

# Articles of Incorporation

## Chapter 1      General Provisions

### Article 1 (Trade Name)

The Company shall be referred to as 에이치디현대중공업주식회사. In English, it shall be indicated as HD HYUNDAI HEAVY INDUSTRIES CO., LTD. (“HHI” in abbreviation).

### Article 2 (Purpose)

The purpose of the Company is to carry out the following businesses:

1. Shipbuilding and repair and 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 regarding shipbuilding, offshore plants, and engine machinery
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 and 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 engines and turbines, shafts, motion transmitting devices, valves and pipe fittings, molds, casting and forging products, pumps and motors, paper pulp, corrugating machinery, transportation and loading/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 construction work of waste treatment facilities
20. Information and communications work business
21. Educational service business for employees
22. Manufacturing, sales, repair 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, and steel tower reinstallation work business)
24. Domestic construction business (steel reinstallation work business, civil engineering and construction work business, pavement work business, steel tower reinstallation work business, and industrial facility work business)
25. Manufacturing and sales of industrial 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 equipment
30. Manufacturing and sales of steel tower for transmission
31. Manufacturing of metal structure
32. Research and development business of steel tower technology
33. Development and sales business of resources in Korea and overseas
34. Manufacturing of equipment for ships (sales, installation, repair and after-sale service and sales of engines for ships, stern tubes, shafts, propellers, anchors, steering, electronic units of electric equipment, and installation and after-sale service of engine parts)
35. Manufacturing and sales of oil hydraulic/pneumatic equipment and oil pressure application facilities
36. Manufacturing of power generation, transmission, transformation and supply equipment
37. Manufacturing and sales of electric and electronic devices, industrial control devices, and control systems
38. Manufacturing and sales of electric goods and instruments
39. Research business of technical development of electrical equipment
40. Installation and training service of machine equipment
41. On-site engineering of shipbuilding, offshore plants, and engine machinery
42. Operation and maintenance of facilities
43. Operation and management of industrial planning business
44. Production and reclamation of components
45. Housing construction business and site development business
46. Engineering activity and business
47. Design and construction business of purification facility for wastewater, feces and livestock wastewater
48. Freight truck transportation business
49. Consulting business (specialized in technology)
50. Manpower dispatch service business
51. Design and manufacturing of guided flight vehicle and launch vehicle
52. System integration business (software development, supply, integrated automation system analysis, development, design and installation)
53. Manufacturing and sales of wired/wireless communication facilities
54. Manufacturing and sales of road traffic control system
55. Waste intermediate processing business
56. Steam and hot water supply business
57. Sports stadium operation business
58. Energy conservation business
59. Manufacturing and sales of oil development and crude oil production facilities, and installation service and supplementary business
60. Installation of marine structures and rental of marine installation equipment
61. Informatization business
62. Business management and technical service business
63. Scrap metal trade
64. Manufacturing and sales of broadcasting and wireless communication devices
65. Manufacturing and sales of navigation wireless devices and measurement devices

66. Manufacturing and sales of weapons and firearms
67. Specialized business of electric safety management
68. Renewable energy business
69. Internet mail order business
70. Forestry and forest business in Korea and overseas
71. Sales business of forestry and forest products in Korea and overseas
72. Preparation of forest development plan, business of afforestation, and prevention of harmful insects
73. Construction of tree hospital, forest engineering and recreational forests
74. Research and development of food resources of agriculture and livestock in Korea and overseas, and relevant supplementary businesses
75. Production, distribution, processing, sales, international trade and farming of food resources in Korea and overseas
76. Marine transportation business
77. Rental and management business of vessel
78. Marine transportation brokerage business, shipping agency business
79. Lease and provision of brand, license, etc.
80. Sales and rental of intangible assets such as knowledge, information, patent right, utility model right, design right, trademarks, brand right, and copyright owned by the Company, and relevant service business
81. Operation of academic institutions and lifetime education business
82. Education service business
83. All other incidental businesses relating to the foregoing businesses.

#### Article 3 (Locations of the Principal Office and Branches)

- ① The principal office of the Company shall be located in Ulsan Metropolitan City.
- ② The Company may establish branches in any location as necessary for business, by resolution of the Board of Directors.

#### Article 4 (Method of Public Notice)

Public notices by the Company shall be made on the Company's internet homepage (<http://www.hhi.co.kr>). However, when the Company cannot make the public notice on the Company's homepage due to any electronic interruption or other unavoidable reasons, the Company shall make the public notice in "The Korea Economic Daily," a daily newspaper published in Seoul.

## **Chapter 2      Stock and Stock Certificates**

#### Article 5 (Total Number of Shares to be Issued)

The total number of shares that the Company is authorized to issue shall be one-hundred and sixty million (160,000,000) shares.

#### Article 6 (Par Value of a Share)

The par value of a share issued by the Company shall be five thousand (5,000) Korean Won per share.

#### Article 7 (Total Number of Shares to be Issued at the Time of Incorporation)

The total number of shares issued by the Company at the time of incorporation shall be seventy million seven hundred seventy three thousand one hundred and sixteen (70,773,116)

shares of registered common stock.

#### Article 8 (Type of Shares)

- ① The shares of stock to be issued by the Company shall be registered common stock and registered classes of shares.
- ② Classes of shares to be issued by the Company shall be dividend-preferred shares, shares with no voting rights or with limited voting rights, redeemable shares, convertible shares and blended shares with all or part of these classes mixed up.

