

We need **your valuable vote** to stop the autocratic management of Youngpoong's board, prevent further damage to corporate value, and improve shareholder returns.



Youngpoong Precision Co., Ltd., as a shareholder of Youngpoong Co., Ltd., has been reflecting on its role as a shareholder while observing the decline in the company's corporate value and reputation over the past few years.

Since 2014, Youngpoong has faced ongoing environmental pollution issues related to the Seokpo smelting plant. Recently, a Supreme Court ruling confirmed a violation of the Water Environment Conservation Act, resulting in an administrative penalty imposed from February 26, 2025, to April 24, 2025. Additionally, due to a violation of the Environmental Pollution Facilities Act, an extra 10-day administrative penalty will be imposed from April 25 to May 4, 2025, raising concerns that the company's management deterioration will further worsen.

Furthermore, following a fatal worker accident in December 2023, the CEO was arrested and indicted on charges of violating the Serious Accidents Punishment Act and the Chemical Substances Control Act, although bail was later granted.

Despite the increasing emphasis on corporate ESG (Environmental, Social, and Governance) responsibility, Youngpoong's ongoing environmental and labor issues have severely damaged its corporate value and reputation, causing significant disappointment among shareholders, including our company. As shareholders, we cannot help but harbor strong doubts about the company's poor management decisions and the lack of an internal control system.

There are significant concerns that the continued operating losses since 2021, along with the impact of the suspension of operations in 2025, will lead to further deterioration in management performance. In terms of shareholder returns, the company's cash dividend yield over the past five years has averaged 1.7% annually, which is notably lower than that of industry peers.

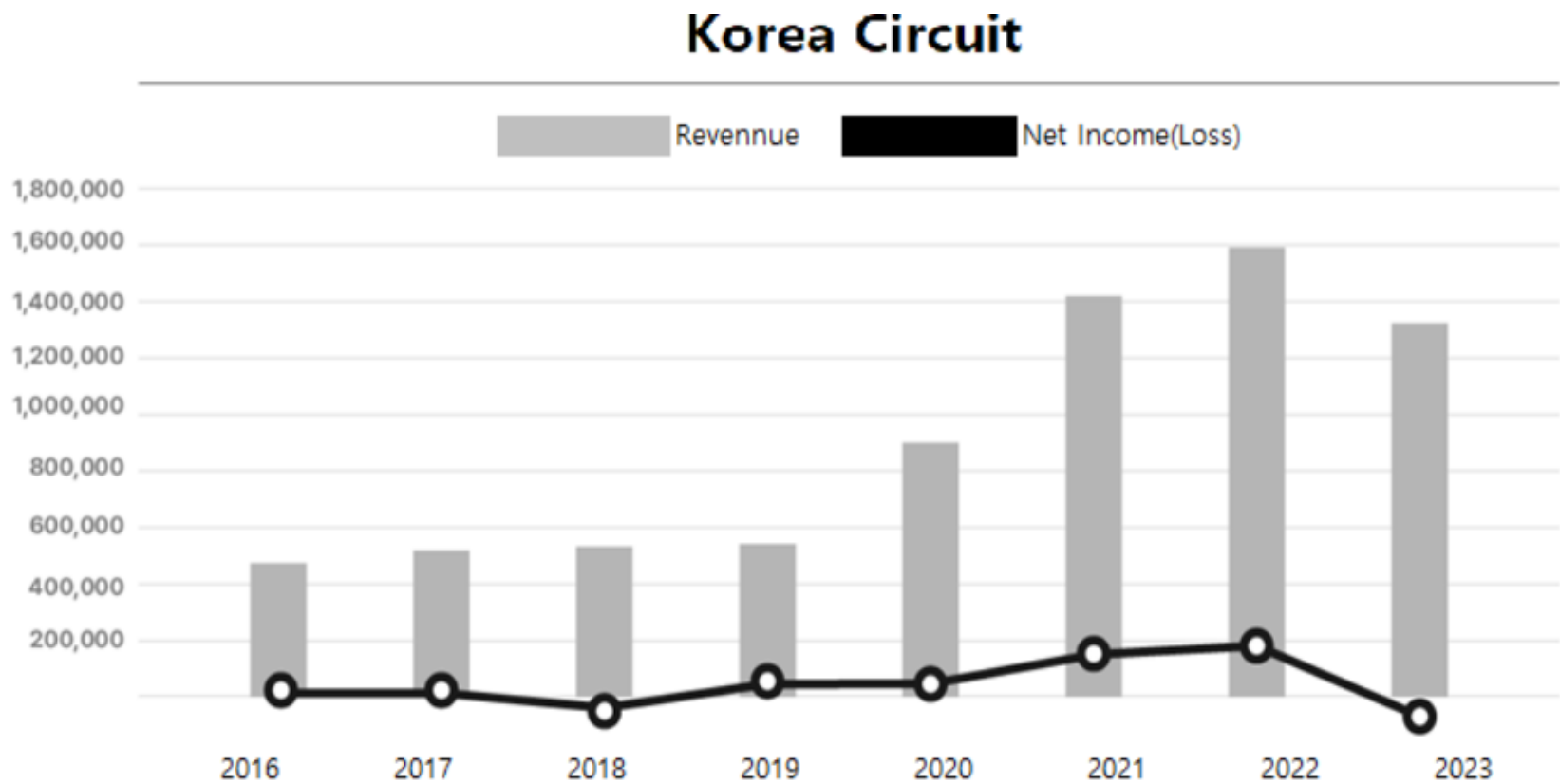
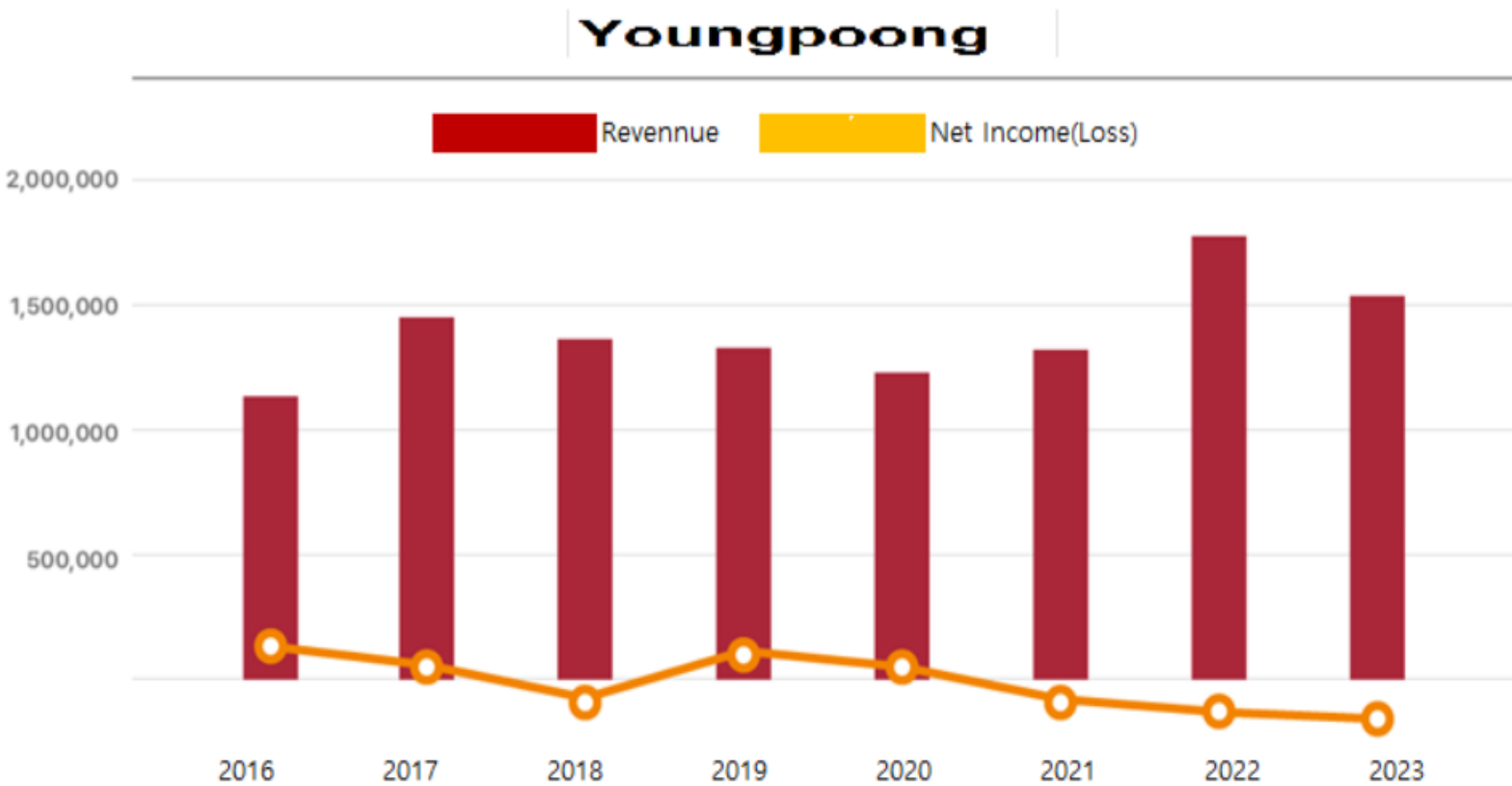
The company must protect the rights of minority shareholders and ensure that the decision-making process is transparent and rational by monitoring and restraining the autocratic management of the controlling shareholders' board. We request your support to not only increase shareholder returns but also contribute to enhancing the company's corporate value.

