V. Notification On M&A Reporting Guidelines

Enacted by Economic Planning Board Notification No. 44
May 13, 1981

Amended by Fair Trade Commission Notification No. 2001-11
July 24, 2001

Amended by Fair Trade Commission Notification NO. 2003-1
May 2, 2003

We hereby designate these Business Combination Reporting Guidelines in accordance with Article 12 (Filing of Report on Business Combinations) of the Monopoly Regulation and Fair Trade Act (hereinafter, the “Act”) and Article 18 (Reporting, etc. of Business Combinations) of its Enforcement Decree (hereinafter, the “Decree”).

May 2, 2003
Fair Trade Commission

I. Purpose

The purpose of this Notification is to determine the guidelines for reporting business combinations, such as reporting procedures, reporting document formats, documents to be submitted together with the report, etc. in accordance with Article 12 (Filing of Report on Business Combinations) of Act and Article 18 (Reporting, etc. of Business Combinations) of the Decree.

II. Categorization of Business Combinations Subject to Reporting

1. Business combinations subject to Reporting shall be categorized into business combinations subject to ordinary reporting (hereinafter, "Subject of Ordinary Reporting") and business combinations subject to simplified reporting (hereinafter, "Subject of Simplified Reporting").

2. Business combinations falling into one of the following categories shall be Subjects of Simplified Reporting:

   A. When the enterprise subject to reporting business combination and its counterpart in the business combination are Specially Related Persons (excluding parties to the business combination who participate with the common goal of gaining managerial control);
B. When an enterprise that is not a large-scale enterprise engages in business combination with an enterprise whose total amount of assets and turnover are ten (10) billion Won or less. (Provided, however, that participation in the establishment of a new enterprise is excluded);

C. Engaging in interlocking directorate with less than one-third (1/3) of the total number of directors in the counterpart enterprise of the business combination less than one-third (1/3) of the total number of directors in the counterpart enterprise; provided, however, that interlocking directorate with the representative director shall be excluded.

3. Subject of Simplified Reporting shall submit the reports for each type of business combination, as set forth in Article 3 (Business Combination Reporting Guidelines) of this Notification, together with Exhibit 6.

III. Business Combination Reporting Guidelines

1. Report on the acquisition or ownership of shares by a corporation

A. When a corporation or its specially related person other than a corporation (meaning an individual, non-profit corporations, and associations. Hereinafter, the same.) "owns more than twenty percent (20%) [more than fifteen percent (15%) for the corporations listed on the stock market exchange or registered in the Korea Securities Dealer Automated Quotation<KOSDAQ>] of the total outstanding shares issued by another corporation" under Subparagraph 1 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act, it shall submit a report as set forth in Exhibit 1 to the Fair Trade Commission together with the relevant documents.

B. "Owns more than twenty percent (20%) [more than fifteen percent (15%) for the corporations listed on the stock market exchange or registered in the Korea Securities Dealer Automated Quotation<KOSDAQ>] of the total outstanding shares issued by another corporation" under Subparagraph 1 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act means an increase in the share-holding ratio due to a waiver of a preemptive right at the time of the capital increase with a right issue, due to a donation of shares without compensation, or for any other reasons.

C. The Initial Date for Reporting Obligation shall be the date on which the total share-holding ratio exceeds twenty percent (20%) [fifteen percent (15%) for the corporations listed on the stock market exchange or registered in the Korea Securities Dealer Automated Quotation<KOSDAQ>]

D. "Delivery" as set forth in Item (a) of Article 18 (Reporting etc. of Business
Combinations) Paragraph (5) 1 of the Decree shall include easy delivery under Article 188 (Effect of Assignment of Real Rights over Movables, Easy Delivery) and change in possession under Article 189 (Change in Possession) of the Civil Code, and a transfer of the right for a claim to return the premises under Article 190 (Transfer of the Right for a Claim to Return the Premises) of the Civil Code as well as delivery.

E. When the contents of interlocking directorate after the acquisition or ownership of shares are the same as the content of the report filed pursuant to Subparagraph 1 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act, a report on interlocking directorate under Subparagraph 2 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act shall not be filed.

2. Report on interlocking directorate of a large-scale corporation.

A. When "an officer of a corporation concurrently holds the position of officer of another corporation" as set forth in Subparagraph 2 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act, the corporation which caused the relevant officer or employee to hold the position in another corporation shall submit a report, as set forth in Exhibit 2 to the Fair Trade Commission, together with relevant documents.

B. When only a person is to be changed without the change in the number of and in the position of directorate, the fact of such change is not subject to reporting.

3. Report on the merger of corporations

When a corporation merges with another corporation as set forth in Subparagraph 3 of Article 7 (Restrictions on Business Combinations) Paragraph (1) of the Act, the concerned corporations shall jointly submit a report, as set forth in Exhibit 3 to the Fair Trade Commission together with relevant documents.

4. Report on the transfer of business of a corporation

A. When a corporation intends to "take over or lease the whole or a substantial part of the business or undertake the management of another corporation, or take over the whole or a substantial part of the fixed operating assets of another corporation" as set forth in Subparagraph 4 of Article 7 (Restrictions on Business Combinations) Paragraph (1) of the Act, the corporation shall submit a report as set forth in Exhibit 4 to the Fair Trade Commission, together with relevant documents.