#### Article 8.2 (Dividend-Preferred Convertible Shares: Class I Shares)

- ① The Company may issue non-voting dividend-preferred convertible shares (hereinafter "Class I Shares"). Total shares to be issued shall be twenty million (20,000,000) shares.
- ② For Class I Shares, the monetary amount according to the preferred rate which shall not be less than 1% per annum and shall be set by the Board of Directors (BOD) at the time of the issuance, shall be given in cash as preferred dividends.
- ③ In case that the dividend rate of common stock exceeds the dividend rate of Class I Shares, the exceeded portion thereof shall be allowed to participate and receive dividends at the same rate as that of the common stock.
- ④ In cases where the predetermined dividend is not payable to Class I Shares in any given business year, the cumulative unpaid dividends shall be paid preferentially at the time when dividends are paid for the next business year.
- ⑤ Class I Shares shall have voting rights from the general meeting of shareholders immediately succeeding the general meeting of shareholders in which a resolution is passed in favor of not paying the predetermined dividends to Class I Shares until the time of ending of the general meeting of shareholders in which a resolution is passed in favor of paying preferential dividends.
- ⑥ Paragraph 3 of Article 9, Article 46.2 and Paragraph 3 of Article 47 shall apply *mutatis mutandis* to allocation of new shares and payment of stock dividends for Class I Shares.
- ⑦ The duration of Class I Shares shall be set by resolution of the Board of Directors when said shares are issued within the scope of five to ten years, as determined. Class I Shares shall be converted into common stock at the same time when the duration expires. In case the predetermined dividends have not been paid for Class I Shares within this duration, the duration period shall be extended until the unpaid dividends are paid. For dividend payment for Class I Shares issued as a result of conversion, Article 10 shall apply *mutatis mutandis*.

#### Article 8.3 (Dividend-Preferred Convertible Shares: Class II Shares)

- ① Pursuant to each of the following subparagraphs, the Company may issue non-voting dividend-preferred convertible shares that can be converted to common stock at the request of the shareholder (hereinafter "Class II Shares"). Total number of Class II Shares to be issued shall be twenty million (20,000,000), including Class I Shares:
  - (1) The number of shares to be issued as a result of conversion shall be identical to the number of shares prior to the conversion.
  - (2) Period for requesting conversion shall be set by resolution of the Board of Directors within the scope of at least one (1) month to maximum five (5) years from the issue date.
  - (3) Shares to be issued as a result of conversion shall be common stocks.

- ② The provisions set forth in Paragraphs 2 through 6 of Article 8.2 shall apply *mutatis mutandis* to Class II Shares.

#### Article 8.4 (Dividend-Preferred Redeemable Shares: Class III Shares)

- ① The Company may issue dividend-preferred redeemable shares (hereinafter "Class III Shares"). Total number of Class III Shares to be issued shall be twenty million (20,000,000) shares.
- ② The provisions set forth in Paragraphs 2 through 6 of Article 8.2 shall apply *mutatis mutandis* to Class III Shares.
- ③ Pursuant to each of the following subparagraphs, the Company may opt to redeem the shares:
- (1) The redemption price shall be the issue price plus an added amount that is set within the scope not exceeding 10% per annum of the issue price. The added amount is set by the Board of Directors at the time of issuance in consideration of dividend rate, market terms and conditions, and other overall matters related to the issuance of this class of shares. However, in order to make the redemption price adjustable, the Board of Directors has to determine: the intent of making the redemption price adjustable, reason(s) for adjustment, the basis date of adjustment, and the method of adjustment.
- (2) The redemption period shall be determined by the Board of Directors within the scope of one (1) month after the ending date of the regular general meeting of shareholders held in one of the fiscal years into which the date from one (1) year to ten (10) years from the issue date falls. However, notwithstanding the expiration of the redemption period, when a reason falling under any of the following subparagraphs occurs, the redemption period may be extended until the reason is resolved:
- A. In case shares are not redeemed within the redemption period; or
- B. In case payment of preferred dividends is not completed.
- (3) Class III shares may be redeemed in lump sum or in installment. However, in case shares are redeemed in installment, the Company may determine the applicable shares of Class III based on lot drawing or pro rata method. Fractional shares resulting from pro rata method shall not be redeemable.
- (4) Two weeks prior to the acquisition date of the shares subject to redemption, the Company shall notify or publicly announce it to shareholders of said shares as well as the rights holders of said shares in the list of shareholders.
- ④ For issuing Class III Shares, by resolution of the Board of Directors, the Company may issue voting class of shares ("Class III-1 Shares") or non-voting class of shares ("Class III-2 Shares"). Class III-1 Shares with voting rights shall have one vote per share.

#### Article 9 (Preemptive Rights)

- ① If the Company issues new shares by resolution of the Board of Directors, the issuance shall comply with the following:
- (1) The Company's shareholders shall have an opportunity to subscribe to new shares in proportion to their respective shareholdings;
- (2) To the extent not exceeding forty hundredths (40/100) of the total number of outstanding shares, an opportunity to subscribe to new shares may be given to specific individual (including shareholders of the Company) in order to achieve the Company's management aims, such as introducing new technologies, improving the financial structure, among others in a manner not described in Subparagraph (1) above;
- (3) In the case of collecting new stocks or making an underwriter subscribe new stocks for collection in order to get the stocks of the Company listed on the stock exchange,

the underwriter may be given an opportunity to subscribe to new shares ;

(4) To the extent not exceeding thirty hundredths (30/100) of the total number outstanding shares, an opportunity to subscribe to new shares may be given to unspecified individuals (including shareholders of the Company) allocating new shares to the subscriber in a manner not described in Subparagraph (1) above;

(5) The Company may issue new shares pursuant to issuance of depository receipt in accordance with applicable laws including, without limitation, the Financial Investment Services and Capital Markets Act.

