

# Articles of Incorporation

(March 29, 2019, Revised & Implemented)

KOREA AEROSPACE INDUSTRIES, LTD.

# **Articles of Incorporation for KOREA AEROSPACE INDUSTRIES, LTD.**

## **Chapter 1 General Provisions**

### **Article 1 (Name)**

- ① The name of the Company shall be "Hankook Hangkongwoojoosanup Jushikhoesa".
- ② The Company's name in English shall be "KOREA AEROSPACE INDUSTRIES, LTD.".

### **Article 2 (Purpose)**

The purpose of the Company is to engage in the following business activities:

1. Design, manufacturing, sale, rental, modification and service for aircrafts, spacecrafts, satellites and industrial gas turbines & their parts
2. Overseas Construction, Trading and its vicarious execution business
3. Technical service business
4. Real estate lease service & sale business
5. Business of aircraft maintenance, rental, commission sale, transportation service
6. Composite material business
7. Simulator business in relation to aircraft , spacecraft, satellites, and industrial gas turbines
8. Design, manufacturing, and sale of aviation electronics equipment & its parts
9. Manufacturing, modification, repair, service, and delivery of military supplies, equipment, and their parts
10. Manufacturing, sale, and service of printed matter in relation to printings, photographs, and catalogues
11. Management and operation of the aerospace museum and Aviation center
12. Cultivation and sale of economic plants
13. Consulting, development and sale of software programs
14. Translation & interpretation service
15. Other activities incidental to each of the aforementioned business

### **Article 3 (Location of Head Office and Establishment of Branch Office etc.)**

- ① The Company shall have its head office in Gyeongsangnam-do
- ② The Company, by resolutions of The Board of Directors, may have its branch, factory, research institute, sub-branch, business office, local office, etc. as necessary.

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

Public notice by the Company shall be made through the Company's official website (<http://www.koreaaaero.com>). In case of difficulty of accessing due to technical incidents or others, the Company shall make a public notice through Korea Economic Daily, a Korean language newspaper of general circulation published in Seoul.

## Chapter 2 Shares

**Article 5 (Total Number of Shares & Par Value)**

The total number of the Company's authorized shares shall be 200,000,000 shares and the par value of each share to be issued by the Company shall be 5,000 won.

**Article 6 (Shares to be Issued at the Time of Incorporation)**

The total number of shares to be issued by the Company at the time of incorporation shall be 57,840,000 shares.

**Article 7 (Classes of Shares)**

The shares to be issued by the Company shall be common shares and preferred shares in a registered form.

**Article.7-2 (Number and contents of preferred shares)**

- ① The preferred shares to be issued by the Company shall not have voting rights, and the number of the issued shares shall be less than one fourth of the total number of issued shares.
- ② The rate of preferential dividends per annum payable on preferred shares shall be more than 1 % of its par value, as determined by The general meeting of shareholders at the time of issuance thereof.
- ③ If the dividend rate declared on common shares exceeds the preferred dividend rate, shareholders holding preferred shares (hereinafter "preferred shareholder(s)") shall be entitled to the amount of dividends in excess which shall be distributed on a same rata basis to all common and preferred shareholders.

- ④ If, for any fiscal year, dividends have not been paid on preferred shares at the dividend rate prescribed herein, such unpaid dividends shall be preferentially paid on a cumulative basis at the time of payment of dividends for the subsequent fiscal years.
- ⑤ In the event that a resolution of not paying preferred dividends prescribed herein has been passed at The general meeting of shareholders of the Company against the preferred dividends prescribed herein, preferred shareholders shall be granted voting rights from the opening date of The general meeting of shareholders immediately following such meeting of shareholders until the closing date of The general meeting of shareholders at which a resolution is passed in favor of payment of the preferred dividends.
- ⑥ If the Company increases its capital by issuance of common shares or bonus shares, the new shares to be assigned to preferred shareholders shall be common shares in the case of issuance of common shares and shall be the preferred shares of the same class in the case of a bonus issue
- ⑦ The duration of preferred shares issued by the Company shall be 10 years, starting from the date of issuance thereof, and they shall be converted to common shares contemporaneously with expiration of such duration provided. In case of the preferred dividends have not been paid by the Company as prescribed herein for the said period, the aforementioned duration shall be postponed until such unpaid dividends have been paid in full. In such a case, the provision of Article 10 hereof shall apply with respect to payment of dividends on the shares issued as a result of conversion hereunder.

