COVER SHEET

A1996-10620
S.E.C. Registration Number

TKC METALS CORPORATION

(Company's Full Name)

UNIT B1-A/C, 2ND FLOOR BLDG. B,
KARRVIN PLAZA, 2316 CHINO
ROCES AVE., EXT. MAKATI CITY

(Business Address: No. Street City / Town / Province)

EDSON T. EUFEMIO	8691-3490
Contact Person	Company Telephone Number

12	31	
Month	Day	Month Day
Fiscal Year		Annual Meeting

Definitive Information Statement
(SEC Form 20-IS)

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Please take notice that the annual meeting of the stockholders of TKC Metals Corporation (the "Corporation") shall be held on **29 December 2022** at **10:00** in the morning. The meeting will be presided over by the Chairman at the principal place of business of the Corporation and can be virtually accessed at the link which will be provided to stockholders after successful registration. The agenda for the meeting shall be as follows:

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Previous Meeting of Stockholders
4. Approval of 2021 Operations and Results
5. Ratification of all Acts of the Board of Directors and Officers
6. Sale of Assets of the Corporation with Delegation of Authority to the Board of Directors to Approve Final Terms of the Sale
7. Election of Directors for 2022- 2023
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Corporation has, in accordance with the By-Laws, fixed the close of business on 06 December 2022 as the record date for the determination of the stockholders entitled to notice of, and to vote, at the meeting and any adjournment thereof.

The annual stockholders' meeting will be held virtually, through a videoconferencing platform, to allow the stockholders to attend by remote communication.

Stockholders may attend the meeting and/or cast their vote in absentia by registering through the ASM Registration tab on the website: https://www.tkcmetals.com.ph on or before 11:59 p.m. on 23 December 2022. Upon verification of their registration credentials, an e-mail from the Corporation will be sent containing instructions on how the registered online participants may access and watch the live stream of the annual stockholders' meeting and/or cast their votes on matters to be taken up during the meeting using the e-voting platform to be set up for the purpose. The e-voting platform will likewise contain a field wherein stockholders may send their comments/questions. It will be accessible until 10:00 am of 29 December 2022. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

The stockholders are likewise encouraged to participate in the meeting by submitting duly accomplished proxies to the Office of the Corporate Secretary at Upper Penthouse GSC Corporate Tower, Triangle Drive, BGC, Fort Bonifacio 1630 Taguig City, or electronically submitted through the ASM online registration portal, on or before 5:30 p.m. on 28 December 2022. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Validation of proxies is set on 29 December 2022. The votes already cast using the e-voting platform by that time will also be tallied on said date.

City of Pasig, Metro Manila, 07 December 2022.

EDSON T. EUFEMIO
Corporate Secretary

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 3. Approval of the Minutes of the Previous Meeting of Stockholders

Copies of the Minutes of the 15 January 2021 Annual Stockholders' Meeting is posted in the Company's website and can be viewed anytime. Stockholders will be asked to approve the Minutes of the 2021 Annual Stockholders' Meeting, as recommended by the Board of Directors. The minutes, containing the details as required under Section 49 of the Revised Corporation Code, will be circulated together with this Information Statement.

Agenda Item No. 4. Approval of 2021 Operations and Results

A report on the highlights of the performance of the Corporation for the year ended 31 December 2021 will be presented to the stockholders. The same was reviewed by the Board of Directors, and have been audited by the external auditors who rendered an unqualified opinion on the Audited Financial Statements (AFS). A summary of the 2021 AFS shall also be presented to the stockholders. Stockholders will be given an opportunity to raise questions regarding the report on the operations and results of the Corporation.

Agenda Item No. 5. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting

All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the last Stockholders' Meeting held on 15 January 2021 to the date of this meeting shall be presented for confirmation, approval, and ratification.

Agenda Item No. 6. Sale of Assets of the Corporation with Delegation of Authority to the Board of Directors to Approve Final Terms of the Sale

The proposal to sell the shares of the Corporation in Treasure Steelworks Corporation and Campanilla Mineral Resources, Inc. will be submitted for approval of the stockholders. Stockholders will likewise be requested to delegate to the Board of Directors the authority to approve the final terms of the sale.

Agenda Item No. 7. Election of Directors for 2022-2023

The incumbent members of the Board of Directors, as reviewed, qualified, and recommended by the Corporate Governance Committee, have been nominated for re-election. Their proven expertise and qualifications based on current regulatory standards and the Company's own norms are expected to help the Company improve its performance that will result in its stockholders' benefit. The profiles of the Directors are further detailed in the Company's Information Statement. If elected, they shall serve as such from 15 January 2021 until their successors shall have been duly elected and qualified.

Agenda Item No. 8. Appointment of External Auditor

The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders, the re-appointment of Reyes Tacandong & Co. as the Company's External Auditor for 2022. Reyes Tacandong & Co.is one of the leading auditing firms in the country and is duly accredited by the Securities and Exchange Commission. The stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee.

TKC METALS CORPORATION
2022 ANNUAL STOCKHOLDERS' MEETING

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2022 Annual Stockholders' Meeting (ASM) of TKC Metals Corporation (the "Corporation") will be held on 29 December 2022 at 10:00 A.M. The close of business on 06 December 2022 has been fixed as the record date for the determination of the stockholders entitled to notice of, and vote at, said meeting and any adjournment thereof.

The Board of Directors of the Corporation has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia or by proxy.

REGISTRATION

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until 23 December 2022, 11:59 p.m. via the ASM Registration tab on the website (*https://www.tkcmetals.com.ph/)* and by submitting the following requirements and documents, subject to verification and validation:

For individual stockholders

1. Full Name of Stockholder
2. Scanned copy of a Valid Government ID
3. E-mail address
4. Mobile No.
5. Whether or not a proxy will be appointed for the meeting
   a. If Yes, kindly provide the following:
      i. Proxy Form
      ii. Proxy Valid ID
      iii. Proxy Contact number
      iv. Proxy E-mail Address
6. Total Number of Shares
7. Stock Certificate Number/s (if certificated shares); Certification from broker (for uncertificated shares)

For corporate stockholders

1. Scanned copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
2. Scanned copy of a Valid Government ID of the authorized representative
3. E-mail address of the authorized representative
4. Mobile No. of the authorized representative
5. Total Number of Shares
6. Stock Certificate Number/s (if certificated shares); Certification from broker (for uncertificated shares)

PCD Participants/Brokers

1. Scanned copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD Participant/Broker
2. Scanned/Digital copy of the certificate of shareholdings issued by the PCD/Broker
3. Scanned copy of a Valid Government ID of the authorized representative
4. E-mail address of the authorized representative
5. Mobile No. of the authorized representative

Notes

1. *Please refrain from sending duplicate and inconsistent information/documents as these can result in failed registration. All documents/information shall be subject to verification and validation by the Corporation.*
2. *Please be informed that by providing us with the above documents, you consent to the Company's processing of your personal data in accordance with the Data Privacy Act for the purpose of validating your credentials and registration to participate and vote at the Company's annual stockholders' meeting.*

Should the stockholder wish to assign a proxy, the stockholder shall submit the proxy form upon registration.

ONLINE VOTING

1. Log-in to the e-voting platform by clicking the link, and using the log-in credentials, sent to the e-mail address of the shareholder to the Corporation.
2. Upon accessing the e-voting platform, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval is appended to the Notice of Meeting
   a. A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval
   b. For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

   Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (7 directors) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder. For the upcoming meeting, however, there are only six candidates for election to the Board.

3. The e-voting platform will likewise contain a field wherein stockholders may send their comments/questions.
4. Once the stockholder has finalized his vote and questions, he/she can proceed to submit the form by clicking the "Submit" button. The stockholder may no longer modify his/her vote thereafter.

ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will be sent to their e-mail addresses upon registration.

OPEN FORUM

During the virtual meeting, after all items in the agenda have been discussed, the Corporation will have the Question and Answer Portion, during which, the meeting's moderator will read and where representatives of the Corporation shall answer questions and comments received from stockholders, as time will allow.

Stockholders may send their questions in advance through the e-voting platform on or before 10:00 AM on 29 December 2022. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Corporation via e-mail.

For complete information on the annual meeting, please visit https://www.tkcmetals.com.ph/.

PROXY FORM

The undersigned stockholder of TKC Metals Corporation (the "Company") hereby appoints ______________________________ or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 29 December 2022 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors.
____ 1.1. Vote for all nominees listed below:
1.1.1. Ben C. Tiu
1.1.2. Ignatius F. Yenko
1.1.3. Domingo S. Benitez, Jr.
1.1.4. Prudencio C. Somera, Jr.
1.1.5. Vicente V. De Villa (Independent Director)
1.1.6. Kevin G. Khoe (Independent Director)

____ 1.2. Withhold authority for all nominees listed above
____ 1.3. Withhold authority to vote for the nominees listed below:
__________________ __________________
__________________ __________________

2. Approval of minutes of previous Annual Stockholders' Meeting.
___ Yes ___ No ___ Abstain

3. Approval of 2021 Annual Report.
___ Yes ___ No ___ Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders' Meeting to 29 December 2022.
___ Yes ___ No ___ Abstain

1. Sale of Assets of the Corporation with Delegation of Authority to the Board of Directors to Approve Final Terms of Sale
___ Yes ___ No ___ Abstain

6. Appointment of Reyes Tacandong & Co. as external auditor.
___ Yes ___ No ___ Abstain

7. At their discretion, the proxies named above are authorized to vote upon such other matters as may be properly come before the meeting.
___ Yes ___ No ___ Abstain

____
Printed Name of Stockholder

____
Signature of Stockholder /Authorized Signatory

____
Date

THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY BEFORE THE DATE SET FOR THE ANNUAL MEETING, AS PROVIDED IN THE BY-LAWS.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20
of The Securities Regulation Code

1. Check the appropriate box:
   [X] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
   TKC Metals Corporation

3. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines

4. SEC Identification Number: **A1996-10620**

5. BIR Tax Identification Code: **005-038-162-000**

6. Address of Principal Office
   Unit B1-A/C, 2nd Floor, Building B, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City

7. Registrant's telephone number, including area code: **(632) 8864-0736 / 840-4335**

8. Date, time and place of the meeting of security holders:
   Date: 29 December 2022
   Time: 10:00 a.m.
   Place: Virtually via videoconferencing

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
   07 December 2022

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class	Number of Shares of Common Stock Outstanding (as of 02 December 2020)
Common shares	**940,000,000 shares**

11. Are any or all of registrant's securities listed in a Stock Exchange?
    Yes [**X**]   No [**X**]

    If so disclose name of the Exchange : **The Philippine Stock Exchange, Inc.**
    Class of securities listed : **Common Shares**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY

GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders:**

Date: 29 December 2022
Time: 10:00 a.m.
Place: Via Videoconferencing

The complete mailing address of the Corporation is Unit B1-A/C, 2nd Floor, Building B, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City.

