

Corporate Governance Report

2017

TRANSLATION ONLY.

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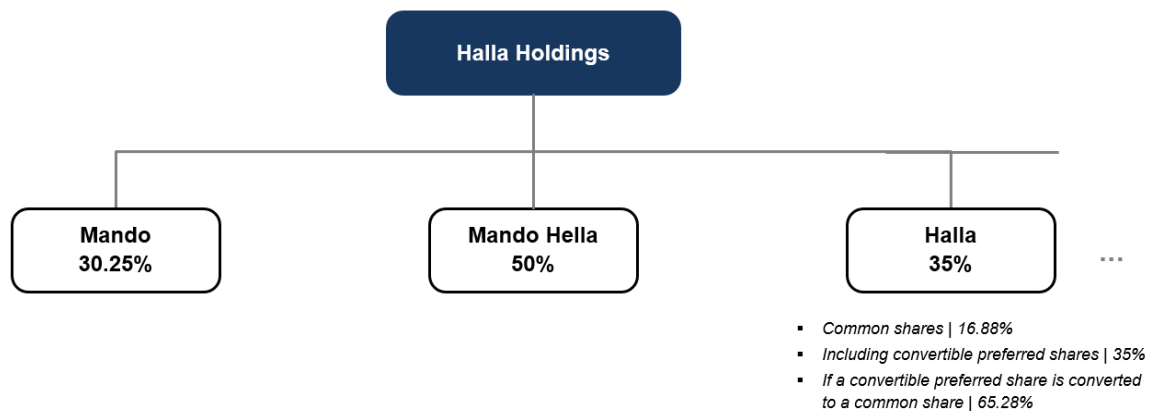
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1. Overview

The Company, adopting the structure of a holding company, was renamed Halla Holdings by way of a spin-off on Sept. 1, 2014. It again adopted the operating structure of a holding company by merging with its subsidiary Halla Meister on July 1, 2015, and acquired a group IT center from an affiliate, Halla Corp. on Dec. 31, 2015. Another affiliate, Halla INC, was merged with and into the Company on Aug. 1, 2016.

The Company, with its headquarters in Giheung ward of Yongin, Gyeonggi Province, Republic of Korea, conducts two businesses: holdings and logistics & trading. The former involves dividend incomes distributed from its affiliates, royalties generated by licensing its trademarks of “Halla (한라)” and “Mando (만도),” and a group IT center’s IT products and accessories sales & related services, whereas the latter includes the aftermarket sale of automotive parts & accessories and trading.

<Figure 1. Shareholding Structure>



2. Shareholders

(1) Shares and Majority Shareholders

The maximum number of shares the Company can issue is 100 million pursuant to Article 6 of the Articles of Incorporation, and its par value per share is 5,000 Korean won pursuant to Article 6. The Company so far has issued 10,802,691 common shares -- 133,603 held in-treasury and 10,669,088 outstanding.

As of Dec. 31, 2016, the largest shareholder is Mong Won Chung with 23.38 percent, holding 2,525,233 out of 10,802,691 common shares. The shareholding ratio of the National Pension Service (NPS) and KB Asset Management is 12.55 percent and 5.3 percent, respectively, while the stakes of minority shareholders does not exceed five percent.

(2) General Shareholders' Meeting: Schedule and Resolutions

The Company holds meetings of ordinary and extraordinary general shareholders. The former is held no later than three (3) months from the end of each fiscal year, whereas the latter can be held from time to time or whenever deemed necessary.

The general shareholders' meeting is convened by a resolution of the Board of Directors pursuant to Article 362 of the Korean Commercial Code; provided that the Company notifies shareholders of the date, time and venue of the forthcoming meeting by releasing a public notice thereof on the Korea Investor's Network for Disclosure System (KIND) operated by Korea Exchange (KRX), on the same day when the aforesaid resolution is made. In addition, the Company must release a public notice to notify shareholders of a meeting and also a written notice to each shareholder at least two (2) weeks prior to the meeting's date, thereby fully informing each shareholder of the meeting's date, time and venue as well as the agenda to be discussed.

Each shareholder shall have one (1) vote for each share he or she holds. Unless specifically provided in the relevant laws and regulations, any and all resolutions of general shareholders meetings shall be adopted by the affirmative votes of the majority of shareholders attending; provided that such votes shall represent at least a fourth of the number of the Company's issued and outstanding shares.

3. Board of Directors

(1) Composition and Appointment

Article 29 of the Articles of Incorporation stipulates that the Company shall have no fewer than three (3) directors and a designated number of outside director(s) pursuant to the relevant laws and regulations. The Company's Board of Directors is composed of seven (7) officers, including three (3) outside directors. Each outside director is selected among qualified candidates pursuant to the Korean Commercial Code and other relevant laws and regulations.

A director's term shall be three (3) years; provided however that the term shall be extended until the close of the annual shareholders' meeting convened in respect of the last period for the settlement of accounts, if the director's term expires after the end of the said last period for the settlement of accounts but before the close of the general shareholders' meeting.

The Company shall have at least one (1) representative director whose appointment is subject to a resolution by the Board of Directors. The Company has a co-representative director system of Vice Chairman Kee Young Im and CEO In Yong Hwang

(2) Board Members

The Company's Board of Directors is composed of seven (7) directors -- four (4) inside and three (3) outside. Each inside director holds a key post such as chair and vice chair, whereas an outside director is an expert in finance and/or other fields.

<Table 1. Members of Board of Directors>

Director	Name	Date of Birth	Position & Rank	Date of Appointment	Date of Term's Expiration
Inside Director	Mong Won Chung	August 1955	Chairman of the Board of Directors	March 2017	March 2020
Inside Director	Kee Young Im	March 1953	Co-Representative Director & Vice-Chairman of Halla Holdings	September 2014	March 2020
Inside Director	In Yong Hwang	January 1958	Co-Representative Director & CEO of Halla Holdings	March 2016	March 2019
Inside Director	Joo Hyoung Lee	November 1967	CFO of Halla Holdings	March 2016	March 2019
Outside Director	Kyung Sik Choi	February 1941	Member of Audit Committee	September 2014	March 2020

Outside Director	Wan Soo Choi	April 1956	Member of Audit Committee	September 2014	March 2020
Outside Director	Sang Hun Suh	May. 1959	Member of Audit Committee	March 2016	March 2019



Director Mong Won Chung, who served as CEO of Mando Corp. from 2008 to 2012, is chairman of Halla Group. He received a bachelor's in business administration from Korea University in Seoul and an MBA from the University of Southern California in the U.S. Since Halla Group took over the Company in 2008, Chung, having extensive experience in the automotive parts industry, has played a pivotal role in driving the Company's outstanding growth by strengthening its partnership with Hyundai Motor Group and expanding its business ties with global carmakers. Moreover, his long-term vision and strategic objective for the Company have laid a solid foundation for sustainable management.