### **Article 7-3 (Electronic registration of rights indicating the certificate of shares and pre-emptive rights)**

Instead of issuing the shares and pre-emptive rights certificate, the Company shall electronically register the rights to be indicated on an account of a registered institution.

### **Article 8 (Pre-emptive Rights)**

- ① Shareholders shall have the preemptive rights to subscribe for the new shares that may be issued by the Company, in proportion to their respective shareholdings.
- ② Notwithstanding the provision of subsection 1 above, the new shares may be issued by resolution of meeting of shareholders to any third person(s) other than the Company's existing shareholders if the Company:

1. Issues new shares by the method of shareholders precedence subscription
  2. Offers new shares to the public or has an underwriter subscribe for such public offering to the extent that the number of such new shares does not exceed 20/100 of the total number of issued and outstanding shares.
  3. Issues new shares to financial institution or domestic and overseas, for the purpose of raising emergency fund, to the extent that the number of such new shares does not exceed 20/100 of the total number of issued and outstanding shares.
  4. Offer new shares to one of its business partners in order to acquire a certain essential information in technology, R&D, manufacturing, marketing and capital tie up, to the extent that the number of such new shares does not exceed 20/100 of the total number of issued and outstanding shares.
  5. Issues new shares in accordance with issuance of depositary receipts (DR), to the extent that the number of such new shares does not exceed 20/100 of the total number of issued and outstanding shares
  6. Offers new shares to the public or has an underwriter subscribe for such public offering in order to have its shares listed on the Korea Exchange(hereinafter referred to as "KRX") ,to the extent that the number of such new shares does not exceed 20/100 of the total number of issued and outstanding shares
- ③ If a shareholder(s) waives or forfeits his/her preemptive rights to subscribe for new shares or any fractional shares are made in the course of allotting new shares, the method of dealing with such new shares or fractional shares shall be determined by a resolution of The Board of Directors.

#### **Article 8-2 (Stock Option)**

- ① The Company may grant stock options to officers and employees of the Company and its affiliated companies pursuant to Commercial law by a special resolution of The general meeting of shareholders, to the extent of not exceeding 10/100 of the total number of issued and outstanding shares.

Notwithstanding the foregoing provision, such stock options may be granted by a resolution of The Board of Directors, to the extent of not exceeding 1/100 of the total number of issued and outstanding shares. In such a case of stock options granted by the resolution of The Board of Directors, the company shall get an approval from the first meeting of shareholders.

- ② Those eligible for a stock option shall be the Company's officers or employees who contribute or are capable of contributing to the Company's incorporation, management, international business, and technological innovation but excluding:
1. The largest shareholder & affiliate person (which refers to the 'affiliate person' provided in the Enforcement Ordinance of the Commercial law, the same hereafter.). In case of the persons who conform to the affiliate persons by becoming executives of the corporate bodies concerned (including directors or statutory auditors of the affiliated companies who are not executing an ordinary course of business) shall be excluded
  2. The Company's principal shareholder(s) (hereinafter, having the meaning defined in Commercial law provisions) and the said shareholder's related person(s). In case of the persons who conform to the affiliate persons by becoming executives of the corporate bodies concerned (including directors or statutory auditors of the affiliated companies who are not executing ordinary course of business) shall be excluded
  3. A person who becomes a principal shareholder of the Company as a result of exercising his/her stock options
- ③ The shares to be delivered as a result of the exercise of stock options hereunder (or, if the difference between the share price at which such stock options are exercised and the market value of relevant share is paid in cash or treasury share, the share on the basis of which such difference is calculated) shall be common shares (or preferred shares), which shall be decided by the resolution of the general meeting of shareholders or resolution of the board which gives the stock options.
- ④ The per-share price at which stock options are exercised ("stock option exercising price") shall be more than either of the following prices and this provision shall also apply to where the relevant stock option exercising price is adjusted subsequently after the grant of stock options:
1. If new shares are to be issued and delivered, the higher of the price between the market value of relevant shares evaluated, as of the date of such stock options granted, and Face value of relevant shares
  2. If treasury shares are to be assigned, the market value of relevant shares evaluated, as of the date of such stock options granted.
- ⑤ A stock option granted hereunder may be exercised within 8 year(s) from the date

after 2 years have elapsed from the date when the resolution mentioned in subsection 1 above is adopted.