② If the Company allots new shares in a way as set forth in the forgoing Sub-paragraph 3, the Company shall allot new shares in any of the following methods by a resolution of the board of directors:

(1) method where the Company does not classify the types of person to be given a chance to share subscription and allots new shares to many and unspecified persons as subscriber;

(2) method where the Company allots new shares to the members of the Employee Share Ownership Association in accordance with relevant laws and regulations, and give a chance to subscription of new shares, including unsubscribed ones to many and unspecified persons as subscriber;

(3) method where the Company gives a chance to subscribe new shares to shareholders first and, if there remains unsubscribed shares, gives a chance to subscription of new shares to many and unspecified persons as subscriber thereafter; or

(4) method where the Company gives a chance to subscribe new shares to certain persons based on reasonable standards as prescribed in relevant regulations including demand estimation as prepared by investment trader or investment broker as an underwriter or a broker.

③ When offering new shares to individuals other than shareholders under Subparagraphs 2 and 3 of Paragraph 1, the Company shall notify shareholders or make a public notice of the matters prescribed by Subparagraphs 1, 2, 2-2, 3 and 4 of Article 416 of the Commercial Act within two (2) weeks prior to the date set for payment: *Provided* that, such notification and public notice may be substituted by a public notice of major matters report in the Financial Services Commission or stock exchange in accordance with Article 165.9 of the Financial Investment Services and Capital Markets Act.

④ When issuing new shares in the manner described in the provision of Paragraph 1 above, the class, number and price thereof shall be determined by resolution of the Board of Directors. At such time, the Board of Directors may issue new shares, either common shares or different class of shares as new shares to the common shares. Different class of shares issued shall be of the same class.

⑤ If there are shares of which the payment has not been made or subscription has not been made by the due date after allocation, the Board of Directors shall resolve the method of processing such as the adequacy of the issuing price as prescribed by the applicable laws and regulations.

⑥ The Company shall determine the method of dealing with fractional shares resulting from allocation of the new shares by resolution of the Board of Directors.

⑦ When the Company allocates new shares under Subparagraph 1 of Paragraph 1 above, the Company shall issue a preemptive right certificate to shareholders.

#### Article 9.2 (Stock Option)

① The Company may grant stock options to its executives and employees (including the executives and employees of its affiliate companies as stipulated in Clause 30 of

Enforcement Decree of the Commercial Act; hereinafter the same shall apply) as permitted by Article 340-2 and Article 542-3 of the Commercial Act by a special resolution of the general meeting of shareholders, to the extent not exceeding fifteen hundredths (15/100) of total number of issued shares: *Provided*, however, that, the stock options may be granted by the resolution at the board of directors within the limit of one hundredth (1/100) of outstanding stocks issued.

In case of granting the stock options by the resolution at the board of directors, it shall be approved at the general meeting of shareholders to be convened for the first time after the grant. Stock options granted by resolution of the general meeting of shareholders or the board of directors may be linked to performance-based options in connection with business performance or share price index.

- ② Those eligible for stock options are Company's executives or employees who contribute to or have the capability to contribute to the Company's establishment and management, overseas business, or technical innovation, etc.: *Provided*, however, that those who fall under any of the following shall not be granted such stock options except for such person (including non-executive person of affiliates) who falls under specially related person (this means the one as prescribed in Article 34, Paragraph 4 of the Enforcement Decree of Commercial Act) by becoming an executive of the Company:
  - (1) The largest shareholder of the Company and any special related persons thereto (this means the special related person as prescribed in Article 542.8, Paragraph 2, Subparagraph 5 of the Commercial Act and the same will apply hereinafter);
  - (2) Major shareholder and any specially related person thereto (this means the special related person as prescribed in Article 542 -8 (2) 5 of the Commercial Act and the same will apply hereinafter); or
  - (3) Any person who shall become a major shareholder of the Company by exercising his/her stock options.
- ③ Shares to be delivered as a result of the exercise of stock options hereunder (in case there is a difference between the share price at which such stock options are exercised and the market value of relevant stock is paid in cash or treasury share, referring to the share on the basis of which such a difference is calculated) shall be registered common shares or registered class shares as determined by resolution of general meeting of shareholders under Paragraph 1 or by resolution of the board of directors.
- ④ Stock options shall not be granted at once to all executives and employees currently in service, and stock option granted to a single executive or employee shall not exceed ten hundredths (10/100) of the total number of issued shares.
- ⑤ The price per-share at which the stock options are exercised shall not be less than the prices prescribed below. The same shall also apply when the relevant stock option exercising price is subsequently adjusted after grant of stock options.
  - (1) If new shares are to be issued and delivered, the higher of the following:
    - A. Actual market value of relevant shares under Article 340.3, Paragraph 2, Subparagraph 3 of Commercial Act as of the date of such stock options granted; and
    - B. Face value of the relevant share.
  - (2) If treasury shares are transferred, the actual market value of relevant shares under Article 340.3, Paragraph 2, Subparagraph 3 of Commercial Act as of the date of such stock options granted.
- ⑥ Stock options may be exercised within five (5) years from the date exceeding two (2) years from the date of resolution of general meeting of shareholders granting the stock option concerned.
- ⑦ The grant of the stock option may be revoked by the resolution of the Board of

Directors in any of the following cases:

- (1) Where the relevant executive or employee of the Company granted the stock option voluntarily retires or resigns from office;
- (2) Where the relevant executive or employee granted the stock option causes substantial damages to the Company due to his/her willful misconduct or negligence;
- (3) Where the Company is unable to accommodate an exercise of the stock option due to bankruptcy, dissolution or any similar event;
- (4) Where any event stipulated as a cause for revocation in the stock option agreement occurs.

- ⑧ Executive or employee granted the stock option may exercise the stock option only after working for the Company or remaining in office for two (2) years or longer from the date of resolution under Paragraph 1: *Provided*, however, that if a person granted such rights deceases, resigns or is dismissed from the position in the Company for the reason other than his or her fault, such person may exercise its stock option right during the period of such exercise.
- ⑨ Article 10 shall apply *mutatis mutandis* to the dividend of the profit gained from the new shares as a result of an exercise of stock options.