Co-Representative Director and Vice Chairman Kee Young Im, assumed his positions in 2014. He received a bachelor's in economics from Yonsei University in Seoul and an MBA from George Washington University in Washington, DC. He has held CEO posts at domestic and international investment banks and brokerages including Bankers Trust, Salomon Brothers, Deutsche Bank, IBK Investment and Securities and Daewoo Securities. He has also assumed public and academic positions such as a chief delegate to the G-20 Summit Financial Subcommittee, a member of the Financial Development Review Committee of the Financial Services Commission (FSC) and a visiting professor of the Graduate School of Economics at Yonsei University from 2012 to 2015.



CEO and Co-Representative Director In Yong Hwang has held several key positions including a chief director of the R&D Center and director of the Brake System Division and Global Procurement Division of Mando Corp. He also was CEO of Mando-Hella Electronics Corp. from 2012 to 2015. Appointed co-representative director and CEO in 2015, Hwang earned a Ph.D. in automotive engineering from Hanyang University in Seoul. As an outstanding engineer, he contributed to technological developments that increased Mando's presence on the global market for automotive parts. Today, he seeks to develop and upgrade the automotive aftermarket and logistics services.



Director Joo Hyung Lee started his professional career with Mando Corp. in late 1992 and has served as head of the accounting and business management teams at Global Management Center. Now leading the Financial Management Office of Halla Holdings, he received a bachelor's in business administration from Jung-Ang University in Seoul. For building a sound financial structure and ensuring profitability, Lee, as chief of the Financial Management Office, supervises planning, strategy and financial affairs. His extensive experience in financial accounting also earned him the position of auditor at Mando-Hella Electronics Corp.



Director Kyung Sik Choi is a former CEO of Hyundai Securities. He received a bachelor's in economics from Seoul National University. He seeks to advance the Company's financial structure by introducing new financing techniques and instruments based on his experience and knowledge gained from working at Korea Exchange Bank (now KEB Hana Bank) and Hyundai. Choi, as a member of the Company's audit and outside director nomination committees, contributes to auditing financing and sales activities.



Director Wan Soo Choi has held a variety of posts at *The Korea Economic Daily* including Washington and Cheong Wa Dae correspondent, head of the IT, planning and management, and stock market departments, and editor, as well as executive director of Korea Business News (Hankyung TV). He has also served as an auditor of The Korea Association of Newspapers and a CEO of NF Consortium. A graduate of Seoul National University with a bachelor's in economics, Choi takes full advantage of his rich experience and knowhow earned in journalism by presenting provocative ideas from multi-dimensional perspectives in every decision-making process. And as a member of the Company's audit and outside director nomination committees, he assists in auditing financing and sales activities



Director Sang Hun Suh was a planning expert in Samsung Group's Future Strategy Office and Samsung Motors and also led corporate financing at Samsung Securities and IBK Securities. He is also a former CEO of Tapex and Dongbu Express, as well as the executive officer of Yonsei University's auditing office. Currently, he serves as the CEO of Daekyung Machinery & Engineering. Suh earned

an MBA from Yonsei University in Seoul. His extensive knowledge and experience in the automotive industry, corporate financing, and mergers and acquisitions are valuable assets to the Company. Suh's remarkable insight into new business and M&A is especially helpful to the Company.

(3) Operations and Functions

In accordance with Article 6 of the Board of Directors' Regulations, the Board of Directors may hold ordinary and extraordinary board meetings. The ordinary meeting shall be held once a quarter, whereas the extraordinary meeting may be convened from time to time when called by a board member.

In accordance with Article 7 of the Regulations of the Board of Directors, any board resolution shall require the attendance of a majority of all directors and the affirmative votes of a majority of all directors attending. The Board of Directors shall adopt a resolution for any matter as follows:

- ① Any matter to be resolved by the Board of Directors pursuant to Korean Commercial Code.
 - Convening of a general shareholders' meeting
 - Issuance of bonds
 - Appointment and/or dismissal of a representative director
 - Disposition and transfer of critical assets
- ② Any material matter related to the Company's business operations
 - Approval of annual business plan
 - Pledging the Company's property or asset as collateral
 - Approval of paid-in capital and/or guaranty on loan for the Company's subsidiary
 - Any matter related to acquisition and/or disposition of a critical asset
- ③ Any matter required by relevant laws and regulations or deemed necessary by and addressed by a director

Unless otherwise specified by the Korean Commercial Code, any resolution of the Board of Directors shall require the attendance of a majority of all directors and the affirmative vote of a majority of all attending directors.

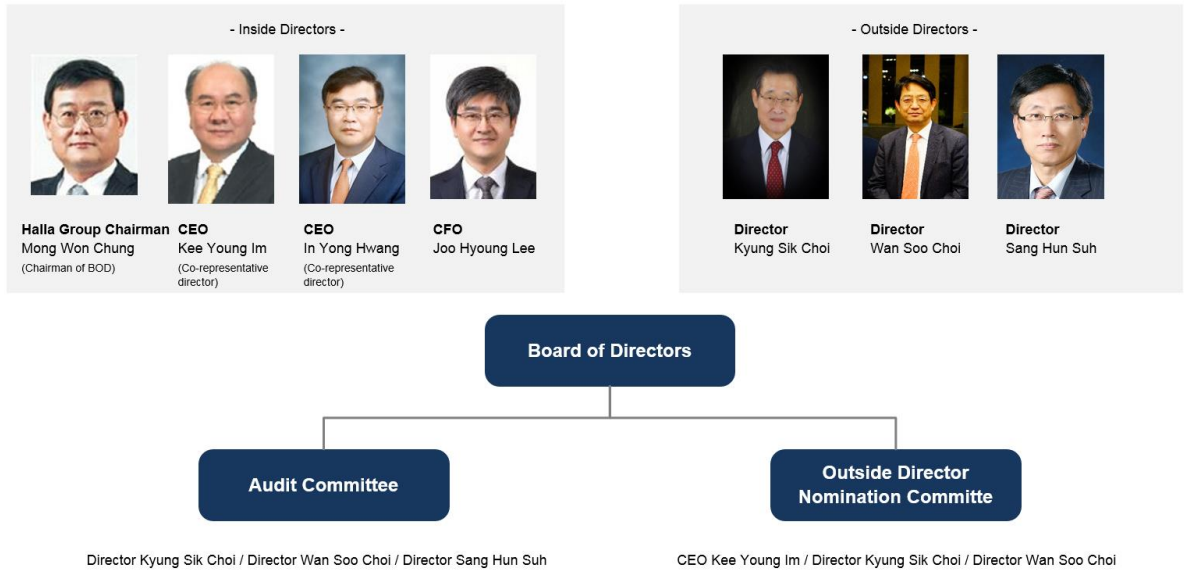
(4) Board Committees

The Company shall set up the Audit Committee and Outside Director Nomination Committee within the Board of Directors pursuant to Article 31 of the Regulations of the Board of Directors.

