall establish an Audit Committee as set forth in Article 34-2 by a resolution of the Board of Directors in substitution of auditors.
2. The Audit Committee shall be formed by not less than three (3) directors, among which one (1) shall be qualified pursuant to Article 37, Clause 2 of the Enforcement Ordinance of the Commercial Act.
3. Two thirds (2/3) of the directors shall be independent directors, and non-independent directors shall not correspond to each of the Items under Article 542-10, Clause 2 of the Commercial Act.
4. When electing or dismissing members of the Audit Committee who are not independent directors, if the aggregate of voting shares held by the largest shareholder and his/her affiliated person who will be exercising their votes as well as persons who delegated their voting right to the largest shareholder or his/her affiliated person is in excess of three (3) percent of the total number of voting shares issued, such shareholder(s) cannot exercise his/her votes on such shares in excess.
5. Members of the Audit Committee shall be elected among the directors appointed at the

general meeting of shareholders. The right to dismiss members of the Audit Committee is also held by the general meeting of shareholders.

6. When electing independent directors as members of the Audit Committee, shareholders who possess shares in excess of three (3) percent of the total number of voting shares issued cannot exercise their votes on such shares in excess.
7. The Audit Committee shall elect one (1) person representing the committee by a resolution, in which event the chairman shall be an independent director.

#### **Article 41-3 Duties and Obligations of Audit Committee**

1. The Audit Committee shall audit the Company's accounting and general operations.
2. If deemed necessary, the Audit Committee may request the director(s) (refers to the director who holds the right to convene, if applicable; the same hereinafter) to convene a meeting of Board of Directors by submitting a written request stating the agenda and the reason for convening such a meeting.
3. If, upon such request as in Clause 2 the director(s) fails to convene a meeting of Board of Directors without delay, the Audit Committee, as the requestor, may convene a meeting of Board of Directors.
4. The Audit Committee may request the Board of Directors to convene an extraordinary general meeting by submitting a written request stating the agenda and the reason for convening such a meeting.
5. If deemed necessary for carrying out its duties, the Audit Committee may ask subsidiaries to report on their operations. If subsidiaries fail to report without delay or if there is a need to confirm the content of the report, it can conduct an investigation on the duties and property status of subsidiaries.
6. The Audit Committee determines the salary of auditors, work hours and necessary number of people for the audit and selects the independent auditor(s).
7. The Audit Committee handles matters delegated by the Board of Directors besides those prescribed in Clause 1 or 6.
8. The board of directors may not revoke on the resolution adopted by the Audit Committee.
9. The Audit Committee may seek expert help at the Company's expense.

#### **Article 41-4 Audit Record**

The Audit Committee shall keep an audit record, which shall contain the procedure of the audit and its result, and the member of the Audit Committee who conducted the audit shall affix his/her name and seal or sign such document.

## **CHAPTER 7 ACCOUNTING**

### **Article 42 Fiscal Year**

The fiscal year of the Company shall commence on January 1 and end on December 31 of each year.

### **Article 43 Preparation and Keeping of Financial Statements**

1. The Representative Director of the Company shall prepare the following documents to be submitted to the annual general meeting of shareholders, together with supplementary data and business reports, and have such documents audited by the Audit Committee no later than six (6) week before the convening date of the annual general meeting of shareholders:
  - (1) Balance sheet;
  - (2) Statements of profit and loss; and
  - (3) Other documents that demonstrate the Company's financial status and operating performance pursuant to the Enforcement Ordinance of the Commercial Act.
  - (4) Consolidated financial statement shall be included in each of the documents prescribed in Clause 1.
1. The Audit Committee shall submit an audit report to the Representative Director no later than one (1) week before the convening date of the annual general meeting of shareholders.
2. Representative Director shall keep the documents referred to in each Paragraph under Clause 1 above and their supplementary data, together with the business report and audit report in the head office of the Company for five (5) years and their copies in the branch office(s) of the Company for three (3) years, respectively, starting from one (1) week prior to the date set for the annual general meeting of shareholders.
3. Upon approval of the annual general meeting of shareholders with respect to the documents referred to in each Paragraph of Clause 1 above, Representative Director shall promptly give public notice of the Company's balance sheet and independent auditor's report.