The approximate date on which the information statement is first to be sent or given to security holders is 07 December 2022.

Item 2. **Dissenters' Right of Appraisal**

The Revised Corporation Code of the Philippines, specifically Sections 41 and 80 thereof, gives to a dissenting stockholder who votes against certain corporate actions specified by law, the right to demand payment of the fair market value of the shares, commonly referred to as Appraisal Right.

The following are the instances provided by law when dissenting stockholders can exercise their Appraisal Rights:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;

3. In case the Corporation decides to invest its funds in another corporation or business outside of its primary purpose; and

4. In case of merger or consolidation.

Under Section 81 of the Revised Corporation Code, the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. However, failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the Corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Corporation within thirty (3) days after such award is made, provided that no payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment, and that upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

Since the proposed sale of assets of the Corporation (Agenda Item 6) will constitute a sale of all or substantially all of the assets of the Corporation, dissenting stockholders may exercise their appraisal rights pursuant to Section 80 of the Revised Corporation Code.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

a. No current director or officer of the Corporation, or nominee for election as directors of the Corporation or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than the election of directors.

b. No director or security holders have informed the Corporation, in any form, that he intends to oppose any action to be taken by the Corporation at the meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

A. The Corporation has 940,000,000 outstanding common shares as of 06 December 2022. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.

B. The record date for determining stockholders entitled to notice of and to vote during the annual stockholders' meeting is on 06 December 2022.

C. In the forthcoming annual stockholders' meeting, stockholders shall be entitled to elect seven (7) members to the Board of Directors. Each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7). For the upcoming meeting of stockholders on 29 December 2022, however, there are only six nominees for election to the Board.

D. Security Ownership of Certain Record and Beneficial Owners

(1) Security Ownership of Certain Record and Beneficial Owners

The following table shows the record and beneficial owners owning more than five percent (5%) of the outstanding capital stock as of 06 December 2022:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Holdings
Common	Star Equities, Inc.* 2/F JTKC Center 2155 Chino Roces Avenue, Makati City	Direct	Filipino	667,000,598	70.96%
Common	PCD Nominee Corporation** 37F Tower 1, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City	See note	Filipino	268,150,021	28.53%

** Star Equities, Inc. is an investment and holding company incorporated under the laws of the Philippines. Its present Board of Directors is composed of Messrs. Ruben C. Tiu, Dexter Y. Tiu, John Y. Tiu, Jr., Alexander Y. Tiu and Ms. Evelyn T. Lim. The shares held by Star Equities, Inc. shall be voted or disposed of by the persons who shall be duly authorized by the corporation for the purpose. The natural person/s that has/have the power to vote on the shares of the Corporation shall be determined upon the submission of its proxy form to the Company.*

*** PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). As stated above, the beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares are to be voted. There is no party known to the Corporation which holds any voting trust or any similar agreement for 5% or more of the Company's voting securities under the PCDNC.*

(2) Security Ownership of Directors and Management as of 06 December 2022:

Title of Class	Name of Record/ Beneficial Owner	Amount and Nature of Record/ Beneficial Ownership		Percentage
Common	Tiu, Ben C.	1	Direct	--
Common	Yenko, Ignatius F.	1	Direct	--
Common	Benitez, Domingo S.	1	Direct	--
Common	Somera, Jr., Prudencio C.	1	Direct	--
Common	De Villa, Vicente V.	1	Direct	--
Common	Khoe, Kevin G.	1	Direct	--

(3) Voting Trust Holders of 5% or more

There is no party known to the Corporation which holds any voting trust or any similar agreement for 5% or more of the Corporation's voting securities.

(4) Changes in Control

The Corporation is not aware of any arrangement which may result in a change in control of the Corporation.

(5) Equity ownership of foreign shareholders is 2,529,001 shares or 0.27% as of 06 December 2022.

Item 5. **Directors and Executive Officers**

The Corporation's Board of Directors is responsible for the overall management of the business and properties of the Corporation. The Board of Directors is currently composed of six (6) members, each of whom serves for a term of one year until his successor is duly elected and qualified.

Name	Position	Age	Citizenship	Period Served
Ben C. Tiu	Chairman	70	Filipino	February 2007 - present
Ignatius F. Yenko	Vice-Chairman	70	Filipino	June 2007 - present
Domingo S. Benitez	President	67	Filipino	October 2018 - present
Prudencio C. Somera, Jr.	Director	78	Filipino	April 2007 - present
Vicente De Villa, Jr.	Independent Director	89	Filipino	April 2007 - present
Kevin G. Khoe	Independent Director	51	Filipino	January 2021 - present

Board of Directors

The incumbent members of the Board of Directors who have been nominated for re-election to the Board for the ensuing year.

The Corporate Governance Committee is composed of Mr. Kevin G. Khoe as Chairman and Messrs. Prudencio C. Somera and Vicente V. de Villa, Jr. as members. The Committee has endorsed the nominations of Messrs. Ben C. Tiu, Ignatius F. Yenko, Domingo S. Benitez, Jr., Prudencio C. Somera, Jr., Vicente de Villa, Jr., and Kevin G. Khoe for election to the Board.

The information on the business affiliations and experiences of the abovenamed directors and officers, as shown below, are current and/or within the past five years:

Ben C. Tiu, Filipino, is the **Chairman** of the Corporation. Mr. Ben Tiu has also been a Director of I-Remit, Inc. since 2001 and has also served as the Chairman and Chief Executive Officer of I-Remit, Inc. from 2001 to 2004. He assumes the position as Vice-Chairman of the Board of Directors and Chief Executive Officer of I-Remit Inc. on September 2019 to date. Mr. Tiu likewise holds the following positions: President and Chairman of the Board of JTKC Equities, Inc. (1999 to date); Independent Director of Macroasia Corporation (2013 to date), Executive Vice President of JTKC Leisure Holdings Corporation (1997 to date). He is a Corporate Nominee of Fidelity Securities, Inc. (1998 to date). Mr. Tiu was the former Vice Chairman of the Board and Chairman of the Executive Committee of the International Exchange Bank (1995 to 2006). He was also the former Chairman of Sterling Bank of Asia (2006 to 2013). He obtained his master in business administration degree from the Ateneo de Manila University Graduate School of Business in 1977 and his bachelor's degree in mechanical engineering from the Loyola Marymount University, USA, in 1975.

Domingo S. Benitez Jr., Filipino, is a **Director and the President** of the Corporation. His main expertise and line of business is in solution system provider in the Mechanical works involving Water, Waste water, Oil & Gas and Hydro Power Industry. He did also a couple of major projects in Brunei such as EPC Company for the upgrading of fire fighting for the Brunei Shell Marketing Depot Terminal, Water, Sewerage and Treatment Plant. He was previously the Business Development Manager-Asia Pacific of Emech Control Ltd.-New Zealand from April 206 to October 2008. He was also the Project Manager-Process of Tyco Flow Control Pacific Pty Ltd.,- New Zealand from November 2005 to February 2006. He also works as the Business Development Manager & Project Manager of Beaver Company-Brunei from January 1992 to August 2005. Mr. Benitez earned his Bachelor of Science Degree in Mechanical Engineering from Far Eastern University in 1979.

Ignatius F. Yenko, Filipino, is the **Vice-Chairman** of the Corporation. He is likewise a Director of Sterling Bank of Asia and member of the Executive and Loan Committees, and is the Chairman of the IT Committee of the bank. He was Management Consultant for Cyan Management Corporation from July 2003 to December 2007. He was previously First Vice-President of Philippine Long Distance Telephone Company until his resignation in July 2003. Mr. Yenko was formerly a Vice President at The Chase Manhattan Bank, N.A. where he worked for almost 11 years. He graduated with honors from the Ateneo de Manila University with a Bachelor of Arts degree in Economics. He holds a Master in Business Management degree from the Asian Institute of Management and was a recipient of the Claude M. Wilson National Scholarship Grant.

Prudencio C. Somera, Jr., Filipino, is a **Director** of the Corporation. He is an Independent Director of Basic Petroleum Corporation (1997-present), another publicly-listed corporation, and Director of Philcomsat Holdings Corporation (2004-present). He is a member Board of Advisers of Basic Energy Corporation since August 2008 (board member, 1977 – 2008). He was previously Director of iVantage, Inc. (1998-2000) and Acoje Oil Exploration and Minerals Corporation (1997-1999). A columnist of Philippine Daily Inquirer, he holds a Master of Business Administration Degree from the University of the Philippines.