#### Article 10 (Equal Dividends)

The Company shall distribute dividends to all shares of the same type issued (including converted shares) as of the ex-dividend date, equally and regardless of the issuance date.

#### Article 11 (E-registration of Rights to be Indicated in Shares and Subscription Warrants)

Instead of issuance of share certificate and subscription warrants, the Company shall make e-registration for the rights to be indicated in shares and subscription warrants in the e-registration registry of e-registration agency.

#### Article 12 (Transfer Agent)

- ① The Company shall retain transfer agent for shares.
- ② The transfer agent, scope of its duties, and their place of business shall be determined by a resolution of the Board of Directors.
- ③ Register of shareholders of the Company or copy thereof shall be kept at the location where transfer agent renders its services. The transfer agent shall handle the affairs of e-registration of the shares, management of shareholders registry, and other affairs related to its shares.
- ④ Procedures of dealing with such matters under Paragraph 3 shall be subject to regulation concerning securities transfer by transfer agent.

#### Article 13 (E-Shareholder Registry)

The Company shall prepare the shareholder registry in e-document.

#### Article 14 (Record Date)

The Company may, in the case of convention of a general meeting of shareholders or in other necessary cases, determine the shareholders who are registered in the shareholders registry as of such record date and will exercise their rights by a resolution of the board of directors. The Company shall give public notice at least two (2) weeks prior to the closing period of shareholder registry or base date in such cases.



## Chapter 3 Bonds

### Article 15 (Issuance of Convertible Bonds)

- ① The Company may issue convertible bonds to any person(s) other than Company's shareholders by resolution of the Board of Directors, to the extent that their aggregate par value does not exceed four hundred (400) billion Korean Won, under any of the following circumstances:
  - (1) Through granting convertible bond subscription rights to allocate bonds to specified individuals (including shareholders) for the purpose of achieving management objectives including introduction of new technology and improvement of financial structure in cases not set forth in Subparagraph 1 of Paragraph 1 of Article 9;
  - (2) Through allocating convertible bonds to subscribers following the grant of convertible bond subscription rights to unspecified individuals in cases not set forth in Subparagraph 1 of Paragraph 1 of Article 9.
- ② When allocating the bonds as set forth in Subparagraph 2 of Paragraph 1, the Company shall allocate the bonds by a resolution of the Board of Directors, in a way falling under any of the following:
  - (1) A method of allocation of bonds to an unspecified number of subscribers without classifying the types of individuals eligible for an opportunity to subscribe to bonds;
  - (2) A method of granting an unspecified number of individuals the opportunity to be allocated with the bonds if there are bonds yet to be subscribed to after granting the shareholders a preferential right to subscribe to the bonds;
  - (3) A method of granting a certain individual an opportunity to subscribe to bonds in accordance with the reasonable standards set by the applicable laws and regulations such as the demand forecast prepared by the investment trader or investment broker as an underwriter or an agent.
- ③ In respect of the convertible bonds under Paragraph 1 above, the Board of Directors may also issue such bonds on the condition that only part thereof be granted the right to convert to capital shares.
- ④ In respect of the shares to be issued as a result of conversion of such bonds, two hundred (200) billion Korean Won of the total par value of the bonds shall be common shares, and two hundred (200) billion Korean Won of total par value of the bonds shall be Class I Shares; and the applicable conversion price shall be equal to or higher than the par value per share of such new shares, as determined by the board of directors at the time of issuance of such bonds.
- ⑤ The period for which conversion may be requested shall be from day immediately following the issuance date until the date immediately preceding the redemption date. However, the period to request for conversion may be adjusted by resolution of the Board of Directors within the period above.
- ⑥ Article 10 shall apply *mutatis mutandis* to payment of dividends on the new shares issued as a result of such conversion hereunder and payment of interest on such convertible bonds.

### Article 16 (Issuance of Bonds with Warrants)

- ① The Company may issue bonds with warrants to persons other than shareholders by resolution of the Board of Directors to the extent that the aggregate face value amount of the bonds shall not exceed four hundred (400) billion Korean Won when falling under any of the following:
  - (1) Through granting convertible bonds with warrants to allocate bonds to specified individuals for the purpose of achieving management objectives including introduction of new technology and improvement of financial structure in cases not set forth in Subparagraph 1 of Paragraph 1 of Article 9;
  - (2) Through allocating convertible bonds with warrants to subscribers following the grant of convertible bond subscription rights to unspecified individuals in cases not set forth in Subparagraph 1 of Paragraph 1 of Article 9.
- ② When allocating new shares as set forth in Subparagraph 2 of Paragraph 1, the Company shall allocate the bonds by a resolution of the Board of Directors, in a way falling under any of the following:
  - (1) A method of allocation of bonds to unspecified number of subscribers without classifying the types of individuals eligible for an opportunity to subscribe to bonds;
  - (2) A method of granting an unspecified number of individuals the opportunity to be allocated with the bonds if there are bonds yet to be subscribed to after granting the shareholders a preferential right to subscribe to the bonds;
  - (3) A method of granting a certain individual an opportunity to subscribe to bonds in accordance with the reasonable standards set by the applicable laws and regulations such as the demand forecast prepared by the investment trader or investment broker as an underwriter or an agent.
- ③ The aggregate price of new shares that may be subscribed to by the holders of warrants shall be determined by the Board of Directors, but shall not exceed the aggregate face value of the bonds with warrants.
- ④ The shares to be issued as a result of exercise of warrants, two hundred (200) billion Korean Won of the total par value of the bonds shall be common stocks, and two hundred (200) billion Korean Won of total par value of the bonds shall be Class I Shares; and the applicable conversion price shall be equal to or higher than the par value per share of such new shares, as determined by the Board of Directors at the time of issuance of such bonds.
- ⑤ The period for which holders of bonds with warrants are entitled to make a request for exercise hereunder shall be from the day immediately following the date of issuance thereof until the day immediately preceding the redemption date. However, the period of requesting exercise may be adjusted by resolution of the Board of Directors within the period above.
- ⑥ Article 10 shall apply *mutatis mutandis* to payment of dividends on the new shares issued as a result of such warrant hereunder and payment of interest on such convertible bonds.

