

## **Summary of the Decision on Petition for Injunction Prohibiting Issuance of New Shares**

January 6, 2026

### **1. Case Overview**

- Case No.: Seoul Central District Court 2025Kahap22020 Injunction for Prohibiting Issuance of New Shares
- Decision Date: December 24, 2025
- Petitioners: Young Poong Co., Ltd., Korea Corporate Investment Holdings Co., Ltd and YPC Limited
- Respondent: Korea Zinc Co., Ltd. ("Korea Zinc")

**2. Purpose of Petition:** The petitioners sought an injunction prohibiting Korea Zinc from issuing 2,209,716 new common shares to be allocated to a third party pursuant to a resolution of the board of directors adopted on December 15, 2025 (the "Share Issuance").

### **3. Decision**

- The Seoul Central District Court (the "Court") dismissed the petition in its entirety.

### **4. Key Issues and the Court's Decision**

**(1) Whether the Share Issuance Violates Article 418(2) of the Korean Commercial Code (the "KCC")**

● In light of the following circumstances, the Court held that (i) the Share Issuance was carried out within the scope permitted by the KCC and Korea Zinc's articles of incorporation for the purpose of achieving the business objective of promoting the project to construct and operate a metal smelter and related industrial facilities in the United States (the "Project") and that (ii) it is difficult to regard the issuance as having been undertaken solely to defend or entrench the current management's control over Korea Zinc.

- The Share Issuance was reasonably supported by business necessity, including the promotion of the Project, the establishment of a strategic alliance with Crucible JV LLC, and the securing of financing through such alliance.

- ① The Project was pursued under the circumstances where the interests of Korea Zinc and the U.S. government were aligned, and it was well within Korea Zinc's managerial discretion to proceed with the Project.
- ② Taking into account the discussions with the U.S. government as well as the overall structure and context of the Project, it is difficult to conclude with any certainty that the Project could have proceeded at all in the absence of the Share Issuance.
- ③ The mere fact that the Share Issuance was scheduled to occur at the

end of 2025 is, in itself, insufficient to conclude that it was undertaken for the purpose of defending the management's control.

- **The Share Issuance is highly likely to be deemed an unavoidable measure to achieve the relevant business objectives and does not appear to be materially unfair or unreasonable as compared to other available financing alternatives.**

- ① The Project appears to have been pursued with the objectives of restructuring the global supply chain for critical minerals in the United States, strengthening cooperation between the Republic of Korea and the United States, and securing a stable global customer base for Korea Zinc. It also appears that, in order to achieve these policy goals, the U.S. government determined that simply making a direct equity investment in or granting subsidies to Korea Zinc's U.S. subsidiary would be insufficient to accomplish the purposes of the Project.
- ② From the U.S. government's perspective, in order to ensure the successful completion of the Project, it appears that the U.S. side also wished to secure an equity stake in Korea Zinc through Crucible JV LLC, thereby solidifying a close cooperative relationship between the U.S. government and Korea Zinc. As such, the overall transaction structure of the Project, including the Share Issuance, was designed based on such needs of the U.S. Government.
- ③ From Korea Zinc's perspective, given environmental issues

associated with constructing a smelter and the need to secure a stable global customer base for its products, close cooperation with the U.S. government was necessary for the smooth execution of the Project. Accordingly, there were unavoidable circumstances necessitating the Share Issuance.

- ④ By contrast, it is questionable whether the alternatives proposed by the petitioners (such as a rights offering or independent debt financing) could fully ensure the successful implementation of the Project.

- **The Court further held that the Share Issuance would not cause a decisive change in Korea Zinc's control structure.**

- ① In light of the relevant contractual arrangements, it cannot be conclusively assumed that Crucible JV would invariably exercise its voting rights in favor of the current management.
- ② Even if Crucible JV were treated as a friendly shareholder of the current management for purposes of calculating shareholding ratios, the management-friendly camp would still hold less than a majority. Therefore, the petitioners would remain able to seek changes in control by forming alliances with other shareholders.

## **(2) Whether the Share Issuance Constitutes a Breach of the Directors' Fiduciary**

### **Duty of Care and Loyalty**

- **The Court rejected the petitioners' assertion that the Share Issuance constituted a breach of the directors' duty of care and loyalty for the following reasons:**

- ① Even under the KCC as amended on July 22, 2025, directors are required to protect the legitimate interests of shareholders as a whole and are not obligated to conduct the company's business in accordance with the requests of each individual shareholder.
- ② Because the business necessity and unavoidability of the Share Issuance are recognized as noted above, it cannot be concluded that the Share Issuance was undertaken solely for the benefit of specific shareholders.
- ③ Two pre-board meetings were held with independent directors, and the board engaged in extensive deliberations for approximately seven hours. During this process, detailed materials explaining the background to the Share Issuance were provided to the directors, and the opinions of dissenting directors were also fully considered. Accordingly, the Court found no basis to conclude that the board failed to conduct sufficient deliberations on the Share Issuance.

### **(3) Whether the Share Issuance Failed to Comply with Statutory Procedures**

- **The Court dismissed the petitioners' arguments that a special resolution of the general meeting of shareholders was required for the Share Issuance or that the procedures followed were otherwise in violation of**

**applicable laws, holding that such arguments were without merit.**

## 5. Conclusion

- The Court ruled that the Share Issuance was not carried out for the purpose of defending or entrenching the current management's control. Rather, it was an unavoidable business judgment aimed at achieving a concrete and substantive business objective of establishing a strategic alliance with the U.S. government and building a critical mineral supply chain. As such, any resulting limitation on the petitioners' preemptive rights should largely be viewed as an unavoidable consequence of a management decision made for the benefit of Korea Zinc and its shareholders as a whole.