<u>Independent Directors</u>

The Corporate Governance Committee endorsed the nominations in favor of Messrs. De Villa and Khoe.

The nomination, pre-screening, and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws.

Vicente V. de Villa, Jr., a Filipino, is an **Independent Director** of the Corporation. He currently holds the position of Chairman and President of VICON Realty Corporation (1972-present), Director of Heavenly Angel Memorial Park (2006-present), EL Message Services (2006-present) and ELAD Telecom Phils., Inc. (2006-present). He is also the Executive Director of EL Enterprises, Incorporated, EL International Holdings (BVI) Limited (1989-present). Likewise, he is a Foreign Representative of JDP International (USA), Central International Corporation (KOREA), NW Technologies International, Inc. (USA) and BSI Corporate Services (ITALY). He holds a Bachelor of Laws Degree from Ateneo de Manila, Padre Faura.

Kevin G. Khoe, Filipino, is an **Independent Director** of the Corporation. He is the Founder and current President of Big Big Holdings. He served as an Independent Director of ATR - Kim Eng Equity Opportunity Fund from 2010-2016 and was the Chief Operating Officer of Yehey.com for five (5) years from October 2000 to October 2005. He graduated from the University of Asia and the Pacific in 1994, with a Bachelor of Science Degree in Quantitative Economics.

Executive Officers

Domingo S. Benitez, Jr. - President and Chief Operating Officer

Gilbert C. Gaw, Filipino, 73, is the **Treasurer** of the Corporation. Mr. Gaw has also been a Director of I-Remit, Inc. since 2002. He has a business engaged in steel manufacturing. He is currently a partner of JPSA Global Services (2003 to date), and a Director of Treasure Steelworks Corporation (2004 to date). His past work experiences include: President and General Manager of Philshine Industrial Corp. (1982 to 2001); Plant Manager of Seton Industrial Corp. (1980 to 1982); Partner in Harden Pipe Trading Co. (1975 to 1978); Sales in Union Hardware (1969 to 1975); and, Trainee – Purchasing in D. P. Marketing Co. (1967 to 1969). He obtained his bachelor of science in electronics and communications engineering degree from the University of the East in 1973. He also took a vocational course in Samson Technical School in 1962. Mr. Gaw obtained his bachelor of theology degree in the Biblical Seminary of the Philippines (1978 to 1980) and MSC at UPISSI at the University of the Philippines in 1982.

Efren A. Realeza, Jr, Filipino, 62, is the **Chief Finance Officer and Compliance Officer** of the Corporation. Prior to joining the Corporation, he was the Audit Manager of VBP Group of Companies-Dermpharma and Dermclinics, Triumph Development Corporation - a cement manufacturing company with overseas operation and Ajinomoto Philippines Corporation and later as Cost Accounting Manager. He managed also the financial performance of the following subsidiaries of APC like Flavor Food Products International Inc., Union Hikari Fertilizer International, Inc. and Global Cebu Foods Corporation. He graduated with a degree of Bachelor of Science in Accountancy from the Polytechnic University of the Philippines. He is a Certified Public Accountant.

Edson T. Eufemio, Filipino, 54, is the **Corporate Secretary** of TKC Metals Corporation. He is a lawyer by profession and practices corporate and commercial law through his office, E.T. Eufemio Law Office. He is a legal and business consultant of small, medium and large enterprises in various industries. He is a graduate of Xavier School and U.P. Diliman, where he has obtained degrees in Psychology, Law and Masters in Business Administration. He sits on the board of directors and also acts as Corporate Secretary for many other private companies.

A. Independent Directors

Messrs. Vicente V. de Villa, and Kevin G. Khoe, qualify as independent directors of the Corporation pursuant to Rule 38 of the Implementing Rules of the Securities Regulation Code.

In compliance with the requirements of the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws, the Corporate Governance Committee endorsed the respective nominations given in favor of Messrs. De Villa (by Mr. Ignatius F. Yenko) and Khoe (by Mr. Ben C. Tiu). The Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in Rule 38 of the Implementing Rules of the Securities Regulation Code.

The nominated independent directors are in no way related to the stockholders who nominated them.

B. Significant Employees

Although the Corporation has and will likely continue to rely significantly on the continued individual and collective contributions of its senior management team, the Corporation is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete upon termination.

C. Family Relationships

There are no family relationships among directors and executive officers.

D. Involvement in Certain Legal Proceedings

As of the date of this report, to the best of the Company's knowledge, other than as disclosed above, there has been no occurrence of any of the following events that are material to an evaluation of the ability or integrity of any Director, any nominee for election as director or executive officer of the Company:

- any bankruptcy petition filed by or against any business of which the incumbent directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within five years prior to that time;

- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent directors or senior management of the Company;

- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent directors or senior management of the Company in any type of business, securities, commodities or banking activities; and

- any finding by domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent Directors or senior management of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

- At present, the Corporation is not a party to any pending material litigation, arbitration or other legal proceedings, and no litigation or claim of material importance is known by Management to have been filed against the Corporation.

E. Certain Relationships and Related Transactions/List of Parents of Corporation

The Corporation entered into the following transactions with related parties:

Date of Execution	Parties	Nature	Cause/Consideration
April 30, 2007	TKC and Star Equities, Inc. (SEI)	Agreement for Assignment of Advances	Acquisition at cost of the entire interest in the advances of SEI in Billions Steel International Limited
June 29, 2007	TKC and Billions	Absolute Deed of Assignment of Shares	Billions assigned all its rights and interests in 479,997 fully paid shares in Treasure Steel (TSC) for a total of consideration of Ps. 47,997,000.00
June 29, 2007	TKC and TSC	Marketing Agreement	TSC appointed TKC as the exclusive sales and marketing channel of all its products and gave TKC the right to enter into agreements with third parties to carry out said purpose. Under the Agreement, both parties acknowledge the existing agreement between TSC and Steel Alliance and thus, TKC assumed all the obligations of TSC to Steel Alliance.

F. Disagreement with Director

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

The Executive Officers and Directors' compensation for the years 2020, 2021 and 2022 (estimate) are presented below:

2020

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Domingo S. Benitez, Jr. President and Chief Operating Officer			
Wilfrido O. Gamboa Head of Corporate Services			
Efren A. Realeza Jr. Head of Accounting Services/ CFO/ Compliance Officer			
Aggregate Compensation of all Above-named Officers	3,916,500		
Aggregate Compensation of all above-named Officers and All Directors	3,916,500		

2021

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Domingo S. Benitez Jr. President and Chief Operating Officer			
Wilfrido O. Gamboa Head of Corporate Services			
Efren A. Realeza Jr. Head of Accounting Services/ CFO/ Compliance Officer			
Aggregate Compensation of all Above-named Officers	3,962,840		
Aggregate Compensation of all Above-named Officers and All Directors	3,962,840		

2022 (Estimated)

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Domingo S. Benitez Jr. President and Chief Operating Officer			
Wilfrido O. Gamboa Head of Corporate Services			
Efren A. Realeza Jr. Head of Accounting Services/ CFO/ Compliance Officer			
Aggregate Compensation of all Above-named Officers	3,929,380		
Aggregate Compensation of all Above-named Officers and All Directors	3,929,380		

Note: Members of the Board receive per diem only. For 2021, there were no per diems given to directors.

Standard Arrangements and other Arrangements

As of the date of this Information Statement, the Company has no existing arrangements with members of the Board **of** Directors, executive officers, and employees.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no existing employment contracts with executive officers. Furthermore, there are no special retirement plans for executive officers. There is also no arrangement for compensation to be received from the Company in the event of a change in control of the Company.

Warrants and Options Outstanding

The Company has never issued warrants nor options to directors and officers.

There are no other arrangements with the Directors and Officers regarding their employment with the Corporation, nor are there stock warrants or options made available to them.

Item 7. **Independent Public Accountant**

Representatives of the principal accountant (Reyes Tacandong & Co.), the Company's external auditors for the most recently completed fiscal year are expected to be present at the Annual Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Details on the selected/recommended principal accountant and partner-in-charge for the ensuing year are as follows:

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1752-A; Valid until May 6, 2022
BIR Accreditation No. 08-005144-015-2020; Valid until July 1, 2023
PTR No. 8116485 issued January 6, 2020, Makati City

Reyes Tacandong & Co. audited the Company's statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended 31 December 2021 and a summary of significant accounting policies and other explanatory notes. Their responsibility is to express an opinion on these financial statements based on their audit. The audits were conducted in accordance with Philippine Standards on Auditing.

Changes in and Disagreements with Accountants on Accounting or Financial Disclosure

Reyes Tacandong & Co. was appointed as external auditor for the year ended December 31, 2021. There were no disagreements with the external auditors on any matter pertaining to accounting and financial disclosure.

The audit and audit-related fees paid by the Corporation to RT & Co. for the last three years are as follows:

	2021	2020	2019
A. Audit and Audit-related Fees	1,350,000.00	1,350,000.00	510,350.00
1. Audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with the statutory and regulatory filings or engagements.	1,350,000.00	1,350,000.00	510,350.00
2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements	---	---	---
B. Tax fees	---	---	---
C. All other fees	---	---	---

It is the policy of the Corporation that services to be rendered by independent auditors, as well as the corresponding fees thereof, must first be reviewed by the Audit Committee prior to said report being endorsed to the Board of Directors for approval.

The Company will recommend the accounting firm of Reyes Tacandong & Co. for reappointment at the scheduled annual stockholders' meeting.