#### Article 16.2 (Issuance of Bonds)

- ① The Company may issue bonds by 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 (1) year after determining the amount and type of bonds.

**Article 16.3 (Applicable Provisions regarding Issuance of Bonds)**

The provisions of Article 12 hereof shall apply *mutatis mutandis* to the issuance of bonds.

**Article 16.4 (E-registration of Rights to be Indicated in Bonds and Subscription Warrants)**

Instead of issuance of share certificate and subscription warrants, the Company shall make e-registration for the rights to be indicated in shares and subscription warrants in the e-registration registry of registration agency. However, in the case of bonds, e-registration may not be performed except for listed bonds which e-registration is mandatory according to laws and regulations.

## **Chapter 4      General Meeting of Shareholders**

**Article 17 (Convening of General Meeting of Shareholders)**

- ① The regular general meeting of shareholders shall be convened within three months from the standard date stipulated in Article 14, and extraordinary general meeting of shareholders shall be convened as and when necessary.
- ② Resolutions made at the general meeting of shareholders shall be limited to proposed subject matters of the meeting notified in advance to the shareholders and no other subject matter will be voted on for resolution purposes. However, the foregoing shall not apply in case there is consent from all shareholders.
- ③ General meeting of shareholders shall be convened at the main office of the Company, the location adjacent to the main office of the Company, or other areas determined by the resolution of the board of directors.
- ④ General meeting of shareholders shall be convened by the representative director or a person delegated by the representative director to act on his/her behalf.

**Article 17.2 (Respect for Minority Shareholders)**

The Company shall respect rights of independent shareholders and minority shareholders recognized in the Commercial Act and other relevant laws and regulations.

**Article 18 (Notification and Public Announcement of Convening of a Shareholders' Meeting)**

- ① In convening a general meeting of shareholders, a notice thereof in written or electronic form, which sets for the date, time, location and agenda of the meeting, shall be sent to each shareholder two (2) weeks prior to the date of the meeting.
- ② As a notice substituting the notice as set forth in the foregoing Paragraph (1), any notice of convening of general meeting stating the time, date, place and agenda of the meeting to be given to the shareholders owning less than one hundredth (1/100) of total issued shares with voting rights may be given by either a public notice in the Korea Economic Daily and Maeil Business News Korea published in Seoul, the Republic of Korea twice or more, or a public notice in the electronic disclosure system operated by the Financial Supervisory Service or the Korea Exchange.

**Article 19 (Chairperson of General Meeting)**

The Chairperson of the general meeting of shareholders shall be the representative director of the Company. In the absence of the representative director, the other director designated by the representative director shall preside at the meeting; however, if the designation above is not

made, one of the directors shall assume the duty.

#### Article 20 (Maintenance of Order by Chairperson)

- ① The Chairperson of a general meeting of shareholders may order any person who notably disturbs the proceedings of the meeting or who intentionally speaks or behaves obstructively, to stop speaking or to leave the place of meeting.
- ② The Chairperson of a general meeting of shareholders may limit the time and number of speeches by a shareholder as deemed necessary in order to ensure proper progress of proceedings.

#### Article 21 (Shareholder's Voting Rights)

As for shareholder's voting right, each share is entitled to one vote.

#### Article 22 (Split Exercise of Voting Rights)

- ① When a shareholder with two or more votes desires to split his/her voting rights and exercise rights at odds with each other, the shareholder shall notify the Company of the intention and reason thereof within three days prior to the meeting date.
- ② The Company may reject the shareholder's split exercise of voting rights. However, the foregoing shall not apply in case the shareholder has acquired a trust of shares or keeps shares for others.

#### Article 23 (Exercise of Voting Rights by Proxy)

- ① Shareholders may exercise their voting rights by proxy.
- ② With respect to the proxy, the proxy shall submit written documents (i.e. letter of delegation) evidencing his/her authority to act as proxy prior to the opening of the general meeting of shareholders.

#### Article 24 (Quorum and Resolution of General Meeting of Shareholders)

Unless otherwise provided by the relevant laws and regulations, resolutions shall be adopted at a general meeting of shareholders by affirmative votes of the majority of the voting rights of shareholders present there at and at least one-fourth (1/4) of the total number of shares issued and outstanding.

#### Article 25 (Minutes of General Meeting of Shareholders)

The substance of the course and proceedings of a general meeting of shareholders and the results thereof shall be recorded in minutes on which the names and seals of the chairperson and the directors present at the meeting shall be affixed or which shall be signed by such persons, and shall be kept at the head 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 five (5) or more and seven (7) or less persons.
- ② The Board of Directors of the Company shall consist of three (3) or more outside directors who shall compose a majority of the total number of directors. However, in case the number of outside directors does not meet the requirements for composition of the Board of Directors due to vacancy, it shall be made to meet the requirements in the first general meeting of shareholders convened subsequent to the occurrence of the

vacancy.

