

Hyosung Corporation

Separate financial statements
for the year ended December 31, 2020
with the independent auditor's report

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Independent auditor's report

The Shareholders and Board of Directors Hyosung Corporation

Opinion

We have audited the separate financial statements of Hyosung Corporation (the "Company"), which comprise the separate statement of financial position as of December 31, 2020, and the separate statement of profit or loss, separate statement of other comprehensive loss, separate statement of changes in equity and 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 of December 31, 2020, and its separate financial performance and its separate cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("KIFRS").

We also have audited, in accordance with Korean Auditing Standards ("KGAAS"), the Company's internal control over financial reporting ("ICFR") as of December 31, 2020, based on criteria established in Conceptual Framework for designing and operating ICFR established by the Operating Committee of ICFR (the "ICFR Committee"), and our report dated March 11, 2021 expressed unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KGAAS. 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 the Republic of Korea, and we have fulfilled our other 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 matter

We draw attention to the matter explained in Note 2.2 to the separate financial statements. As described in Note 2.2 to the separate financial statements, the Company has changed its accounting policy for the investments in subsidiaries and associates, in accordance with KIFRS 1027 *Separate Financial Statements*, from the cost method in accordance with KIFRS 1027 *Separate Financial Statements* to the equity method in accordance with KIFRS 1028 and restated the separate financial statements for the previous year. Our opinion is not modified in respect of this matter.

Key audit matter

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.

➤ Impairment test on investments in an associate of Hyosung Heavy Industries Corporation

As described in Note 14 to the separate financial statements, the book value of investments in associates of Hyosung Heavy Industries Corporation is KRW 400,510 million as of December 31, 2020.

The Company assesses whether there is an indication that an associate may be impaired on annual basis. As of December 31, 2020, there is an indication of impairment on investments in associates due to the continuous decline of stock prices in active markets. Accordingly, the Company identified an indication of the impairment and performed impairment test on the investments in associates. The Company performs the impairment test on the investments in associates with indication of impairment. The impairment amount of the investments in associates with indication of impairment is determined as the difference between the investments in associates' book value and the higher of value in use and fair value. The determination of key assumptions used in estimating the value in use of investments in associates involves management's judgment, such as long-term business plans, discount rate, and permanent growth rate. Therefore, considering the involvement of management's judgments for assumptions on valuation of investments in associates and its bias that may exist, we determined impairment test on the investments in an associate of Hyosung Heavy Industries Corporation for which the investments are significant as a key audit matter.

We performed the following audit procedures regarding the key audit matter:

- Reviewed the qualification and independence of the external specialists involved by management of the Company.
- Involved our internal valuation specialists to evaluate the appropriateness of the valuation model and discount rate used by the Company for estimating the value in use.
- Reviewed the business plan approved by management in order to assess the rationality of key inputs such as estimated sales, operating expenses and growth rate of the investee used in calculating the value in use by the Company and compared them with information from observable market data.
- Performed an independent recalculation to assess the accuracy of the value in use by involving our internal valuation specialists.
- Compared the estimated cash flows in prior year to the actual result in current year to evaluate the accuracy of the management's estimates.

Other matter

The separate financial statements of the Company for the year ended December 31, 2019 before retrospectively adjusting the effect of change in accounting policies described in Note 2.2, were audited by another auditor who expressed an unmodified opinion on those statements on March 12, 2020.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of separate 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 KGAAS 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 KGAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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.
- 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 separate 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.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 Soo Jung.



March 11, 2021

This audit report is effective as of March 11, 2021, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's report date to the time this 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 financial statements
for the years ended December 31, 2020 and 2019

“The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Hyun-Joon Cho and Kyoo-Young Kim
Chief Executive Officers
Hyosung Corporation

Hyosung Corporation
Separate statements of financial position
as of December 31, 2020 and 2019

(Korean won in millions)

	Notes	Dec 31, 2020	Dec 31, 2019 (Restated)	Jan 1, 2019 (Restated)
Assets				
Current assets:				
Cash and cash equivalents	4,6,34	₩ 4,007	₩ 2,964	₩ 11,916
Trade and other receivables	7,13,17,34,35	51,007	50,908	42,197
Due from customers for contract work	34	104	2	43
Other current financial assets	4,8,34	335,388	-	-
Other current assets	16	13,523	18,673	6,931
Inventories	9	6,382	8,172	17,569
		<u>410,411</u>	<u>80,719</u>	<u>78,656</u>
Non-current assets:				
Long-term trade and other receivables	4,7,13,17,34	27,827	51,476	46,009
Property, plant and equipment	10,13,20,35	545,272	536,004	531,301
Investment property	11,13	6,447	8,694	6,176
Intangible assets	12	44,084	40,419	37,145
Investments in subsidiaries, associates and joint ven	14,15	1,563,903	2,094,484	2,036,479
Other non-current financial assets	4,8,34,35	34,696	49,835	68,484
Other non-current assets	16	24,020	23,999	24,681
		<u>2,246,249</u>	<u>2,804,911</u>	<u>2,750,275</u>
Total assets		₩ 2,656,660	₩ 2,885,630	₩ 2,828,931
Liabilities				
Current liabilities:				
Trade and other payables	4,7,17,18,34	₩ 51,586	₩ 60,923	₩ 75,379
Due to customers for contract work	34	47	97	0
Borrowings	4,7,19,33,34,35	21,040	34,507	837
Other current financial liabilities	4,8,13,33,34	10,757	12,295	120
Current tax liabilities		14,606	6,737	8,631
Other current liabilities	22	13,421	18,255	2,741
		<u>111,457</u>	<u>132,814</u>	<u>87,708</u>
Non-current liabilities:				
Long-term trade and other payables	4,7,17,18,34	13,097	10,386	16,314
Long-term borrowings	4,19,33,34	763	899	1,035
Net defined benefit liabilities	21	5,741	7,316	4,902
Deferred tax liabilities	30	226,964	243,542	242,966
Other non-current financial liabilities	4,8,13,33,34	30,331	9,373	-
Other non-current liabilities	22	368	429	601
		<u>277,264</u>	<u>271,945</u>	<u>265,818</u>
Total liabilities		388,721	404,759	353,526
Equity				
Share capital	23,34	105,355	105,355	105,355
Share premium	34	451,188	451,188	451,188
Retained earnings	23,34	6,261,075	6,423,890	6,434,014
Other components of equity	23,34	(4,549,679)	(4,499,562)	(4,515,152)
		<u>2,267,939</u>	<u>2,480,871</u>	<u>2,475,405</u>
Total equity		₩ 2,267,939	₩ 2,480,871	₩ 2,475,405
Total liabilities and equity		₩ 2,656,660	₩ 2,885,630	₩ 2,828,931

The accompanying notes are an integral part of the separate financial statements.

Hyosung Corporation
Separate statements of profit or loss
for the years ended December 31, 2020 and 2019

(Korean won in millions, except for earnings (loss) per share)

	Notes	2020	2019 (Restated)
Revenue	17,24,25	₩ 295,491	₩ 397,940
Cost of sales	17,27	185,061	233,743
Gross profit		110,430	164,197
Selling and administrative expenses	17,26,27	53,495	54,742
Operating profit		56,935	109,455
Other income	28	10,624	2,844
Other expenses	28	122,668	3,787
Finance income	29	6,819	6,339
Finance costs	29	7,825	8,784
Profit (loss) before income tax		(56,115)	106,067
Income tax expenses	30	2,870	5,524
Profit (loss) for the year		₩ (58,985)	₩ 100,543
Earnings (loss) per share (in Korean won)	31	₩ (2,942)	₩ 4,945

The accompanying notes are an integral part of the separate financial statements.

Hyosung Corporation
Separate statements of other comprehensive loss
for the years ended December 31, 2020 and 2019

(Korean won in millions)

	<u>Notes</u>	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Profit (loss) for the year		₩ (58,985)	₩ 100,543
Other comprehensive loss		(24,396)	(3,199)
Items that will not be subsequently reclassified to profit or loss (net of tax):		(1,903)	(18,660)
Net gain on equity instruments at fair value through OCI	30	272	129
Remeasurements loss on net defined benefit liabilities	25	(1,351)	(5,180)
Shares of remeasurement loss of subsidiaries and associates	14,15	(825)	(13,609)
Items that may be subsequently reclassified to profit or loss (net of tax):		(22,493)	15,461
Net gain (loss) on valuation of investments in subsidiaries and associates	14,15	(22,493)	15,461
Other comprehensive loss for the year, net of tax		(24,397)	(3,199)
Total comprehensive income (loss) for the year		₩ (83,382)	₩ 97,344

The accompanying notes are an integral part of the separate financial statements.

Hyosung Corporation
Separate statements of changes in equity
for the years ended December 31, 2020 and 2019
(Korean won in millions)

	Share capital		Share premium		Retained earnings		Other components of equity		Total	
As of January 1, 2019	₩	105,355	₩	451,188	₩	5,828,979	₩	(4,516,187)	₩	1,869,336
Effect of change in accounting policy (equity method)		-		-		605,034		1,035		606,069
Effect of change in accounting policy (leases)		-		-		9,777		-		9,777
As of January 1, 2019 (restated)		105,355		451,188		6,443,790		(4,515,152)		2,485,182
Total comprehensive income:										
Profit for the year		-		-		100,543		-		100,543
Net gain on equity instruments at fair value through OCI		-		-		-		129		129
Remeasurements loss on net defined benefit liabilities		-		-		(5,180)		-		(5,180)
Share of remeasurement loss of subsidiaries and associates		-		-		(13,609)		-		(13,609)
Net gain on valuation of investments in subsidiaries and associates		-		-		-		15,461		15,461
Transactions with owners of the parent:										
Dividend (Note 32)		-		-		(101,654)		-		(101,654)
As of December 31, 2019 (restated)	₩	105,355	₩	451,188	₩	6,423,890	₩	(4,499,562)	₩	2,480,871
As of January 1, 2020	₩	105,355	₩	451,188	₩	6,423,890	₩	(4,499,562)	₩	2,480,871
Total comprehensive income:										
Loss for the year		-		-		(58,985)		-		(58,985)
Net gain on equity instruments at fair value through OCI		-		-		-		273		273
Remeasurements loss on net defined benefit liabilities		-		-		(1,351)		-		(1,351)
Share of remeasurement loss of subsidiaries and associates		-		-		(825)		-		(825)
Net loss on valuation of investments in subsidiaries and associates		-		-		-		(22,493)		(22,493)
Transactions with owners of the parent:										
Dividend (Note 32)		-		-		(101,654)		-		(101,654)
Purchase of treasury shares		-		-		-		(27,897)		(27,897)
As of December 31, 2020	₩	105,355	₩	451,188	₩	6,261,075	₩	(4,549,679)	₩	2,267,939

The accompanying notes are an integral part of the separate financial statements.

Hyosung Corporation
Separate statements of cash flows
for the years ended December 31, 2020 and 2019

(Korean won in millions)

	Notes	2020	2019
Cash flows from operating activities:			
Profit (loss) for the year		₩ (58,985)	₩ 100,543
Cash generated from operations	33	71,393	(93,464)
Working capital adjustments	33	(5,412)	(2,395)
Income taxes paid		(9,243)	(9,264)
Interest paid		(2,342)	(801)
Interest received		7,818	1,635
Dividend received		81,185	69,143
Net cash flows provided by operating activities:		84,414	65,397
Cash flows from investing activities:			
Collection of short-term loans		5,016	4,610
Proceeds from sales of other financial assets		14,677	14,108
Collection of long-term loans		18,000	5
Collection of long-term deposits		-	438
Proceeds from disposal of property, plant and equipment		1,475	751
Government grants received		-	342
Proceeds from disposal of intangible assets		-	177
Proceeds from disposal of investments in subsidiaries and associates		383,983	-
Proceeds from disposal of long-term financial instruments		-	2,732
Increase in short-term loans		-	(704)
Acquisition of other financial assets		(335,063)	(976)
Increase in long-term deposits		(586)	(220)
Acquisition of property, plant and equipment		(5,446)	(10,458)
Acquisition of intangible assets		(6,063)	(5,850)
Acquisition of investments in subsidiaries and associates		(801)	(146)
Acquisition of long-term financial instruments		-	(585)
Net cash flows provided by investing activities		75,192	4,224
Cash flows from financing activities:			
Issuance of debentures		-	20,000
Proceeds from short-term borrowings		198,747	102,124
Government grants received		3,221	1,104
Repayment of short-term borrowings		(212,200)	(68,454)
Redemption of debentures		-	(20,000)
Repayment of current portion of long-term borrowings		(136)	(136)
Payments of lease liabilities		(14,087)	(11,227)
Dividends paid		(101,654)	(101,654)
Repayment of government grants		(4,557)	(330)
Purchase of treasury shares		(27,897)	-
Net cash used in financing activities		(158,563)	(78,573)
Net increase (decrease) in cash and cash equivalents		1,043	(8,952)
Cash and cash equivalents at the beginning of the year		2,964	11,916
Cash and cash equivalents at the end of the year		₩ 4,007	₩ 2,964

The accompanying notes are an integral part of the separate financial statements.

1. Company information

Hyosung Corporation (the “Company”) was established on November 3, 1966, primarily manufactures and sells synthetic fiber products and electronic products, and is engaged in construction, international trade and other related business activities. 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 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.