G. Issuance and Exchange of Securities

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

Management is proposing the sale of the shares held by the Company in Treasure Steelworks Corporation (TSC) and Campanilla Mineral Resources, Inc. (CMRI). The Company holds 98% of the outstanding capital stock of TSC, while for CMRI, it owns 70% of the outstanding capital stock. Management is also proposing to have the stockholders approve the delegation of the power to approve the final terms of the sale to the Board of Directors. The sale of the shares in the subsidiaries is expected to put the Company in a better financial position to explore other business opportunities.

Description of Subsidiaries/Properties
Treasure Steelworks Corporation
Treasure Steelworks Corporation (TSC), a subsidiary company of TKC Metal Corporation, is a 22-hectare seafront-Pier complex, located in National Highway, Nonucan, Barangay Ma. Cristina, Iligan City, Mindanao, within the former National Steel Corporation compound. It operates a rehabilitated 350,000-mton per annum streamlined steel billet facilities with two units oxygen plant, a 1,000 NM3 and a 800 NM3 capacity. It has installed a ladle Refining Furnace, a 128-m3 blast furnace system with 360,000-ton per annum, a sinter plant and a beneficiating plant. It is the largest billet plant in the Philippines in terms of installed rated capacity with a production capacity of 600,000 metric tons per annum.
Campanilla Mineral Resources Inc.
The contract or mining area is approximately 1,582 hectares located in the Municipality of Mamburao, Province of Occidental Mindoro which is covered by Mineral Production Sharing Agreement (MPSA) that was granted by the Department of Environment and Natural Resources on December 23, 2009 for a term of 25 years to explore, develop, and operate the mining area. The company has not started exploration activities since its incorporation on May 30, 2011 due to the impact of the 9-year moratorium on mining activities that was imposed in 2012.

Nature and Amount of Consideration
The Board will approve the final terms of the amount of consideration, which shall more or less be approximate to the amount of investment of TKC Metals Corporation in said subsidiaries. Only the general authority to sell will be sought for approval by the stockholders. The final terms will be subject to ratification/approval by the stockholders, once finally negotiated and approved by the Board.

Brief Outline of Facts Bearing Upon the Question of Fairness of the Consideration
The Issuer does not intend to recognize any losses from this transaction, hence the consideration will be at least equivalent to the investment of TKC Metals Corporation in said subsidiaries. The rationale for the disposition of these subsidiaries is so that the Corporation, as parent company, will no longer be consolidating the operational losses of TSC and CMRI. This will ease the financial burden on the parent company. In the event that the subsidiaries are disposed of in favor of related parties, a fairness opinion on the same will be sought from a qualified firm, if required under the rules.

The identity of the transferor, as well as the material terms of the transaction, will be finalized and disclosed in due course.

There are no matters to be taken up during the Annual Stockholders' Meeting relating to the matters covered by Items 9, 10, 11, 13[1] and 14.

H. Other Matters

Item 15. **Action with Respect to Reports**

The Corporation will seek the approval by the stockholders of the Minutes of the previous Stockholders' Meeting during which the following matters were taken up: (1) Call to Order, (2) Proof of Notice of Meeting and Certification of Quorum, (3) Approval of the Minutes of the Previous Meeting of Stockholders (4) Approval of 2019 Operations and Results, (5) Ratification of all Acts of the Board of Directors and Officers, (6) Approval of amendments to articles of incorporation; (7) Election of Directors, (8) Appointment of External Auditors, (9) Other Matters, and (10) Adjournment.

Management reports will be submitted for approval by the stockholders at the meeting. Approval of the reports will constitute approval and ratification of the acts of management for the past year.

Management also seeks to have the re-approval of the stockholders of the following items:

1. in relation to the pending increase in authorized capital stock of the Company approved in 2018, a change in subscriber (from several individuals to JTKC Equities, Inc.) and form of payment of subscription (debt to equity to cash);
2. change in address of the

Item 18. **Other Proposed Action**

The following are to be proposed for approval during the stockholders' meeting:

1. 2021 Operations and Results;
2. Ratification of all Acts of the Board of Directors and Officers;
3. Sale of Assets of the Corporation with Delegation of Authority to the Board of Directors to Approve Final Terms of the Sale
3. Election of Directors for 2022-2023;
4. Appointment of Reyes Tacandong & Co. as External Auditor; and
5. Other Matters.

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

1. Membership in the relevant board committees;
2. Appointment of principal officers at the Organizational Board Meeting;
3. Approval of amendments of Articles of Incorporation to decrease number of directors;
4. Approval of Sale of Billions Steel International Limited; and
5. Approval of Financial Reports.

Management reports which summarize the acts of management for the year 2021 are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

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[1] Item 12, particularly referring to 12(a)(4), already discusses the same matter to be discussed under Item 13.

Voting Procedures

(a) Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock, except the approval of the sale of corporate assets, which constitute all or substantially all of the assets of the Company, which requires two-thirds vote of holders of outstanding shares.

(b) Two inspectors, who are officers or employees of the Corporation, shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend, then the appointment shall be made by the presiding officer of the meeting. For purposes of the Annual Stockholders' Meeting on 29 December 2022, the Corporate Secretary and/or his representative together with the Compliance Officer, have been designated as inspectors who have been tasked to oversee the counting of votes.

(c) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law. For the purpose of this year's annual stockholders' meeting, which will be held only in a virtual format, the stockholders may only vote through proxies or by remote communication (in absentia). The stockholders are encouraged to participate in the meeting by either of the following:

i. By submitting duly accomplished proxies to the Upper Penthouse, GSC Corporate Tower, Triangle Drive, BGC, Fort Bonifacio, Taguig City on or before 5:30 p.m. on 28 December 2022.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

ii. By registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose, the link for which will be sent to the stockholders after successful registration. Voting will be open until 10:00 in the morning of 29 December 2022.

iii. The method of counting votes shall be in accordance with the general provisions of the Revised Corporation Code. The counting shall be done by the inspectors abovementioned.

Omitted Items

Items 8, 9, 10, 11, 13, 14, 16, 17 and 18 are not responded to in this report, the Corporation having no intention to take any action with respect to the information required therein.

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, I hereby certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Taguig, Metro Manila on 07 December 2022.

ISSUER: TKC METALS CORPORATION

By:

EDSON T. EUFEMIO
Corporate Secretary

TKC METALS CORPORATION

PART I - BUSINESS AND GENERAL INFORMATION

Business Development

TKC Metals Corporation, formerly TKC Steel Corporation (the Parent Company or TKC) was organized and registered with the Securities and Exchange Commission (SEC) on November 28, 1996. TKC's shares of stock were listed for trading in the Philippine Stock Exchange (PSE) July 20, 2001. The Parent Company is primarily a holding company and is also engaged in marketing and selling of purlins and galvanized iron (GI) sheets.

On January 19, 2007, Star Equities, Inc. (SEI) entered into a Memorandum of Agreement (MOA) with the then major shareholders of SQL*Wizard, Inc, intending the latter to be its backdoor listing vehicle for its investment in the steel business. In line with its plan to shift its business direction to new areas, both foreign and domestic, SQL and its shareholders decided to take advantage of the new investment opportunities that would be brought about by the entry of SEI as an investor in SQL. On this basis, SEI agreed to become a shareholder of SQL by initially subscribing to 240,000,000 new common shares following the increase of the latter's capital stock. Thereafter, with the change of its primary business, SQL was renamed TKC Steel Corporation, as approved by the SEC on February 28, 2007. Likewise, on July 25, 2007, the PSE approved the reclassification of TKC's listing status from the SME Board to the Second Board subject to the conditions specified in the Notice of Approval issued by the PSE. The conditions stated in said notice specifically the minimum number of stockholders and minimum offering to the public given its market capitalization, were complied with after the conduct of a Follow-On Offering of shares by the Corporation which culminated with the listing of the offer shares on November 23, 2007.

Business Consolidation

In meetings held on February 9, 2007, the Board of the Corporation and its shareholders approved the following resolutions:

(a) The amendment of the articles of incorporation, whereby:

- i. The primary purpose will be changed to that of a holding company;
- ii. The corporate name will be changed from "SQL *Wizard, Inc." to "TKC Steel Corporation";
- iii. The principal office may be changed upon the Board's determination;
- iv. A provision on the denial of pre-emptive rights will be inserted in the Seventh Article; and
- v. The number of directors will be increased from 7 to 9.

(b) The increase in the Corporation's authorized capital stock from P40.0 million, divided into 40 million shares with par value of P1.00 a share to P1.0 billion, divided into 1.0 billion common shares with the same par value.

(c) The subscription by SEI to 240 million common shares at subscription price of P1.00 per share or total subscription price of P240.0 million.

(d) The assignment and/or sale of all and/or substantially all the Corporation's existing IT business assets to a new corporation.

These amendments were approved by the SEC on February 28, 2007, except for the increase in authorized capital stock, which was approved on April 13, 2007.

On June 22, 2007, the SEC approved the amendment to the primary purpose of the Corporation, as follows:

“To invest in, operate, purchase, own, hold, use, develop, lease, trade, sell, exchange, deal in, on its own behalf or as agent or commission merchant, assign, transfer, encumber, and engage in the business of, either directly or indirectly, smelting, fusing, shaping, rolling, casting, fabricating, extruding or otherwise developing or processing of metals, steel or other alloys of metallic, non-metallic compounds, substances and raw materials of every nature, kind or description, and to invest in stocks, bonds, or other evidences of indebtedness or securities of any other corporation, domestic or foreign, whether engaged in the steel business or otherwise; Provided, that the Corporation shall not engage in the business of an Open End Investment Company as defined in the Investment Company Act (R.A. 2629), without first complying with the provisions of the Revised Securities Act; Provided, Further, that it shall not act as a Broker or Dealer of Securities.