- ⑥ A person who is granted a stock option is entitled to exercise the stock option only if he/she has been in office in the Company or employed by the Company at least for 2 years from the date of the resolution mentioned in subsection 1 above provided. In the case of the said grantee dies or resigns from the Company within 2 years from the date of the resolution mentioned in subsection 1 above due to any other reason not attributable to him/her, such stock option may be exercised within the period originally set for exercising the same.
- ⑦ The grant of a stock option may be cancelled by a resolution of The Board of Directors, if:
  - 1. After the grant of such a stock option, the grantee thereof has resigned voluntarily from the Company
  - 2. The grantee has caused material damages to the Company by willful acts or negligence
  - 3. There has occurred any event constituting a cause of cancellation thereof as provided in relevant stock option agreement.

#### **Article 9 (Transfer Agent of Shares)**

- ① The Company shall appoint a transfer agent (hereinafter referred to as "Transfer Agent") in relation to the transfer of its shares.
- ② The Transfer Agent, its office and the scope of services to be provided by the Transfer Agent on behalf of the Company shall be determined by the board resolution or the resolution of the committee set in Article 45 and shall be notified publicly by the Company.

#### **Article 10 (Commencement Date for Dividends on New Shares)**

The commencement dividend pay-out of new shares issued by the Company shall be applied by the last day of the immediately preceding fiscal year.

## **Article 11 (Deleted)**

### **Article 12 (Suspension of Altering Entry in the list of shareholders and Record Date)**

- ① The Company shall suspend entry of alterations in the list of shareholders with respect to shareholders' rights from January 1 through January 7 of each year.
- ② The Company shall deem those shareholders whose names appear in the list of shareholders on December 31 of each year to be the shareholders who are entitled to exercise their rights as shareholders at the general meeting of shareholders to be convened in respect of the said period for the settlement of accounts.
- ③ The Company may suspend entry of alterations in the list of shareholders with respect to shareholders' rights for a given period not exceeding three months, if necessary for convening a Extra-ordinary meeting of shareholders or otherwise, or the Company may deem those shareholders whose names appear in the list of shareholders on the day specified by a resolution of The Board of Directors to be the shareholders who are entitled to exercise the rights as shareholders in relation to the aforementioned purposes. In such a case, The Board of Directors may designate such a record date, together with suspension of altering entry in the list of shareholders, if The Board of Directors deems it necessary. The Company shall give two weeks' prior public notice of such suspension of entry and such a record date.

### **Article 13 (Issuance of Convertible Bonds)**

- ① The Company may issue convertible bonds to any person(s) other than the Company's shareholders by special resolution of the general meeting of shareholders to the extent that their aggregate par value does not exceed one half of the authorized capital.

- ② The shares to be issued as a result of conversion of such bond shall be common shares or non-voting-preferred shares and 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 bond.
- ③ The period in which holders of convertible bonds are entitled to make a request for conversion hereunder shall begin on the day after 1 month have elapsed from the date of issuance thereof and end on the day immediately preceding the maturity date thereof provided.
- ④ As for payment of dividends on the new shares to be issued as a result of conversion hereunder and the payment of interest such convertible bonds, the relevant shares shall be deemed to have been issued at the end of fiscal year immediately preceding the fiscal year to which the request of conversion thereof belongs.

#### **Article 14 (Issue of Bond with Warrant)**

- ① The Company may issue bonds with warrant to any person(s) other than the Company's shareholders by a resolution of The general meeting of shareholders to the extent that their aggregate par value does not exceed one half of the authorized capital.
- ② The amount within which a holder of such bonds with warrant is entitled to request issuance of new shares shall be determined by The Board of Directors, to the extent of not exceeding the aggregate face value of such bonds.
- ③ The shares to be issued as a result of the exercise of such warrant hereunder shall be common shared or non-voting preferred shares and the applicable price thereof 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 thereof.
- ④ The period in which holders of bonds with warrant are entitled to exercise such warrant hereunder shall begin on the day after 1 month have elapsed from the date of issuance thereof and end on the day immediately preceding the maturity date thereof provided.
- ⑤ As for payment of dividends or interests on the new shares to be issued as a result of the exercise of such warrant hereunder, the relevant shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year to which the amount of shares are fully paid.

### **Article 14-2 (Electronic Registration of Rights indicated on Bonds and Pre-emptive Rights)**

Instead of issuing the bonds and pre-emptive rights certificate, the company shall electronically register the rights to be indicated on an account of the registered institution.

