

CREATIVITY INSPIRED

HYOSUNG

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Independent Auditor's Report

To the Board of Directors and Shareholders of Hyosung Corporation

Opinion

We have audited the separate financial statements of Hyosung Corporation (the "Company"), which comprise the separate statement of financial position as at December 31, 2019 and December 31, 2018, and separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2019 and December 31, 2018 and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Korea, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

The reader of this report may need to draw attention to the matters explained in Note 40 to the separate financial statements. As a result of the spin-off dated on June 1, 2018, the Company was separated into the surviving company; Hyosung Corporation that manages the equities and investments of the subsidiaries, and newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries, Hyosung Advanced Materials and Hyosung Chemical Corporation that operate business in textile and trading, heavy industries and construction, industrial materials and chemical products, respectively. Accordingly, the Company presented the performance of the discontinued operation as the separate line item in the separate statements of profit or loss and restated the prior period's separate statement of profit or loss presented herein as comparative purpose.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Impairment test for equities in associates

The company owns shares of 32.47% in Hyosung Heavy Industries(the "HHI"), which is classified as associates and the book value of the equity is 161,041 Million KRW as at December 31, 2019.

The company paid attention to the lowering of the market value in the equity and conducted loss assessment based on K-IFRS 1036, "Asset Impairment".

We regard the impairment of HHI as a significant level during the period and included it to key audit matters considering the fact that we should involve the management decisions on the value of use conducting the loss assessment.

Methods for auditing

In those regards, we have performed the following audit procedures:

Independent Auditor's Report

- Inquiry and Examining of the valuation model applied to the HHI.
- Appraisal on the propriety of past business plans and performance forecasting of management by comparing them with the actual business results.
- Verifying the conformity between accredited business plans and cash flow forecasting after understanding the future cash flow of HHI.
- Comparing the key assumptions on valuation model(e.g. discount rate, growth rate and etc.,) with the proper benchmarks of peer industries and the past financial results of HHI and performing sensitivity analysis of the key assumptions considering the impairment level based on the changes in the variables.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yong-Woon Yun.

March 12, 2020



Seoul, Korea

This audit report is effective as of the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this audit report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

Hyosung Corporation

Separate Statements of Financial Position

As at December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Assets		
Current assets	80,719,025,790	78,656,410,112
Cash and cash equivalents	2,963,699,460	11,916,171,092
Trade and other current receivables	50,908,117,014	42,197,291,878
Short-term due from customers for contract work	1,784,024	43,253,611
Other current financial assets	-	-
Other current assets	18,673,446,564	6,930,520,116
Inventories	8,171,978,728	17,569,173,415
Non-current assets	2,038,044,067,720	2,042,211,363,756
Long-term trade and other non-current receivables, gross	51,476,016,902	46,008,569,246
Property, plant and equipment	536,003,870,128	531,301,455,613
Investment property	8,694,132,971	6,175,912,615
Intangible assets	40,418,884,172	37,145,433,444
Investments in subsidiaries and associates	1,327,616,694,474	1,328,415,241,882
Other non-current financial assets	49,835,718,776	68,484,223,436
Other non-current assets	23,998,750,297	24,680,527,520
Total assets	2,118,763,093,510	2,120,867,773,868
Liabilities		
Current liabilities	132,813,816,326	87,708,295,796
Trade and other payables	60,923,369,045	75,378,773,379
Short-term due to customers for contract work	97,446,820	474,580
Short-term borrowings	34,507,065,684	836,976,513
Other financial liabilities	12,295,185,018	120,450,753
Current tax liabilities	6,736,651,207	8,630,687,505
Other current liabilities	18,254,098,552	2,740,933,066
Non-current liabilities	169,731,189,057	163,823,764,887
Long-term trade and other payables	10,386,117,665	16,313,909,236
Long-term borrowings, gross	898,760,000	1,034,640,000
Post-employment benefit obligations	7,315,942,301	4,902,245,701
Deferred tax liabilities	141,328,396,487	140,971,758,948
Other non-current financial liabilities	9,372,779,196	-
Other non-current liabilities	429,193,408	601,211,002
Total liabilities	302,545,005,383	251,532,060,683
Equity		
Issued capital	105,355,125,000	105,355,125,000
Share premium	451,188,179,769	451,188,179,769
Retained earnings	5,775,732,747,525	5,828,979,404,007
Elements of other stockholder's equity	(4,516,057,964,167)	(4,516,186,995,591)
Total equity	1,816,218,088,127	1,869,335,713,185
Total equity and liabilities	2,118,763,093,510	2,120,867,773,868