We kindly ask that you vote in favor of the proposals for the shareholders' meeting suggested by Youngpoong Precision, a minority shareholder. For any unlisted proposals, we would appreciate it if you could exercise your voting rights by appropriately judging what direction would best serve the company's future value.

Youngpoong's sales for 2024 amounted to 2.7857 trillion KRW, representing a 25.95% decrease compared to the previous year.

Last year, the company recorded an operating loss of 162.2 billion KRW and a net loss of 263.3 billion KRW, with the net loss more than tripling compared to the previous year. The company has posted net losses for three consecutive years, and criticism over low shareholder returns is increasing in the stock market.

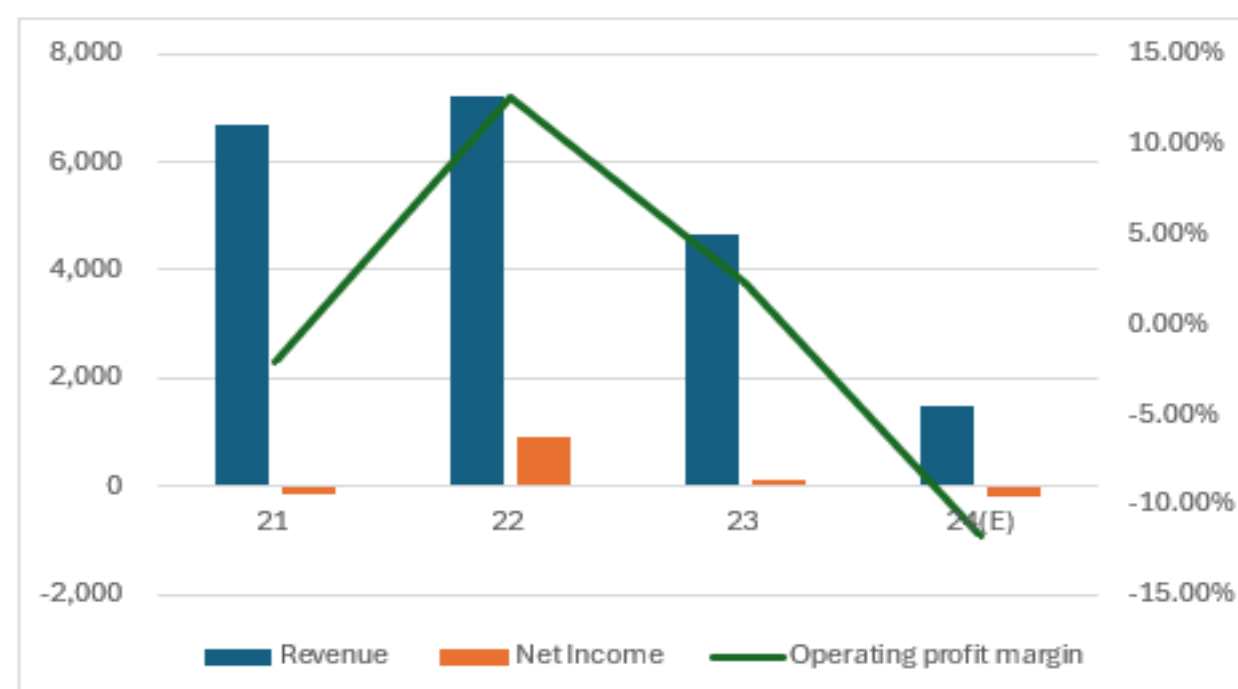
In particular, the core subsidiary, Korea Circuit, continued to experience poor performance, recording an operating loss of 33.4 billion KRW and a net loss of 121.7 billion KRW last year.



The underperformance of Youngpoong's subsidiaries

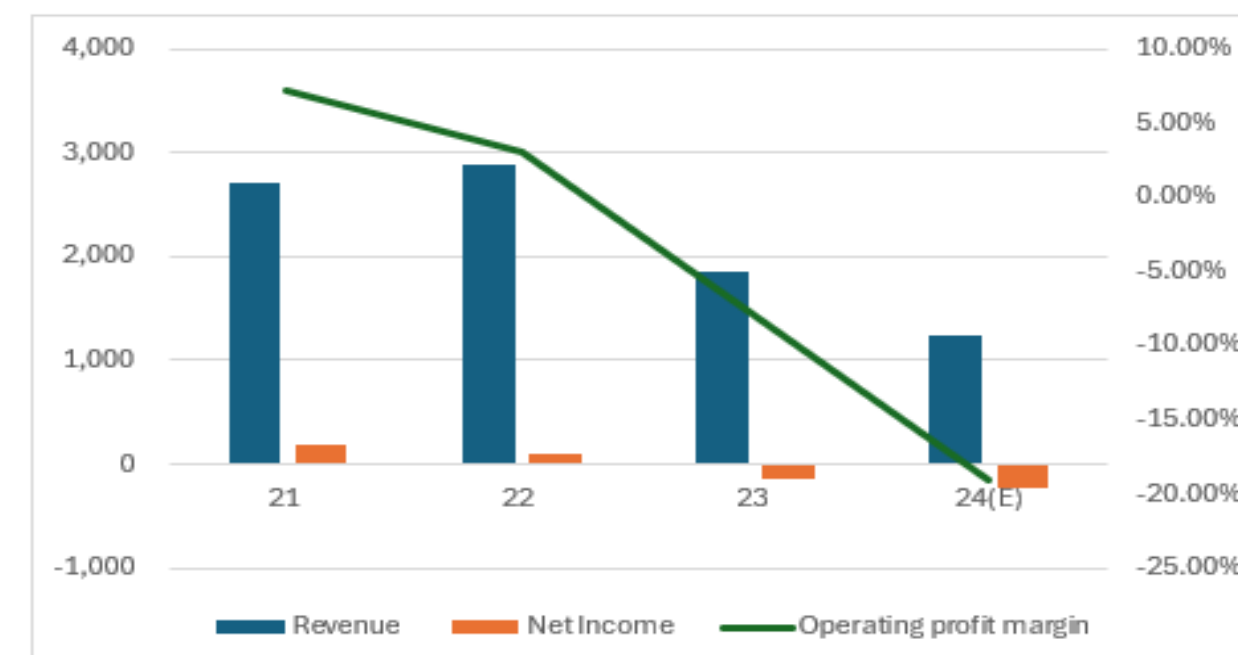
Youngpoong's key subsidiaries have also recently experienced a significant decline in revenue and a turnaround to operating losses.

YP Electronics



- Youngpoong Electronics has seen a sharp decline in revenue since 2022, and with its exit from the Apple vendor list in 2024, a shift to operating losses is expected.
- According to the disclosed financials for the third quarter of 2024, the company is facing an operating loss of 17.4 billion KRW. Given the off-season in the fourth quarter, it seems certain that the company will experience a loss in 2024.