## **Chapter 3 General Meeting of Shareholders**

### **Article 15 (Types and Convening of General Meetings of Shareholders)**

- ① The Company's general meeting of shareholders shall consist of annual meeting and Extra-ordinary meetings.
- ② The annual meeting shall be held within 3 months after the end of each fiscal year and Extra-ordinary meeting may be held at any time whenever necessary.

### **Article 16 (Person Authorized to Convene Meeting of Shareholders)**

- ① Unless otherwise provided in relevant laws and regulations, The general meeting of shareholders shall be convened by the representative director (CEO) of the Company with a resolution of The Board of Directors.
- ② If representative director (CEO) is absent or unable to execute his/her duties, the provisions of Article 32-2 hereof shall apply mutatis mutandis.

### **Article 17 (Personal and Public Notice of Convening The general meeting of shareholders)**

- ① In convening The general meeting of shareholders, the Company shall give notice in writing to each shareholder of the date, time and place of the meeting and the list of agenda to be dealt with at the meeting, 2 weeks prior to the date set for such a meeting.
- ② For shareholders holding one percent (1%) or less of the total number of issued and outstanding shares with voting rights, the Company may insert twice or more in Korea Economic Daily Newspaper and Maeil Business Newspaper currently being issued in Seoul a public notice of its intention to convene such a meeting and the list of agenda to be dealt with at the meeting, at least two weeks before the meeting; or

by announcing in an electronic disclosure system managed by the Financial Supervisory Service(FSS) or the Korea Exchange, in lieu of giving such notice mentioned in subsection 1 above.

#### **Article 18 (Place of Convening The general meeting of shareholders)**

The general meeting of shareholders shall be held in the place where the head office of the Company is located and may also be held in any other place adjacent to it, whenever circumstances require.

#### **Article 19 (Chairman)**

- ① The Company's representative director (CEO) shall preside at all of the meetings of shareholders as chairman.
- ② If the representative director (CEO) is absent or unable to serve as presiding officer, the provision of Article 32-2 hereof shall apply mutatis mutandis.

#### **Article 20 (Chairman's Authority to Maintain Order)**

- ① The chairman of the general meeting of shareholders may stop a person who significantly disturbs order in such a meeting (including with speech or behavior to interfere with the proceedings of the meeting intentionally) from speaking or may order such a person out of the meeting.
- ② The chairman of the general meeting of shareholders may limit the duration and/or the number of times of speech by each shareholder, whenever the chairman deems it necessary for smooth proceedings of the meeting.

#### **Article 21 (Voting Right)**

Each shareholder shall have one (1) vote for each share he/she owns except in case there are different laws and regulations.

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

- ① If a shareholder having more than two (2) votes wishes to split his/her votes at the general meeting of shareholders, the said shareholder shall give the Company notice in writing of his/her intention to do so and the reason thereof at least three (3) days prior to the date set for such a meeting.

- ② The Company may refuse to allow a shareholder to split his/her votes, except for the case where the said shareholder has shares in trust or hold shares on behalf of a third party.

### **Article 23 (Exercise of Votes by Proxy)**

- ① Each shareholder may exercise his/her vote by proxy.
- ② In such a case, the proxy shall present to the Company an appropriate document (a power of attorney) evidencing his/her power of representation prior to opening of that meeting.

### **Article 24 (Method of Adopting Resolutions at Meeting of Shareholders)**

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

### **Article 25 (Special Resolution for the general meeting of shareholders)**

The resolution of the following matters shall be adopted by the affirmative votes of more than two-third of voting rights attending and no less than one-third of the total outstanding shares:

1. Making amendment to the Articles of Incorporation
2. Capital Increase or Capital Decrease
3. Transfer or Acquisition of the whole or any material part of the Company's business or assets
4. Dissolution, Merger, M&A, and Consolidation of the Company
5. Dismissal of a member of The Board of Directors.

### **Article 26 (Minutes of the general meeting of shareholders)**

The proceedings and results of the general meeting of shareholders shall be recorded in minutes. The Chairman and all directors present at the meeting shall sign and seal the same or affix their signatures thereto.

## **Chapter 4 Director, The Board of Directors and Committee**

### **Article 27 (Number of Directors)**

- ① The Company shall have more than three (3) directors, and the any number of outside directors, stipulated in laws and regulations or in the Articles of Incorporation.
- ② If the number of Outside Directors falls below the composition requirements of the board of directors as prescribed in subsection 1 due to reasons such as resignations and deaths of Outside Directors, Outside Directors shall be appointed to meet the requirements at the first meeting of shareholders.