Hyosung Corporation

Separate Statements of Profit or Loss

For the years ended December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Revenue(Sales)	342,849,813,404	387,911,482,838
Cost of sales	233,742,976,968	323,290,038,358
Gross profit	109,106,836,436	64,621,444,480
Selling general administrative expenses	54,742,393,590	51,546,571,129
Research and development expense	-	142,692,459
Operating income(loss)	54,364,442,846	12,932,180,892
Other gains	2,843,719,765	9,201,186,875
Other losses	4,731,609,114	4,472,425,814
Finance income	6,339,111,540	14,774,169,662
Finance costs	8,783,980,549	14,810,977,752
Profit (loss) before tax	50,031,684,488	17,624,133,863
Income tax expense	6,220,859,108	(1,071,244,524)
Profit (loss) from continuing operations	43,810,825,380	18,695,378,387
Profit (loss) from discontinued operations	-	3,000,820,498,752
Profit (loss)	43,810,825,380	3,019,515,877,139

Separate Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Profit (loss)	43,810,825,380	3,019,515,877,139
Other comprehensive income	(5,051,158,880)	(92,915,114,056)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		
Financial assets measured at fair value through other comprehensive income	129,031,424	(93,371,215,886)
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	(5,180,190,304)	1,357,101,524
Other comprehensive income that will be reclassified to profit or loss, net of tax		
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	-	-
Foreign currency translation differences	-	(900,999,694)
Total comprehensive income	38,759,666,500	2,926,600,763,083

Hyosung Corporation

Separate Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(In Korean Won)

	Issued capital	Capital surplus	Retained earnings	Elements of other stockholders equity	Total of Equity
2018.01.01(Equity at beginning of period)	175,587,275,000	130,826,224,469	2,937,089,257,164	230,208,477,861	3,473,711,234,494
Increase (decrease) through changes in accounting policies	-	-	37,360,188,180	42,078,148,241	4,717,960,061
Adjusted balance	175,587,275,000	130,826,224,469	2,974,449,445,344	188,130,329,620	3,468,993,274,433
Total comprehensive income					
Profit (loss)	-	-	3,019,515,877,139	-	3,019,515,877,139
Financial assets measured at fair value through other comprehensive income	-	-	-	93,371,215,886	93,371,215,886
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	-	-	-	-	-
Gains(losses) on actuarial valuation	-	-	1,357,101,524	-	1,357,101,524
Translation gain(loss) from overseas operations	-	-	-	900,999,694	900,999,694
Reduction from merger	-	-	-	-	-
Transactions with equity holders of the Company					
Dividends paid	-	-	166,343,020,000	-	166,343,020,000
Capital increase with consideration	36,379,370,000	399,795,857,920	-	-	436,175,227,920
Others	-	-	-	786,534,635	786,534,635
Movements from spin-off	106,611,520,000	79,433,902,620	-	4,609,258,574,996	4,795,303,997,616
2018.12.31(Equity at end of period)	105,355,125,000	451,188,179,769	5,828,979,404,007	4,516,186,995,591	1,869,335,713,185
2019.01.01(Equity at beginning of period)	105,355,125,000	451,188,179,769	5,828,979,404,007	4,516,186,995,591	1,869,335,713,185
Increase (decrease) through changes in accounting policies	-	-	9,776,828,442	-	9,776,828,442
Adjusted balance	105,355,125,000	451,188,179,769	5,838,756,232,449	4,516,186,995,591	1,879,112,541,627
Total comprehensive income					
Profit (loss)	-	-	43,810,825,380	-	43,810,825,380
Financial assets measured at fair value through other comprehensive income	-	-	-	129,031,424	129,031,424
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	-	-	-	-	-
Gains(losses) on actuarial valuation	-	-	5,180,190,304	-	5,180,190,304
Translation gain(loss) from overseas operations	-	-	-	-	-
Reduction from merger	-	-	-	-	-
Transactions with equity holders of the Company					
Dividends paid	-	-	101,654,120,000	-	101,654,120,000
Capital increase with consideration	-	-	-	-	-
Others	-	-	-	-	-
Movements from spin-off	-	-	-	-	-
2019.12.31(Equity at end of period)	105,355,125,000	451,188,179,769	5,775,732,747,525	4,516,057,964,167	1,816,218,088,127