As of December 31, 2020, the shareholders of the Company are as follows:

(In number of shares and percentage)

Shareholder	Number of Shares	Percentage of Ownership (%)
Cho Seok-Rae	1,986,333	9.43
Cho Hyun-Joon	4,623,736	21.94
Cho Hyun-Sang	4,513,596	21.42
Song Gwang-Ja	101,387	0.48
Cho Yang-Rae and others	93,755	0.45
Others	8,590,597	40.77
Treasury shares	1,161,621	5.51
Total	21,071,025	100

2. Significant accounting policies

The principal accounting policies applied in the preparation of the separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of financial statement preparation

The Company prepares statutory financial statements in accordance with International Financial Reporting Standards enacted by the Act on External Audit of Stock Companies (“KIFRS”). The accompanying separate financial statements have been translated into English from the Korean separate financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate financial statements have been prepared on a historical cost basis, except for certain assets that are measured at fair values. The separate financial statements are presented in Korean won (KRW) except when otherwise indicated.

2.2 Changes in accounting policy and disclosures

(1) Changes in accounting policy

KIFRS 1027, ‘Separate Financial Statements’, requires the investments in subsidiaries, joint ventures and associates to be accounted for by cost method, method in accordance with the requirements of KIFRS 1109 or the equity method of accounting in accordance with KIFRS 1028. The Company changed the valuation of investments in subsidiaries, joint ventures and associates from the cost method to the equity method.

2.2 Changes in accounting policy and disclosures (cont'd)

This changes in accounting policy are to provide reliable and more purposeful information on the impact on the Company's financial position, financial performance or cash flow by requiring a parent, or an investor with joint control of, or significant influence over, an investee to account for investment assets based on the reported performance and net assets of the investee.

The Company has retrospectively revised the separate statements of financial position and the separate statements of profit or loss and other comprehensive income of the previous year to reflect the effects of the changes. The impact of these accounting policy changes on the separate financial statements is as follows.

A. Separate statements of financial position (KRW in millions)

	December 31, 2020			December 31, 2019			January 1, 2019		
	Before Adjustment	Amount Adjusted	After Adjustment	Before Adjustment	Amount Adjusted	After Adjustment	Before Adjustment	Amount Adjusted	After Adjustment
1. Effect from change in accounting policy									
Investments in subsidiaries	332,488	320,395	652,883	714,773	444,339	1,159,112	714,627	396,526	1,111,153
Investments in associates	613,559	297,461	911,020	612,843	322,528	935,371	613,788	311,538	925,326
Deferred tax liabilities	141,968	84,996	226,964	141,328	102,214	243,542	140,972	101,994	242,966
Other components of equity	(4,543,682)	(5,998)	(4,549,680)	(4,516,058)	16,496	(4,499,562)	(4,516,187)	1,035	(4,515,152)
Retained earnings	5,722,217	538,858	6,261,075	5,775,733	648,157	6,423,890	5,828,979	605,035	6,434,014
2. Effect on net assets	2,038,804	617,856	2,656,660	2,118,763	766,867	2,885,630	2,120,868	708,064	2,828,932
3. Effect on net liabilities	303,725	84,996	388,721	302,545	102,214	404,759	251,532	101,995	353,527
4. Effect on net equity	1,735,079	532,860	2,267,939	1,816,218	664,653	2,480,871	1,869,336	606,069	2,475,405

B. Separate statements of profit or loss and other comprehensive income (KRW in millions, except for earnings (loss) per share)

	2020			2019		
	Before Adjustment	Amount Adjusted	After Adjustment	Before Adjustment	Amount Adjusted	After Adjustment
1. Effect from change in accounting policy						
Gain on valuation by equity method	-	71,085	71,085	-	123,758	123,758
Dividend income	81,638	(81,638)	-	68,667	(68,667)	-
Gain (loss) on disposal of investments in subsidiaries	10,647	(113,110)	(102,463)	-	-	-
Impairment loss on investments in associates	-	-	-	(945)	945	-
2. Profit (loss) before income tax	67,548	(123,663)	(56,115)	50,031	56,036	106,067
3. Income tax expenses	18,058	(15,188)	2,870	6,220	(696)	5,524
4. Profit (loss) for the year	49,490	(108,475)	(58,985)	43,811	56,732	100,543
5. Total comprehensive income (loss)	48,412	(131,794)	(83,382)	38,760	58,584	97,344

Hyosung Corporation
Notes to the separate financial statements
December 31, 2020 and 2019

6. Earnings (loss) per share (in Won)	2,468	(5,410)	(2,942)	2,155	2,790	4,945
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(2) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to KIFRS 1103: Definition of a Business

The amendment to KIFRS 1103 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it also clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments have no significant impact on the separate financial statements but, may impact future periods should the Company enter into any business combinations.

KIFRS 1107, KIFRS 1109, and KIFRS 1039: Interest Rate Benchmark Reform

The amendments to KIFRS 1109 and KIFRS 1039 'Financial Instruments: Recognition and Measurement' provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the separate financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to KIFRS 1001 and KIFRS 1008: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the separate financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the KASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the separate financial statements of the Company.

Amendments to KIFRS 1116: Covid-19 Related Rent Concessions

The amendments provide relief to lessees from applying KIFRS 1116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under KIFRS 1116 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no impact on the

separate financial statements of the Company.

(3) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below.

Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to KIFRS 1103

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of KIFRS 1103 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 or KIFRS 2121 'Levies', if incurred separately. At the same time, the Board decided to clarify existing guidance in KIFRS 1103 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1016

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to KIFRS 1037

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

KIFRS 1101 'First-time Adoption of International Financial Reporting Standards' – Subsidiary as a first-time adopter

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The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to KIFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

KIFRS 1109 'Financial Instruments' – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

KIFRS 1041 'Agriculture' – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

2.3 Investment in subsidiaries, associates and joint ventures

An associate is an entity over which the parent has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's investments in subsidiaries, associates and joint ventures are accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Company's share of the changes in net assets of the subsidiaries, associates and joint ventures. Goodwill relating to the subsidiaries, associates and joint ventures is included in the carrying amount of the investment and is not amortized or otherwise tested for impairment.

The separate statement of profit or loss and other comprehensive income reflects the Company's share of the results of operations of the subsidiaries, associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the subsidiaries, associate or joint venture, the Company recognizes its share of any changes, when applicable, in the separate statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the subsidiaries, associate or joint venture are eliminated to the extent of the interest in the subsidiaries, associate or joint venture.

The aggregate of the Company's share of profit or loss of an subsidiaries, associate and a joint venture is shown on the face of the separate statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the subsidiaries, associate or joint venture.

The financial statements of the subsidiaries, associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line

with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss on its investment in its subsidiaries, associates and joint ventures. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries, associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries, associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an subsidiaries, associate and a joint venture' in the separate statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, joint control over the joint venture or control over the subsidiary, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the subsidiaries, associate or joint venture upon loss of control, significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.4 Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading.
- expected to be realized within twelve months after the reporting period, or
- cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle.
- it is held primarily for the purpose of trading.
- it is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

2.5 Fair value measurement

The Company measures financial instruments at their fair value as of the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use

when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purposes of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative disclosure of the fair value measurement hierarchy - Note 4
- Investment properties - Note 11

2.6 Foreign currency translation

Items included in the separate financial statements of the Company are measured using Korean won (KRW), the currency of the primary economic environment in which the entity operates ("functional currency"). The separate financial statements are presented in Korean won.

Transactions in foreign currency are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign exchange gains and losses resulting from the settlement of such transactions are from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss is also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-

monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Financial assets

1) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedients are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, the cash flows need be composed exclusively of solely payments of principal and interest (SPPI) This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets is related to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

① Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets measured at amortized cost include trade and other receivables, finance lease receivables, and other financial assets.

② Financial assets at fair value through OCI (debt instruments)

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The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the separate statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

③ Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 'Financial Instruments: Presentation' and are not held for investment.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the separate statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company may also elect to classify irrevocably its non-listed equity investments under this category.

④ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated or required upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the separate statement of financial position at fair value with net changes in fair value recognized in the separate statement of profit or loss.

This category includes derivatives and listed equity instruments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity instruments are recognized in profit or loss at the time the rights are established.

3) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through'

arrangement.

When the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – Note 3
- Trade and other receivables – Note 7

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

The Company considers debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category by the credit rating agency to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from an independent credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

(2) Financial liabilities

1) Initial recognition and measurement

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Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

2) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the separate statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Company has not designated any financial liability as of fair value through profit or loss.

② Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statement of profit or loss.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.8 Cash and cash equivalents

Cash and cash equivalents in the separate statement of financial position consist of ordinary deposits, small amounts of cash and short-term deposits with maturities of three months or less from the acquisition date.

2.9 Derivative instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized in profit or loss within "finance income (costs)".

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the moving-weighted average method except for in-transit inventories which are determined using the specific identification method.

2.11 Non-current assets held for sale (or disposal groups)

The Company classifies non-current assets or disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute.

2.12 Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment transferred from customers are initially measured at the fair value at the date on which control is obtained.

The Company does not depreciate land. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

	Useful Life
Buildings	40 years
Structures	40 years
Machinery	8~ 10 years
Vehicles	5 years
Tools and equipment	5 years
Other property, plant, and equipment	4 years
Lease assets	1 ~ 20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.13 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received, Government grants related to assets are presented in the separate statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and the government grants related to income are recognized as 'other income' at the time of recognition or deducted from expenses related to the purpose of the government grants.

2.15 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the separate statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

	Useful life
Industrial rights	5~10 years
Facility usage right	10~25 years
Other intangible assets	5 years

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss.

2.16 Investment property

Investment property is a property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Company depreciates investment properties, except for land, over their useful lives of 40 years and investment properties related to leases over the lease terms using the straight-line method.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The consideration (amount) to be included in the profit or loss arising from the disposal of investment property is calculated in accordance with the requirements for the calculation of transaction prices in KIFRS 1115.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.17 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the separate statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.18 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the separate statement of profit or loss and other comprehensive income net of any reimbursement. The expense relating to a provision is presented in the separate statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

In addition, if an event occurred in the past but the Company has a potential obligation of which the existence is identified when an uncertain future event occurs, or if the past event or transaction causes a current obligation but resources are not likely to flow out of the Company, or if an amount required to perform the current obligation cannot be reliably estimated, the Company recognizes a contingent liability and discloses such a liability in its separate financial statements.

2.19 Taxes

(1) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted by the reporting date.

Current tax relating to items recognized directly in equity is recognized in equity and not in the separate

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statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(2) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- the Company is able to control the timing of the reversal of the temporary difference relating to deferred tax liabilities associated with investments in subsidiaries, associates and joint ventures, and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(3) Sales tax

Revenue, expenses and assets are recognized net of the amount of sales tax. However, when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the separate statement of financial position.

2.20 Employee benefits

The Company operates both defined contribution and defined benefit pension plans.

(1) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The contributions are recognized as an expense when an employee has rendered service.

(2) Defined benefit plan

The Company operates a defined benefit plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and compensation.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales' and 'selling and administrative expenses' in the separate statements of profit or loss and other comprehensive income:

2.21 Revenue from contracts with customers

(1) Identifying performance obligations

In accordance with KIFRS 1115, the Company identifies distinct performance obligations in contracts with customers and differentiates the time of recognition of the revenue from contracts with customers depending on whether a performance obligation is fulfilled at a point in time or over a period of time.

(2) Performance obligations satisfied at a point in time

Revenue from the sale of goods is recognized when the assets are transferred and performance obligations are fulfilled, and performance obligations satisfied at a point in time are fulfilled at the point in time when the control of the goods or services is transferred to the customer.

(3) Performance obligations satisfied over time

In accordance with KIFRS 1115, the revenue is recognized over time by measuring progress only if the Company's performance creates or enhances an asset that the customer controls as the asset is

created or enhanced or the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

(4) Incremental costs of obtaining a contract

In accordance with KIFRS 1115, the Company recognizes the incremental costs of obtaining a contract with customer as an asset if the Company expects to recover those costs. Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained is recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(5) Variable consideration

The Company estimates an amount of variable consideration by using the expected value which the Company expects to better predict the amount of consideration. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received or will be received for which the Company does not expect to be entitled.

(6) Significant financing component

With implementation of KIFRS 1115, when calculating the transaction price, the Company should recognize the revenue as an amount that reflects the price of the good or the service customer paid in cash, if the customer or the Company has a significant financial benefit when the goods or services are transferred due to the agreed payment date between contracting parties.

2.22 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment, refer Note 2.17 Impairment of non-financial assets.

2) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including substance fixed payments less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company classifies lease liabilities as interest-bearing borrowings.

3) Short-term and low-value leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(2) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the separate statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.23 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is accounted for as other components of equity.

2.24 Cash dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.25 Approval of separate financial statements

The separate financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 26, 2021 and are subject to change with approval of shareholders at their Annual General Meeting.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(1) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that non-financial assets may be impaired. The Company performs impairment tests for intangible assets with indefinite useful lives and goodwill every year or when there is an indication of impairment. The Company performs impairment tests for other non-financial assets if there is an indication that their book value is not recoverable. To calculate use value, management estimates expected future cash flows arising from cash generating units (CGU) or assets and selects an appropriate discount rate to compute the present value of the expected future cash flows.

(2) Pension benefits

The cost of the defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

To determine an appropriate discount rate, management refers to the interest rate of corporate bonds rated AA or higher. Mortality rates are based on publicly available tables, and future wage growth rates and future pension growth rates are based on the Company's average salary increase rate

(3) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the separate statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(4) Calculation of incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they

need to be adjusted to reflect the terms and conditions of the lease (i.e. leases that are not of the functional currency of subsidiaries).