Audit Committee members shall be selected among outside directors who are independent and have expertise. Committee members shall be elected in the general shareholders' meeting; provided however that, if any shareholder holds more than three percent (3/100) of all issued and outstanding shares with voting right, his or her voting right in-excess shall be limited in a meeting for electing Audit Committee members. The Audit Committee is composed of three (3) outside directors (Kyung Sik Choi, Wan Soo Choi and Sang Hun Suh), and is responsible for accounting and auditing of business operations. At its own discretion, the committee from time to time may call a meeting of the Board of Directors and has the right to request any affiliate to make a report about its operations.

The Outside Director Nomination Committee is composed of one (1) inside director (Co-Representative Kee Young Im) and two (2) outside directors (Kyung Sik Choi, Wan Soo Choi), and its composition and operations are conducted pursuant to Article 542-8 (4) of the Korean Commercial Code. All outside directors shall be selected among candidates recommended by the Outside Director Nomination Committee and appointed by a resolution from the general shareholders' meeting.

<Figure 2. Board of Directors and Committees>



<Table 2. Committee Members>

Director	Name	Audit Committee	Outside Director Nomination Committee
Inside Director	Mong Won Chung		
Inside Director	Kee Young Im		•
Inside Director	In Yong Hwang		
Inside Director	Joo Hyoung Lee		
Outside Director	Kyung Sik Choi	•	•
Outside Director	Wan Soo Choi	•	•
Outside Director	Sang Hun Suh	•	

(5) Evaluation and Remuneration

The annual remuneration for each officer is determined by negotiation pursuant to the Company's Remuneration Regulation. The ceiling on a director's remuneration is determined

and paid after approval from the general shareholders' meeting. The ceiling of 5 billion Korean won was approved by the general shareholders' meeting in March 2017. An incentive is awarded to each officer based on a comprehensive assessment of his or her qualification and performance; the incentive, however, shall not exceed the officer's annual remuneration.

4. Internal Audit

The Corporate Audit Office, an independent watchdog, is responsible for internal auditing. Per audit regulations of the Company, the office has the authority to conduct business feasibility studies, review transactions with partners and request submission of documents. If internal auditing results in the discovery of any noncompliance or an unfair or illegal case, the office will order those responsible to take remedial actions and/or improvements accordingly. (<http://ethics.halla.com/>)

Internal audits consist of regular and special audits; the former is conducted regularly pursuant to an annual audit plan and the latter may be conducted from time to time for a specific agenda, issue or section, either upon the Company's executive management request or the corporate audit officer's discretion.

5. External Audit

The Company appoints external auditors upon approval from the qualified and independent Audit Committee, and then reports such appointment to the general shareholders' meeting per Article 4 of the Act on External Audit of Stock Companies. Since its appointment in February 2017, Samil PricewaterhouseCoopers (PwC) has conducted external audit for three consecutive fiscal years in accordance with Article 4 (2) of the Act on External Audit of Stock Companies. The contracted annual auditing fee was 340 million Korean won for 2017.

PwC staff attends the meetings of the Company's Audit Committee for reporting annual audits and their results, conclusion of contracts, financial and accounting audits, and recent auditing trends.

6. Miscellaneous

(1) Stakeholder Communication

The Company conducts a variety of activities to ensure open and consistent communications with its shareholders, prospective investors and other stakeholders. This includes a provision

on accurate information through timely public notices and face-to-face meetings.

The Company prepares reports containing business and financial positions as well as business performance on a quarterly, bi-annual and annual basis. The reports are prepared in a specific form provided in relevant laws and regulations in a timely manner and submitted to the Financial Services Commission (FSC) or Korea Stock Exchange (KRX), thereby investors can access any and all information about the Company without difficulty. In addition, the Company releases any material information and/or critical decision related to its business management that could affect investment decisions to all investors publicly, not selectively; such disclosure may be made via public notice from time to time or whenever deemed necessary or fair disclosure through the Korea Investor's Network for Disclosure System (KIND) operated by Korea Exchange (KRX).

The Company's Investor Relations Regulation ensures the supervisory power of the representative director over investor relations (IR) activities. The representative director's designee (IR officer) has authority over all matters on IR and information disclosure activities including review, approval, and execution of information and documents, and planning and execution of employee training related to IR and information disclosure. The IR officer, having comprehensive knowledge and expertise in IR affairs, directs all IR matters including but not limited to information collection and analysis, as well as documentation and releasing thereof.

The Company facilitates communication with investors through several programs. Each quarterly earning result is released by way of conference calls with analysts, and these calls are open to any analyst interested in the Company's performance. After its earnings results are announced, the Company hosts non-deal roadshows (NDR) or participates in brokerage-sponsored conferences for the purpose of holding face-to-face and/or group meetings with domestic and international investors.

Either the CEO or CFO must hold presentations for domestic and international investors at least once a year on the Company's mid- to long-term business strategies. In collaborations with related companies, the Company also holds investor forums including a technology seminar for investors.

Exhibit I. Articles of Incorporation

Halla Holdings Corporation

Articles of Incorporation

CHAPTER I. GENERAL PROVISIONS

Article 1 (Name)

The name of the company shall be 주식회사 한라홀딩스 in Korean and Halla Holdings Corporation in English (hereinafter referred to as the "Company").

Article 2 (Purposes)

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

- (1) Managing, monitoring, structuring and developing essential business activities of its affiliates by acquiring or possessing ownership of stocks or shares of its affiliates;
- (2) Managing and licensing intellectual properties such as brands and copyrights;
- (3) Operating an international advertising agency producing and selling advertising materials;
- (4) Merchandizing and outsourcing Company's intangible assets such as information and data;
- (5) Providing business consulting services such as market research and management consulting;
- (6) Providing education services and related outsourcings;
- (7) Assisting co-development, merchandise, and co-utilization of infrastructures and data systems for products and services of affiliates;
- (8) Developing, integrating (SI), and managing (SM) systems for business operations
- (9) Developing, producing, merchandising, supplying and leasing various types of software
- (10) Developing, producing, merchandising, supplying and leasing various information technology devices
- (11) Managing and operating athletic facilities
- (12) Merchandising athletic equipment and other daily materials
- (13) Wholesaling and retailing athletic goods and products
- (14) Manufacturing, repairing, restructuring, recycling, and merchandizing automobile components
- (15) Repairing automobiles and merchandising related devices
- (16) Merchandising automobile fuels
- (17) Managing and operating automobile management agencies
- (18) Managing and operating insurance agencies
- (19) Repairing, manufacturing, restructuring, recycling, and merchandizing freezers and air pressure controllers
- (20) Managing and operating supply-chains and other related businesses
- (21) Managing and operating construction businesses in connection with buildings and other special facilities
- (22) Managing and operating product merchandizing agencies
- (23) Selling, leasing, and subleasing real estates
- (24) Manufacturing, repairing, restructuring, recycling, and merchandizing electronic devices for internal combustion engines
- (25) Manufacturing, repairing, restructuring, recycling, and merchandizing electronic motors and generators
- (26) Processing and merchandizing metallic and nonmetallic recycling materials
- (27) Providing online searching and navigating services associated with phone numbers and geographical databases
- (28) Managing and operating online advertisements and advertising agencies
- (29) Managing and operating online retailers
- (30) Managing and operating an international logistics brokering business