Hyosung Corporation

Separate Statements of Cash Flows

For the years ended December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Cash flows from (used in) operating activities	65,398,215,627	(113,669,928,434)
Profit (loss)	4,684,580,484	(89,122,395,721)
Income taxes paid (refund)	(9,263,654,167)	(39,423,521,499)
Interest paid	(800,608,563)	(30,706,787,222)
Interest received	1,635,087,972	501,693,494
Dividends received	69,142,809,901	45,081,082,514
Cash flows from (used in) investing activities	4,223,684,088	(570,418,937,975)
Decrease in short-term loan receivables	4,610,031,474	1,096,662,556
Proceeds from sales of short term Financial Instruments	-	208,466,250
Proceeds from sales of available-for-sale financial assets	14,108,061,875	500,000
Decrease in long-term loan receivables	5,300,000	13,080,869,541
Decrease in long-term deposits	438,404,505	7,037,899,710
Proceeds from sales of property, plant and equipment	751,395,455	2,778,161,459
Proceeds from government grants	342,471,076	3,499,416,000
Proceeds from sales of investment property	-	-
Proceeds from sales of intangible assets	176,995,455	222,041,901
Proceeds from sales of long-term financial instruments	2,732,328,000	4,289,624,000
Proceeds from sales of investments in subsidiaries and associates	-	5,600
Cash flows from merger	-	-
Increase in short-term loan receivables	(704,295,369)	(569,200,000)
Purchase of available-for-sale financial assets	(977,465,000)	(4,354,331,746)
Increase in long-term deposits	(219,952,013)	(3,672,145,013)
Purchase of property, plant and equipment	(10,457,699,170)	(108,391,755,293)
Purchase of investment property	-	-
Purchase of intangible assets	(5,850,583,608)	(7,625,146,655)
Purchase of investments in subsidiaries and associates	(146,452,592)	(219,861,142,007)
Purchase of short term Financial Instruments	-	-
Purchase of long-term financial instruments	(584,856,000)	(4,567,611,000)
Increase in long-term loan receivables	-	(253,194,889,642)
Purchase of other investment assets	-	(396,363,636)
Cash flows from (used in) financing activities	(78,574,371,347)	649,383,352,360
Proceeds from bonds	20,000,000,000	269,136,100,000
Proceeds from short term borrowings	102,123,304,555	5,764,983,559,078
Proceeds from long term borrowings	-	247,326,000,000
Proceeds from government grants	1,103,508,395	1,497,786,160
Repayments of long term borrowings	(135,880,000)	-
Repayments of short term borrowings	(68,453,530,783)	(4,647,804,478,696)
Repayment of current portion of long-term borrowings	-	(136,670,780,000)
Payments of finance lease liabilities	(11,227,304,300)	-
Repayments of bonds	(20,000,000,000)	-
Dividends paid	(101,654,120,000)	(166,343,020,000)
Acquisition of treasury shares	-	(786,534,635)
Repayment for government grants classified as financing activities	(330,349,214)	(1,696,269,528)
Share issuance cost	-	(377,212,080)
Cash outflows from spin-off	-	(679,881,797,939)
Net increase (decrease) in cash and cash equivalents	(8,952,471,632)	(34,705,514,049)
Cash and cash equivalents at beginning of period	11,916,171,092	46,621,685,141
Cash and cash equivalents at end of period	2,963,699,460	11,916,171,092

Independent Auditor's Report

**To the Board of Directors and Shareholders of
Hyosung Corporation**

Opinion

We have audited the accompanying consolidated financial statements of Hyosung Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

The reader of this report may need to draw attention to the matters explained in Note 42 to the consolidated financial statements. As a result of the spin-off dated on June 1, 2018, the Group was separated into the surviving company; Hyosung Corporation that manages the equities and investments of the subsidiaries, and newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Advanced Materials Corporation and Hyosung Chemical Corporation that operate business in textile and trading, heavy industries and construction, industrial materials and chemical products, respectively. Accordingly, the Group presented the performance of the discontinued operation as the separate line item in the consolidated statements of profit or loss and restated the prior period's separate statement of profit or loss presented herein as comparative purpose.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Impairment test for equities in associates

The company owns shares of 32.47% in Hyosung Heavy Industries (the "HHI"), which is classified as associates and the book value of the equity is 161,041 Million KRW as at December 31, 2019.