(5) Deferred tax and corporate tax

Recognition and measurement of deferred tax assets and liabilities require the management's judgment, in particular, whether to recognize if the scope of deferred tax assets is affected by management's judgment and assumption in the future. In addition, in accordance with the "Special Taxation for Investment and Promoting Win-win Cooperation", The Company shall pay an additional corporate tax calculated by the method prescribed by the tax law. Accordingly, as the Company considers the tax effects from reflux taxes when computing its corporate income tax, the Company's corporate tax may change arising from changes in investment, wage growth, etc.

(6) Calculation of loss allowance for trade and other receivables

The Company estimates the amount of loss incurred by taking into account the age of the receivables, history of bad debt in the past, and other economic and industrial environment factors in order to calculate the loss allowance for trade and other receivables.

4. Financial assets and financial liabilities

A. Financial assets

Financial assets of the Company as of December 31, 2020 and 2019 are as follows (KRW in millions):

December 31, 2020				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	-	-	4,007	4,007
Trade and other receivables	-	-	51,007	51,007
Other financial assets	334,700	688	-	335,388
Long-term trade and other receivables	-	-	27,827	27,827
Other non-current financial assets	21,922	10,881	1,893	34,696
Total	356,622	11,569	84,734	452,925

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December 31, 2019				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	-	-	2,964	2,964
Trade and other receivables	-	-	50,908	50,908
Long-term trade and other receivables	-	-	51,476	51,476
Other non-current financial assets	36,008	11,934	1,893	49,835
Total	36,008	11,934	107,241	155,183

B. Financial liabilities

Financial liabilities of the Company as of December 31, 2020 and 2019 are as follows (KRW in millions):

	Financial liabilities at amortized cost	
	December 31, 2020	December 31, 2019
Trade and other payables	51,586	60,923
Borrowings	21,040	34,507
Other current financial liabilities	10,757	12,295
Long-term trade and other payables	13,097	10,386
Long-term borrowings	763	899
Other non-current financial liabilities	30,331	9,373
Total	127,574	128,383

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C. Net profit and loss by financial instrument category

Net profit and loss for financial instruments incurred for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Financial assets at amortized cost		
Interest income	1,893	2,797
Gain (loss) on foreign currency transactions	(57)	394
Gain (loss) on foreign currency translation	40	(13)
Loss on disposal of trade receivables	(26)	(108)
Other bad debt expenses	(8,262)	-
Nego commission	(7)	(41)
Financial assets at FVPL		
Loss on disposal of financial assets	(661)	(312)
Valuation gain (loss) on financial assets	217	(3,231)
Dividend income	372	200
Financial assets at FVOCI		
Valuation gain on financial assets	306	170
Dividend income	88	774
Interest income	31	30
Financial liabilities at amortized cost		
Interest expenses	(2,547)	(1,796)
Gain (loss) on foreign currency transactions	36	(680)
Gain (loss) on foreign currency translation	72	(59)
Derivative financial assets and liabilities		
Gain on derivative transactions	-	575

D. Fair value hierarchy

Details of the carrying amounts and fair values of the Company's financial instruments that are measured at fair value as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets at FVPL (Equity instrument)	21,922	21,922	36,008	36,008
Financial assets at FVPL (Beneficiary certificates)	334,700	334,700	-	-
Financial assets at FVOCI (Listed securities)	8,291	8,291	7,722	7,722
Financial assets at FVPL (Non-listed securities)	2,120	2,120	3,053	3,053
Financial assets at FVOCI (Debt instruments)	1,159	1,159	1,159	1,159

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There is no significant difference between the carrying amount and fair value of the Company's financial instruments, excluding fair value financial assets measured at cost for which the fair value of equity instruments cannot be reliably measured as they lack a quoted market price in an active market.

Items that are measured at fair value or for which the fair value is disclosed are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value disclosed as of December 31, 2020 and 2019 are as follows (KRW in millions):

December 31, 2020				
	Level 1	Level 2	Level 3	Total
Equity instruments at FVPL	-	-	21,922	21,922
Debt instruments at FVPL	-	-	334,700	334,700
Equity instruments at FVOCI	8,291	-	2,120	10,411
Debt instruments at FVOCI	-	-	1,159	1,159
Total	8,291	-	359,901	368,192

December 31, 2019				
	Level 1	Level 2	Level 3	Total
Equity instruments at FVPL	-	-	36,008	36,008
Equity instruments at FVOCI	7,722	-	3,054	10,776
Debt instruments at FVOCI	-	-	1,158	1,158
Total	7,722	-	40,220	47,942

There were no transfers between fair value hierarchy levels for the year ended December 31, 2020.

E. Valuation techniques and inputs

The Company uses the following valuation techniques and inputs for the fair value of financial instruments classified as Level 2 and Level 3 in the fair value hierarchy.

	Fair value as of December 31, 2020 (KRW in millions)	Level	Valuation methods	Inputs	Range of inputs
Financial assets at FVPL	356,622	3	Net asset value methods and others	Stock price, sales, others	N/A
Financial assets at FVOCI	3,279	3	DCF method and others	Discount rate	16.34%
				Growth rate	1%

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F. Restricted financial instruments

Restricted financial instruments as of December 31, 2020 and 2019 are follows (KRW in millions):

	Details	December 31, 2020	December 31, 2019
Other non-current financial assets	Restricted for checking account and lease deposits	1,893	1,893

5. Segment information

In accordance with KIFRS 1108 'Operating Segments', the Company discloses its operating segments in the consolidated financial statements, but not in the separate financial statements.

6. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2020 and 2019 consist of the followings (KRW in millions):

	December 31, 2020	December 31, 2019
Cash on hand	30	30
Bank deposits, others	3,977	2,934
Total	4,007	2,964

7. Trade and other receivables

A. Trade and other receivables as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020			December 31, 2019		
	Receivable amount	Allowance for doubtful accounts	Carrying amount	Receivable amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	37,310	-	37,310	27,559	-	27,559
Other receivables	23,560	(9,863)	13,697	24,951	(1,602)	23,349
Subtotal	60,870	(9,863)	51,007	52,510	(1,602)	50,908
Long-term other receivables	27,827	-	27,827	51,476	-	51,476
Total	88,697	(9,863)	78,834	103,986	(1,602)	102,384

The Company has transferred trade receivables to the financial institutions in exchange for cash. The outstanding balances that have not been collected as of December 31, 2020 is KRW 904 million (2019: KRW 470 million). The Company may retain an obligation to compensate a bank for debtors' failure to make payment when they become due; therefore, the transaction has been accounted for as a collateralized borrowings.

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B. Details of other receivables as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Other receivables		
Non-trade receivables	1,527	2,050
Short-term loans	-	10,413
Accrued income	440	396
Finance lease receivables	11,730	10,490
Subtotal	13,697	23,349
Long-term other receivables		
Long-term loans	-	20,361
Long-term deposits	12,364	12,432
Long-term accrued income	-	9,188
Long-term finance lease receivables	15,463	9,495
Subtotal	27,827	51,476
Total	41,524	74,825

C. The aging analysis of trade receivables as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Current	35,714	7,934
Past due but not impaired		
Up to 3 months	1,196	18,083
4 ~ 6 months	124	241
7 ~ 12 months	29	394
Over 12 months	247	907
Impaired receivables	-	-
Total	37,310	27,559

D. The aging analysis of other receivables as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Current	41,524	74,825
Past due but not impaired		
Up to 3 months	-	-
4 ~ 6 months	-	-
7 ~ 12 months	-	-
Over 12 months	-	-
Impaired receivables	9,863	1,602
Total	51,387	76,427

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E. Individually impaired receivables mainly relate to customers that are experiencing unexpected economic difficulties. The Company expects that a portion of their receivables will be recovered. If the Company determines that no objective evidence of impairment exists for an individually assessed receivables, those will be collectively assessed for impairment.

F. The Company measured the credit quality of trade receivables and long-term trade receivables that are not impaired by referring to the credit rating information or historical information on the counterparty's default rate supplied by independent rating agencies where available.

	December 31, 2020	December 31, 2019
Counterparties with external credit rating information		
A	27,213	21,779
BB	6,277	2,908
BBB	10	14
Subtotal	33,500	24,701
Counterparties without external credit rating information		
Group 1	23	91
Group 2	3,787	2,767
Group 3	-	-
Subtotal	3,810	2,858
Trade receivables in good condition	37,310	27,559

Group 1 - New customer/related party (less than 6 months)

Group 2 - Existing customers/special parties with no history of bankruptcy (more than 6 months)

Group 3 - Existing customers/special parties with no history of bankruptcy (more than 6 months) who has resolved risk of default

G. The changes in allowance for doubtful accounts for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020		2019	
	Trade receivables	Other receivables	Trade receivables	Other receivables
January 1	-	1,602	3	1,602
Increase	-	8,261	-	-
Reversal	-	-	(3)	-
December 31	-	9,863	-	1,602

The maximum exposure to credit risk is the book value of each receivables as of December 31, 2020 mentioned above.

8. Other financial assets and liabilities

A. Other financial assets and liabilities as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Other financial assets						
Financial assets at amortized cost	-	1,893	1,893	-	1,893	1,893
Financial assets at FVOCI	688	10,881	11,569	-	11,935	11,935
Financial assets at FVPL	334,700	21,922	356,622	-	36,008	36,008
Total	335,388	34,696	370,084	-	49,836	49,836
Other financial liabilities						
Lease liabilities	10,757	30,331	41,088	12,295	9,373	21,668

B. The carrying amount of other financial assets by category as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Financial assets at amortized cost		
Debt securities	1,893	1,893
Financial assets at FVPL:		
Equity securities that are not traded in an active market	3,886	14,781
Beneficiary certificates	334,700	-
Capital investments, etc.	18,036	21,227
Subtotal	356,622	36,008
Financial assets at FVOCI		
Equity securities that are traded in an active market	8,291	7,722
Equity securities that are not traded in an active market	2,120	3,053
Debt securities	1,159	1,159
Subtotal	11,570	11,934
Total	370,084	49,836

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C. Details of equity securities as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020			December 31, 2019	
	Percentage of ownership (%)	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Marketable equity securities					
Dong Anh EEMC (Vietnam Transformer)	2.73	2,975	5,215	2,975	4,313
Kumho Tire Co., Ltd.	2.60	5,925	3,076	5,925	3,409
Subtotal		8,900	8,291	8,900	7,722
Non-marketable equity securities					
Kyungnam Newspaper	0.06	30	5	30	5
Kihyup Technology Finance	-	-	-	500	500
KMA Consultants Inc.	4.50	180	180	180	180
Gangwon-do Min Daily	0.39	20	20	20	20
The Korea Economic Daily	0.66	1,354	1,282	1,354	1,319
Namwoo Ad	10.19	500	333	500	333
AXIA Materials Co., Ltd.	8.91	1,053	-	1,053	396
TransLink Capital	4.15	2,022	2,629	2,022	2,659
Kumho & Company Incorporation	-	-	-	10,000	11,229
Uiwang Baegun Project	2.00	100	100	100	100
Uiwang Industrial Complex PFV Co., Ltd.	2.00	100	100	100	100
Wanju Techno Valley Co., Ltd.	5.00	200	200	200	200
Digital Health Fund (HIKARI FUND)	0.06	616	1,157	616	793
Subtotal		6,175	6,006	16,675	17,834
Total		15,075	14,297	25,575	25,556

D. Changes in financial assets at FVPL and FVOCI for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
January 1	47,942	64,443
Acquisition	335,063	800
Disposal	(15,337)	(14,243)
Valuation gain (Other comprehensive income)	306	173
Valuation gain (loss) (Profit or loss)	217	(3,231)
December 31	368,191	47,942

9. Inventories

A. Details of inventories as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020			December 31, 2019		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished goods	1,726	(41)	1,685	3,134	(92)	3,042
Semi-finished goods	3,291	(80)	3,211	3,869	(181)	3,688
Raw materials	357	-	357	312	-	312
Sub-materials	1,021	(24)	997	1,072	(27)	1,045
Others	132	-	132	88	(3)	85
Total	6,527	(145)	6,382	8,475	(303)	8,172

Meanwhile, the reversal of valuation allowance for inventories deducted from cost of sales for the years ended December 31, 2020 and 2019 is KRW 158 million and KRW 44 million, respectively.

10. Property, plant and equipment

A. Details of property, plant and equipment as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020				December 31, 2019			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	443,105	-	-	443,105	443,336	-	-	443,336
Buildings	61,281	(29,682)	-	31,599	62,311	(28,538)	-	33,773
Structures	15,448	(4,470)	(1)	10,977	15,071	(3,944)	(1)	11,126
Machinery	211,979	(188,046)	(3,425)	20,508	209,625	(183,481)	(3,425)	22,719
Vehicles	938	(830)	-	108	924	(782)	-	142
Tools and equipment	50,937	(42,165)	(26)	8,746	48,672	(39,213)	(26)	9,433
Construction in progress	9,301	-	-	9,301	8,469	-	-	8,469
Machinery in transit	130	-	-	130	87	-	-	87
Right-of-use assets	28,915	(8,117)	-	20,798	10,428	(3,509)	-	6,919
Total	822,034	(273,310)	(3,452)	545,272	798,923	(259,467)	(3,452)	536,004

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B. Changes in property, plant and equipment for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020							
	January 1	Acquisition	Disposal	Depreciation	Transfer (*1)	Others	December 31
Land	443,336	-	(240)	-	9	-	443,105
Buildings	33,773	-	(70)	(1,560)	19	(563)	31,599
Structures	11,126	-	-	(533)	384	-	10,977
Machinery	24,326	1,184	-	(5,724)	2,104	-	21,890
(Government subsidies)	(1,607)	(343)	-	568	-	-	(1,382)
Vehicles	142	2	-	(48)	12	-	108
Tools and equipment	9,710	837	-	(3,955)	2,306	-	8,898
(Government Subsidies)	(277)	(32)	-	157	-	-	(152)
Construction in progress	8,469	4,984	-	-	(4,715)	563	9,301
Machinery in transit	87	244	-	-	(201)	-	130
Right-of-use assets	6,919	1,531	(226)	(4,853)	-	17,427	20,798
Total	536,004	8,407	(536)	(15,948)	(82)	17,427	545,272

(*1) The amount transferred to intangible assets is 82 million.