- (31) Managing and operating ground, shipping, and air transportation businesses and related services
- (32) Managing and operating transportation agencies and other related services
- (33) Managing and operating transportation brokering companies
- (34) Manufacturing and leasing logistics facilities, equipment, and carriers and operating other related businesses
- (35) Managing and operating logistics facilities and other related services
- (36) Managing and operating cargo packaging businesses
- (37) Managing and operating common and complex logistics
- (38) Managing and operating storage facilities
- (39) Providing logistics consulting services
- (40) Wholesaling and retailing construction materials
- (41) Wholesaling and retailing intermediary and recycling products for industrial productions
- (42) Wholesaling and retailing materials associated with Maintenance, Repair, and Operation (MRO)
- (43) Managing and operating a mail order business
- (44) Producing and merchandizing agricultural, aquatic products and livestock products
- (45) Wholesaling and retailing, and importing and exporting agricultural, aquatic products and livestock products
- (46) Wholesaling and retailing, and importing and exporting feed and feedstock products
- (47) Manufacturing, assembling, repairing, wholesaling and retailing bicycles, bicycle components, and other related products
- (48) Manufacturing, assembling, repairing, wholesaling and retailing auto-bicycles, auto-bicycle components, and other related products
- (49) Collecting, transporting, processing, wholesaling and retailing metal scraps
- (50) Manufacturing, assembling, repairing, wholesaling and retailing farming equipment, vehicles for farming transportations, and other related products
- (51) Wholesaling liquid fuels and other related products
- (52) Managing and operating general wholesale, retail and service businesses
- (53) Managing and operating general import and export businesses and other related agencies
- (54) Managing and operating businesses associated with tourism
- (55) Managing and operating general wholesaling and retailing businesses
- (56) Managing, operating and leasing store spaces and buildings
- (57) Managing and operating parking spaces, parking complexes and other related operating facilities
- (58) Organizing and rearranging real estate borders and running construction businesses for vacant lots
- (59) Managing and operating apartment complexes and other related matters
- (60) Managing and operating facilities
- (61) Managing and operating transportation infrastructures such as ports, trains, airports, bridges, tunnels, roads, terminals and ancillary facilities
- (62) Providing special category communicational businesses
- (63) Providing value-added communicational businesses
- (64) Providing information communicational businesses
- (65) Providing online database and information
- (66) Providing hosting and other related services
- (67) Other activities incidental to each of the aforementioned business.

Article 3 (Location of Head Office and Establishment of Branches, etc.)

1. The head office of the Company shall be located in Yong-in City in Gyeong-gi Province, South Korea.
2. Factories, branches, liaison offices, agencies, and foreign subsidiaries may be established by the Company by resolutions of the Board of Directors (the “**Board**”), whenever necessary.

Article 4 (Method of Giving Public Notice)

1. Public notice by the Company shall be made through Company's internet website (www.hallaholdings.com). If use of other median becomes necessary under the inevitable circumstances such as a systematic breakdown, the Company shall post the notice in accordance with the subsection 2 herein.
2. In the event a public notice needs to be made through a newspaper, it shall be made through Maeil Business Newspaper, a Korean language newspaper of general circulation published in Seoul. In the event use of Maeil Business Newspaper is not available due to inevitable circumstances such as discontinuance or suspension of publication of Maeil Business Newspaper, such notice shall be made through The Korea Economic Daily, a Korean language newspaper of general circulation published in Seoul.

CHAPTET II. SHARES**Article 5 (Total Number of Shares)**

The total number of authorized shares shall be 100,000,000 shares.

Article 6 (Shares to be issued at the time of Incorporation)

1. The total number of shares to be issued by the Company at the time of incorporation shall be 10,000 shares.
2. The par value of each share to be issued by the Company shall be 5,000 Won.

Article 7 (Classes of Shares)

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

Article 8 (Types of Share Certificates)

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

Article 9 (Transfer Agent)

1. The Transfer Agent of the Company shall be Korea Securities Depository.
2. The Company shall have its shareholders register or a copy thereof kept and maintained at the office of the Transfer Agent and shall authorize the Transfer Agent to manage and oversee activities such as the transfer of shares, registration or cancellation of pledges created on shares, registration or cancellation of the property in trust, issuance of share certificates, acceptance of reports and other related activities.
3. The location of the Transfer Agent's operation and the scope of the delegated work, as well as procedures of activities in subsection 2 shall be subject to the regulation concerning the securities transfer agency of the Transfer Agent.

Article 10 (Closing of Shareholders Register and Record Date)

1. The Company shall close the shareholders register with respect to shareholder rights for the period from January 1 to January 7 of each year.
2. The Company shall deem those shareholders in the shareholders register as of December 31 of each year to be the shareholders entitled to exercise their shareholder rights at the Ordinary General Meeting of Shareholders held within the account settlement period.
3. The Company may close the shareholders register in connection with shareholder rights for a specified period less than three months, if deemed necessary for holding an extraordinary meeting of shareholders or other reasons, or the Company may appoint the shareholders in the shareholders register as of the date specified by resolution of the Board to be the shareholders entitled to exercise the shareholder rights. The Board may close the shareholders register and set the record date simultaneously, if the Board deems. The Company shall give at least two

weeks' prior public notice of such suspension of entry and such a record date.

Article 11 (Report of Addresses, Names and Seals or Specimen Signatures, etc.)

1. Shareholders and registered pledgees shall report to the Transfer Agent specified in Article 9 their names, addresses, seals or signatures, etc.
2. Each of the shareholders and registered pledgees residing abroad shall designate and report to the Transfer Agent his/her provisional address to which and his/her agent to whom notices may be given by the Company within the Republic of Korea.
3. Any change of the information mentioned in subsections 1 and 2 above shall also be reported to the Transfer Agent accordingly.

Article 12 (List of Shareholders)

The Company's shareholders register shall be prepared as an electronic document in accordance with Article 352(2) of Commercial Act.