The company paid attention to the lowering of the market value in the equity and conducted loss assessment based on K-IFRS 1036, "Asset Impairment".

We regard the impairment of HHI as a significant level during the period and included it to key audit matters considering the fact that we should involve the management decisions on the value of use conducting the loss assessment.

Methods for auditing

Independent Auditor's Report

In those regards, we have performed the following audit procedures:

- Assessment about the independency and Eligibility of hired external appraisal professionals.
- Review of the propriety of applied valuation methodology and key consumptions by the company.
- Appraisal on the propriety of past business plans and performance forecasting of management by comparing them with the actual business results.
- Verification on the accuracy of calculation and analysis on sensitivity.
- Assessment on the appropriacy of the design and operations about internal examination and control by managements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Con-solidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in, the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of

the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yong-Woon Yun.

March 12, 2020



Seoul, Korea

This audit report is effective as of the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this audit report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Hyosung Corporation and its Subsidiaries

Consolidated Statements of Financial Position

As at December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Assets		
Current assets	1,312,039,578,827	1,379,400,368,412
Cash and cash equivalents	189,328,247,350	341,208,429,550
Trade and other current receivables	403,089,403,423	464,295,515,660
Short-term due from customers for contract work	2,114,387,395	381,500,338
Other current financial assets	9,838,130,004	10,273,855,147
Other current assets	118,216,174,532	48,075,542,633
Inventories	573,741,879,435	498,425,758,135
Current tax assets	15,711,356,688	16,739,766,949
Non-current assets	5,215,015,634,250	5,028,504,547,319
Long-term trade and other non-current receivables, gross	48,054,212,654	54,216,147,663
Property, plant and equipment	918,324,919,008	947,975,530,325
Investment property	300,262,153,625	145,643,545,882
Intangible assets	160,510,683,332	162,327,595,654
Investments in subsidiaries, joint ventures and associates	1,280,661,372,590	1,242,027,143,810
Other financial business assets	1,931,519,301,670	1,958,459,189,385
Other non-current financial assets	508,929,942,292	447,328,926,517
Other non-current assets	37,444,708,571	38,235,446,324
Deferred tax assets	29,308,340,508	32,291,021,759
Total assets	6,527,055,213,077	6,407,904,915,731
Liabilities		
Current liabilities	2,238,401,833,668	2,247,871,301,437
Trade and other payables	431,205,861,441	471,128,731,943
Short-term due to customers for contract work	3,046,882,695	8,741,287,731
Short-term borrowings	1,513,214,927,221	1,571,441,075,348
Other financial liabilities	22,434,662,200	161,114,356
Current tax liabilities	30,773,941,040	28,109,180,940
Other current liabilities	237,725,559,071	168,289,911,119
Non-current liabilities	1,578,411,582,292	1,457,886,774,455
Long-term trade and other payables	206,091,450,907	220,786,129,760
Long-term borrowings, gross	988,377,551,848	942,926,481,922
Post-employment benefit obligations	12,301,399,745	10,068,315,866
Deferred tax liabilities	274,225,830,221	273,052,418,578
Other non-current financial liabilities	91,361,916,738	38,848,999
Other non-current liabilities	6,053,432,833	11,014,579,330
Total liabilities	3,816,813,415,960	3,705,758,075,892
Equity		
Equity attributable to owners of parent	2,440,387,194,761	2,442,642,396,817
Issued capital	105,355,125,000	105,355,125,000
Share premium	451,188,179,769	451,188,179,769
Retained earnings	6,336,611,325,606	6,353,426,533,060
Elements of other stockholder's equity	(4,452,767,435,614)	(4,467,327,441,012)
Non-controlling interests	269,854,602,356	259,504,443,022
Total equity	2,710,241,797,117	2,702,146,839,839
Total equity and liabilities	6,527,055,213,077	6,407,904,915,731