Signetics

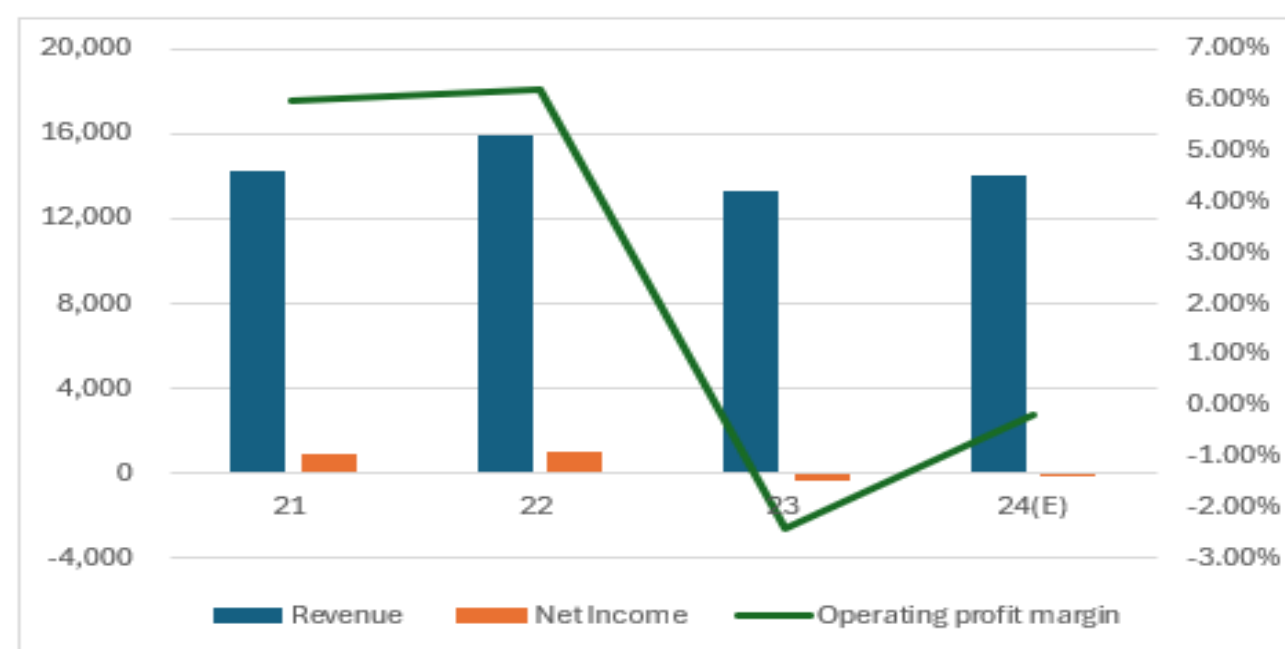


- Signetics, a company engaged in semiconductor equipment, has transitioned to operating losses in 2023, and the loss margin has been increasing since then.
- The operating profit has sharply declined from 19.3 billion KRW in 2021 to 8.9 billion KRW in 2022, followed by -15 billion KRW in 2023, and -23.8 billion KRW in the third quarter of 2024.

The underperformance of Youngpoong's subsidiaries

Youngpoong's key subsidiaries have also recently experienced a significant decline in revenue and a turnaround to operating losses.

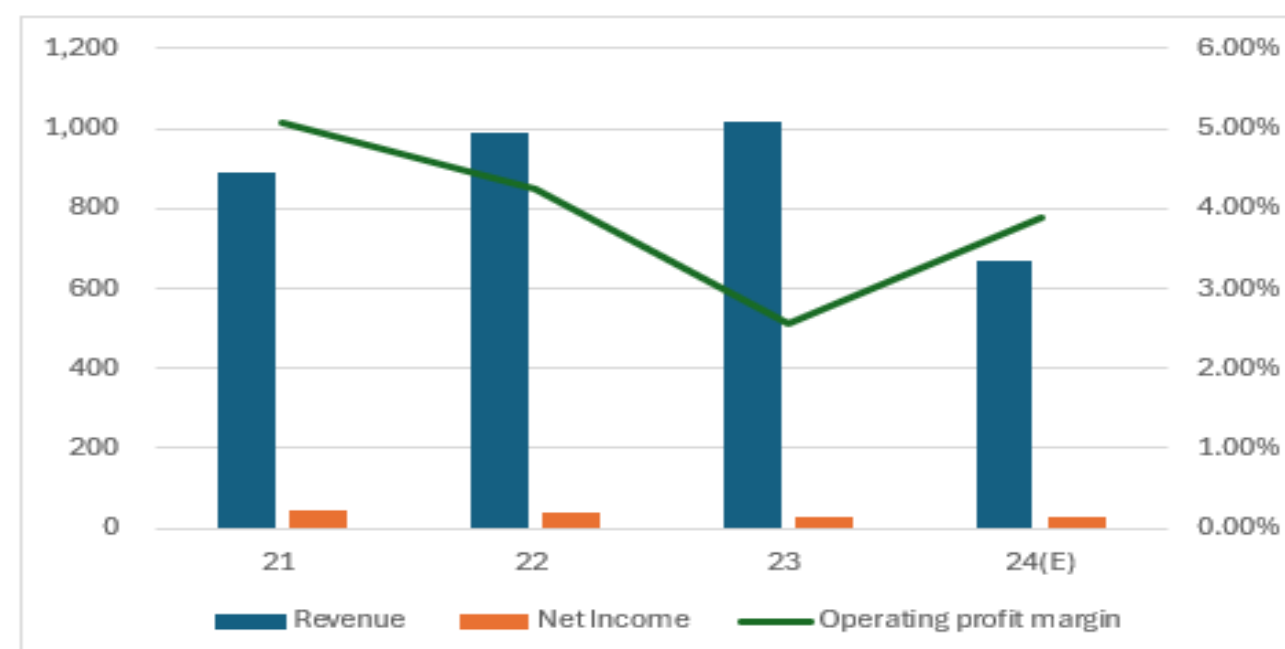
Korea Circuit



- Korea Circuits, a company primarily engaged in the manufacturing and sale of printed circuit boards (PCBs), experienced a shift to operating losses starting in 2023.

- In 2024, the company recorded an impairment loss on tangible assets, leading to a net loss of 121.7 billion KRW, marking its worst financial performance.