2019							
	January 1	Acquisition	Disposal	Depreciation	Transfer	Accounting policy change	December 31
Land	444,584	-	(1,248)	-	-	-	443,336
Buildings	35,253	-	-	(1,560)	80	-	33,773
Structures	10,317	-	(10)	(460)	1,279	-	11,126
Machinery	25,247	1,321	(1)	(6,053)	3,811	-	24,325
(Government subsidies)	(1,922)	(268)	-	583	-	-	(1,607)
Vehicles	88	-	-	(38)	92	-	142
Tools and equipment	8,605	2,211	-	(3,867)	2,761	-	9,710
(Government subsidies)	(411)	(75)	-	209	-	-	(277)
Construction in progress	9,486	6,017	-	-	(7,034)	-	8,469
Machinery in transit	54	909	-	-	(876)	-	87
Right-of-use assets	-	9,527	(131)	(3,533)	-	1,057	6,920
Total	531,301	19,642	(1,390)	(14,719)	113	1,057	536,004

Some of land, buildings, machinery, and others are pledged as collateral to financial institutions in relation to the Company's borrowings (see Note 35).

11. Investment properties

A. Details of investment properties as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020			December 31, 2019		
	Acquisition cost	Accumulated depreciation	Carrying amount	Acquisition cost	Accumulated depreciation	Carrying amount
Land	5,487	-	5,487	5,487	-	5,487
Buildings	1,047	(411)	636	1,047	(385)	662
Right-of-use assets	347	(23)	324	3,966	(1,422)	2,544
Total	6,881	(434)	6,447	10,500	(1,807)	8,693

B. Changes in investment properties for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020				
	January 1	Depreciation	Transfers and others	December 31
Land	5,487	-	-	5,487
Buildings	662	(26)	-	636
Right-of-use assets	2,544	(452)	(1,768)	324
Total	8,693	(478)	(1,768)	6,447

2019						
	January 1	Acquisition	Depreciation	Transfers and others	Accounting policy change	December 31
Land	5,487	-	-	-	-	5,487
Buildings	688	-	(26)	-	-	662
Right-of-use assets	-	653	(1,422)	(1,423)	4,736	2,544
Total	6,175	653	(1,448)	(1,423)	4,736	8,693

C. Rental income from investment properties recognized in the Company's statement of profit or loss for the year ended December 31, 2020 is KRW 6,408 million (2019: KRW 6,078 million) and rental expense including depreciation expense is KRW 1,936 million (2019: KRW 4,790 million).

D. Fair value of investment properties as of December 31, 2020 is KRW 16,968 million (2019: KRW 15,329 million). The fair value was estimated based on the land value publicly published.

12. Intangible assets

A. Changes in intangible assets for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020					
	January 1	Acquisition	Amortization	Transfer (*1)	December 31
Industrial property rights	114	93	(68)	-	139
Others	12,444	5,970	(2,412)	82	16,084
Memberships	27,861	-	-	-	27,861
Total	40,419	6,063	(2,480)	82	44,084

(*1) Transfer from construction-in-progress.

2019					
	January 1	Acquisition	Amortization	Disposal	December 31
Industrial property rights	160	19	(65)	-	114
Others	9,159	5,660	(2,375)	-	12,444
Memberships	27,826	60	-	(25)	27,861
Total	37,145	5,739	(2,440)	(25)	40,419

13. Leases

A. Changes in right-of-use assets for the year ended December 31, 2020 is as follows (KRW in millions):

2020							
	January 1	Increase	Depreciation	Termination	Change of contract, others	Transfer (*1)	December 31
Buildings	2,243	897	(2,031)	(124)	17,452	-	18,437
Vehicles	897	540	(574)	(102)	-	-	761
Others	3,779	94	(2,248)	-	(25)	-	1,600
Investment properties	2,544	-	(452)	-	14,904	(16,672)	324
Total	9,463	1,531	(5,305)	(226)	32,331	(16,672)	21,122

(*1) Transfer to finance lease receivables.

B. Changes in lease liabilities for the year ended December 31, 2020 is as follows (KRW in millions):

2020							
	January 1	Increase	Interest expenses	Principal repayments	Termination	Change of contract, others	December 31
Lease liabilities	21,668	1,477	670	(14,757)	(195)	32,225	41,088

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C. The total investments of finance leases and the present value of the minimum lease payments as of December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Within one year	11,866	10,656
1 year~ 2 years	16,394	9,939
Total lease payments	28,260	20,595
Total lease investments	28,260	20,595
Deduction: Unrealized finance income	(1,067)	(611)
Present value of minimum lease payments	27,193	19,984
Net lease investments	27,193	19,984

D. The amounts recognized in profit or loss in relation to the leases for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Depreciation of right-of-use assets	5,305	4,956
Interest expenses relating to lease liabilities	670	772
Interest income relating to lease receivables	715	777
Short-term lease payments	4,152	4,146
Expenses relating to leases of low-value assets that are not short-term leases	7	38
Variable lease payments not included in lease liabilities	257	265

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14. Investments in subsidiaries

A. The carrying amount of investments in subsidiaries as of December 31, 2020 and 2019 as follows (KRW in millions):

Subsidiary	Location	Ownership (%)	Acquisition cost	December 31, 2020	December 31, 2019 (Restated)
HYOSUNG TNS INC.	Korea	54.02	75,178	180,134	163,130
Hyosung GoodSprings, Inc.	Korea	100	74,361	61,123	73,049
Hyosung Investment & Development Corporation	Korea	58.75	34,798	220,600	216,087
Hyosung Trans World co., Ltd.	Korea	100	4,698	12,445	11,511
Taeansolarfarm Corp.	Korea	100	1,880	2,910	2,759
Gongdeok Gyeongwoo Development Corporation (*1)	Korea	73.33	4,400	-	-
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co.,Ltd. (*1, 2)	Korea	100	16,000	-	-
Hyosung Holdings USA, Inc.	USA	100	89,589	130,650	146,950
Hyosung (H.K) LIMITED	Hong Kong	100	829	1,918	2,036
Hyosung Brasil Participacoes LTDA	Brazil	100	8,607	103	141
Hyosung Sumiden Steel Cord (Nanjing) Co., Ltd	China	100	1,102	1,067	9,974
Hyosung Resource (Australia) PTY Ltd.	Australia	100	14,777	846	10,472
Hyosung RUS.	Russia	100	1,692	4,319	6,502
PT. HYOSUNG JAKARTA	Indonesia	99.90	1,268	2,614	3,098
Forza Motors Korea Corp.	Korea	100	20,001	34,016	30,770
Hyosung Capital corporation (*3)	Korea	-	-	-	482,489
Others	-	-	-	138	144
Total			349,180	652,883	1,159,112

(*1) The application of equity method was discontinued as the book value of investments in subsidiaries became less than zero ("0") due to accumulated equity method losses.

(*2) The ownership percentage takes into account the voting rights held under the contracts between shareholders. The effective ownership is 77.01%.

(*3) The Company disposed the shares of Hyosung Capital corporation for the year ended December 31, 2020 for KRW 375,200 million. The loss of KRW 102,463 million on disposal of investments in subsidiaries incurred for the disposal was recorded as other expenses.

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B. Details of valuation of subsidiaries in equity method for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

Subsidiary	2020						
	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Others	Impairment	December 31
HYOSUNG TNS INC.	163,130	-	41,898	(1,055)	(23,839)	-	180,134
Hyosung GoodSprings, Inc.	73,049	-	(10,395)	-	(1,531)	-	61,123
Hyosung Investment & Development	216,087	-	20,943	(3,507)	(12,923)	-	220,600
Hyosung Trans World co., Ltd.	11,511	-	4,994	-	(4,060)	-	12,445
Taeansolarfarm Corp.	2,759	-	451	-	(300)	-	2,910
Hyosung Holdings USA, Inc.	146,950	-	(9,313)	(6,987)	-	-	130,650
Hyosung (H.K) LIMITED	2,036	-	(4)	(114)	-	-	1,918
Hyosung Brasil Participacoes LTDA	141	-	(2)	(36)	-	-	103
Hyosung Sumiden Steel Cord (Nanjing) Co., Ltd (*1)	9,974	(9,468)	20	541	-	-	1,067
Hyosung Resource (Australia) PTY Ltd.	10,472	86	(11)	338	-	(10,039)	846
Hyosung RUS.	6,502	-	(870)	(1,313)	-	-	4,319
PT. HYOSUNG JAKARTA	3,098	-	(305)	(179)	-	-	2,614
Forza Motors Korea Corp.	30,770	-	2,535	-	711	-	34,016
Hyosung Capital corporation	482,489	(475,974)	20,006	-	(26,521)	-	-
Others	144	-	3	(9)	-	-	138
Total	1,159,112	(485,356)	69,950	(12,321)	(68,463)	(10,039)	652,883

(*1) It is being liquidated as of December 31, 2020.

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2019 (Restated)						
Subsidiary	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Others	December 31
HYOSUNG TNS INC.	165,693	-	32,985	(494)	(35,054)	163,130
Hyosung GoodSprings, Inc.	70,932	-	3,462	-	(1,345)	73,049
Hyosung Investment & Development	197,566	-	27,033	3,238	(11,750)	216,087
Hyosung Trans World co., Ltd.	10,185	-	5,063	-	(3,737)	11,511
Taeansolarfarm Corp.	2,698	-	461	-	(400)	2,759
Hyosung Holdings USA, Inc.	142,067	-	(1,097)	5,980	-	146,950
Hyosung (H.K) LIMITED	1,959	-	(4)	81	-	2,036
Hyosung Brasil Participacoes LTDA	16	-	129	(4)	-	141
Hyosung Sumiden Steel Cord (Nanjing) Co., Ltd	9,636	-	166	172	-	9,974
Hyosung Resource (Australia) PTY Ltd.	10,063	130	(7)	286	-	10,472
Hyosung RUS.	1,133	-	5,029	340	-	6,502
PT. HYOSUNG JAKARTA	2,415	-	475	208	-	3,098
Forza Motors Korea Corp.	27,126	-	4,564	-	(920)	30,770
Hyosung Capital corporation	469,523	17	26,908	73	(14,032)	482,489
Others	141	-	(3)	6	-	144
Total	1,111,153	147	105,164	9,886	(67,238)	1,159,112

C. Significant transactions in equity changes that were not recognized due to the discontinuation of the application of the equity method as of December 31, 2020 is as follows (KRW in millions):

Subsidiary	January 1	Changes	December 31
Gongdeok Gyeongwoo Development Corporation	(21,099)	(357)	(21,456)
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	(5,182)	(700)	(5,882)

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D. The financial information of significant subsidiaries that was adjusted to the carrying amount of the equity in the subsidiaries as of December 31, 2020 is as follows (KRW in millions):

Subsidiary	Net assets	Ownership (%)	Share of net assets	Differences	Fair value difference-Undepreciated balance	Intercompany transactions, others	Carrying amount
HYOSUNG TNS INC.	353,344	54.02	191,172	-	2,025	(13,063)	180,134
Hyosung Good Springs, Inc.	61,123	100	61,123	-	-	-	61,123
Hyosung Investment & Development Corporation	379,739	58.75	223,097	-	-	(2,497)	220,600
Hyosung Trans World co., Ltd.	12,445	100	12,445	-	-	-	12,445
Taeansolarfarm Corp.	2,910	100	2,910	-	-	-	2,910
Hyosung Holdings USA, Inc.	130,680	100	130,680	-	-	(30)	130,650
Hyosung (H.K) LIMITED	1,918	100	1,918	-	-	-	1,918
Hyosung Brasil Participacoes LTDA	103	100	103	-	-	-	103
Hyosung Sumiden Steel Cord (Nanjing) Co., Ltd	1,067	100	1,067	-	-	-	1,067
Hyosung Resource (Australia) PTY Ltd.	865	100	865	-	-	(19)	846
Hyosung RUS.	4,319	100	4,319	-	-	-	4,319
PT. HYOSUNG JAKARTA	2,616	99.90	2,614	-	-	-	2,614
Forza Motors Korea Corp.	34,016	100	34,016	-	-	-	34,016
Others	132	-	132	-	-	6	138
Total	985,277	-	666,461	-	2,025	(15,603)	652,883

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E. Summary of financial information of significant subsidiaries and dividends received are as follows (KRW in millions):

Subsidiary	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received from subsidiaries
HYOSUNG TNS INC.	427,910	306,339	348,464	31,894	909,767	88,688	(2,953)	85,735	21,591
Hyosung GoodSprings, Inc.	120,807	92,726	116,147	36,264	257,034	(10,395)	-	(10,395)	2,000
Hyosung Investment & Development Corporation	5,743	381,163	2,858	4,309	492	45,836	(1,167)	44,669	12,925
Hyosung Trans World co., Ltd.	54,532	1,186	42,692	580	216,463	4,994	-	4,994	4,000
Taeansolarfarm Corp.	916	2,448	112	342	1,371	451	-	451	300
Gongdeok Gyeongwoo Development Corporation	11,874	200,842	3,541	239,526	20,111	(434)	13	(421)	-
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	1,917	166,928	160,865	-	7,661	1,926	-	1,926	984
Hyosung Holdings USA, Inc.	521,985	98,504	409,182	80,627	928,869	(29,484)	(9,086)	(38,570)	-
Hyosung (H.K) LIMITED	1,921	-	3	-	-	(4)	(114)	(118)	-
Hyosung Brasil Participacoes LTDA	65	155	117	-	32	(2)	(36)	(38)	-
Hyosung Sumiden Steel Cord (Nanjing) Co., Ltd	1,067	-	-	-	-	20	541	561	-
Hyosung Resource (Australia) PTY Ltd.	54	820	9	-	-	(11)	338	327	-
Hyosung RUS.	50,420	2,749	48,037	813	177,755	(870)	(1,313)	(2,183)	-
PT. HYOSUNG JAKARTA	10,033	523	7,670	270	25,481	(305)	(179)	(484)	-
Forza Motors Korea Corp.	83,007	38,493	68,762	18,723	181,419	2,535	-	2,535	-

F. Details of impairment losses recognized in relation to investments in subsidiaries for the year ended December 31, 2020 is as follows (KRW in millions):

Subsidiary	Book value before impairment loss recognition	Recoverable amount	Recognized impairment loss	Calculation method of recoverable amount
Hyosung Resource (Australia) PTY Ltd.	10,885	846	10,039	Fair value less costs to sell

G. The Company estimated recoverable amount for investments in subsidiaries that show signs of impairment. In calculating the recoverable amount, the Company considers net fair value and value in use. The net fair value was estimated based on the best information available to calculate the amount of consideration, which may be received in a sale of assets between independent parties with reasonable judgment and intentions, less costs of disposal as of December 31, 2020.