Article 13 (Subscription 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 subsection 1 above, the new shares may be issued to any third person(s) other than the Company's existing shareholders, if the Company:
 - (1) Issues new shares through stockholder-priority offering;
 - (2) Issues new shares public 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 domestic and foreign financial institutions to finance emergency operational budget 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) Issues new shares to the partners of relevant business activities, including for introduction of technologies, research development, production alliance, sales alliance, and financial alliance to finance expenses for such activities material to the business of the Company 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 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) Issues new shares through public offering or having an underwriter subscribe for such public offering for the purpose of undertaking an initial public offering of the Company's shares to the extent that the number of such new shares does not exceed 20/100 of the total number of issued and outstanding shares
 - (7) Issues new shares to members of Employee Stock Ownership Associations in accordance with Article 165(7) of Financial Investment Services and Capital Markets Act
 - (8) Issues new shares to the holders of the shares in another company by resolution of the Board for the purpose of (i) acquiring shares or securities with rights to acquire the same in case the other company is a subsidiary or (ii) making the other company a subsidiary by way of receiving the other company's shares by way of in-kind contribution in accordance with Monopoly Regulation and Fair Trade Act
3. In case of issuing new shares to persons or entities other than existing shareholders pursuant to one of the clauses in subsection 2 above, shareholders shall report or notice informing about reporting matters required under Article 416-1, 416-2, 416-2-2, 416-3, and 416-4 of Commercial Act to shareholders within two weeks before the designated date of related payments. This rule does not apply when the issuance is pursuant to Article 165(9) of Financial Investment Services and Capital Markets Act.
4. In case of issuing new shares pursuant to clauses in subsection 2 above, factors such as types, numbers, and prices of the shares shall be determined by resolution of the Board.

5. If a shareholder 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 Company shall take measures in accordance with Section 2 Article 165(6) of Financial Investment Services and Capital Markets Act; provided, however, that, if permitted under the applicable laws and regulations, the Board may determine the measures to be taken.

Article 14 (Stock Option)

1. The Company may grant its officers and employees stock options by a special resolution of a meeting of shareholders, to the extent of not exceeding 15/100 of the total number of issued and outstanding shares. Notwithstanding the foregoing provision, such stock options may be granted by resolution of the Board, to the extent of not exceeding 1/100 of the total number of issued and outstanding shares. In such a case, those stock options granted by resolution of the Board shall be authorized by the first meeting of shareholders after the option is granted.
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 or management, overseas operation or technological innovation, etc.
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 determined by a shareholders or Board meeting that approved the grant of the stock option.
4. Stock options granted hereunder may be exercised within six (6) years from the date after two (2) years have elapsed from the date when the resolution mentioned in subsection 1 above is adopted.
5. The grant of a stock option may be cancelled by resolution of the Board, if:
 - (1) After the grant of such 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) The Company is unable to respond to the exercise of such a stock option, due to the Company's bankruptcy, dissolution or otherwise; or
 - (4) There has occurred any event constituting a cause of cancellation thereof as provided in relevant stock option agreement.

Article 15 (Dividends on New Shares) With regard to payment of dividends on the new shares issued by the Company as a result of issuance of new shares or bonus shares, or stock dividends, such new shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year to which the time of issuance thereof belongs.

CHAPTER III. BONDS

Article 16 (Issuance of Bonds)

1. The Company may issue bonds by resolution of the Board.
2. The Board of the Company may give the right to issue bonds by determining their type and amount under the discretion of the Board to its managing director for a period less than one year.

Article 17 (Issuance of Convertible Bonds)

1. The Company may issue convertible bonds to any person(s) other than the Company's shareholders by resolution of the Board, if such convertible bonds are issued:
 - (1) Through public offering or stockholder-priority offering to the extent that their aggregate par value does not exceed 500,000,000,000 Won
 - (2) To finance emergency budget from domestic and foreign financial institutions or

institutional investors to the extent that their aggregate par value does not exceed 500,000,000,000 Won

- (3) To the partners of relevant business activities, including for introduction of technologies, research development, production alliance, sales alliance, and financial alliance to finance expenses for such activities material to the business of the Company
2. For the convertible bonds referred to in subsection 1 above, the Board may also issue such bonds on condition that only a part thereof is granted the right to convert to capital shares.
3. The shares to be issued as a result of conversion of such bonds shall be common 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 at the time of issuance of such bonds.
4. The period in which holders of convertible bonds are entitled to make a request for conversion hereunder shall begin from the date immediately following the date of issuance thereof and end on the day immediately preceding the maturity date thereof provided, however, that the period for requesting conversion may be adjusted by resolution of the Board within the aforementioned period.
5. For payment of dividends on the new shares to be issued as a result of conversion hereunder and the payment of interest on such convertible bonds, the provisions of Article 15 hereof shall apply, mutatis mutandis.

Article 18 (Issuance of Bonds with Warrant)

1. The Company may issue bonds with warrant to any person(s) other than the Company's shareholders by resolution of the Board, if such bonds with warrant are issued:
 - (1) Through public offering or stockholder-priority offering to the extent that their aggregate par value does not exceed 500,000,000,000 Won
 - (2) To finance emergency budget from domestic and foreign financial institutions or institutional investors to the extent that their aggregate par value does not exceed 500,000,000,000 Won
 - (3) To the partners of relevant business activities such as introduction of technologies, research development, production alliance, sales alliance, and financial alliance to finance expenses for such activities material to the business of the Company
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, 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 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 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 from the date immediately following the date of issuance thereof and end on the day immediately preceding the maturity date thereof provided, however, that such a period for exercising warrant may be adjusted by resolution of the Board within the aforementioned period.
5. As for payment of dividends on the new shares to be issued as a result of the exercise of such warrant hereunder, the provisions of Article 15 hereof shall apply mutatis mutandis.

Article 19 (Application of Provisions concerning Issuance of Bonds)

The provisions of Articles 9 and 11 hereof shall apply mutatis mutandis to the issuance of bonds.

CHAPTER IV. MEETING OF SHAREHOLDERS

Article 20 (Types of Meetings and Related Managements)

1. The Company's meetings of shareholders shall consist of Ordinary General Meeting and

- Extraordinary General Meeting.
2. Ordinary General Meeting shall be held within three (3) months after the end of each business year and Extraordinary General Meeting may be held at any time whenever necessary.
 3. The matters voted in the meetings shall be limited to topics recorded in the shareholder notice. However, if all shareholders of every outstanding share agree, matters not recorded in the shareholder notice may be voted for.
 4. The Representative Director (the president) shall be the Chairman of a meeting of shareholders, and another director shall be the Chairman in accordance with resolution of the Board in case when the Representative Director is absent or unable to execute his/her duties.

Article 21 (Chairman’s Authority to Maintain Order)

1. The Chairman of a 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 a 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 22 (Process of Convening a Meeting)

1. The Chairman of a meeting of shareholders shall convene the meeting with resolution of the Board unless applicable laws and regulations direct otherwise.
2. If the Chairman is absent or unable to execute his/her duties, the meeting shall be convened in accordance with subsection 4 of Article 20.

Article 23 (Place of Convening a Meeting)

A meeting of shareholders shall be convened 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 24 (Personal and Public Notice of Convening a Meeting of Shareholders)

1. In convening a 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, at least two (2) weeks prior to the date set for such a meeting.
2. For shareholders holding 1/100 or less of the total number of issued and outstanding shares with voting rights, the Company may insert twice or more in Maeil Business Newspaper and Joongang Daily Newspaper currently being issued in Seoul or through one of electronic registering systems operated by Financial Supervisory Service and Korea Exchange a public notice of its intention to convene such a meeting and the list of agenda to be dealt with at the meeting, in lieu of giving such notice mentioned in subsection 1 above.