#### Article 27 (Appointment of Directors)

- ① The Directors shall be elected at a general meeting of shareholders. The Company shall appoint outside directors under Article 33 among candidates recommended by the outside director nomination committee.
- ② The Directors shall be appointed by affirmative votes of the majority of the voting rights of shareholders present and such majority also represents at least one-fourth (1/4) of the total number of shares issued and outstanding.
- ③ When appointing two (2) or more directors, shareholders may exercise only voting right to one share owned, and the cumulative vote stipulated in Article 382-2 of the Commercial Act shall not apply.

#### Article 28 (Term of Office of Directors)

- ① The term of office for directors shall be one (1) to three (3) years, and the term of each individual director shall be determined at the time of appointment. However, the term of office may be extended until the close of the regular general meeting of shareholders if the term expires after the end of the last period for the settlement of accounts but before the close of the general meeting of shareholders on the settlement of accounts for that year.
- ② Directors may be reelected.

#### Article 29 (Vacancies)

- ① If there is a vacancy in the office of a director, a director shall be elected at the general meeting of shareholders. However, the foregoing shall not apply if the number of directors does not fall short of the statutory number of directors and no hindrance is caused in carrying out the Company's business
- ② The director elected as a result of the vacancy shall serve the remaining term of the predecessor.

#### Article 30 (Responsibilities of Directors)

Deleted.

#### Article 31 (Dismissal and Vacancy of Directors)

- ① Dismissal of directors shall comply with Article 385 of the Commercial Act.
- ② Directors shall be removed from office when falling under any of the following cases  
If a director is found to fall under each of the following subparagraphs, he/she shall ipso facto lose his/her position as a director:
  1. When the person submits a letter of resignation to the Company;
  2. When the person is declared bankrupt;
  3. When the person receives a judgment of being subjected to the commencement of adult guardianship or limited guardianship; or
  4. When the person has died.

#### Article 32 (Election of Representative Director)

The Company shall appoint one (1) or more representative directors from the Board of Directors.

#### Article 33 (Duties of Directors)

- ① The representative director shall represent the Company and oversee the overall business matters.
- ② Directors shall assist the representative director and conduct the Company's business matters in their respective areas of responsibilities. If the representative director is unable to perform his/her duties, the director designated by the representative director shall act on his/her behalf shall perform the duties. If there is no such designation in place, the duties shall be performed in the descending order of president, executive vice president (EVP), senior vice president (SVP) and vice president (VP).
- ③ Directors shall perform their duties faithfully for the Company in accordance with laws and the Articles of Incorporation.

#### Article 34 (Duty of Report by Directors)

- ① Each director shall report to the Board of Directors on the execution of his/her duties at least once every three (3) months.
- ② Directors shall immediately report to the audit committee when such Director finds matters which could materially cause harm to the Company.

#### Article 35 (Composition and Authority of Board of Directors)

- ① The Board of Directors shall consist of directors and shall decide, through resolutions, important business matters of the Company.
- ② For stipulating matters necessary for operating the Board of Directors such as delegation of authority and other matters, a separate regulation may be established regarding the Board of Directors.

#### Article 36 (Method of Convocation and Resolution of Board of Directors)

- ① A meeting of the Board of Directors (BOD) shall be convened by the chairperson of the Board of Directors or a director separately designated by the Board of Directors. When convening a meeting of the Board of Directors, it shall be notified in writing or orally to each director one day prior to the date. However, the foregoing step may be skipped and such a BOD meeting may be held at any time, when the directors unanimously agree.
- ② A resolution of the Board of Directors shall be made by the presence of the majority of directors and the affirmative votes of the majority of directors present at the meeting. However, resolution of matters set forth in Article 397-2 (Prohibition of Misappropriation of Company's Opportunities and Assets) and Article 398 (Prohibition of Self-Transaction) shall require the affirmative votes of two thirds or more of the [total] members of the Board of Directors.
- ③ A director who has a special interest in the resolution of the Board of Directors may not exercise his/her voting rights thereupon.
- ④ The Board of Directors may allow all or some of its directors not to attend a meeting, and instead participate in resolutions by means of a communication system whereby all directors simultaneously transmit and receive voices. In this case, the applicable director or directors shall be deemed to have attended the meeting in person.

#### Article 37 (Chairperson)

- ① The Board of Directors shall appoint a Chairperson of the Board of Directors with one (1) 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 the Chairperson is absent without designating an acting Chairperson, the Chairperson shall determine the order of directors who shall act as an acting Chairperson on his/her behalf.
- ③ When a Chairperson is unable to attend the Board of Directors' meeting, the Chairperson shall designate a director 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.

#### Article 38 (Minutes of Board of Directors' Meeting)

Minutes shall be prepared with regard to the Board of Directors' meetings. The minutes shall include agenda of the meeting, summary of the proceedings and the outcomes thereof, and the objection and grounds for their objection shall be entered in the minutes, which shall be sealed or signed by the directors present at the meeting

#### Article 39 (Remuneration and Severance Pay for Directors)

- ① Remuneration for directors shall be determined by resolution of the general meeting of shareholders.
- ② Severance pay for directors shall be made in accordance with the regulations on severance pay of executives and others adopted by resolution of a general meeting of shareholders.

#### Article 40 (Committees within Board of Directors)

- ① The Board of Directors shall establish a committee for recommending candidates for outside directors and an audit committee as 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 A committee within the board shall be composed of two (2) 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 on 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. Upon such notification, any of the directors may, request convocation of a meeting of the Board of Directors, and the Board of Directors may resolve, once again, the resolution of the committee.

#### Article 40.2 (Committee for Recommending Candidates of Outside Directors)

A majority of 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 40.3 (Composition of Audit Committee)

- ① The Company shall, in lieu of a statutory auditor, have an audit committee as set forth in Paragraph 1 of Article 40.
- ② The audit committee shall consist of three (3) or more directors.