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15. Investments in associates and joint ventures

A. The carrying amount of investments in associates and joint ventures as of December 31, 2020 and 2019 as follows (KRW in millions):

Associate / joint venture	Ownership (%)	Location	Acquisition cost	December 31, 2020	December 31, 2019 (Restated)
Hyosung TNC Corporation	20.32	Korea	176,483	208,024	189,194
Hyosung Heavy Industries Corporation	32.47	Korea	161,041	400,510	426,231
Hyosung Advanced Materials Corporation	21.20	Korea	116,476	97,783	99,850
Hyosung Chemical Corporation	20.17	Korea	97,688	102,814	114,367
Taebaek Wind Power Co., Ltd.	35	Korea	5,334	8,964	10,099
PyeongChang Wind Power Co., Ltd. (*1)	42	Korea	6,510	8,445	9,873
HYOSUNG INFORMATION SYSTEMS CO., LTD (*2)	50	Korea	24,860	48,930	47,195
Hyosung Toyota Corporation	40	Korea	800	3,040	3,116
Hyosung ITX Co., Ltd.	35.26	Korea	7,676	17,670	17,962
Suncheon ecogreen (*3,4)	29.50	Korea	-	-	-
THE KWANGJUILBO	49	Korea	3,920	2,225	3,596
Papua Agro Lestari (*5)	15	Indonesia	10,458	8,480	9,713
PT. GELORA MANDIRI MEMBANGUN (*5)	15	Indonesia	4,687	4,134	4,174
Total			615,933	911,019	935,370

(*1) The Company provides its interests in PyeongChang Wind Power Co., Ltd. as collateral for the borrowings of PyeongChang Wind Power Co., Ltd (see Note 35).

(*2) The Company and Hitachi Vantara Corporation have joint control over the investee and, therefore, are classified as a joint venture.

(*3) The Company provides its interests in Suncheon ecogreen as collateral for the borrowings of Suncheon ecogreen (see Note 35).

(*4) The application of equity method was discontinued as the book value of investments in the associate became less than zero ("0") due to accumulated equity method losses.

(*5) Although the ownership ratio of the Company is less than 20%, it is classified as an associate because the Company is considered to have significant influence when considering the participation in the Board of Directors of the investee and mutual exchange of management.

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B. Details of equity method valuation of associates and joint ventures for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020						
Associate / joint venture	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Others	December 31
Hyosung TNC Corporation	189,194	-	23,870	(2,722)	(2,318)	208,024
Hyosung Heavy Industries Corporation	426,231	-	(24,927)	(2,151)	1,357	400,510
Hyosung Advanced Materials Corporation	99,850	-	197	(2,128)	(136)	97,783
Hyosung Chemical Corporation	114,367	-	(3,324)	(4,395)	(3,834)	102,814
Taebaek Wind Power Co., Ltd.	10,099	-	(890)	-	(245)	8,964
PyeongChang Wind Power Co., Ltd.	9,873	-	(63)	-	(1,365)	8,445
HYOSUNG INFORMATION SYSTEMS CO., LTD	47,195	-	4,147	-	(2,412)	48,930
Hyosung Toyota Corporation	3,116	-	(116)	-	40	3,040
Hyosung ITX Co., Ltd.	17,962	715	4,425	(346)	(5,086)	17,670
THE KWANGJUILBO	3,596	-	(1,354)	-	(17)	2,225
Papua Agro Lestari	9,713	-	(827)	(406)	-	8,480
PT. GELORA MANDIRI MEMBANGUN	4,174	-	(3)	(37)	-	4,134
Total	935,370	715	1,135	(12,185)	(14,016)	911,019

2019 (Restated)					
Associate / joint venture	January 1	Gain (loss) on equity method	Other comprehensive income	Others	December 31
Hyosung TNC Corporation	176,483	14,298	311	(1,898)	189,194
Hyosung Heavy Industries Corporation	434,371	(4,702)	551	(3,989)	426,231
Hyosung Advanced Materials Corporation	116,476	(18,241)	2,511	(896)	99,850
Hyosung Chemical Corporation	97,688	16,755	1,527	(1,603)	114,367
Taebaek Wind Power Co., Ltd.	7,931	2,168	-	-	10,099
PyeongChang Wind Power Co., Ltd.	9,103	770	-	-	9,873
HYOSUNG INFORMATION SYSTEMS CO., LTD	46,740	3,466	-	(3,011)	47,195
Hyosung Toyota Corporation	2,357	842	-	(83)	3,116
Hyosung ITX Co., Ltd.	16,660	3,820	982	(3,500)	17,962
THE KWANGJUILBO	3,501	154	-	(59)	3,596
Papua Agro Lestari	9,872	(706)	547	-	9,713
PT. GELORA MANDIRI MEMBANGUN(GMM)	4,141	(30)	63	-	4,174
Total	925,323	18,594	6,492	(15,039)	935,370

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C. Significant transactions in equity changes that were not recognized due to the discontinuation of the application of the equity method as of December 31, 2020 is as follows (KRW in millions):

Associate	January 1	Changes	December 31
Suncheon ecogreen	(2,850)	(2,844)	(5,694)

D. The financial information of significant associates and joint ventures that was adjusted to the carrying amount of the equity in the associates and joint ventures as of December 31, 2020 is as follows (KRW in millions):

Associate / joint venture	Net assets	Ownership (%)	Share of net assets	Differences	Fair value difference-undepreciated balance	Intercompany transactions, others	Carrying amount
Hyosung TNC Corporation	600,974	20.32	122,105	17,213	68,938	(232)	208,024
Hyosung Heavy Industries Corporation	883,582	32.47	286,910	-	113,600	-	400,510
Hyosung Advanced Materials Corporation	312,839	21.20	66,328	1,817	31,103	(1,465)	97,783
Hyosung Chemical Corporation	402,202	20.17	81,128	3,116	18,570	-	102,814
Taebaek Wind Power Co., Ltd.	25,610	35	8,964	-	-	-	8,964
PyeongChang Wind Power Co., Ltd.	20,107	42	8,445	-	-	-	8,445
HYOSUNG INFORMATION SYSTEMS CO., LTD	97,861	50	48,930	-	-	-	48,930
Hyosung Toyota Corporation	7,599	40	3,040	-	-	-	3,040
Hyosung ITX Co., Ltd.	49,361	35.26	17,405	576	-	(311)	17,670
THE KWANGJUILBO	4,540	49	2,225	-	-	-	2,225
Papua Agro Lestari	35,263	15	5,289	3,191	-	-	8,480
PT. GELORA MANDIRI MEMBANGUN	4,759	15	714	3,420	-	-	4,134
Total	2,444,697	-	651,483	29,333	232,211	(2,008)	911,019

E. Summary of financial information of significant associates and joint ventures and dividends received as of December 31, 2020 is as follows (KRW in millions):

Associate / joint venture	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received
Hyosung TNC Corporation	1,242,735	1,581,393	1,681,903	426,869	5,161,617	168,272	(18,680)	149,592	1,759
Hyosung Heavy Industries Corporation	1,237,560	2,465,895	1,739,006	996,198	834,406	(3,624)	141	(3,483)	-
Hyosung Advanced Materials Corporation	312,839	1,534,557	1,575,424	420,059	2,394,623	6,810	(12,941)	(6,131)	-
Hyosung Chemical Corporation	435,749	1,981,616	627,538	1,387,474	1,817,190	(11,616)	(24,850)	(36,466)	3,217
Taebaek Wind Power Co., Ltd.	1,448	27,428	788	2,478	4,434	(2,545)	-	(2,545)	245
PyeongChang Wind Power Co.,	8,381	64,133	5,064	47,344	8,430	(151)	-	(151)	1,365
HYOSUNG INFORMATION SYSTEMS CO., LTD	119,919	29,326	45,395	5,990	184,292	8,295	-	8,295	2,595
Hyosung Toyota Corporation	8,397	14,766	6,886	8,678	49,587	(292)	-	(292)	-
Hyosung ITX Co., Ltd.	80,231	74,425	83,908	21,388	485,930	12,618	-	12,618	4,136
Suncheon ecogreen	988	26,516	2,949	45,831	3,130	(9,639)	-	(9,639)	-
THE KWANGJUILBO	4,525	16,761	14,325	2,421	7,785	(2,765)	-	(2,765)	-
Papua Agro Lestari	17,921	40,113	1,655	21,116	6,022	(5,507)	-	(5,507)	-

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PT. GELORA MANDIRI MEMBANGUN	6,149	74,103	41,733	33,760	8,474	(15)	-	(15)	-
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F. Fair value of investments in associates with quoted market price as of December 31, 2020 is as follows (KRW in millions):

Associate	December 31, 2020
Hyosung TNC Corporation	185,530
Hyosung Heavy Industries Corporation	188,329
Hyosung Advanced Materials Corporation	141,526
Hyosung Chemical Corporation	100,705
Hyosung ITX Co., Ltd.	101,668

G. The Company estimated recoverable amount for investments in associates that show signs of impairment. In calculating the recoverable amount, the Company considers fair value less costs of disposal and value-in-use. The fair value less costs of disposal was estimated based on the best information available to calculate the amount of consideration, which may be received in a sale of assets between independent parties with reasonable judgment and intentions, less costs of disposal at the end of the reporting period. The value-in-use was calculated by discounting estimated future cash flows of subsidiaries and associates with an appropriate discount rate. The major assumptions used in calculating the value-in-use reflect management's evaluation, which was determined by taking into account external and internal information (past historical information).

H. The major assumptions used in the impairment review of investments in associates as of December 31, 2020 is as follows:

Recoverable amount	Growth rate	Discount rate
Value-in-use	0%	8.65% ~ 10.80%

The Company did not recognize impairment for the year ended December 31, 2020 as it determined by an impairment review of investments in associates that the carrying amount did not exceed the recoverable amount.

16. Other assets

Details of other assets as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Other current assets		
Advance payments	10,956	15,104
Prepaid expenses	2,566	3,569
Subtotal	13,522	18,673
Other non-current assets		
Long-term prepaid expenses	40	19
Other investment assets	23,980	23,980
Subtotal	24,020	23,999
Total	37,542	42,672

17. Related party transactions

Details of related parties as of December 31, 2020 are as follows

(1) Subsidiaries

Region	Related party
Domestic	Gongdeok Gyeongwoo Development Corporation, Hyosung TNS INC., Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd., Taeansolarfarm Corp., Hyosung Good Springs, Inc., Hyosung Investment & Development Corporation, Hyosung Trans World co., Ltd., Forza
America	HICO America Sales & Tech., Hyosung Holdings USA, Inc., Hyosung USA Inc. and others
Asia	PT. HYOSUNG JAKARTA and others
Europe	Hyosung RUS. and others

(2) Associates and joint ventures

Region	Related party
Domestic	Hyosung Heavy Industries Corporation, Hyosung TNC Corporation, Hyosung Advanced Materials Corporation, Hyosung Chemical Corporation, Suncheon ecogreen, THE KWANGJUILBO, Taebaek Wind Power Co., Ltd., PyeongChang Wind Power Co, Ltd, Hyosung Toyota Corporation, HYOSUNG INFORMATION SYSTEMS CO., LTD, Hyosung ITX Co., Ltd and others
Asia	Hyosung Vietnam Co., Ltd., Papua Agro Lestari, PT. GELORA MANDIRI MEMBANGUN
Europe	Hyosung Istanbul TEKSTIL LTD.STI

(3) Other related parties (*1)

Region	Related party
Domestic	Galaxia device Co., Ltd., Galaxia Micro Payment Co., Ltd., Galaxia Electronics Co., Ltd., Gongdeok Development Corporation, The Class Hyosung, The premium Hyosung Co., Ltd., Dong Ryung Co., Ltd., Shin Dong Jin Co., Ltd., A-SEUNG AUTOMOTIVE GROUP, Trinity Asset Management Co., Ltd, HaengbokDoodrimee, Hyosung Premier Motors Corporation, Galaxia SM, INC., Galaxiamoneytree Co., Ltd., Shinsung Motors Co., Ltd and others
China	Tianjin Galaxia Device Electronics., Co. Ltd., Huizhou Galaxia Device Electronics., Co. Ltd., Qingdao Galaxia Device Electronics., Co. Ltd., Weihai Galaxia Device Electronics., Co. Ltd., Galaxia Electronics (China Huizhou) CO., Ltd., DNS Technology Co., Ltd. and others
Asia	Galaxia Japan Co., Ltd., Hyosung Singapore PTE Ltd. and others
Europe	Hyosung Europe SRL. and others

(*1) Those entities that are not included in the scope of related party in accordance with KIFRS 1024 but belonged to a large enterprise group in accordance with the Monopoly Regulation and Fair-Trade Act are included.