Conformably with the change in business operations, the following transactions were consummated:

(a) Subscription of SEI into TKC

As stated above, SEI subscribed to 240.0 million common shares at P1.00 per share, out of the increase in authorized capital stock by the Corporation. Such subscription increased the outstanding number of common shares to 265.0 million with SEI owning 90.57% of the equity of TKC.

On April 16, 2007, SEI subscribed to an additional 440.0 million common shares, increasing its equity interest to 680.0 million shares out of the total outstanding capital stock of 705.0 million shares representing 96.45% ownership interest in TKC.

(b) Transfer of SEI Subsidiaries to TKC

As disclosed in Note 1 to the consolidated financial statements, SEI intended TKC to be its vehicle for listing of its investments in the steel business. Consistent with this direction, SEI consolidated its interests in Treasure Steelworks (TSC) and Billions Steel International Limited (Billions) (together with the latter’s 90% interest in Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS)) as follows:

i) Acquisition of Billions

On April 30, 2007, an agreement was executed whereby major shareholder, SEI, assigned all of its interest in Billions to TKC for P 594,056,700. Billions has a 90% direct interest in ZZS. Billions is a limited liability corporation incorporated under the laws of the Republic of Mauritius. ZZS was incorporated under the laws of the People’s Republic of China on July 13, 2005. On January 9, 2009, Billions Steel International Limited, a corporation incorporated in Mauritius sold its entire interest in ZZ Stronghold to Billions Steel International Limited, a corporation registered in Hong Kong. It immediately began construction of its facilities thereafter. Its first batch of manufactured steel pipes was completed and sold in June 2007. Commercial operations of ZZS began officially after acceptance by its customer of the first batch of steel pipes manufactured and delivered.

ii) Acquisition of TSC

On June 29, 2007, SYL Holdings, Inc. and Billions (in-trust for the controlling shareholder group of SEI) each owning 48% in TSC, collectively transferred their shareholdings consisting of 479,998 shares and 479,997 shares, respectively, with the total par value of P95,999,500.00 to TKC on account. After execution of the Deed of Sale, TKC has 96% direct interest in Treasure.

As part of the restructuring, SEI transferred its business to TKC. TKC's consolidated financial statements now include the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Nature of Business	Percentage of Ownership Direct	Indirect
Treasure Steelworks Corporation (TSC)	Philippines	Manufacture of steel products	98%	–
Billions Steel International Limited (Billions)	Hong Kong	Investment holdings	100%	–
Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS)	People's Republic of China or PRC	Manufacture of steel pipes	–	91%*
Campanilla Mineral Resources, Inc. (Campanilla)**	Philippines	Mineral production	70%	–

** *Through Billions*

** *Has not commenced commercial operations*

The Parent Company and its subsidiaries are collectively referred to as "the Group". Star Equities, Inc. (SEI) owns 70.96% of the Parent Company. The ultimate parent company of TKC is JTKC Equities, Inc. (JEI). Both companies were incorporated in the Philippines.

On December 21, 2018, the Parent Company applied for the amendment of its articles of incorporation for the change of the principal office address. As at report date, the SEC's approval on the change of the principal address is still pending.

The principal office address of the Parent Company is 2nd Floor W Tower Condominium 39th St., North Bonifacio Triangle, Bonifacio Global City, Taguig City.

The registered office address of the Parent Company is Unit B1-A/C, 2nd Floor, Building B, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City.

Business of Issuer

Products

TKC is engaged in the business of manufacturing and distributing steel products primarily through its two (2) subsidiaries, as follows:

(a) Treasure Steelworks Corporation (TSC)

TSC was incorporated with the primary purpose of operating a smelting, melting and rolling plant, among others. It manufactures steel billets which in turn become the raw materials of downstream steel products such as bars, wire rods and sections.

(b) (b) Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS)

ZZS manufactures the following steel pipes: (i) ERW and spiral welded pipes for general construction, water transmission and structural uses; and (ii) prospectively, seamless pipes for the oil and gas development industry. ZZS offers a wide range of specifications of steel pipes ranging from an outer diameter of 219 mm to 1920 mm, length up to 6 meters long, and thickness from 4mm to 20mm.

Status of Operations of Main Steel Subsidiaries

Parent Company

In 2015, the Parent Company stopped the marketing and selling of purlins and GI sheets, its main business activity other than as a holding company. The Parent Company incurred total comprehensive loss of ₱54.4 million, ₱1,519.0 million and ₱281.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Related parties have continued to provide the necessary financial support to the Group to sustain operations and to meet the Group's maturing obligations. In 2018, a stockholder assigned ₱1,500.0 million of his advances to Treasure to foreign investors who, in turn, reassigned these advances to the Parent Company and applied the advances against their subscriptions to the Parent Company's increase in authorized capital stock.

Treasure Steelworks

As at December 31, 2019, Treasure has not resumed operations. Treasure's total comprehensive loss for the years ended December 31, 2019, 2018 and 2017 amounted to ₱72.6 million, ₱3.3 million and ₱32.7 million, respectively, resulting to a capital deficiency of ₱2,642.9 million and ₱2,570.5 million as at December 31, 2019 and 2018, respectively.

In 2013, Treasure suspended its plant operations (production of steel billets) in Iligan City and terminated its contract with plant employees due to shortage in power supply in Mindanao. Treasure, however, is planning to produce nickel concentrate and nickel pig iron instead to lessen the plant's power supply requirement. By shifting to nickel concentrate and nickel pig iron, the power supply requirement will drop to 5 megawatts per hour (MWPH) as compared to producing steel billets at 15 to 20 MWPH.

Treasure has almost completed the refurbishment and upgrade of the billet manufacturing plant and the installation of the iron ore beneficiating plant, sintering plant and the first blast furnace plant. An investment from a prospective investor will be used to complete the plant facilities. These facilities can also be used to produce nickel concentrate and nickel pig iron.

Treasure is looking into a new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%. Treasure is currently in discussion with a third party to provide the technology, consultancy, installation and supervision of the required equipment; and to supply the patented chemical in the production that will guarantee the quality and consistency of nickel concentrate.

The processing plant will be developed in Iligan City to accommodate future expansion on this new environmentally-friendly nickel-leaching technology. Treasure is also securing all the necessary permits to ensure compliance on environmental law in line with the planned diversification of operation from billets to nickel concentrate.

The Management plans to start the rehabilitation of the plant facilities and installation of the new equipment for nickel concentrate as soon as we generate revenue from nickel leaching.

ZZ Stronghold

ZZ Stronghold's total comprehensive loss for the years ended December 31, 2019, 2018 and 2017 amounted to ₱77.9 million, ₱63.4 million and ₱83.6 million respectively, resulting to a capital deficiency of ₱1,151.1 million and ₱1,103.2 million as at December 31, 2019 and 2018, respectively, primarily due to low production and sales volume coupled with low price in the steel market in China. ZZ Stronghold has been intensifying its marketing efforts and improving business opportunities to increase sales and generate improved results to reduce capital deficiency.

In addition, ZZ Stronghold is planning to modernize its plant facilities and to develop its vacant properties to accommodate a new venture which will generate additional income that will help improve its financial condition and results of operations.

With regards ZZS, talks and initial discussion is on-going with a prospective investor from Hong Kong Guangbo group who is in the business of used tire recycling. The Management plans to put up this tire recycling plant inside the plant of Zhangzhou Stronghold in Fujian Province, China, the product of which will become the raw materials in making new products. The vacant property needs to be developed in order to accommodate the production capacity of the new project. The projected investment will have a positive impact to our China operation.

With the present ZZS's reduced of operation and TSC's suspended operation sales generated and the resulting net loss of TKC, TSC and ZZS (China) are presented below, broken down according to major markets (in millions):

(i) Sales

Country	Amount	%
Philippines	Ps. 0.00	0
China	567	100

(ii) Net Loss

Country	Amount	%
Philippines	Ps.138	64
China	78	36

Distribution

Steel billets produced by TSC are primarily sold to local customers. On a limited scale, TSC taps the export market.

Marketing of steel pipes produced by ZZS is outsourced with a marketing company based in Fujian Province. Aside from its sales offices in Xiamen, representative offices have likewise been set up in the cities of Fuzhou and Quanzhou. We have set up an in-house sales group to supplement effort of this marketing company, and to focus on the export market under the direct supervision of the Assistant General Manager. To provide sufficient reach in the international market, ZZS engages the services of affiliate offices and trading houses in various countries like the Philippines, Indonesia, Singapore, the Middle East and North America.

Competition

TSC

Prior to suspension of its plant operation in 2013 primarily due to shortage in power supply in Mindanao and volatile steel price, TSC has the largest installed capacity for steel billet manufacturing in the Philippines. Other manufacturers produce billets for their own production of downstream steel products.

Top billet producers in the Philippines are
Annual Installed Capacity
(000 MT)

(a)	TSC	300
(b)	Bacnotan Steel Corp	300
(c)	Cathay Pacific Steel Corp	290
(d)	Stronghold Steel Corp	150
(e)	SKK	120

ZZS

As the first steel producer in the Fujian Province and one of the few major steel pipe producers in Southern China, ZZS has the geographical competitive advantage against producers from Northern China. Our initial marketing thrust in the Chinese domestic market is focused on Fujian Province and the neighboring province of Zhejiang. The target market for ZZS' products can be segmented in terms of product application. Construction and water pipes are primarily intended to supply the needs of the Southern China region, with exports into Southeast Asian countries, such as the Philippines and Singapore. We are even tapping the European market. On the other hand, seamless pipes are geared toward serving the requirements of oil and gas exploration and development activities in different parts of the world.

Raw Materials

Raw materials used to produce billets are scrap sourced from neighboring provinces in Visayas and Mindanao. TSC buys the scrap from major scrap consolidators and their own collection networks. Scrap is old, wasted metal such as parts of vehicles, building supplies, and surplus materials.