- ③ Two-thirds (2/3) or more of its members shall be outside directors, and any member other than outside directors shall satisfy the elements prescribed in Article 542-10 Paragraph 2 of the Commercial Act.
- ④ The members of the audit committee shall appoint an audit member among the appointed directors after the directors are appointed at the general meeting of shareholders. In this case, one (1) of the audit committee members shall be the director who has been elected to become a member of the audit committee separately from other directors by resolution of the general meeting of shareholders.
- ⑤ The appointment of members of the audit committee shall be passed by a majority of the voting rights of the shareholders present, but at least one-fourth (1/4) of outstanding stocks issued. However, in cases where voting rights can be exercised electronically in accordance with Article 368-4, Paragraph 1 of the Commercial Act, the majority of the voting rights of the shareholders present may elect a member of the audit committee.
- 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.
- ⑦ If the number of outside directors in the audit committee fails to meet the requirements as set forth in this Clause for the reasons of dismissal or death of outside directors, the Company shall satisfy such requirement in the general meeting of shareholders to be firstly convened after occurrence of such failure.
- ⑧ For the appointment and dismissal of members of the audit committee, shareholders holding more than three hundredths (3/100) of the total number of issued stocks excluding the stocks without voting right (in the case of the largest shareholder, when electing or dismissing a member of the audit committee who is not an outside director, stocks owned by his/her specially related persons and other persons prescribed by the Enforcement Decree of the Commercial Act shall be aggregated) shall not exercise voting rights on the shares exceeding such percentage.

#### Article 40.4 (Duties of the Audit Committee)

- ① The audit committee shall examine the accounts and businesses of the Company.
- ② The audit committee may request the Board of Directors to convene a Board of Directors' meeting by submitting a document which states the objective and grounds for convening such meeting to a director (referring to a director with the power to convene a Board of Directors' meeting).
- ③ If the director fails to immediately convene a Board of Directors' meeting despite the request in Paragraph 2 above, the audit committee may convene a Board of Directors' meeting.
- ④ The audit committee may request to convene an extraordinary general meeting of shareholders by submitting a document which states the objective and grounds for convening such meeting to the Board of Directors.
- ⑤ The audit committee may request the Company's subsidiary company to report the details of its operations, if deemed necessary to fulfill its duty. In such a case, if the subsidiary company fails to immediately report the details or if deemed necessary to verify the contents of the report, the committee may investigate the subsidiary's business operations and financial status.
- ⑥ The Company's external auditors shall be appointed by the audit committee.
- ⑦ The audit committee shall take care of matters delegated by the Board of Directors other than as set forth in Paragraph 1 through Paragraph 6 above.
- ⑧ Board of Directors shall not overthrow a resolution adopted by the audit committee.



#### Article 40.5 (Audit Records)

The audit committee shall maintain a record of its audit activities in an audit report. The audit report shall contain the summary of audit procedures and results of the audit, and the name and seal or signature of the audit committee member(s) who have performed the audit shall be affixed to the audit report.

#### Article 40.6 (Appointment of External Auditor)

The Company shall appoint an external auditor selected by 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 after the appointment concerned is made. Otherwise, the Company shall notify in writing or by an electronic document to shareholders as of date of closing of the latest register of shareholders or announce the fact on the Company's webpage.

#### Article 41 (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 42 (Adviser, etc.)

- ① The representative director may appoint advisers and consultants if necessary for the businesses based on the recommendation made by the chief executive officer.
- ② The chief executive officer may determine and pay advisers and consultants the remunerations and expenses required for given duties, to the same or similar level of managerial executives.

#### Article 43 (Qualification of Outside Directors)

An outside director shall be appointed from among those who have professional knowledge or experience in management, economics, law or relevant technologies, and have good social reputation, and also must be qualified under the relevant laws such as the Commercial Act; and if the outside director loses the qualification above after being appointed as an outside director, the outside director shall lose his/her office as outside director.

#### Article 44 (Preparation and Maintenance of Financial Statements and Business Reports)

- ① The representative director of the Company shall prepare the following documents, supplementary documents thereto and the business report for obtaining the audit of the audit committee six (6) weeks prior to the date set for the regular general meeting of shareholders, for audit by the audit committee, and the representative director shall submit the following documents and the business report to the regular general meeting of shareholders:
  - (1) Balance sheet;
  - (2) Profit and loss statement; and
  - (3) Any other documents indicating the financial status and management results of the Company as prescribed by the Enforcement Decree of the Commercial Act.
- ② A consolidated financial statement shall be included in the documents as specified in Paragraph 1 above if the Company falls within the scope of the company which is required to prepare the consolidated financial statement as prescribed by the

Enforcement Decree of the Commercial Act.

- ③ The audit committee shall submit the audit report to the representative director one (1) week prior to the date of the regular general meeting of shareholders.
- ④ The representative director shall keep the documents listed in Paragraph 1 above, and the audit report at the head office of the Company for five (5) years and certified copies of all of such documents at the branches of the Company for three (3) years beginning from one (1) week prior to the date of the regular general meeting of shareholders.
- ⑤ The representative director shall give public notice of the balance sheet and the external auditor's opinion immediately after the documents listed in Paragraph 1 above have been approved by the general meeting of shareholders or by the Board of Directors pursuant to Paragraph 4 above.

## **Chapter 6      Accounting**

### **Article 45 (Fiscal Year)**

The fiscal year of the Company shall commence on January 1 and end on December 31 of each year; provided that, the first fiscal year of the Company shall begin on the date of its establishment and end on December 31 of the same year.

### **Article 46 (Disposition of Profits)**

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

- 1. Earned surplus reserves;
- 2. Other statutory reserves;
- 3. Dividends;
- 4. Voluntary reserves;
- 5. Other appropriation of retained earnings; and
- 6. Earned surplus carried forward to next fiscal year.