### **Article 43-2 Election of Independent Auditor**

The Company shall appoint an independent auditor selected by the Audit Committee pursuant to the regulations under the Act on External Audit of Stock Companies, and shall



report to the annual general meeting of shareholders held after the appointment, notify shareholders listed on the shareholder register as of the closing date by letter or email, or post a public notice on the Company's website.

#### **Article 44 Disposition of Profit**

The Company shall dispose of the unappropriated retained earnings of each fiscal year as follows:

1. Legal reserve
2. Other statutory reserves
3. Dividends
4. Voluntary reserves
5. Other retained earnings to be appropriated

#### **Article 45 Dividends**

1. Dividends may be paid in cash, shares, and other forms of property.
2. In the case of stock dividends, if the Company has issued several classes of shares, different classes of shares may be allotted by a resolution of the general meeting of shareholders.
3. The dividends referred to in Clause 1 above shall be paid to the shareholders whose names appear in the list of shareholders or pledgees who are duly registered as of the end of each fiscal year.

#### **Article 46 Statute of Limitation to the Claim for Dividends**

1. If a claim for dividends has not been exercised for five (5) years, the statute of limitation applicable thereto shall expire.
2. The dividends with respect to which the statute of limitation has expired as in Clause 1 shall become vested in the Company.

#### **Article 47 Applicable Provisions**

Matters not provided for herein shall abide by the Commercial Act or other relevant laws and regulations.

## **ADDENDUM**

### **1. Enforcement Date**

This Articles of Incorporation shall come into force on the date approved at the 66<sup>th</sup> annual meeting of shareholders.

### **2. Interim Measure on Issuance of New Shares**

The new shares issued prior to Dec. 31, 2015 shall not be deducted from the issue limits of each new share prescribed in Article 10, Clause 1, Paragraph 2 and 3, and the issue limits of each new share prescribed in Article 10, Clause 1, Paragraph 2 and 3 shall newly apply to the new shares issued from Jan 1, 2016.

### **3. Interim Measure on Issuance of Bonds**

The bonds issued prior to Dec 31, 2015 shall not be deducted from each issue limit of convertible bonds and bonds with warrants pursuant to the revised provisions of Article 14-2 Clause 1 and Article 15 Clause 1, and each issue limit of convertible bonds and bonds with warrants pursuant to the revised provisions of Article 14-2 Clause 1 and Article 15 Clause 1 shall be newly applied to the bonds issued from Jan 1, 2016.

### **4. Application of Independent Auditor(s)' Term of Office**

The revised provisions of Article 41-3 and Article 43-2 shall apply to the independent auditor(s) who are appointed from the enforcement date of this Articles of Incorporation.

## AMENDMENT TO ARTICLES OF INCORPORATION

1. Oct 28, 1952 Amendment of Articles of Incorporation
2. Oct 10, 1975 Extension of duration
3. Feb 14, 1976 Stock split, etc.
4. Jun 5, 1976 Addition of production of agricultural pesticides to object
5. Feb 27, 1978 Addition of object, increase in authorized capital, etc.
6. Feb 26, 1980 Addition of object, deletion of duration, increase in authorized capital, etc.
7. Feb 29, 1983 Addition of object
8. Feb 29, 1984 Addition of object, new provision on market price issue
9. May 30, 1984 Addition of object, increase in authorized capital, extension of closing period of shareholder registry
10. Feb 27, 1985 Addition of object, alteration to relevant provisions pursuant to amendment of Commercial Act
11. Feb 27, 1986 Alteration to relevant provisions according to reverse stock split
12. Feb 27, 1987 Increase in authorized capital and new provision on issue of preferred stock in registered form
13. Nov 2, 1987 Addition of object, new provision on issue of convertible bond and bond with warrant
14. Feb 28, 1989 Increase in authorized capital, alteration to provisions on issue of convertible bond and bond with warrant and dividends
15. Feb 28, 1990 Addition of object, alteration to provisions on issue of convertible bond and bond with warrant
16. Feb 28, 1991 Addition of object, alteration to newspaper where public notice shall be posted
17. Feb 28, 1992 Addition of object
18. Feb 27, 1993 Change of company name, addition of object
19. Feb 28, 1994 Addition of object, alteration to bond-related provisions
20. Sep 23, 1994 Addition of object (merger of Golden Bell Trading Co.)
21. Feb 28, 1995 Addition and new provision on object (merger of Duksan Construction Co.)
22. Feb 26, 1996 Increase in authorized capital, addition of object, alteration to relevant provisions pursuant to amendment of Commercial Act
23. Oct 1, 1996 Addition of object (merger of Hanwha Electronic Information Communications Inc.)
24. Mar 7, 1997 Adjustment and addition of object, raise in limit amount of