Article 25 (Procedures of Resolutions by Meetings of Shareholders)

1. Unless stipulated otherwise in provisions of other Articles herein or the applicable laws and regulations, all resolutions of shareholders shall be adopted by the affirmative votes of a majority of shareholders present at the meeting whose total share ownership shall not be less than a quarter of the total issued shares.
2. The affirmative votes of 2/3 or more of shareholders present at the meeting whose total share ownership shall be 1/3 or more of the total issues shares is required for the following matters:
 - (1) Participating in paid-in capital increase of the entity who is the principle shareholder of the company adopting a split at the date of the split on September 1, 2014 (hereinafter the “Principle Shareholder Entity at the Split Date”), with a direct mean or with an indirect mean such as participating through a subsidiary.
 - (2) Acquiring more than 2.5 % of the treasury share (per year) of the Principle Shareholder Entity at the Split Date (not including acquisition of the new entity established through the company split).

Article 26 (Shareholders' Voting Rights)

Each shareholder who owns common shares shall have one (1) vote for each share he/she owns.

Article 27 (Exercise of Votes by Proxy)

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

Article 28 (Minutes of Meeting of Shareholders)

The proceedings and results of a meeting of shareholders shall be recorded in minutes, which shall be kept in the head office of the Company after the Chairman and all directors present at the meeting have signed and sealed the same or affixed their signatures thereto.

CHAPTER V. Directors and Board of Directors**Article 29 (Number of Directors)**

The Company shall have not less than three (3) directors, and shall appoint outside director(s) in accordance with the applicable laws and regulations.

Article 30 (Election of Directors)

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

Article 31 (Committees)

1. The Company shall establish committees in the Board, through procedures set forth in applicable laws and regulations.
2. Details of the establishment such as structure, authority, and management shall be determined by resolution of the Board.

Article 32 (Recommendation of Candidates for Outside Directors)

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

Article 33 (Term of Office) The term of office of directors shall be three (3) years; provided, however, that such term of office shall be extended until the close of the Ordinary General Meeting of shareholders convened in respect of the last period for the settlement of accounts comprised in their term of office if their term of office expires after the end of the said last period for the settlement of accounts but before the close of the said meeting of shareholders.

Article 34 (Election to Fill a Vacancy)

1. If there is a vacancy in the number of directors, a director shall be elected at a meeting of shareholders to fill such a vacancy; provided, however, that the foregoing provision shall not apply if the number of the existing directors in office is not less than the number of directors provided in Article 29 hereof and no hindrance is caused to carrying on the Company's business thereby.
2. If, as a result of resignation or death of an outside director, there is a vacancy in the number of directors as provided in Article 28 hereof, the requirements concerning such a vacancy shall be met at the first meeting of shareholders convened after such a cause of vacancy has occurred.

Article 35 (Composition of Board of Directors and Convening of Meetings)

1. The Board shall be composed of directors and make major decisions on the Company's business.
2. A meeting of the Board shall be either a regular meeting of the Board (the "**Regular Board Meeting**") and a special meeting of the Board (the "**Special Board Meeting**"), and the Regular Board Meeting shall be held once (1) in every quarter, and the Special Board Meeting shall be held when one of the directors convenes the meeting.
3. Representative Director (President) shall convene all meetings of the Board by giving notice thereof to each director five (5) days prior to the date set for each of such meetings; provided, however, that, if all directors unanimously consent, such notification requirement may be waived.

Article 36 (Operation and Resolution of the Board)

1. Representative Director (President) shall be appointed among Board members through resolution of the Board.
2. A quorum for holding a meeting of the Board shall be a majority of all directors in office and all resolutions of the Board shall be adopted by the affirmative votes of a majority of directors present at the meeting. However, for matters related to Article 397-2 (Prohibition of Appropriation of Company's Opportunities and Assets) and 398 (Transactions between directors, etc. and Company) of Commercial Act, the related resolutions shall have a quorum of 2/3 of all directors in office.
3. A unanimous consent of the Board is required for the following matters:
 - (1) Special voting matters of shareholder meetings under Commercial Act.
 - (2) Paid-in capital increase by 3rd party subscription
 - (3) Issuing convertible bonds, bonds with warrant, and bond secured by treasury shares to third parties
 - (4) Granting stock options to officers and employees of the Company
 - (5) Entering into a new business other than business of assembling automobile components whose value of operating share exceeds five (5) % of the value of the total share of the Company based on records at the end of the last fiscal year.
 - (6) Making resolutions to convene shareholder meetings to make relevant decisions related to the topics in this subsection.
4. The Board may permit all or certain number of directors in the Board to attend the meetings through telecommunication devices with voice transmission and reception functions, and the directors attending through such devices shall be deemed to make attendance of the meeting.

Article 37 (Appointment of Representative Director)

The Company may appoint one or more Representative Director(s) by resolutions of the Board.

Article 38 (Duties of Directors)

1. Representative Director (president) shall represent the Company and direct the Company's overall business.
2. If Representative Director (president) is absent or unable to execute his/her duties, shall act in accordance with the order set forth in subsection 4 of Article 20.

Article 39 (Limitation on Liability of Directors)

1. The Company may exempt the liability of a director violating Article 399 of Commercial Act to the extent the amount of liability exceeds the amount that is six (6) times (three (3) times for outside directors) the last annual remuneration of the director (including bonuses and profits from exercising preemptive rights).
2. The terms in subsection 1 above shall not apply when the director damages the Company with his/her intentional or grossly negligent actions or violates Article 397 (Prohibition of Competition), 397-2 (Prohibition of Appropriation of Company's Opportunities and Assets), or 398 (Transactions between directors, etc. and Company) of Commercial Act.

Article 40 (Directors' Remuneration and Retirement Allowances)

1. Directors' remuneration shall be determined by a resolution of a 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 a meeting of shareholders.

Article 41 (Minutes of Meeting of the Board)

1. The Board shall record the proceedings of every the meeting of the Board.
2. The minutes shall include the agenda, procedure and results of the proceedings of the meeting, names of the directors against each resolution and the reason for their objection thereto and all directors present at the meeting shall sign and seal the same or affix their signatures thereto.

Article 42 (Rules for the Board)

Details of matters in connection with the Board shall comply with Rules for the Board which shall have been determined by resolutions of the Board.