### **Article 46.2 (Transfer to Capital of Capital Reserve)**

If new shares are to be issued with the transfer to capital of capital reserve, the Company may issue new shares to be allocated for common shares as common shares or class shares, and new shares to be allocated for class shares shall be the same class shares, in accordance with the resolution of the Board of Directors.

### **Article 47 (Dividends)**

- ① Dividends may be paid in cash, shares or other properties.
- ② Dividends under Paragraph 1 shall be paid to the shareholders or pledgees who are registered in the Register of Shareholders as of the date specified in Article 14.
- ③ In case the dividends are distributed in the form of shares, the Company may issue new shares to be allocated to common shares as common shares or class shares in accordance with the resolution of the general meeting of shareholders, and new shares to be allocated to class shares shall be the same class shares.

### **Article 47.2 (Quarterly Dividends)**

- ① The Company may pay quarterly dividends to the present shareholders at the lasting day of March, June and September from the opening date of each fiscal year in accordance with Article 165-12 of the Financial Investment Services and Capital Markets Act. Such quarterly dividends shall be paid in cash.

- ② Quarterly dividends in Paragraph 1 above shall be decided by a resolution of the Board of Directors, and such decision shall be made within forty-five (45) days from the standard date as set forth in the foregoing Paragraph 1.
- ③ The maximum amount to be paid as interim dividends shall be calculated by deducting the following amounts from the net assets amounts recorded in the balance sheet of the fiscal year immediately prior to the fiscal year concerned:
  - (1) Amount of capital, as of the end of the immediately preceding period for settlement of accounts;
  - (2) Aggregate sum of capital reserves and legal reserves, as of the end of the immediately preceding period for settlement of accounts;
  - (3) Unrealized profit set forth by the Enforcement Decree of the Commercial Act;
  - (4) Amount appropriated for dividends by the general meeting of shareholders at the immediately preceding period for settlement of accounts;
  - (5) Voluntary reserves accumulated for specific purposes in accordance with the resolution of the general meeting of shareholders or the relevant provisions of the Articles of Incorporation until the fiscal year immediately prior to the fiscal year concerned;
  - (6) Sum of legal reserves to be accumulated for the fiscal year concerned based on the interim dividend; and
  - (7) Total amount of quarterly dividends if such dividend is paid for the given business year.
- ④ If the Company issues new shares (including conversion of reserves into capital share, stock dividends, request of conversion of convertible bonds or exercise of warrants attached to bonds with warrants) prior to the standard date set out in Paragraph 1 above, but after the commencement date of the fiscal year concerned, the Article 10 shall apply *mutatis mutandis* to such new shares in respect of the quarterly dividends.

#### Article 48 (Statute of Limitation for Claims for Payment of Dividends)

- ① The claim for payment of dividends shall expire by statute of limitation if the right is not exercised for five (5) years.
- ② In the case of the expiration due to the statute of limitation set forth in Paragraph 1 above, unclaimed dividends shall become vested in the Company.

Addenda (March 22, 2021)

#### Article 1 (Amendment)

All amendments of the Article of Incorporation of the Company shall be executed by a resolution of a general meeting of shareholders.

#### Article 2 (Detailed Regulations 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 Incorporation shall become effective from the date of approval at the second regular general meeting of shareholders.

Article 4 (Appointment of the First Directors and Representative Director since the Establishment of the Company)

Notwithstanding Articles 27, 32, 40, and 40.3 of these Articles of Incorporation, the first directors, representative director, and audit committee members since the establishment of the Company shall be included in the spin-off plan of the Spin-Off Company. The appointment shall be made by approval from the general meeting of shareholders on the spin-off plan.

Article 5 (Remuneration and Severance Pay for Directors for the First Fiscal Year Since the Establishment of the Company)

Notwithstanding Article 39 of these Articles of Incorporation, regulations on the remuneration for directors and severance pay for executives shall be included in the spin-off plan of the Spin-off Company and shall be determined by approval from the general meeting of shareholders on the spin-off plan.

Article 6 (Address of the Head Office at the Establishment of the Company)

Address of the head office of the Company at the establishment of the Company shall be included in the spin-off plan of the Spin-Off Company and shall be confirmed by approval from the general meeting of shareholders on the spin-off plan.

Article 7 (Spin-off Company)

The Spin-Off Company below prepares and has caused these Articles of Incorporation to be signed or sealed by its duly authorized representative as of May 31, 2019.

Addenda (April 22, 2021)

Article 1 (Enforcement Date)

This Articles of Incorporation shall become effective on April 22, 2021. However, the regulations applicable only to the listed corporations shall take effect from the date the Company's issued shares are listed on the securities market.

Article 2 (Applicability to Appointment of Audit Committee Members)

The amended provisions of Article 40.3, Paragraph 3, Paragraph 5 and Paragraph 8 (limited to the part concerning appointment) shall apply from the audit committee appointed after this Articles of Incorporation enters into force.

Article 3 (Applicability to Dismissal of Audit Committee Members)

The amended provisions of Article 40.3, Paragraph 8 (limited to the part concerning dismissal) shall also apply to the dismissal of members of the audit committee who were appointed pursuant to the previous provisions at the time this Articles of Incorporation enters into force.

Addenda (March 28, 2023)

Article 1 (Enforcement Date)

This Articles of Incorporation shall become effective on March 28, 2023.

HD HYUNDAI HEAVY INDUSTRIES CO., LTD.

Enacted on June 2, 2019  
Amended on March 24, 2020  
Amended on March 22, 2021  
Amended on April 22, 2021  
Amended on March 28, 2023

President Sang-Kyun Lee (seal)

President Jin-Yul Noh (seal)