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B. Significant transactions with related parties

Significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020					
	Related party	Sales and others (*1)	Dividends	Purchases and others (*1)	Acquisition of property, plant and equipment and intangible assets
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	984	1,035	-
	Hyosung Trans World co., Ltd.	276	4,000	833	3
	Hyosung USA Inc.	2,515	-	-	-
	Hyosung Capital corporation (*2)	810	26,520	19	-
	Hyosung Investment & Development	-	12,925	-	-
	Hyosung TNS INC.	4,247	21,591	8,530	550
	Others	1,807	2,301	70	-
	Subtotal	9,655	68,321	10,487	553
Associates and joint ventures	Hyosung ITX Co., Ltd.	1,739	4,136	1,528	711
	Hyosung Heavy Industries Corporation	44,512	-	211	98
	Hyosung Advanced Materials Corporation	23,064	-	7,365	2
	Hyosung Chemical Corporation	27,898	3,217	9	-
	Hyosung TNC Corporation	25,590	1,759	8,301	-
	HYOSUNG INFORMATION SYSTEMS CO., LTD	430	2,595	1,029	452
	Others	342	1,610	225	-
	Subtotal	123,575	13,317	18,668	1,263
Other related parties	Hyosung Japan Co., Ltd.	5,063	-	-	-
	Hyosung International Trade (Jiaxing) Co., Ltd.	26	-	-	-
	Gongdeok Development Corporation	-	-	(202)	-
	Hyosung Chemical Fiber (Jiaxing) Co., Ltd.	94	-	-	-
	Galaxiamoneytree Co., Ltd.	142	-	-	-
	Galaxia SM, INC.	293	-	1,356	-
	Others	4,150	-	11	-
	Subtotal	9,768	-	1,165	-
Total		142,998	81,638	30,320	1,816

(*1) Sales, other income, interest income, etc. are included in sales and others. Purchase of raw materials, selling and administrative expenses, other expenses, etc. are included in purchase and others.

(*2) It was excluded from subsidiaries as of December 31, 2020, following the sale of shares for the year ended December 31, 2020.

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2019					
	Related party	Sales and others (*1)	Dividends	Purchases and others (*1)	Acquisition of property, plant and equipment and intangible assets
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	975	581	-
	Hyosung Trans World co., Ltd.	239	3600	1,310	13
	Hyosung USA Inc.	5,002	-	54	-
	Hyosung Capital corporation	954	13,260	152	-
	Hyosung Investment & Development	-	11,750	-	-
	Hyosung TNS INC.	4,398	32,386	8,116	218
	Others	2,096	400	875	-
	Subtotal	12,689	62,371	11,088	231
Associates and joint ventures	Hyosung ITX Co., Ltd.	1,448	2,179	489	2,918
	Hyosung Heavy Industries Corporation	56,348	-	158	22
	Hyosung Advanced Materials Corporation	25,274	-	7,958	-
	Hyosung Chemical Corporation	29,365	643	8	-
	Hyosung TNC Corporation	27,609	879	13,188	-
	HYOSUNG INFORMATION SYSTEMS CO., LTD	479	2,596	330	447
	Others	247	-	600	-
	Subtotal	140,770	6,297	22,731	3,387
Other related parties	Hyosung Japan Co., Ltd.	7,979	-	-	-
	Hyosung International Trade (Jiaxing) Co., Ltd.	26	-	119	23
	Gongdeok Development Corporation	-	-	316	2
	Hyosung Chemical Fiber (Jiaxing) Co., Ltd.	85	-	311	-
	Galaxiamoneytree Co., Ltd.	1,089	-	-	-
	Galaxia SM, INC.	-	-	1,979	-
	Others	1,574	-	78	75
	Subtotal	10,753	-	2,803	100
Total		164,211	68,668	36,622	3,718

(*1) Sales, other income, interest income, etc. are included in sales and others. Purchase of raw materials, selling and administrative expenses, other expenses, etc. are included in purchase and others.

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C. Significant outstanding balances to/from related parties as of December 31, 2020 and 2019 are as follows (KRW in millions):

December 31, 2020					
	Related party	Trade receivables	Other receivables (*1)	Trade payables	Other payables (*1)
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	9,610	-	37,944
	HYOSUNG TNS INC.	265	8,737	-	4,584
	Hyosung USA Inc.	416	20	-	415
	Hyosung Capital corporation (*2)	54	-	-	123
	Gongdeok Gyeongwoo Development Corporation	-	721	80	15,269
	Others	179	1,068	41	90
	Subtotal	914	20,156	121	58,425
Associates	Hyosung Heavy Industries Corporation (*3)	5,742	(14)	-	7,013
	Hyosung TNC Corporation	2,778	8	924	536
	Hyosung Advanced Materials Corporation	2,759	35	680	5,141
	Hyosung Chemical Corporation	2,564	23	-	371
	THE KWANGJUILBO	-	8,262	-	112
	Others	336	6	1	387
	Subtotal	14,179	8,320	1,605	13,560
Other related parties	Hyosung Japan Co., Ltd.	176	-	-	174
	Hyosung International Trade(Jiaxing) Co., Ltd.	-	-	-	-
	Gongdeok Development Corporation	-	516	-	2,905
	Hyosung Chemical Fiber (Jiaxing) Co., Ltd.	22	-	-	-
	Galaxiamoneytree Co., Ltd.	-	1,944	-	676
	Galaxia SM, INC.	34	-	126	-
	Others	721	522	-	1,982
	Subtotal	953	2,982	126	5,737
Total		16,046	31,458	1,852	77,722

(*1) Non-trade receivables, loans, accrued income, advance payments and others are included in other receivables. Non-trade payables, Deposits withheld, and others are included in other payables.

(*2) It was excluded from subsidiaries as of December 31, 2020 following the sale of shares for the year ended December 31, 2020.

(*3) The membership on Hyosung Heavy Industries Corporation amounting to KRW 21,600 million has been accounted for as intangible assets.

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December 31, 2019					
	Related party	Trade receivables	Other receivables (*1)	Trade payables	Other payables (*1)
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	9,450	-	14,692
	HYOSUNG TNS INC.	342	9,011	-	4,455
	Hyosung USA Inc.	549	180	-	120
	Hyosung Capital corporation	75	-	-	12
	Gongdeok Gyeongwoo Development Corporation	-	30,320	89	978
	Others	314	240	96	337
	Subtotal	1,280	49,201	185	20,594
Associates	Hyosung Heavy Industries Corporation (*2)	10,028	13	-	11,498
	Hyosung TNC Corporation	1,425	55	756	401
	Hyosung Advanced Materials Corporation	2,468	8	939	1,596
	Hyosung Chemical Corporation	2,619	40	1	55
	THE KWANGJUILBO	-	7,963	-	55
	Others	208	2,625	2	1,708
	Subtotal	16,748	10,704	1,698	15,313
Other related parties	Hyosung Japan Co., Ltd.	471	-	-	31
	Hyosung International Trade(Jiaxing) Co., Ltd.	7	23	-	-
	Gongdeok Development Corporation	-	513	-	1,229
	Hyosung Chemical Fiber (Jiaxing) Co., Ltd.	21	-	-	-
	Galaxiamoneytree Co., Ltd.	-	-	-	660
	Galaxia SM, INC.	41	-	123	-
	Others	150	193	4	69
	Subtotal	690	728	127	1,990
Total		18,718	60,633	2,010	37,897

(*1): Non-trade receivables, loans, accrued income and others are included in other receivables. Non-trade payables, deposits withheld, and others are included in other payables.

(*2) The membership on Hyosung Heavy Industries Corporation amounting to KRW 21,600 million has been accounted for as intangible assets.

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D. Fund transactions with related parties for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020							
	Related party	January 1	Loans	Collections	Impairment	Translation	December 31
Subsidiaries	Gongdeok Gyeongwoo Development Corporation	20,361	-	(20,361)	-	-	-
Associates	PT. GELORA MANDIRI MEMBANGUN	2,560	-	(2,560)	-	-	-
	THE KWANGJUILBO	7,853	-	-	(7,853)	-	-

2019							
	Related party	January 1	Loans	Collections	Impairment	Translation	December 31
Subsidiaries	Gongdeok Gyeongwoo Development Corporation	20,361	-	-	-	-	20,361
Associates	PT. GELORA MANDIRI MEMBANGUN	4,945	-	(2,362)	-	(23)	2,560
	THE KWANGJUILBO	7,149	704	-	-	-	7,853

E. Details of compensations to key management personnel for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Salaries and other short-term employee benefits	5,780	5,749
Retirement benefits	917	614
Total	6,697	6,363

F. Payment guarantees provided by the Company for the financial supports to the related parties are described in Note 35.

G. The Company provides two pledged notes for the private investment business of Suncheon ecogreen.

18. Trade and other payables

A. Details of trade and other payables as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Trade payables	5,321	7,851
Other payables	46,265	53,073
Subtotal	51,586	60,924
Long-term other payables	13,097	10,386
Total	64,683	71,310

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B. The carrying amounts of other payables as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Other payables		
Non-trade payables	31,379	27,096
Accrued expenses	6,563	6,945
Withholdings	6,831	15,284
Deposits withheld	1,492	3,748
Subtotal	46,265	53,073
Long-term other payables		
Non-trade payables	3,300	2,359
Accrued expenses	605	398
Deposits withheld	9,192	7,629
Subtotal	13,097	10,386
Total	59,362	63,459

19. Borrowings

A. Details of borrowings as of December 31, 2020 and 2019 are as follows (KRW in millions):

	Description	Creditor	Maturity date	Annual interest rate (%)	December 31, 2020	December 31, 2019
Short-term borrowings	General short-term borrowings	Korea Development Bank	2021-05-07	CD+1.2	20,000	-
		Woori Bank	-	-	-	7,000
		Kookmin Bank	-	-	-	7,900
		Hana Bank	-	-	-	4,000
	Sales of export receivables (*1)	Woori Bank	-	-	904	470
	Issuance of CP	-	-	-	-	15,000
	Subtotal				20,904	34,370
Long-term borrowings	Foreign long-term borrowings (*2)	Korea Energy Co.	2027-06-15	0.75	899	1,036
Total					21,803	35,406

(*1) The Company sold trade receivables denominated in foreign currencies to the financial institutions. The Company may retain an obligation to compensate a financial institution for debtors' failure to make payment when they become due, an obligation known as a 'recourse obligation'. Recourse obligations related to the sales of receivables with recourse are accounted for as collateralized borrowings (see Note 35).

(*2) Long-term borrowings included KRW 136 million classified as current portion of borrowings (short-term borrowings) as of December 31, 2020 and 2019.

20. Government grants

A. The Company entered into development agreements with Korea Evaluation Institute of industrial technology and others for various national research projects, including development of materials related to Polyketone.

B. The balance of government subsidies related to asset acquisition as of December 31, 2020 is KRW 1,534 million (2019: KRW 1,885 million), and the balance of government subsidies related to liabilities to be repaid is KRW 7,848 million (2019: KRW 15,531 million).

21. Retirement benefits

A. Defined contribution pension plan

The expense amount recognized in relation to retirement benefit plans under defined contribution plans for the year ended December 31, 2020 is KRW 464 million (2019: KRW 480 million)

B. Defined benefit pension plan

(1) Details of net defined benefit liabilities as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	67,269	86,716
Fair value of plan assets (*1)	(61,528)	(79,400)
Net defined benefit liabilities	5,741	7,316

(*1) The contributions to the National Pension Fund of KRW 78 million are included in the fair value of plan assets as of December 31, 2020 and 2019.

(2) The changes in defined benefit obligations for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
January 1	86,716	78,725
Current service costs	6,670	5,989
Interest expenses	676	702
Benefits paid	(26,670)	(2,651)
Remeasurements:		
Changes in demographical assumptions	-	(137)
Changes in financial assumptions	1,037	263
Experience adjustments	(192)	5,620
Transfers to affiliates, net	(968)	(1,796)
December 31	67,269	86,716

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(3) The changes in the fair value of plan assets for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
January 1	79,400	73,823
Interest income	1,841	2,018
Employer's contributions	8,600	8,000
Benefits paid	(26,498)	(2,298)
Remeasurements	(938)	(1,087)
Transfers to affiliates, net	(877)	(1,056)
December 31	61,528	79,400

(4) Details of plan assets as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020		December 31, 2019	
	Amount	Portion (%)	Amount	Portion (%)
Deposits	13,760	22.36	37,569	47.26
Debt instruments	47,768	77.64	41,831	52.74
Total	61,528	100.00	79,400	100.00

(5) The significant actuarial assumptions as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Discount rate	2.47%	2.40%
Salary increase rate	2.93%	2.52%

(6) The sensitivity of the defined benefit obligations to changes in the principal assumptions is as follows (KRW in millions):

	Changes in assumption	When increased	When decreased
Discount rate	1.0% increase/decrease	(2,981)	3,505
Salary increase rate	1.0% increase/decrease	3,455	(2,998)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligations to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the separate statement of financial position.