Spiral welded pipes are produced from hot rolled steel strip while electric resistance welded pipes are produced from hot rolled steel coils/strips. On the other hand, seamless pipes are produced from billets through a hot draw and extrusion process.

Customer Base

The Corporation and its subsidiaries (TSC and ZZS) are not dependent upon a single or few customers.

Transactions with Related Parties

In the regular course of its business, the Corporation engages in transactions with related parties (stockholders and affiliates). These transactions may involve inter-company trade dealings, and the granting of advances and paying of expenses.

Patents and other Intellectual Property Rights

For marketing and distribution of its corrugated roofing sheets, the Corporation acquired "Philgalume" and "Philgabond" as trademarks from the Bureau of Patents. Whereas the Corporation's subsidiaries have no patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements covering any of its products and the marketing or distribution thereof.

Government Regulations

TKC and its subsidiaries are not currently required to secure government approval for its products and services. Government approvals and permits, both in China and in the Philippines, are currently, and may in the future be, required in connection with the companies' operations.

Costs and effects of Compliance with Environmental Laws

TSC and ZZS are subject to environmental regulations in their respective jurisdictions. These regulations mandate, among other things, the maintenance of air, noise and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of solid and liquid hazardous waste.

As part of its efforts to ensure compliance with environmental regulations, the Corporation rehabilitated and upgraded the dust collection system to meet environmental standards, make it more effective and cope with the anticipated increase in production volume resulting from new facilities.

In line with the future diversification of our product lines and introduction of a new kind of production technology towards the planned shifting from billets production to nickel concentrate and nickel leaching process, the Management is actively and currently coordinating with the Government Environmental Regulators pertaining to the various requirements and compliance on environmental laws and regulations prior to commercial operations of this new production process.

Employees

TKC currently has 9 employees, namely: Chairman, Vice-Chairman, President and Chief Operating Officer, Treasurer, Chief Financial Officer, Head of Corporate Services and three (3) Administrative Staff.

Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended December 31, 2021, we have not issued any securities constituting an exempt transaction.

Management Discussion and Analysis of Financial Condition and Results of Operations (Last Three Years: 2021, 2020 and 2019)

a. Corporate Restructuring

The Corporation completed a corporate restructuring which consisted of the following:

1. On April 13, 2007 and June 7, 2007, the primary business purpose was changed from providing complete information solutions to operating and holding investments in steel companies;
2. On April 13, 2007, the SEC approved the increase in authorized capital stock from P40 million to P1 billion;
3. Capital Stock was increased from P25 million to P705 million;
4. On April 30, 2007, it acquired 90% equity interest in ZZ Stronghold, a company located in China;
5. On June 29, 2007, it acquired 96% equity interest in Treasure, a corporation located in the Philippines.

In addition to Steps 1 to 5, above, the SEC approved the change in the corporate name from SQL*Wizards, Inc. to TKC Steel Corporation. The Corporation was originally registered as SQL*Wizards, Inc with the primary purpose of providing complete information solutions.

On the 26th of October 2015 the SEC approves the change in the Articles of Incorporation in amending the corporate name from TKC Steel Corporation to TKC Metals Corporation.

As disclosed in Note 1 to the consolidated financial statements, SEI (the immediate parent corporation) has intended TKC to be a backdoor listing vehicle for its investment in the steel business. Consistent with the provisions of Philippine Financial Reporting Standard (PFRS) 3, the acquisition of TKC was accounted for as a reverse acquisition as thearrangement was for the parent corporation to be “acquired” by a smaller public entity as a means of obtaining a stock exchange listing. Legally, TKC, as the issuing public is regarded as the parent corporation. From an accounting perspective, SEI is considered the “acquirer” since they have the power to govern the financial and operating policies of TKC and its subsidiaries, Treasure Steelworks and ZZ Stronghold (ZZS).

The acquisition or transfers of Billions (together with ZZ Stronghold) and Treasure Steelworks (TSC) were considered business reorganization of companies under common control. Accordingly, the acquisitions or transfers were accounted for in a manner similar to the pooling-of-interests method.

b. Financial Highlights

- Results of Operations

Accounts In Million Pesos	2021	2020	2019	Increase (Decrease) 2021/2020 (%)	Increase (Decrease) 2020/2019 (%)
Revenue	1,155	512	567	126%	-9.7%
Cost of Sales	1,132	494	540	129%	-8.52%
Gross Income (Loss)	23	18	26	28%	-30.77%
Operating Expenses	380	139	177	174%	(21%)
Net Income	(408)	(170)	(210)	140%	(19%)

Operating performance posted a net loss for the current year due to the continuous suspension and minimal operation of our two main subsidiariesrespectively as well as the adverse market conditions brought about by the prolonged Covid-19 pandemic particularly in China. The Corporation posted net losses of Ps. 408 million, Ps. 170 million and Ps. 210 million in 2021, 2020 and 2019, respectively, primarily due to lower production and sales volume coupled with lower demand and price in the market.

The demand of the steel products is slowly recovering, however there is still an over-supply of steel products in the market, very volatile price of steel, highly competitive market conditions and the effect on business and commerce due sudden outbreak of several variants of Covid-19 virus. The total sales of the Group significantly went up by 125% to Ps.1,155 million in 2021 compared to Ps. 512 million and Ps.567 million in 2020 and 2019 respectively. The increase in revenue was primarily due to increase of 371% in selling price from RMB4,105/ton in 2020 to RMB19,335/ton in 2021 respectively despite the ZZ’s lower production volume of 7.5MT or 58% lower than 17.7MT in 2020 and sales volume performance of 7.5MT or 57% lower than the 17.3MT in 2020. China’s steel supply has exceededthe demand resulting to decline in production and sales volume and also due to prolonged adverse economic effect of Covid-19 Pandemic.

Even during the period of slower production, sales and marketing activity of the Group, the total operating expenses went up by 17% or Ps. 23 million from Ps. 134 million in 2020 to Ps. 157 million in 2021. Although there were decreases in the other operating account such as freight and handling by 29%; utilities by 10%; outside services by 65%; representationby 56% and professional fees by 65%. However significant increases were noted in the following accounts as follows: depreciation and amortization by 22%; salaries and wages by 28%; rent by 166%; repairs by 31%; and office supplies by 45%.

- **Financial Condition**

Accounts (In Million Pesos)	2021	2020	2019	Increase (Decrease) 2021/2020 (%)	Increase (Decrease) 2020/2019 (%)
CurrentAssets	605	678	639	6 %	6%
Total Assets	4,262	4,386	4,361	1 %	1%
Current Liabilities	3,928	4,201	4,100	2 %	2%
Total Liabilities	4,562	4,326	4,138	5 %	5%
Equity	(299)	59	222	(73 %)	(73 %)

Our total asset base remains stable although slightly down by 2.81% to Ps. 4,262 million from the previous year's level of Ps. 4,385 million. Cash andcash equivalents went down by 76% or Ps. 24 million; inventories by 10% or Ps. 30 million; advances to suppliers by 35% or Ps. 5 million; other current assets by 2% or Ps. 1.5 million; input vat by 100% due to impairment; and other non-current assets by 12% or Ps. 2.2 million.

Current ratio for the years 2021 and 2020 remains stable at 0.15:1 and 0.16:1 respectively while debt-to-equity ratio for 2021 has resulted to - 15.23:1 from 72.65:1 in 2020

c. 2021 versus 2020

- **Results of Operations**

The Corporation registered a consolidated net loss of Ps. 408 million in 2021 compared to a net loss of Ps. 170 million a year ago. The bottom-lineresults showed a negative performance due to lower production and sales volume and marketing activity in ZZS operation. The prevailing coronavirus (Covid-19) pandemic has adversely affected ZZ Stronghold's operation and financial performance during the period. Although TSC is non-operating for the last eight years, the prospect of looking for the right investors continued as there were parties who have shown interest and doing exploratory talks with the Group. The company's direction is to shift into production of nickel concentrate and nickel pig iron that will only requires 25% of the original power supply requirement. TSC is still looking for the right party to provide the new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%.

ZZS operation has resulted in gross profit of Ps. 23 million however the overall market condition is still unfavorable coupled with a very volatile steel prices in China due to higher steel supply and the long-term effect and the prevailing outbreak of the Covid-19 Pandemic in the big and key cities of China. ZZS partnered with a third party and resumed the construction and of its plant facilities which is estimated to be completedin 2022 pending all documentations before it would be allowed to be operational. ZZS Stronghold is also planning to venture into a heavy industrial structure project for its available idle land. This project will be ZZ Stronghold's third plant facility.

Revenue significantly went up by 125% to Ps. 1,155 million compared to ayear ago of Ps. 512 million with ZZS contributing 100% of the Group sales. The Corporation also registered a 30% gross profit of Ps. 23 million in 2021 compared to a gross profit of Ps. 18 million in 2020. ZZS's performance on general production, sales and marketing activity still depended on a lower market price and demand due to over-supply of steel products in the China market.

Operating expenses went up to Ps. 380 million or 171% higher from the 2020 level of Ps. 139 million. The major factor for the higher operating expenses were in the following accounts: a) allowance for impairment of input vat by 100%; depreciation and amortization by 22%; salaries and wages by 28%; rent by 166%; repairs by 31%; and office supplies by 45%.