### **Article 28 (Election of Directors)**

Directors shall be elected at the general meeting of shareholders. In case two (2) directors or more are elected at The general meeting of shareholders, the cumulative vote stipulated in relevant laws and regulations shall not apply.

### **Article 28-2 (Recommendation of Candidates for Directors)**

- ① The committee for recommending candidates for directors shall recommend candidates for director among those persons having such qualifications as set forth in the Commercial law and other relevant laws and regulations.
- ② The details concerning recommendation of director candidates and screening of their qualifications shall be determined by the Committee for Recommending Candidates for Directors.

### **Article 29 (Term of Office for Directors)**

The term of office for directors shall be three (3) years. Such term of office shall be shortened in the case by the resolution of the general meeting of shareholders by which the director is appointed. Such term of office shall be extended until the close of the annual meeting of shareholders convened in respect of the last period for the settlement of accounts comprised in his/her term of office in the case if his/her term of office expires after the end of the last period for the settlement of accounts but before the close of the general meeting of shareholders.

### **Article 30 (Election to Fill a Vacancy)**

If there is a vacancy in the number of directors, a director shall be elected at The general meeting of shareholders to fill such a vacancy; in the case if the number of the existing directors in office is not less than the number of directors provided in Article 27 hereof and no hindrance is caused to carrying on the Company's business thereby, the foregoing provision shall not apply.

### **Article 31 (Appointment of Representative Director)**

The representative director (CEO) shall be elected among directors by resolutions of The Board of Directors.

### **Article 31-2 (Appointment of Chairman of The Board of Directors)**

- ① The chairman of the board shall be elected among directors by resolutions of The Board of Directors.
- ② If the chairman is unable to execute his/her duties, the representative director shall act for the chairman.

### **Article 32 (Duties of Directors)**

- ① The Representative director (CEO) shall represent the Company and direct the Company's overall business.
- ② As an inside director, the vice-president, executive director and managing director shall assist the representative director. When the representative director cannot perform his/her duties, they shall act for him/her in the order as above. Nevertheless, in case there is no one who can act for the representative director, non-executive directors are to act for the representative director in the order of rank. When there are two or more persons of the same rank, the oldest shall take priority over the others.

### **Article 33 (Director's Obligations to Report)**

If directors discover the fact that may adversely affect the Company conspicuously, he/she shall immediately report it to the audit committee.

### **Article 34 (Director's Responsibility of the Company)**

- ① The Company may waive the responsibility under the Article 339 of the Commercial law through resolution made in the general meeting of the shareholders for the amount exceeding six times(3times for Outside Directors) the amount of the last one year's salary(Including bonuses and gains from the exercise of stock options) before the date of the act.
- ② The provisions of subsection 1 shall not apply when a director incurs damages due to intentional or gross negligence and when a director falls under:  
Article 397(Prohibition of Director's Competitive Business)  
Article 397-2(Usurpation of corporate opportunity)  
Article 398(Prohibition of transaction between director and company)  
of the Commercial law.

### **Article 35 (Deleted)**

### **Article 36 (Deleted)**

### **Article 37 (The Board of Directors)**

All directors shall be members of The Board of Directors.

### **Article 38 (Convening of Meetings of The Board of Directors)**

- ① Meetings of The Board of Directors shall be convened by the chairman of the board if deemed necessary or preferable by the chairman or upon request of any director.
- ② In convening a meeting of The Board of Directors, the Company shall give notice to each director at least seven (7) days prior to the date set for such meeting. In case of all directors unanimously consent to hold a meeting of The Board of Directors, the procedure of convening a meeting may be omitted.

### **Article 39 (Method of Adopting Resolutions)**

- ① A quorum for holding a meeting of The Board of Directors shall be a majority of all directors in office and all resolutions of The Board of Directors shall be adopted by the affirmative votes of a majority of directors present at the meeting. In case of the subject related to article 397-2 (usurpation of corporate opportunity) and article 398 (Prohibition of transaction between director and Company) of the Commercial law, shall be adopted by two-third of The Board of Directors.

- ② The Board of Directors may allow all directors or a part thereof to participate in resolutions of The Board of Directors through the means of communication transmitting and receiving moving pictures and voices simultaneously, in lieu of attending such a meeting in person. In such a case, such director(s) shall be deemed to have attended such a meeting in person.