Hyosung Corporation and its Subsidiaries

Consolidated Statements of Profit or Loss

For the years ended December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Revenue(Sales)	3,373,447,404,431	3,002,479,811,125
Cost of sales	2,828,597,562,025	2,552,510,515,245
Gross profit	544,849,842,406	449,969,295,880
Selling general administrative expenses	289,818,690,396	277,358,106,662
Research and development expenses	18,203,062,924	17,654,138,008
Operating income(loss)	236,828,089,086	154,957,051,210
Other gains	13,169,168,400	470,924,740,108
Other losses	20,955,659,752	25,704,162,486
Finance income	40,504,834,533	50,249,692,738
Finance costs	68,861,352,058	83,193,277,853
Profit (loss) before tax	200,685,080,209	567,234,043,717
Income tax expense	50,675,615,347	103,166,762,667
Profit (loss) from continuing operations	150,009,464,862	464,067,281,050
Profit (loss) from discontinued operations	-	2,961,909,465,972
Profit (loss)	150,009,464,862	3,425,976,747,022
Profit (loss), attributable to owners of parent	103,683,081,194	3,357,772,004,243
Profit (loss), attributable to non-controlling interests	46,326,383,668	68,204,742,779
Earnings per share		
Basic earnings (loss) per share from continuing operations (Unit : KRW)	5,100	18,541
Basic earnings (loss) per share from discontinued operations (Unit : KRW)	-	136,266

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Profit (loss)	150,009,464,862	3,425,976,747,022
Other comprehensive income	(3,904,355,585)	(83,591,423,768)
Other comprehensive income that will not be reclassified to profit or loss, net of tax		
Financial assets measured at fair value through other comprehensive income	2,097,500,175	(94,024,381,722)
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	(11,561,456,235)	(1,326,731,141)
Equity on remeasurements of defined benefit plans of subsidiaries	(8,742,370,959)	(414,518,297)
Other comprehensive income that will be reclassified to profit or loss, net of tax		
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	9,776,460,501	(6,278,225,263)
Foreign currency translation differences	4,525,510,933	18,452,432,655
Total comprehensive income	146,105,109,277	3,342,385,323,254

Hyosung Corporation and its Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended
December 31, 2019 and 2018
(In Korean Won)

	Issued capital	Capital surplus	Retained earnings	Elements of other stockholders equity	Total of Equity attributable to owners of parent	Non-Controlling Interest	Total Equity
2018.01.01(Equity at beginning of period)	175,587,275,000	130,826,224,469	3,143,152,952,249	203,949,970,036	3,653,516,421,754	209,765,273,607	3,863,281,695,361
Effects of Changes in Accounting Policies	-	-	19,468,192,820	42,704,878,359	23,236,685,539	600,037,058	23,836,722,597
Total comprehensive income							
Profit (Loss)	-	-	3,357,772,004,243	-	3,357,772,004,243	68,204,742,779	3,425,976,747,022
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	-	-	608,547,449	-	608,547,449	718,183,692	1,326,731,141
Share of remeasurements of net defined benefit liabilities of associates	-	-	414,518,297	-	414,518,297	-	414,518,297
Gains (losses) on remeasuring fair value equity assets	-	-	-	93,460,234,134	93,460,234,134	564,147,588	94,024,381,722
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	2,474,153,105	2,474,153,105	3,804,072,158	6,278,225,263
Gain(Loss) on overseas operations translation	-	-	-	17,309,113,877	17,309,113,877	1,143,318,778	18,452,432,655
Transactions with owners							
Capital increase with consideration	36,379,370,000	399,795,857,920	-	-	436,175,227,920	-	436,175,227,920
Dividend paid	-	-	166,343,020,000	-	166,343,020,000	17,820,000,000	184,163,020,000
Movements from spin-off	106,611,520,000	79,433,902,620	-	4,549,448,406,454	4,735,493,829,074	2,693,366,958	4,732,800,462,116
Changes in other capital surplus	-	-	-	-	-	-	-
Other capital adjustments	-	-	-	786,534,635	786,534,635	-	786,534,635
Others	-	-	399,469,494	-	399,469,494	13,955	399,483,449
Changes in equity ratio of subsidiaries	-	-	-	287,681,762	287,681,762	1,204,167,441	1,491,849,203
2018.12.31(Equity at end of period)	105,355,125,000	451,188,179,769	6,353,426,533,060	4,467,327,441,012	2,442,642,396,817	259,504,443,022	2,702,146,839,839
2019.01.01(Equity at beginning of period)	105,355,125,000	451,188,179,769	6,353,426,533,060	4,467,327,441,012	2,442,642,396,817	259,504,443,022	2,702,146,839,839
Effects of Changes in Accounting Policies	-	-	-	-	-	-	-
Total comprehensive income							
Profit (Loss)	-	-	103,683,081,194	-	103,683,081,194	46,326,383,668	150,009,464,862
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	-	-	10,101,797,690	-	10,101,797,690	1,459,658,545	11,561,456,235
Share of remeasurements of net defined benefit liabilities of associates	-	-	8,742,370,958	-	8,742,370,958	-	8,742,370,958
Gains (losses) on remeasuring fair value equity assets	-	-	-	1,313,613,074	1,313,613,074	783,887,101	2,097,500,175
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	8,111,275,724	8,111,275,724	1,665,184,777	9,776,460,501
Gain(Loss) on overseas operations translation	-	-	-	5,119,860,206	5,119,860,206	594,349,273	4,525,510,933
Transactions with owners							
Capital increase with consideration	-	-	-	-	-	-	-
Dividend paid	-	-	101,654,120,000	-	101,654,120,000	36,053,603,600	137,707,723,600
Movements from spin-off	-	-	-	-	-	-	-
Changes in other capital surplus	-	-	-	-	-	-	-
Other capital adjustments	-	-	-	-	-	-	-
Others	-	-	-	15,256,394	15,256,394	317,684,794	302,428,400
Changes in equity ratio of subsidiaries	-	-	-	-	-	-	-
2019.12.31(Equity at end of period)	105,355,125,000	451,188,179,769	6,336,611,325,060	4,452,767,435,614	2,440,387,194,761	269,854,602,356	2,710,241,797,117