- **Financial Condition**

Total assets base still remains stable despite the slight decrease of 2.81%to Ps. 4,262 million in 2021 from last year's figure of Ps. 4,386 million. The Ps. 123 million decrease was primarily due to the following: cash andcash equivalents went down by 76% from Ps. 86 million last year to Ps. 21 million; inventories by 10% from Ps. 319 million from to Ps. 289 million; other current assets by 2% from Ps. 92 million to Ps. 91 million; and input vat by 100% due to provision impairment loss. There were increases however in the following assets accounts: trade and other receivables by 17% or from Ps. 141 million to Ps. 165 million; long-term deferred expenses by 8% from Ps. 11 million to Ps. 12 million; property plant and equipment by 5% from Ps. 3,269 million to Ps. 3,438 million; and leasehold rights by 3% from Ps. 197 million to Ps. 203 million. The current operational and financial conditions of the Group were attributable significantly to ZZS minimal but stable operating activity coupled with adverse effect of the prevailing corona virus (Covid-19) in China and TSC's nil production, sales and marketing activity primarily due to prolonged power crisis and not so competitive market price andconditions. Current assets accounted for 14% and 15% of the balance sheet for the year 2021 and 2020 respectively.

In 2021, total liabilities went up by 5.45% or Ps. 235 million from Ps. 4,326 million to Ps. 4,561 million. Significant increases were noted in the following accounts: accrued expenses up by 38% or Ps. 44 million from Ps. 116 million to Ps. 160 million; salaries payable up by 11% or Ps. 2 million from Ps.21 million to Ps. 23 million; withholding taxes payable up by 28% or Ps. 1 million from Ps. 3.5 million to Ps. 4.5 million; statutory payables up by 187% or Ps. 0.6 million from Ps. 0.3 million to Ps. 0.9 million; due to related parties up by 17% or Ps. 388 million from Ps. 2,323 million to Ps. 2,711 million and retirement liability up by 6% or Ps. 0.6 million from Ps. 9 million to Ps. 10 million.

Our resulting capital base has depreciated by 602% or Ps. 358 million as of2021 from a positive equity of Ps. 59 million in 2020. The significant depreciation in our equity performance was primarily due to stoppage and minimal production and sales activity of our two main steel subsidiaries, TSC and ZZS respectively and provision for impairment of some assets accounts resulting to a current consolidated loss of the Group in the amount of Ps. 408 million. As a result of the depreciation in our capital base, debt to equity ratio has resulted to -15.23:1 from a year ago of 72.65:1.

- **Causes for any Material Changes in the Balance Sheet Accounts:**

  - Cash and cash equivalents decreased significantly by 76% or Ps. 65 million to Ps. 21 million from Ps. 86 million a year ago brought about by a significant liquidation in trade and other payables by 19% or Ps. 191 million from Ps. 978 million to Ps. 787 million.

  - Trade and other receivable went up by Ps. 24 million or 17% from Ps. 141 million to Ps. 165 million due to slowdown in economy and the adverse effect of the Pandemic to both domestic and foreign accounts.

  - Inventories went down by Ps. 30 million or 9% from Ps. 319 million to Ps. 289 million as ZZS is still not operating at full capacity and lockdowns of the plant during the height of the coronavirus pandemic in 2021.

  - Creditable tax withheld at source remains constant at Ps. 68 million each respectively for the years 2021 and 2020 while the input value-added tax of Ps. 223 million was impaired due to uncertainty of its benefits dueto minimal business activities of our two subsidiaries.

  - Property, plant and equipment remains stable with a 5% or Ps. 169 million from Ps. 3,269 billion in 2020 to Ps. 3,438 billion in 2021 level as there was no provision for impairment loss for the current year.

  - Other non-current assets remain constant at Ps. 17 million and Ps. 18 million respectively for the year 2021 and 2020

- Trade and other payables went down by 19% or Ps. 191million from Ps. 979 million to Ps. 787 million in 2021 notably in trade payables by Ps. 239 million by 29% from Ps. 829 million to Ps. 589 million.

- Loan payable went down by Ps. 465 million or 52% from Ps. 890 million to Ps. 425 million due partial liquidation of the accounts and the short-term renewal of credit facilities of ZZS for their production and selling activities.

- Equity depreciated significantly by 602% or Ps. 359 million from Ps.59 million to negative Ps. 299 million. The depreciation of the capital base was mainly brought about by the continuing losses of the two main steel subsidiaries, ZZS operating at minimal capacity due to unfavorable marketconditions while TSC as reported in 2013 has stopped its operation due to limited power supply.

d. 2020 versus 2019

- Results of Operations

The Corporation registered a consolidated net loss of Ps. 170 million in 2020 compared to a net loss of Ps. 210 million a year ago. The bottom-lineresults showed a negative performance due to slower sales and marketing activity in ZZS operation. Although TSC is non-operating for the last seven years, the prospect of looking for the right investors is still active as there were several groups who have visited the plant. The company is shifting to production of nickel concentrate and nickel pig iron that will only requires 25% of the original power supply requirement. TSC is currently in discussion with a third party to provide the new technology fornickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20- 50%.

ZZS operation has resulted in gross profit however the overall market condition is still unfavorable coupled with a very volatile steel prices in China due to higher steel supply and the long-term effect of the Covid-19 Pandemic. ZZS partnered with a third party and resumed the construction and of its plant facilities for the added business lines on fabrication, coating and galvanizing which is estimated to be completed this yearpending all documentations before it would be allowed to be operational in2022. ZZS is currently in talks for partnership with interested parties to developed its idle land to build our port or berth to service the housing requirements of heavy industry structures. The said plans and projects will have a significant impact to our China operation.

Revenue went down by 10% to Ps. 512 million compared to a year ago of Ps. 567 million with ZZS contributing 100% of the Group sales. The Corporation however registered a 4% gross profit of Ps. 18 million in 2020however the result was 31% lower compared to a gross profit of Ps. 26 million in 2019. ZZS's performance on general production, sales and marketing activity still depended on a lower market price and demand due to over-supply of steel products in the China market.

Operating expenses went down to Ps. 139 million or 21% lower from the 2019 level of Ps. 177 million. The major factor for the lower operating expenses were in the following accounts: a) freight and handling down by 64%; rent by 83%; taxes and licenses down by 22%; representation down by 25% and transportation and travel down by 20% and advertising down by 100%.

- - Financial Condition

Total assets base remains stable with an increase of 1% to Ps. 4,386 million in 2020 from last year's figure of Ps. 4,361 million. The Ps. 21 million increase was primarily due to the following: cash and cash equivalents went up by 306% from Ps. 21 million last year to Ps. 86 million; trade and other receivables by about Ps. 19 million or 16% from Ps. 117 million last year to Ps. 136

million; due to related parties by 10% from Ps. 40 million last year to Ps. 44 million; and property, plant and equipment by 0.3% or Ps. 9 million from Ps. 3,277 million last year to Ps. 3,269 million. The current financial conditions of the Group wereattributable significantly due to ZZS minimal but stable operating activity and TSC's nil production, sales and marketing activity primarily due to prolonged power crisis and not so competitive market price andconditions. Current assets accounted for 21% and 20% of the balance sheet for the year 2020 and 2019 respectively.

In 2020, total liabilities went up by 5% or Ps. 188 million from Ps. 4,138 million to Ps. 4,326 million. Significant increases were noted in the following accounts: accrued expenses up by 13% or Ps. 14 million from Ps. 103 million to Ps. 116 million; salaries payable up by 12% or Ps. 2 million from Ps.19 million to Ps. 21 million; loans payable up by 8% orPs. 65 million from Ps. 825 million to Ps. 890 million.

Our resulting capital base is still in a positive position at Ps. 59 million as of 2020 from a positive equity of Ps. 222 million in 2019. The continued decrease in our equity performance was primarily due to the minimal production and sales activity of our subsidiary resulting to a current loss ofthe Group in the amount of Ps. 163 million. As a result of the depreciationin our capital base, debt to equity ratio increased to 72.65.11:1 from a year ago of 18.56:1.

- **Causes for any Material Changes in the Balance Sheet Accounts:**

  - Cash and cash equivalents increased significantly by 309% or Ps. 65 million to Ps. 86 million from Ps. 21 million a year ago brought about by a significant increase on loans payable by 8% or Ps. 65 million from Ps. 825 million a year ago to Ps. 890 million.

  - Trade and other receivable went up by Ps. 19 million or 16% from Ps. 117 million to Ps. 136 million due to slowdown in economy and the adverse effect of the Pandemic to both domestic and foreign accounts.

  - Inventories went down by Ps. 46 million or 13% from Ps. 365 million to Ps. 319 million as ZZS is still not operating at full capacity.

  - Creditable withholding and value-added taxes remain constant at Ps. 291 million to Ps. 290 million respectively for the years 2020 and 2019 primarily due to minimal business activities.

  - Property, plant and equipment remains constant and stable even with aslight decrease of 0.3% or Ps. 8.8 million from Ps. 3.277 billion in 2019 to Ps. 3.269 billion in 2020 level as there was no provision for impairment loss for the current year.

  - Other non-current assets remain constant at Ps. 19 million respectivelyfor the year 2020 and 2019

  - Trade and other payables went down by 3% or Ps. 33 million or Ps. 33 million from Ps. 1,012 million to Ps. 979 million in 2019 notably in trade payables by Ps. 48 million by 6% from Ps. 877 million to Ps. 829 million.

  - Loan payable went up by Ps. 65 million or 8% from Ps. 825 million to Ps. 890 million due to additional bank loans and the short-term renewal of credit facilities of ZZS for their production and selling activities.

  - Equity depreciated significantly by Ps. 163 million but remains in a positive position at Ps. 59 million from a positive Ps. 222 million a year ago. The depreciation was brought about by the decrease in the consolidated revenue of the Group which resulted in net operating loss.

e. 2019 versus 2018

- Results of Operations

The Corporation registered a consolidated net loss of Ps. 210 million in 2019 compared to a net loss of Ps. 143 million a year ago. The bottom line results showed a negative performance due to slower sales and marketing activity in ZZS operation. Although TSC is non-operating for the last five years, the prospect of looking for the right investors is still active as there were several groups who have visited the plant. The company is shifting to production of nickel concentrate and nickel pig iron that will only requires 25% of the original power supply requirement. TSC is currently in discussion with a third party to provide the new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%.