#### **Article 40 (Matters Subject to Resolutions of The Board of Directors)**

The Board of directors meeting shall resolve the followings:

1. A matter stipulated in the Articles of Incorporation which requires a resolution of The Board of Directors
2. A matter stipulated in relevant acts and subordinate statues which requires a resolution of The Board of Directors
3. A matter concerning annual management planning and new business planning
4. A matter concerning important lawsuits and settlements
5. A matter concerning acquisition and disposition of major assets besides relating matters mentioned in subsection 3 above
6. A matter concerning investment to other companies and disposition of profits or loss from the investment
7. A matter concerning appointment and dismissal of a compliance officer
8. Other matters to be considered important in relation to management of the Company.

#### **Article 41 (Prohibition of Directors' Competitive Business)**

Any director shall not engage in commercial business similar to those of the Company without prior consent of The Board of Directors. In the case of exception is when a director selected though the board meeting was informed of its fact.

#### **Article 42 (Minute of meetings of The Board of Directors)**

The Board of Directors shall keep a minute for the proceedings of meetings of Board of Directors. The minutes shall be kept at the headquarters of the Company after the chairman, the directors present the meeting have signed and sealed the same or affixed their signatures thereto.

#### **Article 43 (Delegation of Authority)**

Except for the matters provided in Acts and subordinate statutes or the Articles of Incorporation, The Board of Directors may delegate its authority to the Representative Director or Committee with its resolution.

#### **Article 44 (Remunerations for Director)**

- ① The Director's remuneration shall be determined by a resolution of The general meeting of shareholders.
- ② Retirement allowances for directors shall be paid in accordance with the Company's regulation concerning retirement allowances for officers which shall have been duly approved by a resolution of The general meeting of shareholders.

#### **Article 45 (Committee)**

- ① The Company shall establish committees in The Board of Directors, as described below:
  1. Committee dictated by relevant laws
  2. Committee as deemed necessary by The Board of Directors
- ② Unless specified by other law, functions and rights and duty of each committee shall be defined by The Board of Directors.
- ③ Provisions of Articles 38 (Convening of Meetings of The Board of Directors), 39 (Method of Adopting Resolutions) and 42 (Minute of The Board of Directors) shall apply mutatis mutandis to such committee.

#### **Article 45 -2 (Composition of Audit Committee)**

- ① The Company shall establish an audit committee pursuant to Article 45 hereof, in lieu of auditors.
- ② The Audit Committee shall be composed of three (3) or more directors.
- ③ Two-thirds (2/3) or more of the total number of Audit Committee members shall be outside directors. An Audit Committee member, who is not an outside director, shall meet the qualifications under subsection 2 in Article 542-10 of the Commercial law.
- ④ If the number of shares held by any shareholder exceeds 3/100 of the total number of issued and outstanding shares with voting rights, the said shareholder may not exercise his/her voting rights with respect to the shares in excess of such 3/100 in electing any Audit Committee member who is an outside director.
- ⑤ In electing the Audit Committee members none of whom is an outside director, if the aggregate total number of shares held by the largest shareholder who will

exercise his/her voting rights and his/her related person(s), those who possess shares for account of the largest shareholder or his/her related person(s) and those to whom the largest shareholder or his/her related person(s) and those to whom the largest shareholder of his/her related person(s) have delegated their votes exceeds 3/100 of the total number of issued and outstanding shares with voting rights, such shareholders may not exercise their voting rights with respect to the shares in excess of such 3/100.

- ⑥ By a resolution, the Audit Committee shall appoint the person who will represent the Audit Committee, where the chairman shall be an outside director.

#### **Article 45 -3 (Composition of Committee)**

- ① The Audit Committee shall audit the Company's accounting and general operations.
- ② The Audit Committee may request The Board of Directors to convene a special Board meeting in writing, stating the agenda to be dealt with at the meeting of board members and the reason for convening such a Board meeting.
- ③ In such a case, if The Board of Directors fails to immediately convene a special board meeting as requested, the Audit Committee shall have the right to convene a special board meeting.
- ④ The Audit Committee may request The Board of Directors to convene a Extraordinary meeting of shareholders in writing, stating the agenda to be dealt with at the meeting of shareholders and the reason for convening such a meeting of shareholders.
- ⑤ The Audit Committee may request the Company's subsidiary(s) to make a report on its (their) operations, if the Audit Committee deems it necessary to perform its duties. In such a case, if the subsidiary(s) fails to immediately make such a report as requested or the Audit Committee deems it necessary to verify the content of the report made by the subsidiary(s), the Audit Committee shall have the right to inspect that subsidiary's operations and status of assets.
- ⑥ The Audit Committee shall elect the Outside Auditor of the company.
- ⑦ In addition to the matters in the subsection 1 through 6 above, the Audit Committee shall deal with the matters delegated to it by The Board of Directors.
- ⑧ The resolution of the Audit Committee shall not be resolved again.
- ⑨ The Audit Committee may request assistance from expert in Company's expense.