Hyosung Corporation and its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018
(In Korean Won)

	FY 2019	FY 2018
Cash flows from (used in) operating activities	140,833,978,379	264,011,738,938
Profit (loss)	82,924,422,288	283,483,753,747
Income taxes paid (refund)	(48,223,408,347)	(79,599,345,183)
Interest paid	(77,605,991,197)	(105,049,333,309)
Interest received	147,958,014,475	158,608,163,535
Dividends received	35,780,941,160	6,568,500,148
Cash flows from (used in) investing activities	(127,834,713,157)	(633,505,208,770)
Proceeds from sales of other receivables	11,660,924,254	2,549,911,815
Proceeds from sales of other financial assets	12,324,319,756	39,465,449,423
Proceeds from sales of long-term other receivables	82,107,822,352	98,807,855,654
Proceeds from sales of property, plant and equipment	4,216,852,913	10,252,479,577
Proceeds from sales of investment property	427,167,881	-
Proceeds from sales of intangible assets	342,471,076	501,575,729
Proceeds from government grants	256,666,667	3,499,416,000
Proceeds from sales of investments in associates	(19,900)	2,032,005,600
Proceeds from sales of investments in subsidiaries	(8,679,175,095)	(480,729,011)
Purchase of other receivables	(11,175,743,689)	(314,915,611)
Purchase of other financial assets	(2,710,967,224)	(16,693,908,490)
Purchase of long-term other receivables	(138,649,551,819)	(285,157,505,724)
Purchase of other non-current financial assets	(66,121,692,042)	(115,865,082,083)
Purchase of property, plant and equipment	(564,511,097)	(358,104,050,537)
Purchase of investment property	-	-
Purchase of intangible assets	(10,007,717,278)	(11,393,753,883)
Purchase of investments in associates	(1,196,452,592)	(2,134,408,200)
Purchase of other non-current assets	(65,107,320)	(469,549,029)
Cash flows from (used in) financing activities	(170,493,285,965)	225,069,132,345
Proceeds from short term borrowings	1,025,246,450,577	7,862,977,390,026
Proceeds from long term borrowings and debentures	648,445,312,300	1,366,336,115,668
Proceeds from government grants	1,103,508,395	1,497,786,160
Repayments of short term borrowings	(1,014,216,849,813)	(6,692,982,171,593)
Repayments of long term borrowings	(667,345,827,294)	(1,016,543,335,877)
Dividends paid	(137,707,723,601)	(184,163,020,000)
Repayment for government grants classified as financing activities	(25,832,877,455)	(1,695,433,192)
Proceeds from long-term withholding deposits	(201,279,074)	10,000,000
Repayment of withholding deposits	16,000,000	10,726,780
Acquisition of treasury shares	-	(786,534,635)
Others	-	(377,212,078)
Cash outflows from spin-off	-	(1,109,215,178,914)
Effect of exchange rate changes on cash and cash equivalents	5,613,838,543	(15,499,960,844)
Net increase (decrease) in cash and cash equivalents	(151,880,182,200)	(159,924,298,331)
Cash and cash equivalents at beginning of period	341,208,429,550	501,132,727,881
Cash and cash equivalents at end of period	189,328,247,350	341,208,429,550

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