Terranix

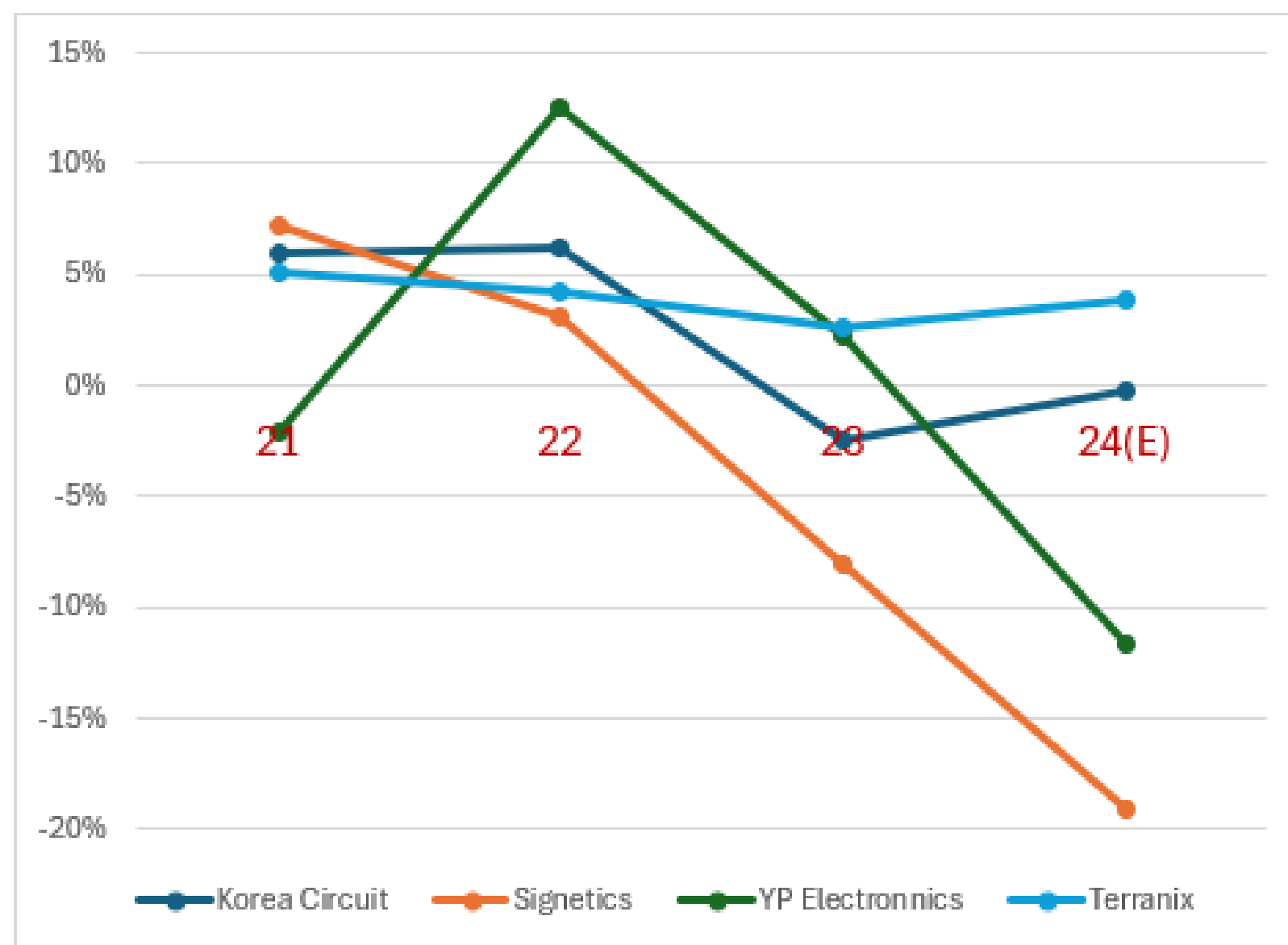


- Terranix, a company engaged in the manufacturing of laminated boards for printed circuit boards, has seen a decline in operating profit since 2021. The operating profit has decreased from 4.5 billion KRW in 2021 to 4.2 billion KRW in 2022, and further to 2.6 billion KRW in 2023.

The underperformance of Youngpoong's subsidiaries

The key subsidiaries of Youngpoong are also experiencing a downward trend in operating profit margin, which reflects a decrease in the company's profitability.

Operating Profit Margin



< Korea Circuit >

5.98% -> 6.21% -> -2.41% -> -0.21%

< Signetics >

7.15% -> 3.09% -> -8.09% -> -19.06%

< YP Electronics >

-2.08% -> 12.52% -> 2.27% -> -11.67%

< Terranix >

5.06% -> 4.24% -> 2.56% -> 3.89%

Youngpoong Co., Ltd. has also recorded a negative ROE (Return on Equity), an indicator of profitability relative to invested capital, revealing inefficiencies in its management.