- convertible bond issue
25. Mar 24, 1998 Addition of object, issue of new class of preferred stock, expansion in third party requirement of exercising preemptive right, new provision on stock options and capital increase by public offering, increase in limit amount of bond with warrant issue, addition of Chairman and Vice-chairman to election of Representative Director, stipulation of interim measure on preferred shares under Addendum
  26. Sep 24, 1998 Addition of object (merger of Hanwha Machinery Co.), alteration to provisions regarding number of directors and auditors
  27. Mar 24, 1999 Addition of object, adjustment of dividend rate on preferred stock, expansion of scope of preemptive right and stock options, stipulation of depository receipt issue limit, alteration to and new entry of provisions on keeping business reference material, change in number of directors, exclusion of concentrated voting, and adjustment of directors' tenure
  28. Mar 23, 2000 Addition of object, modification of provision on preemptive right, modification of wording and alteration to provisions regarding stock options, partial deletion of provision on capital increase by public offering, change in number of directors, new provision on committees, deletion of audit provision, new provision on Audit Committee
  29. Mar 23, 2001 Modification of wording and alteration to content of stock options, change in content and new provisory clause on number of directors, new provision on committees and retirement of shares
  30. Mar 27, 2002 Addition of object, modification of wording in stock options clause and notification and public announcement of convocation clause, deletion of Management Committee clause, addition of Audit Committee clause
  31. Mar 21, 2003 New provision on preemptive right and combination with capital increase by public offering clause, reduction in number of directors, modification of wording in stock options clause, partial deletion of notification and public announcement of convocation clause, new provision on nomination of independent directors, modification of clause on election of Representative Director and duties and obligations of directors, alteration to directors' duty to report clause, modification of composition and duty of Audit Committee clause, modification of election of independent auditor and appropriation of income clause, new provisions under Addendum
  32. Mar 19, 2004 Addition of object, deletion of redundant content, alteration to

- wording
33. Mar 18, 2005 Change in provision on stock options and number of directors, deletion of advisor and counselor provision
  34. Mar 22, 2006 Addition of object, addition of provision introducing voting in writing, provision of ground for establishing committees as means for agile response to changes in management environment
  35. Mar 23, 2007 Addition of object for expansion in business area
  36. Mar 21, 2008 Addition of object for expansion in business area
  37. Mar 20, 2009 Alteration to object for expansion in business area, alteration to Articles of Incorporation pursuant to amendment of Commercial Act and enactment of laws on Financial Investment Services and Capital Markets Act
  38. Mar 19, 2010 Indication of change in legislation and change of Articles of Incorporation for simplification of administrative procedure
  39. Mar 18, 2011 Alteration to object for expansion in business area, alteration to provision on tenure of directors, reduction of closing period of shareholder registry
  40. Mar 23, 2012 Alteration to Articles of Incorporation pursuant to enforcement of Revised Commercial Act (April 15, 2012)
  41. Mar 22, 2013 Addition of object, change of name of preferred stock, alteration to stock options rights exercise
  42. Mar 21, 2014 Alteration to methods of capital increase, exemption from separate notification and public notice for shareholders if publishing current report when allocating new shares, change of reference clause under the Enforcement Ordinance of the Commercial Act on qualification of accounting and finance experts among Audit Committee members.
  43. Mar 25, 2016 Change in the number and contents of Classes of Shares, modification of provision on preemptive right, modification of provision on base date for calculation of dividends for new shares, modification of provision on convertible bonds and bonds with warrants, modification of provision on director's term of office, stipulation of interim measures on issuance of new shares and bonds, as well as director's term of office in the Addendum
  44. Mar 27, 2018 Changes in transfer of rights to appoint independent auditor(s), and in the timing of hosting the annual general meeting of shareholders to report the appointment of independent auditor(s).