#### **Article 45 -4 (Inspection and mandatory report)**

- ① The Audit Committee shall inspect the documents and agenda which submitted, by board director, for the general meeting of shareholders.
- ② The Audit Committee shall report the result of the inspection to The general meeting of shareholders whether of said result seemed to be violated and unjustified according to its relevant law or articles of incorporation.

#### **Article 45 -5 (Minutes of Audit)**

The Audit Committee shall prepare minutes of audit with respect to the audit conducted by it. The minutes of audit shall be signed and sealed by or shall bear the signatures of, the Audit Committee members who have conducted such an audit.

## **Chapter 5. Accounting**

#### **Article 46 (Fiscal Year)**

The fiscal year of the Company shall commence on January 1 and end on December 31 of the same year. In case of the initial fiscal year, it is from the day the Company established to December 31 of the same year.

#### **Article 47 (Preparation and Maintenance of Financial Statements and Annual Report)**

- ① The representative director of the Company shall prepare the following documents, their annexed specifications, and business reports and get audit by the audit committee no later than six (6) weeks before the day of the general meeting of shareholders, and shall submit the documents and annual report of followings to the general meeting of shareholders:
  1. Balance Sheet
  2. Income Statement
  3. Statement of Appropriation of Retained Earnings or Statement of Disposition of Accumulated Deficit.
- ② The Audit Committee shall submit an auditor's report to representative director (CEO) at least by one (1) week prior to the date set for such the general meeting of shareholders.

- ③ Representative director (CEO) shall maintain the documents referred to in subsection 1 and 2 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 general meeting of shareholders convened for the fiscal year to which such documents are related.
- ④ Upon approval of the general meeting of shareholders with respect to the documents referred to in subsection 1 above, representative director (CEO) shall promptly give public notice of the Company's balance sheet and independent auditor's report.

#### **Article 48 (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 appropriated earned surplus.

#### **Article 49 (Dividends)**

- ① Dividends may be paid in cash and shares.
- ② The dividends referred to in subsection 1 above shall be paid to the shareholders or pledgees whose names appear or are duly registered in the list of shareholders as of the end of each fiscal year.

#### **Article 50 (Statute of Limitation to the Claim for Dividends)**

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

#### **Article 51 (Rules)**

The Company may adopt rules necessary for the operation of the Company's business with the resolution of The Board of Directors.

**Article 52 (Provisions Applicable Mutatis Mutandis)**

Matters not provided in the Articles of Incorporation shall be subject to the Commercial law or other laws and subordinate statutes.

# Supplementary Provisions

## Chapter 1. Contribution in kind and Installation expense

### **Article 1 (Name of promoters and promotes in contribution purpose)**

The Contribution in kind by contributors at the time of founding the Company, the purpose of contribution and respective values and numbers of stocks given in abreast with those contributions are stated hereunder:

① Daewoo Heavy Industries & Machinery, Ltd.

1. Contributed Property

Details of property composing the operations of manufacturing, supply, and distribution of aircraft and its parts are as in an annexed paper 1.

2. Appraised Value of Investment Property: 96,400,000,000 won.

3. Number of Shares to be allotted according to the above: 19,280,000.

② Samsung Aerospace Ind., Ltd.

1. Contributed Property

Details of property composing the operations of manufacturing, supply, and distribution of aircraft and its parts are as in an annexed paper 2.

2. Appraised Value of Investment Property: 96,400,000,000 won.

3. Number of Shares to be allotted according to the above: 19,280,000.

③ Hyundai Aerospace Co., Ltd

1. Contributed Property

Details of property composing the operations of manufacturing, supply, and distribution of aircraft and its parts are as in an annexed paper 3.