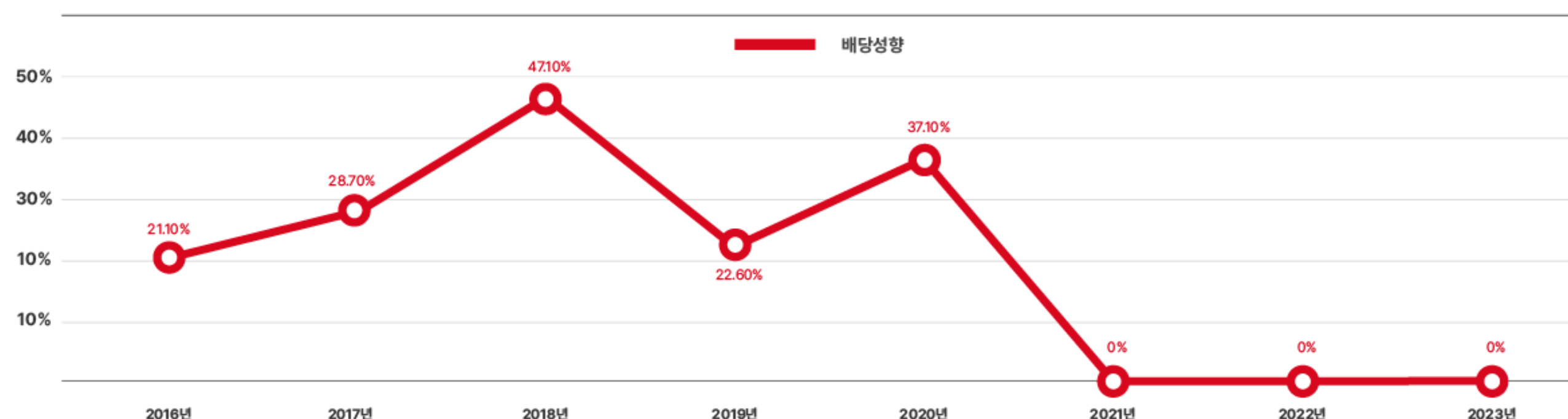
Youngpoong's PBR (Price to Book Ratio) has been classified as one of the five most undervalued companies in the Korean stock market for 2024, making it a representative low PBR stock. A high net asset value relative to market capitalization indicates a large amount of retained earnings, which suggests a reluctance to return value to shareholders.

Therefore, from a shareholder's perspective, it is necessary to demand that Youngpoong actively implement shareholder-friendly policies, such as share buybacks and cancellations, as well as dividend-friendly strategies. Youngpoong's retention rate exceeds 40,000%, which suggests that the company is hoarding cash instead of investing in growth, and this can be interpreted as the company being unwilling to invest or create jobs.

Regarding Profitability and Shareholder Returns



Youngpoong's dividend payout ratio has averaged 11% annually from 2015 to 2022, which is significantly lower compared to the 40% average dividend payout ratio of listed companies in 2023. In the recent cash dividend decision, the dividend per share was set at 50 KRW, resulting in a dividend yield of less than 0.01%.



The recent disclosure by Youngpoong regarding the "Transfer of Shares and Investment Securities of Another Company" shows that Youngpoong decided to transfer all 5,262,450 shares of its core asset, Korea Zinc, to another company. This decision severely damages shareholder value. In the case of transferring important assets, it should be explained to shareholders at a general meeting before proceeding; however, the decision was made solely by the board, which can be seen as an act of stripping shareholders of their rights.

Regarding Profitability and Shareholder Returns



Despite having the opportunity to enhance shareholder value through Incineration of treasury stocks, Youngpoong is neglecting this option.

Date	Type	Number of Shares	Remarks (Purpose of Acquisition)
06-Jul-87	Common	27	Issuance of fractional shares
03-Apr-99	Common	18,828	Exercise of stock purchase rights due to merger
09-Jul-03	Common	1	Issuance of fractional shares
August 10, 2004 ~ November 5, 2004	Common	92,100	Used as a financial policy tool
July 29, 2009 ~ August 11, 2009	Common	30,000	enhancement of shareholder value
08-Mar-10	Common	-19,050	Financial structure improvement and increase in stock liquidity
Total		121,906	



Shareholders must demand the cancellation of all 121,906 shares (6.62%) of treasury stock, and the 30,000 shares acquired for the purpose of enhancing shareholder value should be canceled within this year to demonstrate sincerity in improving shareholder value.

The worst business performance

Youngpoong's management has shown a passive attitude towards facility investments, leading to a **loss of competitiveness in smelting industry sector**. As a result, the company has recorded the worst business performance and accumulated losses.

Category	2019	2020	2021	2022	2023
Revenue	1,348	1,233	1,334	1,794	1,547
Operating Income (Loss)	50	24	-73	-108	-142
(Operating Margin)	-3.70%	-1.90%	-5.50%	-6.00%	-9.20%
Net Income (Loss)	76	46	-13	-43	-43

* Unit : 1 billion KRW

Youngpoong's main revenue source, the Seokpo Smelter, has been constantly facing environmental pollution issues related to heavy metals and cadmium arising from the zinc plant.

76 cases of environmental law violations from 2013 to 2022.

Imposition of a fine
suspension of operations

Decrease in
revenue

What is cadmium?

Cadmium is highly toxic to the human body and can cause symptoms such as breathing difficulties and liver dysfunction. It is known as a **Group 1 carcinogen** and is the cause of **Itai-itai disease**, one of the four major pollution-related diseases.

Cadmium is a very harmful metal to the human body. When it enters the body, it can cause kidney damage or interfere with calcium absorption

Strong doubts about Youngpoong's management decision-making and internal control system.

Despite the growing emphasis on corporate ESG (Environmental-Social-Governance) responsibility under international standards in the fields of environment and society, the prolonged environmental and labor-related issues at Youngpoong's key operation, Seokpo Smelter, have deeply disappointed shareholders. From a shareholder's perspective, it is impossible not to have strong doubts about Youngpoong's management decision-making and internal control systems.

* Multiple operational suspensions related to environmental pollution.