22. Other liabilities

Details of other liabilities as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Other current liabilities		
Advances received	13,347	18,205
Unearned revenues	74	49
Subtotal	13,421	18,254
Other non-current liabilities		
Long-term unearned revenues	368	429
Total	13,789	18,683

23. Share capital

A. The Company's total number of authorized shares is 200,000,000 shares, and the total number of ordinary shares issued is 21,071,025 shares with a par value of ₩5,000 per share.

B. Details of retained earnings as of December 31, 2020 and 2019 are as follows (KRW in millions):

	Description	December 31, 2020	December 31, 2019 (Restated)
Legal reserve	Earned surplus reserve (*1)	75,670	75,670
Voluntary reserve	Facility reserve	5,597,000	5,647,000
Unappropriated retained earnings		588,405	701,220
Total		6,261,075	6,423,890

(*1) The Commercial Act of the Republic of Korea requires the Company to appropriate for each financial period, as an earned profit reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its share capital. The reserve is not available for cash dividends payment but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

C. Other components of equity as of December 31, 2020 and 2019 consist of the followings (KRW in millions):

	December 31, 2020	December 31, 2019 (Restated)
Other paid-in capital	250,410	250,410
Treasury shares	(42,119)	(14,223)
Loss on valuation of financial assets at FVOCI	(118,926)	(119,199)
Gain on sales of treasury shares	183,913	183,913
Equity adjustment in equity method	(5,998)	16,496
Losses on capital reduction (*1)	(4,816,959)	(4,816,959)
Total	(4,549,679)	(4,499,562)

(*1) The Company recognized the difference between carrying amount and fair value of the non-cash assets to be distributed to the stake holders as a result of the spin-off as gain on disposal of discontinued operation. In this regard, other capital injection was reduced.

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D. The appropriations of retained earnings for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020		2019 (Restated)	
January 1 (before adjusting)		588,405		701,220
Changes in accounting policy	-		614,811	
January 1 (after adjusting)	649,566		4,655	
Remeasurement loss on net defined benefit liabilities	(1,351)		(5,180)	
Share of remeasurement loss of subsidiaries and associates	(825)		(13,609)	
Profit (loss) for the year	(58,985)		100,543	
Transfers from voluntary reserve		-		50,000
Facility reserve	-		50,000	
Subtotal		588,405		751,220
Appropriation of retained earnings		584,547		101,654
Facility reserves	485,000			
Dividends (Cash dividend (%)):				
Ordinary share (2020): 5,000 KRW (100%)	99,547		101,654	
Ordinary share (2019): 5,000 KRW (100%)				
December 31		3,858		649,566

24. Revenue

Details of revenue for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020		2019 (Restated)	
Merchandise		-		32,131
Finished goods		86,289		89,242
Service sales		70,590		80,106
Gain on equity method		71,085		55,090
Others		67,527		141,371
Total		295,491		397,940

25. Revenue from contracts with customers

A. Revenues generated from contracts with customers for the years ended December 31, 2020 and 2019 are classified as follows (KRW in millions):

2020			
	Interior	Holding business	Total
1. Type of good or service:			
Finished goods	86,289	-	86,289
Service sales	95	70,495	70,590
Other sales	718	59,478	60,196
Total	87,102	129,973	217,075
2. Geographic market:			
Domestic	77,767	127,515	205,282
Overseas	9,335	2,458	11,793
Total	87,102	129,973	217,075
3. Revenue recognition:			
At a point in time	86,889	12,082	98,971
Over a period of time	213	117,891	118,104
Total	87,102	129,973	217,075

(*1) Gain on equity method of KRW 71,085 million and operating lease income of KRW 7,331 million that are not covered by KIFRS 1115 are excluded from the revenue.

2019			
	Interior	Holding business	Total
1. Type of good or service:			
Merchandise	2	32,129	32,131
Finished goods	89,225	-	89,225
Service sales	-	80,107	80,107
Other sales	128	65,538	65,666
Total	89,355	177,774	267,129
2. Geographic market:			
Domestic	74,305	144,957	219,262
Overseas	15,050	32,817	47,867
Total	89,355	177,774	267,129
3. Revenue recognition:			
At a point in time	89,227	32,129	121,356
Over a period of time	128	145,645	145,773
Total	89,355	177,774	267,129

(*1) Gain on equity method of KRW 124,732 million and operating lease income of KRW 6,078 million that are not covered by KIFRS 1115 are excluded from the revenue.

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B. Information about major customers

External customers accounting for 10% or more of the Company's revenues for the year ended December 31, 2020 is "A" with a corresponding revenue of KRW 34,1036 million (2019: KRW 30,688 million)

26. Selling and administrative expenses

Details of the selling and administrative expenses for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Salaries and wages	21,977	19,457
Bonuses	4,370	4,594
Retirement benefits	2,601	1,763
Employee welfare	1,341	1,568
Travel expenses	533	1,237
Publication expenses	95	537
Samples expenses	242	314
Entertainment expenses	2,830	2,560
Sales promotion expenses	547	635
Meeting expenses	541	573
Vehicle maintenance expenses	406	476
Communication expenses	220	236
Repair expenses	283	242
Commission	10,079	11,859
Taxes and dues	1,981	1,852
Insurance premium	105	204
Rental expenses	442	1,405
Depreciation	3,759	2,527
Amortization	350	363
Reversal of allowance for doubtful accounts	-	(3)
Others	793	2,343
Total	53,495	54,742

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27. Classification of expenses by nature

Cost of sales and selling and administrative expenses by nature for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Changes in inventories of finished goods and work in process and others	1,059	(1,127)
Changes in merchandise	-	30,769
Raw materials and consumables used	33,753	35,611
Salaries and wages	60,106	56,997
Pension benefits	5,969	4,843
Employee welfare	4,918	4,984
Depreciation and amortization	18,907	18,608
Electricity (utility) expense	8,563	7,607
Export expense	554	1,493
Service expense	11,043	11,256
Outsourcing expense	19,179	18,811
Commission	27,120	28,714
Advertisement	25,087	26,497
Others	22,298	43,422
Total (*1)	238,556	288,485

(*1) Total of cost of sales, selling and administrative expenses in the separate statements of profit or loss.

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28. Other income and expenses

Details of other income and expenses for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019 (Restated)
Other income		
Rental income	200	215
Gain on disposal of property, plant and equipment	1,165	19
Gain on disposal of right-of-use assets	6	2
Miscellaneous gain and others	9,253	2,608
Subtotal	10,624	2,844
Other expenses		
Loss on disposal of property, plant and equipment	-	526
Loss on disposal of investments in subsidiaries	102,463	-
Impairment loss on investments in subsidiaries	10,039	-
Donations	1,264	1,037
Loss on disposal of right-of-use assets	35	4
Other bad debt expense	8,261	-
Miscellaneous losses and others	606	2,220
Subtotal	122,668	3,787
Net other expenses	(112,044)	(943)

29. Finance income and costs

A. Details of finance income and costs for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Finance income		
Interest income	1,924	2,827
Gain on foreign currency transactions	683	872
Gain on foreign currency translation	598	645
Gain on disposal of financial assets	568	21
Valuation gain on financial assets	3,046	1,342
Gain on derivative transactions	-	633
Subtotal	6,819	6,340
Finance costs		
Interest expenses	2,552	1,803
Loss on foreign currency transactions	703	1,159
Loss on foreign currency translation	485	717
Loss on disposal of financial assets	1,229	333
Valuation loss on financial assets	2,829	4,573
Loss on derivative transactions	-	57
Others	28	142
Subtotal	7,826	8,784
Net finance costs	(1,007)	(2,444)

30. Income tax expenses and deferred taxes

A. Income tax expenses for the years ended December 31, 2020 and 2019 consists of the followings (KRW in millions):

	2020	2019 (Restated)
Current tax on profit for the year	17,186	-
Adjustments in respect for the prior year	(166)	7,238
Income tax added to or subtracted from equity	2,428	(2,424)
Origination and reversal of temporary differences	(16,578)	710
Income tax expenses	2,870	5,524

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B. Reconciliation between actual income tax expenses and amount computed by applying the statutory tax rate to profit (loss) before income tax for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019 (Restated)
Profit (loss) before income tax	(56,115)	106,067
Tax calculated at tax rates (*1)	(13,118)	25,206
Tax effects of:		
Income not subject to tax	(1,997)	(16,973)
Expenses not deductible for tax purposes	1,646	5,029
Corporate tax on non-reflux income	1,745	-
Unrecognized deferred tax assets	4,454	323
Difference due to the application of temporary different tax rate	12,798	(12,636)
Adjustment in respect of prior years	(166)	7,238
Tax credit	(138)	(135)
Others	(2,354)	(2,528)
Income tax expenses	2,870	5,524
Effective tax rate (*2)	-	21.9%

(*1) The tax rate applied takes into account the corporate tax rate (10% below KRW 200 million, 20% above KRW 200 billion, 22% above KRW 20 billion, 25% above KRW 300 billion) and local income tax (10% of corporate tax).

(*2) The effective tax rate was not calculated as loss before income tax was incurred for the year ended December 31, 2020.

C. The tax effects relating to components of other comprehensive income (loss) for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020			2019 (Restated)		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Valuation gain (loss) on financial assets FVOCI	306	(33)	273	170	(41)	129
Remeasurements of net defined benefit liabilities	(1,782)	431	(1,351)	(6,834)	1,654	(5,180)
Changes in equity in equity method	(24,505)	2,012	(22,493)	16,376	(915)	15,461
Equity method retained earnings	(843)	18	(825)	-	-	-
Total	(26,824)	2,428	(24,396)	9,712	698	10,410

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D. The movements in deferred tax assets and liabilities for the years ended December 31, 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows (KRW in millions):

2020				
	January 1	Statement of profit or loss	Other comprehensive income (loss)	December 31
Gain on revaluation surplus of land	(95,910)	8	-	(95,902)
Investment in subsidiaries, associates and joint ventures	(151,684)	15,067	2,030	(134,587)
Plan assets	(19,196)	4,039	431	(14,726)
Defined benefit obligations	19,189	(4,783)	-	14,406
Other non-current financial assets	1,638	558	(33)	2,163
Allowance for doubtful accounts in excess of tax limit	278	(44)	-	234
Government grants	3,759	(1,859)	-	1,900
Loss on valuation of inventories	73	(38)	-	35
Impairment loss on property, plant and equipment	790	-	-	790
Accrued compensated absences	411	33	-	444
Long-term employee benefits liabilities	96	50	-	146
Tax loss	1,163	(1,163)	-	-
Others	(4,284)	2,398	-	(1,886)
Subtotal	(243,677)	14,266	2,428	(226,983)
Unused tax credit	135	(116)	-	19
Total deferred tax liabilities	(243,542)	14,150	2,428	(226,964)

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2019 (Restated)				
	January 1	Statement of profit or loss	Other comprehensive income (loss)	December 31
Gain on revaluation surplus of land	(96,210)	300	-	(95,910)
Investment in subsidiaries, associates and joint ventures	(151,465)	697	(916)	(151,684)
Plan assets	(17,847)	(1,613)	263	(19,197)
Defined benefit obligations	17,641	157	1,391	19,189
Other non-current financial assets	2,239	(559)	(41)	1,639
Allowance for doubtful accounts in excess of tax limit	266	12	-	278
Government grants	3,902	(143)	-	3,759
Loss on valuation of inventories	60	13	-	73
Loss on impairment of property, plant and equipment	790	-	-	790
Accrued compensated absences	488	(77)	-	411
Long-term employee benefits liabilities	85	11	-	96
Tax loss	-	1,163	-	1,163
Others	(2,915)	1,752	(3,121)	(4,284)
Subtotal	(242,966)	1,713	(2,424)	(243,677)
Unused tax credit	-	-	-	135
Total deferred tax liabilities	(242,966)	1,713	(2,424)	(243,542)

E. The deductible temporary differences and unused tax credits not recognized as deferred tax assets as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019 (Restated)
Investment in subsidiaries, others	10,039	323
Allowance for doubtful accounts	8,262	-
Others	105	-
Total	18,406	323

F. There is no taxable temporary difference not recognized as deferred tax liabilities as of December 31, 2020 and 2019.

31. Earnings (loss) per share

A. The calculation details of basic earnings (loss) per share for the years ended December 31, 2020 and 2019 are computed as follows (KRW in millions, except for number of shares and earnings (loss) per share):

	2020	2019 (Restated)
Profit (loss) for the year attributable to ordinary share (*1)	(58,985)	100,543
Weighted average number of ordinary shares outstanding	20,050,682 shares	20,330,824 shares
Earnings (loss) per share (in KRW)	(2,942)	4,945

(*1) Net income (loss) of the ordinary shares is the same as net income (loss) of the Company.

B. Weighted average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019 are as follows (in shares):

	2020			2019		
	Outstanding ordinary shares	Weighted	Weighted average number of ordinary shares outstanding	Outstanding ordinary shares	Weighted	Weighted average number of ordinary shares outstanding
January 1	20,330,824	366 days/ 366 days	20,330,824	20,330,824	365 days/ 365 days	20,330,824
Purchase of treasury shares	(421,420)	(*1)	(280,142)	-	-	-
Weighted average number of ordinary shares outstanding	19,909,404	-	20,050,682	20,330,824	-	20,330,824

(*1) The Company acquired treasury shares several times for the year ended December 31, 2020.