2. Appraised Value of Investment Property: 96,400,000,000 won.

3. Number of Shares to be allotted according to the above: 19,280,000.

## **Article 2 (Name of a Promoter and Number of Shares for Acquisition)**

The name, address, and kind of shares, and number of takeover shares of a promoter of the Company are as follows:

- ①Promoter    Daewoo Heavy Industries & Machinery, Ltd.    Reg.No. of Incorporation: 120111-0018128  
Address: 6 Manseok-dong, Dong-gu, Incheon  
Kinds & Number of Takeover Shares: Registered Common Shares    19,280,000
  
- ②Promoter    Samsung Aerospace Ind., Ltd.    Reg.No. of Incorporation: 194211-0000480  
Address: 28 Seongju-dong, Changwon-si  
Kinds & Number of Takeover Shares: Registered Common Shares    19,280,000
  
- ③Promoter    Hyundai Space and Aircraft Co.,Ltd.    Reg.No of Incorporation: 110111-1013583  
Address: San 8-2, Galhyeon-ri, Seongyeon-myon,Seosan-si  
Kinds & Number of Takeover Shares: registered common shares    19,280,000

## **Article 3 (Incorporation Expenses)**

The incorporation expenses in which the Company will share shall be within the sum of 5 billion won. The detailed breakdown is as in an annexed paper 4.

## **Article 4 (Already Issued Preference Shares)**

- ① The allocation rate of the preferred shares issued before January 1, 2010 shall be set as an annual 5% of the face value.
- ② The above preferred shares shall be set as having no voting rights. Their term of existence shall be valid until February 28, 2011, and at the same time of their termination of the valid term, the shares are to be converted to common shares at the rate of 1 common share for each 1 preferred share.
- ③ In this case, in regard to the profit distribution over the share issue due to conversion, the regulation specified in Article 10 shall be applied.
- ④ Clause 3 to 6 of Article 7-2 of the Articles of Incorporation (number of preferred shares and contents) shall be applied to the preferred shares specified in the above Clause 1 as well.

## Chapter 2 Implementation Date

### Article 5(Implementation Date)

These Articles of Incorporation shall be implemented from October 1, 1999.

### Article 6(Implementation Date)

These Articles of Incorporation shall be revised & implemented from November 29, 1999.

### Article 7(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 30, 2000.

### Article 8(Implementation Date)

These Articles of Incorporation shall be revised & implemented from February 26, 2001.

### Article 9(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 28, 2001.

### Article 10(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 27, 2002.

### Article 11(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 19, 2003.

### Article 12(Implementation Date)

These Articles of Incorporation shall be revised & implemented from September 17, 2003.

### Article 13(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 14, 2005.

### Article 14(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 31, 2006.

Article 15(Implementation Date)

These Articles of Incorporation shall be revised & implemented from October 27, 2006.

Article 16(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 28, 2007.

Article 17(Implementation Date)

These Articles of Incorporation shall be revised & implemented from October 25, 2007.

Article 18(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 17, 2008.

Article 19(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 27, 2009.

Article 20(Implementation Date)

These Articles of Incorporation shall be revised & implemented from January 25, 2011.

Article 21(Implementation Date)

These Articles of Incorporation shall be revised & implemented from August 17, 2011.

Article 22(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 23, 2012.

Article 23(Implementation Date)

These Articles of Incorporation shall be revised & implemented from May 20, 2013.

Article 24(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 21, 2014.

Article 25(Implementation Date)

These Articles of Incorporation shall be revised & implemented from March 20, 2015.

Article 26(Implementation Date)

These Articles of incorporation shall be revised & implemented from March 29, 2019. In

case of revised contents of the article 7-3, article 11, and article 14-2, shall be put into an effect from September 16, 2019 when 'Enforcement Decree of the Act on Electronic Registration of Shares and Bonds' shall be enforced.

# KOREA AEROSPACE INDUSTRIES, LTD.

Promoter: Daewoo Heavy Industries & Machinery, Ltd.      Reg. No. of Incorporation 120111-0018128  
Address: 6 Manseok-dong, Incheon Metropolitan City  
Representative Director: Chu, Ho-seok

Promoter: Samsung Aerospace Ind., Ltd.      Reg. No. of Incorporation 194211-0000480  
Address: 28, Seongju-dong, Changwon-si  
Representative Director: Lee, Jung-ku

Promoter: Hyundai Space and Aircraft Co.,Ltd.      Reg. No. of Incorporation: 110111-1013583  
Address: San 8-2, Galhyeon-ri, Seongyeon-myon,Seosan-si  
Representative Director: Kim, Dong-jin