19 violations of environmental laws discovered in the past 5 years

- In November 2021, Youngpoong's Seokpo Smelter was subjected to a 10-day suspension of operations due to violations of environmental laws.
- In November 2024, a 1-month and 30-day suspension of operations was confirmed due to violations of environmental laws.
- In November 2024, a 10-day administrative suspension of operations was imposed due to violations of the smelter's operating permit conditions

Poor Management Capabilities



1. Announcement of an additional 10-day production suspension (April 25 to May 4)

- **Currently under operational suspension due to violations of the Water Environment Conservation Act (February 26 to April 24)**
- **According to the announcement on March 4, an additional 10-day operational suspension was imposed due to violations of the Environmental Pollution Control Act.**
- **Due to ongoing environmental issues, the company's operating performance this year is expected to be the worst, following the performance of 2024.**

2. Issue of potential additional sanctions

The court stated that, considering the current status of the Seokpo smelter, drainage system, and key investigation and inspection results, it acknowledged that cadmium leaked into the groundwater and Nakdong River from the zinc smelting process at the Seokpo smelter through double barriers, drainage channels, reservoirs, and the factory floor between April 2019 and April 2021. The imposed fine of 28.1 billion KRW was deemed legal.

Poor Management Capabilities



Factory worker accidents have occurred consecutively for several years.

- Since 1997, multiple accidents, including 15 fatalities, have occurred.
- In 2024, an accident occurred that resulted in the deaths of two individuals, leading to the arrest and indictment of Youngpoong's CEO and the smelter manager

The death incident at the Youngpoong Seokpo Smelting Plant

1997	Two individuals died after retiring due to liver disease. The driver died in a sulfuric acid tanker truck rollover accident.
2001	A worker died due to cadmium poisoning.
2002	Four people died in an explosion accident at a sedimentation reservoir. One person died while cleaning the cooling tower without a helmet or safety net.
2010	One person died from a fall at Casting Plant 1. <small>A worker died while performing sediment work</small>
2017	The driver died in a sulfuric acid tanker truck rollover accident.
2018	A worker died while performing sediment work.
2023	A worker died from acute arsenic poisoning.
2024	A subcontractor worker died from heatstroke.

A shareholder agreement was signed with the foreign speculative capital firm MBK

- The executives of Youngpoong have been absent from the company's internal leadership due to incidents and accidents resulting from management negligence. In this absence, three non-executive outside directors, who also serve as audit committee members, entered into a shareholder agreement with the foreign speculative capital firm MBK using the most important asset of Youngpoong, shares in Korea Zinc, as collateral. This raises serious concerns about the independence and supervisory capabilities of the outside directors and audit committee members.
- Youngpoong should actively embrace outside directors with expertise to lead internal innovation. The company should not limit the number of outside directors to just two or three but should ensure that all qualified candidates with specialized knowledge are appointed to foster a more effective governance structure.

MBK Management Capability as Seen Through Homeplus Incident

1. Until just before filing for corporate rehabilitation, the company continued to sell commercial paper (CP) to individuals

- With the downgrade of Homeplus' short-term bond credit rating, it effectively became worthless
- CP, short-term bonds (STB), and asset-backed short-term bonds (ABSTB)
=> 600 billion KRW (Credit rating: A3 -> D)

➡ Despite being aware of the possibility of a credit rating downgrade, the company passed on the losses to individual investors.

2. They sold profitable stores to repay debt but did not invest in new stores.

- Store closures: 14 locations, including Bucheon Jungdong, after the MBK acquisition



MBK Partners' Investment and Management Underperformance Cases

YoungHwa ENG. ✓

- Acquired for 1 trillion KRW in 2009
- Recorded a 34.8 billion KRW loss in 2015, leading to court receivership after 7 years
- Sold to Hanwa Asset Management (UAMCO) for 49.6 billion KRW in 2017

D'Live ✓

- Acquired for 1.46 trillion KRW in 2008 in partnership with Macquarie
- Ownership transferred to creditors in 2016
- Recorded a 37.6 billion KRW loss in 2023

NEPA ✓

- Acquired for 997 billion KRW in 2013 (net profit of 105.2 billion KRW)
- Recorded a 110.1 billion KRW loss in 2023

Lotte Card ✓

- Acquired for 13.81 trillion KRW in 2019 by the MBK/ Woori Bank consortium
- Net profit of 102.5 billion KRW in Q1-Q3 of 2024 (72% decrease compared to 366.4 billion KRW in the same period last year)



Key points of shareholder proposal

1. Introduction of cumulative voting system
2. Expansion of stock dividend
3. Appointment of independent audit committee members

Introduction of cumulative voting system

The cumulative voting system is a mechanism that allows minority shareholders to elect directors they wish to appoint. It was created to protect the rights of shareholders who might be overlooked due to their small number, and to ensure that the board of directors reflects the intentions of shareholders, thereby safeguarding the rights of ordinary shareholders.

Recently, **minority shareholders and the market have been actively supporting the introduction of the cumulative voting system.** In addition, a revision of the Commercial Code is underway to make the cumulative voting system mandatory in order to strengthen the rights of ordinary shareholders.

In particular, among the three outside directors of Youngpoong, Choi Changwon concurrently serves as an outside director at its affiliate, Korea Circuit, and Park Byungwook is a college alumnus of Jang Hyeongjin, an advisor. Even when they were appointed three years ago, they were questioned about their independence by proxy advisory firms. This has long raised concerns that the board of directors at Youngpoong **has failed to perform its internal control role through proper oversight and monitoring.**

Introduction of dividends in kind

Youngpoong's dividend payout ratio has averaged around 11% annually from 2015 to 2022. Considering that the average dividend payout ratio for listed companies in 2023 is around 40%, this is significantly low. **In the recent cash dividend decision, the dividend was set at 50 KRW per share, resulting in a dividend yield that does not even reach 0.01%.**

As Youngpoong holds stocks in several affiliated companies, **we propose amending the Articles of Incorporation to allow for the payment of dividends in kind, such as stocks of other companies** held by Youngpoong, to shareholders. We kindly ask for your support of this proposal at the upcoming shareholder meeting.