32. Dividends

The dividends paid were KRW 101,654 million (KRW 5,000 per share) for the years ended December 31, 2020 and 2019.

A dividend in respect for the year ended December 31, 2020, of KRW 5,000 per share, amounting to a total dividend of KRW 99,547 million, is to be proposed to shareholders at the annual general meeting to be held on March 19, 2021. These separate financial statements do not reflect this dividend payable.

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33. Cash generated from operation

A. Details of the adjustments of non-cash items for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019 (Restated)
Income tax expenses	2,870	5,524
Interest income	(1,924)	(2,827)
Interest expenses	2,552	1,803
Gain on foreign currency translation	(598)	(645)
Loss on foreign currency translation	485	717
Depreciation of property, plant and equipment	15,948	16,142
Amortization of intangible assets	2,480	2,440
Depreciation of investment properties	478	26
Gain on disposal of right-of-use assets	(6)	(2)
Loss on disposal of right-of-use assets	35	4
Gain on disposal of property, plant and equipment	(1,165)	(171)
Loss on disposal of property, plant and equipment	-	526
Bad debt expenses and other bad debt expense (reversal of allowance for doubtful accounts)	8,261	(3)
Loss on (reversal of) valuation of inventories	(158)	56
Gain on disposal of financial assets	(568)	(21)
Loss on disposal of financial assets	1,229	333
Gain on valuation of financial assets	(3,046)	(1,342)
Loss on valuation of financial assets	2,829	4,573
Loss on disposal of investments in subsidiaries	102,463	-
Loss on impairment of investments in subsidiaries	10,039	-
Dividend income	-	(974)
Rental income	(200)	(215)
Retirement benefits	5,505	5,153
Loss on disposal of trade receivables	26	108
Gain on equity method	(71,085)	(123,759)
Others	(5,057)	(910)
Total	71,393	(93,464)

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B. Details of the working capital adjustments for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Trade receivables	(9,817)	114
Inventories	1,948	9,342
Other receivables	14,717	14,738
Due from customers for contract work	(102)	41
Other assets	8,322	(11,772)
Trade payables	(2,489)	(22,005)
Other payables	(4,311)	16,003
Due to customers for contract work	(50)	97
Other liabilities	(4,858)	(120)
Contributions to plan assets	(8,600)	(8,000)
Retirement benefits paid	(172)	(833)
Total	(5,412)	(2,395)

C. Details of non-cash transactions of the Company for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Transfer of construction-in-progress to related property, plant and equipment	4,715	7,034
Increase in right-of-use assets due to increased lease liabilities	1,477	32,930
Transfer of right-of-use assets to lease receivables	16,672	32,214
Transfer to current portion of lease receivables	5,970	9,494
Transfer to current portion of lease liabilities	1,538	12,295

D. Changes in liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows (KRW in millions):

2020						
	January	Cash flow	New leases	Change in leases and others	Change in foreign exchange rate	December 31
Short-term borrowings	34,507	(13,453)	-	-	(14)	21,040
Long-term borrowings	899	(136)	-	-	-	763
Lease liabilities	21,668	(14,087)	1,477	32,030	-	41,088
Total	57,074	(27,676)	1,477	32,030	(14)	62,891

2019				
	January 1	Cash flow	Others (*1)	December 31
Short-term borrowings	837	33,670	-	34,507
Long-term borrowings	1,035	(136)	-	899
Lease liabilities	-	(11,227)	32,895	21,668
Total	1,872	22,307	32,895	57,074

(*1) Changes in foreign exchange rate and effects from reclassification to current portion and changes in accounting policy were included.

34. Financial risk management

34.1 Financial risk management factor

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Company.

Risk management is carried out under policies approved by the steering committee in the Board of Directors. The committee reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

34.1.1 Market risk

(1) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the US dollar, Euro and Japanese yen. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Management has set up a policy to require operations to manage their foreign exchange risk against their functional currency.

Foreign currency financial assets and foreign currency financial liabilities converted into KRW as of December 31, 2020 is as follows (KRW in millions):

Foreign currency	Foreign currency financial assets	Foreign currency financial liabilities
USD	5,512	3,746
EUR	122	68
JPY	276	540
Others	-	25
Total	5,910	4,379

The analysis is based on the assumption that KRW has increased/decreased by 10% with all other variables held constant. The summarizes the impact of increased/decreased KRW on the Company's pre-tax profit as of December 31, 2020 is as follows (KRW in millions):

Currency		2020	2019
US Dollar	Strengthened	177	332
	Weakened	(177)	(332)
EURO	Strengthened	5	29
	Weakened	(5)	(29)
JPY	Strengthened	(26)	(10)
	Weakened	26	10
Others	Strengthened	(3)	3
	Weakened	3	(3)

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(2) Price risk

The Company is exposed to equity securities price risk arising from investments held by the Company that are classified as financial assets at FVOCI on the separate financial statement of the Company.

The Company's marketable equity investments are publicly traded and are included in the KOSPI index.

The analysis is based on the assumption that the stock price has increased/decreased by 30% with all other variables held constant. The summarizes the impact of increases/decreases of the stock price on the Company's equity as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Increase	1,885	1,756
Decrease	(1,885)	(1,756)

(3) Interest risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

The Company is exposed to interest rate risk due to its borrowings in fixed and floating interest rates. The Company's policy is to review on interest rate fluctuation periodically so that they can manage whether to repay or renew the borrowings.

The analysis is based on the assumption that the interest rate has increased/decreased by 100 basis points with all other variables held constant. The summarizes the impact of increases/decreases of interest rate on the Company's pre-tax profit as of December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019
Increase	(200)	(349)
Decrease	200	349

34.1.2 Credit risk

Credit risk is managed on the Company entity level. Credit risk arises from cash and cash equivalents, financial assets and outstanding receivables, and others. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit risk based on the credit quality of the customer, considering its financial position, past experience and other factors. The compliance with credit limits is monitored on a regular basis (see Note 7).

No credit limit was exceeded for the year ended December 31, 2020, and management does not expect any loss due to non-compliance with customers.

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The maximum exposures to credit risk as of December 31, 2020 and 2019 are as follows (KRW in millions):

	December 31, 2020	December 31, 2019
Cash and cash equivalents (*1)	3,977	2,934
Trade and other receivables	51,007	50,908
Due from customers for contract work	104	2
Other current financial assets	335,388	-
Long-term trade and other receivables	27,827	51,476
Other non-current financial assets	34,696	49,836
Financial guarantee contract (*2)	924,944	889,232

(*1) The difference with 'cash and cash equivalents' in the separate financial statements is cash on hand.

(*2) The maximum amount of guarantee that the Company must pay when there is a request from the guarantor.

34.1.3 Liquidity risk

The Company monitors the forecasts on the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing limits at all times so that the Company does not breach borrowing limits or covenants (where applicable). The Company considers short, mid and long-term financial plan, compliance on commitment and target financial ratio on liquidity forecast.

Details of the Company's liquidity risk analysis as of December 31, 2020 and 2019 are as follows (KRW in millions):

December 31, 2020				
	Less than 1 year	1-5 years	Over 5 years	Total
Trade and other payables (*1)	51,660	13,466	-	65,126
Borrowings (including interest)	21,169	548	221	21,938
Other financial liabilities	10,891	19,958	15,302	46,151
Total	83,720	33,972	15,523	133,215

(* 1) Long-term trade payables and other payables are included.

December 31, 2019				
	Less than 1 year	1-5 years	Over 5 years	Total
Trade and other payables (*1)	58,298	10,085	730	69,113
Borrowings (including interest)	34,605	546	492	35,643
Other financial liabilities	12,513	9,835	-	22,348
Total	105,416	20,466	1,222	127,104

(*1) Long-term trade payables and other payables are included.

Except above contracts, the Company has entered into payment guarantee contracts and supplementary fund contracts with subsidiaries. Therefore, if the principal debtor fails to meet its obligation to pay, there may be an additional obligation to pay within one year (see Note 35).

34.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so the Company can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company manages the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is total borrowings (including 'short and long-term borrowings' as shown in the separate statement of financial position) less cash and cash equivalents. Total capital is 'equity' on the statement of financial position plus net debt.

The gearing ratios as of December 31, 2020 and 2019 are as follows (KRW in millions):

	2020	2019 (Restated)
Total borrowings	21,803	35,406
Less: cash and cash equivalents	(4,007)	(2,964)
Net debt (A)	17,796	32,442
Total equity (B)	2,267,939	2,480,871
Total capital (A+B=C)	2,285,735	2,513,314
Gearing ratio (A/C)	0.78%	1.29%

35. Contingencies and commitments

A. Notes and others provided as collaterals and others

The Company provided 3 checks as collaterals to the customers and others for borrowings and transaction agreements as of December 31, 2020.

B. Commitment with financial institution and others

The Company entered into agreements such as bank overdrafts, trade account receivables, trade bill discounts, open local L/C, general loans and others with financial institutions with a limit of KRW 115,440 million. Also, the Company entered into secured loan of credit sales agreements with a limit of KRW 55,500 million as of December 31, 2020.

C. Guarantees provided for others and others

The Company has an obligation to provide a supplementary of KRW 190,000 million for its subsidiary, Gongdeok Gyeongwoo Development Corporation.

The Company has provided payment guarantees of \$142,000 thousands for its subsidiary, HYOSUNG Holdings USA, INC.

The Company has provided payment guarantees of \$61,000 thousands for HYOSUNG USA, INC which is a subsidiary of its subsidiary, HYOSUNG Holdings USA, INC.

The Company has provided payment guarantees of \$8,000 thousands HICO America Sales & Tech. which is a subsidiary of its subsidiary, HYOSUNG Holdings USA, INC.

The Company has provided payment guarantees of \$25,000 thousands for its associate, Hyosung Istanbul TEKSTIL LTD.STI.

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December 31, 2020 and 2019

The Company has provided payment guarantees of \$439,500 thousands for Hyosung DongNai Co., LTD. which is a subsidiary of its associate, Hyosung Istanbul TEKSTIL LTD.STI.

The Company entered into the agreements with Hanwha Life Insurance Co., Ltd. and 2 other financial institutions in relation to the borrowings of its subsidiary, Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co.,Ltd., amount to KRW 150,000 million as of December 31, 2020 and 2019. The Company has an obligation to purchase the specific real estate located in Gangnam-gu, Seoul at fair value in case of shortfalls to cover principal and interest expenses at maturity date.

In accordance with Article 530-9 (1) of Commercial Act of the Republic of Korea, the Company is jointly liable to pay the outstanding liabilities resulting from the liabilities as at the date of the spin-off for the newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Advanced Materials Corporation and Hyosung Chemical Corporation. The Company is jointly responsible with the newly established companies for the payment guarantee, commitment on cash deficiency support, conditional acceptance on debts and completion of construction that existed before the date of the spin-off.

D. Guarantees provided by others

Details of guarantees provided by others as of December 31, 2020 is as follows (KRW in millions):

Guarantor	Guaranteed amounts	Details of guarantees
Seoul Guarantee Insurance Company	16,937	Deficiency guarantees for supply contracts, etc.

E. Assets pledged as collaterals

(1) Details of assets pledged as collaterals for the Company's borrowings and others as of December 31, 2020 is as follows (KRW in millions):

Pledged assets	Carrying amount	Borrowings	Maximum pledge amount	Lien
Other financial assets	2,349	121,000	2,349	Machinery Financial Cooperative
Trade receivables	904	904	-	Woori bank
Total	3,253	121,904	2,349	

Some of property, plant and equipment were provided as collaterals for the Company's borrowings (collateral amount: KRW 437,953 million), and the borrowings of the Company were transferred to the newly established companies.

(2) 1,302,000 shares of PyeongChang Wind Power Co., Ltd. owned by the Company was provided as collateral for the borrowings of KRW 48,011 million of PyeongChang Wind Power Co, Ltd. as of December 31, 2020. 449,521 shares of Suncheon ecogreen owned by the Company was provided as collateral for the borrowings of KRW 32,667 million of Suncheon ecogreen as of December 31, 2020.

F. Pending lawsuits

Details of pending lawsuits as of December 31, 2020 is as follows (KRW in millions):

	Number of lawsuits	Claim amount	Description
Lawsuit as a plaintiff	7	25,784	Administrative litigation on cancellation of corporate tax levy and others
Lawsuit as a dependent	4	44,266	Claims for damages and others

The final outcome of the above cases cannot yet be estimated as of December 31, 2020. Accordingly, no provision for potential losses arising from the claims was reflected in the separate financial statements.

Among the above lawsuits, there were 3 cases (claim amount: KRW 22,837 million) that was filed against the Company in relation to the newly established companies' business as of December 31, 2020.

36. Events after the reporting period

The Company merged with its subsidiary, Hyosung Transworld Co., Ltd., on January 29, 2021.

37. Uncertainty of the impact of COVID-19

In order to prevent the spread of COVID-19, a various prevention and controls measures, including restrictions on traveling are being implemented worldwide, and as a result, the global economy has been extensively affected. In addition, governments are implementing various support measures to address COVID-19.

The Company's accounting did not have significant impact from COVID-19. The Company has prepared its separate financial statements with reasonable estimates of the impact of COVID-19. However, during the COVID-19 situation, there are significant uncertainties exist in estimating the end timing of COVID-19 and the impact of COVID-19 on the Company.