Chapter VI. Audit Committee

Article 43 (Composition of Audit Committee)

1. The Company shall establish an audit committee ("Audit Committee") pursuant to Article 31 hereof, in lieu of auditor(s).
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 Article 542-10(2) of Commercial Act.
4. In electing any Audit Committee member who is not an outside director, 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 subject shareholder may not exercise his/her voting rights with respect to the shares in excess of such 3/100.
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) 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 44 (Duties of Audit Committee)

1. The Audit Committee shall audit the Company's accounting and general operations.

2. The Audit Committee may request the Board (if there is a person who has power to convene a meeting, that person) to convene a meeting of the Board in writing, stating the agenda to be dealt with at the meeting of the Board and the reason for convening such a meeting of shareholders.
3. If a meeting of the Board is not convened immediately although a request in accordance with the procedure stipulated in subsection 2 is made, the Audit Committee, which filed the request, may convene the special meeting of shareholders.
4. The Audit Committee may request the Board to convene a special meeting of shareholders in writing, stating the agenda to be dealt with at the special meeting of shareholders and the reason for convening such meeting.
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. In electing an independent auditor, the Audit Committee shall approve such an independent auditor duly elected.
7. In addition to the matters in subsection 1 through 6 above, the Audit Committee shall deal with the matters delegated to it by the Board.
8. For matters determined by resolutions of the Audit Committee, the Board shall not repeal and replace the matters of such resolutions of the Audit Committee.
9. The Audit Committee shall be authorized to hire outside experts to assist its affairs.

Article 45 (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 audit.

CHAPTER VII. ACCOUNTING

Article 46 (Business Year)

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

Article 47 (Preparation and Maintenance of Financial Statements and Business Report)

1. The Representative Director (president) of the Company shall prepare and submit to auditor(s) for audit the following documents and their supplementary schedules together with an business report, six (6) weeks prior to the date set for the Ordinary General Meeting of shareholders convened for the fiscal year to which such documents are related and, upon auditor(s)' audit, shall submit the aforementioned documents and the business report to the Ordinary General Meeting of shareholders:
 - (1) Balance Sheet
 - (2) Income Statement
 - (3) Other documents prescribed by Presidential Decree, which indicate the financial status and management performance of the company
2. If the Company is required to submit consolidated financial statements under Enforcement Decree of the Commercial Act, the Company shall include consolidated financial statements in each documents mentioned in subsection 1.
3. Audit Committee shall submit an auditor's report to Representative Director (president) at least by one (1) week prior to the date set for such Ordinary General Meeting of shareholders.
4. Representative director (president) shall maintain the documents referred in subsection 1 above and the auditor's report in the head office of the Company for five (5) years and their

copies in the branch office(s) of the Company for three (3) years respectively, starting from one (1) week prior to the date set for the Ordinary General Meeting of shareholders convened for the fiscal year to which such documents are related.

5. Upon approval of the Ordinary General Meeting of shareholders with respect to the documents referred to in subsection 1 above, Representative Director (president) shall promptly give public notice of the Company's balance sheet and independent auditor's report.

Article 48 (Appointment of Independent Auditor)

The Company shall appoint an independent auditor with approval of the Independent Auditor Appointment Committee under the Act on External Audit of Share Companies and shall report appointment thereof to the Ordinary General Meeting of shareholders to be convened within the business year when such appointment is made and report to the shareholders whose registration with the list of the shareholders is recently closed through a notice in writing, an electronic notice, or a post in the Company website.

Article 49 (Distribution of Profit)

The Company shall dispose of the unappropriated retained earnings of each fiscal year in the following order of priority:

- (1) Legal reserve
- (2) Other statutory reserves
- (3) Dividends
- (4) Voluntary reserves
- (5) Others

Article 50 (Dividends)

1. Dividends may be paid in cash, shares and other properties.
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 shareholders register as of the end of each fiscal year.

Article 51 (Interim Dividends)

1. The Company may pay dividends once in a business year to its shareholders whose names appear in the shareholders register at the date determined by a resolution of shareholders ("interim dividend"). Interim dividends shall be paid in cash.
2. Interim dividends shall be paid within the limit of not exceeding the amount of the net worth shown on the balance sheet as of the end of the immediately preceding period for the settlement of accounts after deducting the amount of the following items:
 - (1) The amount of capital, as of the end of the immediately preceding period for the settlement of accounts
 - (2) The aggregate sum of the capital reserves and legal reserves appropriated up to the immediately preceding period for the settlement of accounts
 - (3) The unrealized profits under the Enforcement Decree of the Commercial Act
 - (4) The amount appropriated for dividends as profit by a resolution adopted at the Ordinary General Meeting of shareholders convened for the immediately preceding period for the settlement of accounts and
 - (5) The amount of legal reserves to be appropriated for the current period for the settlement of accounts, as a result of such interim dividends.

Article 52 (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.

CHAPTER VIII. Addendum

Article 1 (Effective Date)

These Articles of Incorporation shall come into effect on December 28, 1999.

Article 2 (Effective Date)

These Articles of Incorporation shall come into effect on August 9, 2000.

Article 3 (Effective Date)

These Articles of Incorporation shall come into effect on September 1, 2006.

Article 4 (Effective Date)

These Articles of Incorporation shall come into effect on March 11, 2008.

Article 5 (Effective Date)

These Articles of Incorporation shall come into effect on February 24, 2010, which is the date determined by eleventh (11) Ordinary General Meeting of shareholders. Notwithstanding the foregoing provision, provisions of Article 4(1) and Article 12, as amended, shall come into effect on May 29, 2010.

Article 6 (Effective Date)

These Articles of Incorporation shall come into effect on March 11, 2011.

Article 7 (Effective Date)

These Articles of Incorporation shall come into effect on March 16, 2012, which is the date determined by thirteenth (13) Ordinary General Meeting of shareholders. Notwithstanding the foregoing provision, provisions of Articles 13(3), 16, 36, 39, 44(2), 44(3), 47, 50 and 51, as amended, shall come into effect on April 15, 2012.

Article 8 (Effective Date)

These Articles of Incorporation shall come into effect on March 7, 2014.

Article 9 (Effective Date)

These Articles of Incorporation shall come into effect on September 2, 2014. Provisions of Article 25(2) shall be effective for five (5) years from the forgoing Effective Date.

Article 10 (Effective Date)

These Articles of Incorporation shall come into effect on March 20, 2015, which is the date determined by sixteenth (16) Ordinary General Meeting of shareholders.

Article 11 (Effective Date)

These Articles of Incorporation shall come into effect on March 24, 2017, which is the date determined by eighteenth (18) Ordinary General Meeting of shareholders.

Exhibit II. Regulations of Board of Directors

Chapter 1 General Provisions

Article 1 (Purpose)

The purpose of these Regulations of the Board of Directors is setting the principles governing all actions taken by the Board of Directors of Halla Holdings Corp. (hereinafter referred to as the “Board of Directors”), the basic rules for the Company’s organization and operation, and the rules of behavior to be observed by its members per the requirements set forth in the Korean Commercial Code and Articles of Incorporation of Halla Holdings Corp. (hereinafter referred to as the “Articles of Incorporation”).

Article 2 (Scope)

Unless specified either in the relevant laws or the Articles of Incorporation, all matters on the Board of Directors’ composition and operation shall be executed in accordance with the provisions hereunder.