Company	5-Year Average	2023	2022	2021	2020	2019
Youngpoong Co., Ltd.	1.71%	1.94%	1.65%	1.53%	1.86%	1.55%
Korea Zinc Co., Ltd.	3.50%	3.01%	3.55%	3.91%	3.74%	3.29%
Poongsan Corporation	2.61%	3.06%	2.97%	3.21%	2.15%	1.68%
POSCO Holdings Inc.	3.94%	2.00%	4.34%	6.19%	2.94%	4.23%

Key points of shareholder proposal



Appointment of Kim Kyung-yul as an outside director to the Audit Committee

Name	Position	Full-time Status	Term Expiry
Park Young-min	CEO & Business Head	Full-time	Mar-25
	CEO of Youngpoong E&I		
Bae Sang-yoon	CEO	Full-time	Mar-26
	Director of Seokpo Refinery		
	CEO of SP Farm Land Co., Ltd. (Agriculture Business)		
Park Byung-wook	Outside Director	Non-full-time	Mar-25
	Audit Committee Member		
	Ph.D. in Business Administration from Hanyang University		
	CEO of Accounting Firm Cheong		
Park Jeong-ok	Outside Director	Non-full-time	Mar-25
	Audit Committee Member		
	Graduated in Science Education from Ewha Womans University		
	KBS Program Director		
	Former CEO of KBS Symphony Orchestra Foundation		
	(Current) Board Member of Seowon Welfare Foundation		
Choi Chang-won	Outside Director	Non-full-time	Mar-25
	Audit Committee Member		
	Ph.D. in Public Administration from University of Seoul		
	Former Head of National Human Resources Development Institute		
	Outside Director of Korea Circuit Co., Ltd.		
	(Current) Adjunct Professor at University of Seoul		

Currently, the terms of all three outside directors (Park Byung-wook, Choi Chang-won, and Park Jeong-ok) will expire on the date of the regular shareholders' meeting in March 2025.

Among the three outside directors, Choi Chang-won concurrently serves as an outside director at the affiliate company, Korea Circuit. Park Byung-wook, a college alumnus of advisor Jang Hyeong-jin, was also **questioned about his independence by proxy advisory firms when he was appointed three years ago.** This has led to long-standing concerns that the board of directors at Youngpoong fails to perform its internal control role through proper oversight and monitoring.

Appointment of Kim Kyung-yul as an outside director to the Audit Committee

Above all, it is essential to have a fair and thorough audit conducted by an audit committee composed of independent and professional audit committee members for the following matters.

1. Whether the scale of environmental provisions (land remediation, restoration, etc.) is appropriate
2. The scale of losses due to production suspension and whether measures have been taken to minimize those losses measures and business plan appropriateness regarding the termination of joint operations and joint raw material purchasing with existing partners
3. Review and verification of the specific details and appropriateness of the management cooperation agreement signed on September 12, 2024, between Korea Corporate Investment Holdings, Youngpoong, and Jang Hyeong-jin

It is essential to appoint audit committee members with expertise to ensure the committee's professionalism, thereby fulfilling its audit functions effectively and strengthening the independence of corporate governance.

Related News



한국경제TV

Youngpoong records its worst-ever performance...
"Management normalization must begin"



Youngpoong recorded its worst-ever performance last year with a net loss of 260 billion won, and there are concerns that the company may experience even more severe management deterioration this year.

Youngpoong is set to implement a 58-day production suspension starting at the end of this month. As a result, there are concerns that the company may face not only production delays this year but also significant performance downturns.

ChosunBiz

Youngpoong reports a net loss of 260 billion won last year. Facing a production suspension ahead.



Youngpoong recorded a net loss of over 260 billion won last year. Due to a decline in the performance of its main business operations, the size of the net loss grew more than threefold.

According to the Financial Supervisory Service's electronic disclosure system on the 17th, Youngpoong reported a revenue of 2.78 trillion won in 2024, a 25.95% decrease compared to the previous year. Last year's operating loss was 162.2 billion won, and the net loss for the year totaled 263.3 billion won. The net loss has more than tripled compared to the previous year.

이데일리

Concerns over production disruptions at Youngpoong.



Youngpoong's Seokpo Smelting Plant is facing a production suspension crisis, as the treatment of sulfuric acid, an essential byproduct of the smelting process, has been hindered, leading to production disruptions. While Youngpoong had been processing sulfuric acid through Korea Zinc, environmental regulations have now made this treatment impossible.

Related News



"Another closure" of Youngpoong's Seokpo Smelting Plant...



According to industry sources, this action follows the discovery of violations of the "Water Environment Conservation Act" by the Ministry of Environment's central mobile inspection team in April 2019. In December 2020, Gyeongbuk Province issued a production suspension order to Youngpoong's Seokpo Smelting Plant, but Youngpoong filed a lawsuit to cancel the order. On October 31 of last year, the Supreme Court upheld the government's victory, leading to this action.

The company is facing its biggest crisis since its establishment.



The Youngpoong Seokpo Smelting Plant, embroiled in environmental pollution controversy, has received an additional production suspension order. Following the 58-day suspension, the plant will now halt all production activities for another 10 days. This follows the discovery of illegal activities, including Youngpoong's failure to comply with the Ministry of Environment's integrated permit conditions and operating while turning off sulfur gas detectors.

Homeplus enters rehabilitation proceedings... Questions raised about MBK's management capabilities.



Homeplus, the second-largest retailer, has entered rehabilitation proceedings due to worsening financial conditions, raising concerns that MBK, the largest shareholder of Homeplus, has failed to demonstrate the management and operational capabilities it has emphasized.

Homeplus explained that it initiated the rehabilitation process as a measure to proactively address potential financial issues arising from a downgrade in its credit rating.