B. "Business" in Subparagraph 4 of Article 7 (Restrictions on Business Combinations)
Paragraph (1) of the Act means combined property rights of the corporation which are organized for the business purpose and which function as an organic entity. This includes intangible property rights such as sales rights (including organizations, manpower, contractual relations involving agencies related to sales), patent rights and trademarks, as well as others which are associated with licenses and authorizations and have property values.

C. "Substantial part" in Subparagraph 4 of Article 7 (Restrictions on Business Combinations) Paragraph (1) of the Act means that the transferred or leased parts may be engaged as an independent business unit or a transfer or lease may result in a significant reduction in the turnover of the transferred enterprise, and that the amount of transfer is more than ten percent (10%) of the total amount of assets in the balance sheet of the transferred enterprise as of the last day of the immediately preceding business year, or more than five (5) billion Won.

D. "Undertaking of the management of another corporation" in Subparagraph 4 of Article 7 (Restrictions on Business Combinations) Paragraph (1) of the Act means the acting of undertaker as the person executing managerial rights through the signing of contracts which entrust management between the acquired corporation and transferred corporation, etc.

E. "Perform the business transfer agreement" as referred to in Paragraph (6) of Article 12 (Filing of Report on Business Combinations) means a delivery or transfer in the case of movable property, registration in the case of real estate, and registration, when registration is required for trademark, etc.

5. Reporting on the acquisition of the shares of newly established corporation

A. When a corporation or a person other than a specially related person of the corporation "subscribes to twenty percent (20%) or more of the shares of a new corporation to be established", as mentioned in subparagraph 4 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act, the corporation shall submit a report, as set forth in Exhibit 5, to the Fair Trade Commission together with related documents.

B. When the contents of the share-holding ratio or of interlocking directorate after the incorporation of a corporation are the same as the content of the report on the participation in the establishment of corporation filed pursuant to Subparagraph 4 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act, a report on the acquisition of shares or on interlocking directorate after the incorporation under Subparagraph 1 and 2 of Article 12 (Filing of Report on Business Combinations)
Paragraph (1) of the Act shall not be filed.

C. "Subscribe to shares" as mentioned in Paragraph (6) of Article 12 (Filing of Report on Business Combinations) of the Act means the payment of the price of the shares allotted.

IV. Business Combination including Foreign Company

1. When the acquiring company defined on the "Notification on M&A Review Guideline" (hereinafter "acquiring company") and the acquired company defined on the "M&A Review Guideline" (hereinafter "acquired company"), both of which have main offices in overseas or established under the foreign law (hereinafter "foreign company"), they are exempted from the notification obligation of Paragraph 1 Article 12 of Act if domestic sales of at least one of the acquiring and acquired company (in case of newly established merger such as A+B → C, one of the acquired companies) are less than 3 billion won.

   The same also applies when the acquiring company is domestic company and the acquired company is foreign company.

2. The size of each domestic sales of the acquiring and acquired company respectively under the Provision 1 includes those of companies remaining as affiliates before and after the consummation of the M&A. However, in case of taking over business under Subparagraph 4 Paragraph 1 Article 7 of Act, domestic sales of affiliates are not included in the domestic sales of acquired company (business transferor).

3. In case of applying Subparagraph 1 Paragraph 1 Article 12 of the Act, if the acquired company, which is a foreign company, becomes to own less than 20% of total outstanding shares excluding non-voting shares under the provision of its related law of its own country, it is excepted from the notification obligation.

4. "Affiliate" in Paragraph 1 of Article 12 of the Act shall be deemed as, in the case there is no other document, any company required to draw consolidated financial statements.

5. When converting financial statements of a foreign company into the Won, the exchange rate as of the closing date of the immediately preceding business year when the concerned merger took place is applied to total assets, and the average exchange rate of the immediately preceding business year is applied to sales turnover.

V. Filing Request for Arbitrary Pre-Merger Examination

Request for a pre-merger examination pursuant to Article 12 (Filing of Report on Business Combinations) Paragraph (7) of the Act shall be filed submitting the related reporting form by the types of business combination set forth in this Notification (III. Business Combination Reporting Guidelines), together with relevant documents.
VI. Filing Request for Designation and Change of the Representative for Reporting Business Combinations

A person who has been designated as the Representative for Reporting Business Combinations pursuant to Article 12 (Filing of Report on Business Combination) Paragraph (9) of the Act or Article 19 (Designation of the Representative for the Reporting of Business Combinations, etc.) Paragraph (1) of the Decree, or who wishes to change the designated Representative for Reporting Business Combinations shall submit the application set forth in Exhibit 7 to Fair Trade Commission; provided, however, that in the case of changing the already designated Representative for Reporting Business Combinations, the application shall be submitted together with a document stating the reason therefor.

ADDENDUM

<Effective Date> This Notification shall take effect on the date of notification.
<Interim Measure> Provisions under 1, 2 and 3 of IV are only applied to the M&As on which notification obligation under Paragraph 5 Article 12 comes into existence from the First of July 2003.