

[Statement]

Allegations of Self-Dealing: Over KRW 100 Billion of Korea Zinc Funds Deployed Following Chairman Choi Yun-birm's Personal Investments

Recent media reports have revealed a recurring pattern in which Korea Zinc's corporate funds were deployed following Chairman Choi Yun-birm's personal investments, raising serious concerns in the capital markets.

According to these reports, Chairman Choi initially invested approximately KRW 32 billion of personal funds into four entertainment companies between 2019 and 2021 through a private investment vehicle. Subsequently, approximately KRW 80 billion of Korea Zinc's capital was invested into the same companies through funds managed by One Asia Partners, a private equity firm backed by Korea Zinc.

This sequence—where corporate funds are deployed following personal investments—represents a classic conflict-of-interest structure. By its nature, such a structure may directly contribute to enhancing the value of personal investments, thereby raising serious concerns of potential self-dealing.

More concerning is that this pattern does not appear to be an isolated incident.

A similar structure was observed in the case of Chohocomnet. After Chairman Choi acquired a stake in the company through a personal investment vehicle, approximately KRW 20 billion of Korea Zinc's funds were channeled into Chohocomnet through a subsidiary transaction, as confirmed by public disclosures. Subsequently, Chairman Choi exited his position during a period of share price appreciation, realizing gains of nearly KRW 1 billion. In effect, personal investment profits were realized within a structure supported by corporate capital.

Taken together, the approximately KRW 80 billion invested in entertainment companies and KRW 20 billion associated with Chohocomnet suggest that more than KRW 100 billion of Korea Zinc's funds may have been deployed in structures directly linked to Chairman Choi's personal investments.

The use of corporate funds in companies in which management has personal financial interests inherently raises serious conflict-of-interest concerns. In this case, the scale and sequencing of investments point to capital flows that are difficult to justify under ordinary investment rationale and instead raise fundamental concerns regarding corporate governance and fiduciary responsibility.

The fact that such patterns appear to have occurred repeatedly further exacerbates these concerns. It calls into question the independence and integrity of capital allocation decisions within Korea Zinc.

Moreover, many of the investment targets are unrelated to Korea Zinc's core business and have continued to generate losses. This raises additional concerns that corporate capital may have been deployed in alignment with the personal interests of Chairman Choi, rather than the interests of the company and its shareholders.

These issues go beyond a matter of investment judgment and strike at the core of corporate governance and shareholder value protection.

Chairman Choi is not the controlling owner of Korea Zinc. He is a professional manager entrusted with the stewardship of the company. The authority granted to management must be exercised solely in the best interests of the company and all shareholders. If corporate funds have been repeatedly deployed in

transactions connected to management's personal investments, this constitutes a serious breach of managerial responsibility.

To date, Chairman Choi has failed to provide a level of explanation sufficient to satisfy shareholders and the market regarding these capital flows and investment decisions. He can no longer rely on vague or incomplete explanations.

This matter extends beyond a simple investment controversy. It raises fundamental questions regarding the use of corporate funds and the integrity of governance at a publicly listed company. The relevant facts must be thoroughly examined through regulatory review and investigative processes.