Article 3 (Power)

1. The Board of Directors shall, by its resolution, determine all matters set forth in the relevant laws and regulations and/or the Articles of Incorporation or delegated by the general shareholders’ meeting, and any matter on general principles of the Company’s businesses and operations.
2. The Board of Directors shall monitor directors to ensure that they properly perform their respective duties and obligations.

Article 4 (Composition)

1. The Board of Directors shall comprise of all of the Company directors.
2. The Board of Directors shall set up a secretariat to support the operation of the Board of Directors,

and the Company's finance team shall serve as the secretariat.

Article 5 (Chairman)

The Board of Directors shall appoint a chairman via a resolution.

Article 6 (Types of and Convening Meetings)

1. The Board of Directors may hold ordinary and extraordinary board meetings.
2. The ordinary board meeting shall be held once a quarter, whereas the extraordinary meeting may be convened from time to time when a board member calls one.
3. If a board meeting is to be convened, a representative director shall notify both directors and auditors of the meeting at least five (5) working days prior to the meeting's date; the aforesaid notification may be omitted, however, through unanimous agreement by all directors and auditors.

Article 7 (Quorum and Resolutions)

1. Attendance of the majority of all directors shall constitute a quorum in any meeting of the Board of Directors.
2. Unless specified by the Korean Commercial Code, any resolution of the Board of Directors shall require the attendance of a majority of all directors and the affirmative votes of a majority of all attending directors.
3. The Board of Directors shall adopt a resolution for any matter as follows:
 - a) Any matter to be resolved by the Board of Directors pursuant to the Korean Commercial Code
 - 1) Convening of a general shareholders' meeting
 - 2) Approval of a business report
 - 3) Approval of a statement of financial position, income statement, statement of appropriation of retained earnings or disposition of deficit, and any supplementary document thereto
 - 4) Issuance of bonds

- 5) Issuance of new shares, convertible bonds and/or bonds with warrant;
 - 6) Approval of transfer of shares
 - 7) Granting and/or withdrawal of stock option
 - 8) Appointment and/or dismissal of a representative director
 - 9) Decision on an ordinary business operation including but not limited to disposition and transfer of critical assets, borrowing of large-scale properties, appointment of managers, and opening, relocation and/or closure of branches
 - 10) Approval of either partial or total capitalization of reserves
 - 11) Approval of interim dividends
 - 12) Any matter related to transfer agent
 - 13) Any matter to be resolved by the Board of Directors under the Korean Commercial Code.
- b) Any material matter related to the Company's business operation
- 1) Approval of annual business plan
 - 2) Significant modification or amendment to the approved business plan
 - 3) Pledging the Company's property or asset as collateral
 - 4) Approval of the paid-in capital and/or guaranty on loan for a Company subsidiary
 - 5) Transfer of critical technology, patent or intellectual property right or entering into any patent license agreement thereof
 - 6) Any matter related to a capital increase
 - 7) Any matter related to acquisition and/or disposition of a critical asset.
- c) Any matter required by relevant laws, regulations or the Articles of Incorporation delegated by a resolution of the general shareholders' meeting or related to the Company's operation deemed necessary by and addressed by any director
- d) Notwithstanding Paragraph (2) above, any of following matters shall require the unanimous agreement or consent of all directors attending.
- 1) Any matter subject to a special resolution by the general shareholders' meeting pursuant to

the Korean Commercial Code.

- Amendment to the Articles of Incorporation
- Transfer or acquisition of either part (but critical to a business) or all of the business
Ex post facto incorporation
- Dismissal of directors
- Capital decrease
- Issuance of shares at price below par value
- Stock split
- Issuance of convertible bonds and/or bonds with warrant to a person other than a shareholder
- Dissolution of the Company;
- Continuity of the Company;
- Appointment of incorporation committee members (in case of consolidation of corporation)
- Approval of a merger agreement
- Split-off, division and merger, or physical division of the Company
- Comprehensive transfer and/or exchange of shares
- Retirement of shares (buy back own shares with retained earnings)
- Granting of stock option

2) Paid-in capital increase through third party allotment

3) Issuance of convertible bonds, bonds with warrant and/or exchangeable bonds through third party allotment

4) Granting of employee stock option

5) Commencement of new business other than automotive parts manufacturing with investment exceeding five percent of total equity capital as of the end of the preceding fiscal year (including acquisition of another company or business division thereof, incorporation of a subsidiary)

6) Any resolution to convene a general shareholders' meeting for dealing with any agenda listed above

4. Any of the following matters shall be reported to the Board of Directors:

- 1) Outcomes of any matter delegated to a committee
- 2) Other material matters related to management
- 3) Any matter to be reported to the Board of Directors pursuant to the Korean Commercial Code and other relevant laws and regulations

Article 8 (Agenda)

1. Each director may address an agenda for a board meeting.
2. Any director who wishes to address an agenda to a board meeting shall notify all other directors of a draft of agenda at least five (5) working days prior to the date of the meeting.

Article 9 (Director Obligations)

1. No director shall disclose the Company's management information provided by the Company, either in writing or in any other form, during his or her term. Furthermore, a director shall not use the Company's confidential information in his or her personal interest, or for a third party.
2. Notwithstanding Paragraph 1 above, a director shall be solely and fully liable for any and all damages, losses, claims, costs and expenses incurred or related to deliberate use of the Company's management information for his or her personal interest.
3. All directors shall attend and exercise a voting right at every board meeting.

Article 10 (Delegation)

The Board of Directors, by its resolution, may entrust either a representative director or a competent officer with the power to determine and execute any matter other than those set forth in the relevant

laws and regulations or the Articles of Incorporation.

Article 11 (Minutes of Meeting)

1. The secretary to the Board of Directors shall record the minutes of all meetings of the Board of Directors.
2. All proceedings, outcomes and results of a meeting shall be recorded in the minutes, and all attending directors shall sign and seal the same or affix their signatures thereto.
3. The original copy of a meeting's minutes shall be kept at the secretariat.

Article 12 (Secretary)

1. The Board of Directors shall have a secretary.
2. Either a financial officer or the head of the financing department shall serve as a secretary to the Board of Directors to undertake any and all affairs pursuant to instructions from the chairman of the Board of Directors.

Addendum

Article 1 (Effective Date) The original Regulations of the Board of Directors shall come into force and effect on Dec. 28, 1999.

Article 2 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on Dec. 1, 2006.

Article 3 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on June 1, 2007.

Article 4 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on May 1, 2009.

Article 5 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on Feb. 24, 2010.

Article 6 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on March 16, 2012.

Article 7 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on May 1, 2014.

Article 8 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on Sept. 2, 2014.

Article 9 (Effective Date) The amendment to these Regulations of the Board of Directors shall come into force and effect on March 24, 2017, upon approval of the partial amendment of the Articles of Incorporation by a resolution made at the 18th general shareholders' meeting.