ZZS operation has resulted in gross profit however the overall market conditions are still unfavorable coupled with a lower steel price in China due to higher steel supply but lower demand. ZZS has initial discussion with a prospective investor who is in the business of tire recycling in China. This projected investment will be installed in ZZS Plant and will have a positive impact to our China operation.

Revenue went down by 23% to Ps. 567 million compared to a year ago of Ps. 736 million with ZZS contributing 100% of the Group sales. The Corporation however registered a 4%gross profit of Ps. 23 million in 2019 however the result was 52% lower compared to a gross profit of Ps. 48 million in 2018. ZZS's performance on general production, sales and marketing activity still depended on a lower market price and demand due to over-supply of steel products in the China market.

Operating expenses went down to Ps. 177 million or 9% lower from the 2018 level of Ps. 194 million. The major factor for the lower operating expenses were in the following accounts: a) salaries and wages by 17%; freight and handling by 48%; utility expense by 58%; taxes and licenses by26%; repairs and maintenance 71%; and outside services by 33%.

- Financial Condition

Total assets is still stable as it went down by a merely 5% to Ps. 4,361 million in 2019 from last year's figure of Ps. 4,588 million. The decrease was primarily due to the following: cash and cash equivalents went down by 67% from Ps. 65 million last year to Ps. 21 million; liquidation of trade receivables by about Ps. 41 million or 26% from Ps. 158 million last year to Ps. 117 million; liquidation of advances to supplier by 76% from Ps. 58 million last year to Ps. 14 million; and property, plant and equipment by 3% or Ps. 87 million from Ps. 3,365 million last year to Ps. 3,277 million. The current financial conditions of the Group were attributable significantly due to ZZS minimal but stable operating activity and TSC's nil production, sales and marketing activity primarily due to prolonged power crisis and not so competitive market price and conditions. Current assets accounted for 20% and 21% of the balance sheet for the year 2019 and 2018 respectively.

In 2019, total liabilities went down by 1% or Ps. 48 million from Ps. 4,185 million to Ps. 4,138 million. Significant decreases were noted in the following accounts: trade and other payables by 3% or Ps. 31 million fromPs. 1,043 million to Ps. 1,012 million; and loans payable by 20% or Ps. 206 million from Ps. 1,031 million to Ps. 825 million.

Our resulting capital base is still in a positive position at Ps. 222 million as of 2019 from a positive equity of Ps. 402 million in 2018. The continued decrease in our equity performance was primarily due to the minimal production and sales activity of our subsidiary resulting to a current loss ofthe Group in the amount of Ps. 210 million. As a result of the depreciation in our capital base, debt to equity ratio increased to 18.56.11:1 from a year ago of 10.42:1.

- **Causes for any Material Changes in the Balance Sheet Accounts:**

  - Cash and cash equivalents decreased significantly by 67% or Ps. 43 million to Ps. 21 million from Ps. 65 million a year ago brought about by asignificant liquidation in the trade accounts and other payables amounting to Ps. 51 million.

  - Trade and other receivable went down by Ps. 41 million or 26% from Ps. 158 million to Ps. 117 million due to enhanced collection activity both domestic and foreign accounts.

  - Inventories slightly went up by Ps. 8.5 million or 2% from Ps. 357 million to Ps. 365 million as ZZS is still operating at less capacity.

  - Creditable withholding and value-added taxes remain constant at Ps. 290 million to Ps. 289 million respectively for the years 2019 and 2018 primarily due to minimal business activities.

  - Property, plant and equipment remains constant and stable with aslight decrease from Ps. 3.4 billion in 2018 to Ps. 3.3 billion in 2019 level as there was no provision for impairment loss for the current year.

  - Other non-current assets remain constant at Ps. 19 million respectivelyfor the year 2019 and 2018

  - Trade and other payables went down by 3% or Ps. 31 million from Ps. 1,044 million to Ps. 1,012 million in 2019 notably in trade payables by Ps. 51 million.

  - Loan payable went down significantly by Ps. 206 million or 20% fromPs. 1,031 million to Ps. 825 million with the liquidation of local bank loans amounting to Ps. 160 million and the short-term renewal of credit facilities of ZZS for their production and selling activities.

  - Equity depreciated significantly by Ps. 179 million but remains in a positive position at Ps. 222 million from a positive Ps. 402 million a year ago. The depreciation was brought about by the decrease in the consolidated revenue of the Group which resulted in net operating loss

Risk Management

a. Financial Risks

The Corporation is exposed to a variety of financial risks. The Corporation’s risk management program focuses on safeguarding shareholder value to manage unpredictability of risks and minimize potential adverse impact on its operating performance and financial condition.

The Corporation’s Board of Directors (BOD) is directly responsible for risk management. Management carries out risk management policies approved by the BOD. The Management identifies, evaluates reports and monitors significant risks, and submits appropriate recommendations. The BOD approves formal policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and liquidity risk.

<u>Foreign Currency Risk</u>

Foreign currency risk arises as a result of change in exchange rates between Philippine peso and foreign currencies. Any change will affect our foreign currency denominated accounts and transactions.

The Corporation's foreign currency exposure primarily covers operations in PRC. Any fluctuation in the exchange rate between the Philippine Peso and the RMB, PRC's currency, will impact the amount of our investment and related accounts in our China subsidiary.

The Corporation regularly monitors foreign exchange rates and any trends and changes thereupon. Measures will be adopted to protect our investment in the event there would be significant fluctuations in the exchange rate.

Liquidity Risk

Liquidity risk arises from the possibility that the Corporation may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price. Despite the present operational situation of the Group, our related parties, however, have continued to finance the necessary financial support and funding to sustain operations and to meet the Group's maturing obligations.

The Corporation monitors potential sources of the risk to a shortage of funds through monitoring of financial investments and financial assets, and projected cash flows from operations. An essential part of this strategy is the proper matching of trade receivables and trade and other payables. The Corporation's objectives to manage its liquidity are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

The Corporation also maintains a financial strategy that the scheduled principal and interest payments are well within the Corporation's ability to generate cash from its business operations.

Capital Management Risk

The Corporation is committed to maintaining adequate capital at all times to meet shareholders' expectations, withstand adverse business conditions and take advantage of business opportunities. The Company Management has submitted to the Philippine Stock Exchange a detailed restructuring plan of activities it will undertake and timetable to bring the stockholders' equity back to positive. In addition, the Group has been negotiating with the prospective investors for additional financing to complete the Group's plant construction, diversification using new production technology, resume commercial operation and generate adequate revenues that will result to a better capital position.

The Corporation regularly keeps track of its capital position and assesses business conditions to ensure early detection and determination of risks, and its consequent adverse impact. The Corporation adopts measures, as may be deemed necessary and appropriate, to mitigate risks.

We aim to achieve acceptable level of debt-to-equity ratio. This ratio is calculated as total liabilities divided by total equity.

Our long-term strategy is to sustain a healthy debt-to-equity ratio. As at December 31, 2021, this ratio is:

		Amount
Total liabilities	Ps.	4,561,986,476
Total equity		-299,443,939
Debt-to-equity ratio		-15.23:1

Our main sources of capital include but not limited to:

a. Retained earnings, where available
b. Current earnings

c. Debt
d. Share issues
e. Shareholder advances

The Corporation seeks to generate reasonable rate of return on its capital. Corollary to this, our dividend policy will be dictated by the level of retained earnings and ongoing business earnings.

We will access the capital market when we consider it necessary. As we grow our business, we will retain sufficient flexibility to raise capital to support new business opportunities. We are prudent in our capital management.

b. Operational Risks

Fluctuation of Steel Demand and Prices

The industries in which steel are used, such as the construction industry, and the demand for steel products, are cyclical in nature. As a result, the prices at which our products are sold, both in the local and international markets, move in accordance with the local and global steel dynamics. Furthermore, any volatility in the steel prices may affect the normal timing of orders by customers. The volatility in steel prices could cause the Corporation's results of operation to vary and may have an adverse effect on the Corporation's business, financial position, results of operations and prospects.

Similarly, the volatility in the cost of raw materials, scrap for TSC and hot-rolled coils for ZZS, may also cause fluctuations in the results of operations.

We closely monitor demand and price trends, both local and international markets, align our production and sales volumes to desired inventory levels, and put in place measures to ensure that we can access various sources of raw materials.

Single Production Site

Both TSC and ZZS conduct their respective manufacturing activities in single production sites, both in the Philippines and China, respectively. Closure of the production sites, interruption or prolonged suspension of any substantial part of the operations or any damage to, or destruction of, the facilities arising from unexpected events or catastrophes, or other similar events would prevent the operating subsidiaries from generating revenue. All existing facilities have been duly insured. Any new installations will likewise be covered by appropriate insurance coverage.

Scarcity of Raw Materials

Scrap metal is an essential raw material for the production of TSC's end-products. The supply of this raw material is currently sourced locally and any shortage in supply of scrap metal may adversely affect TSC's operations. Due to the scarcity of the availability of scrap materials and high cost of scrap, the operation of TSC was severely affected.

There is no foreseeable risk of raw materials scarcity for ZZS which utilizes hot-rolled coils from slabs that are widely available in China.

Insurance Risks

Our businesses are subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slop failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and avalanches. Such occurrences may result in damage to production, facilities, personal injury or death, environmental damage to properties or properties of third parties, monetary losses, and possible legal liability. Insurance coverage is maintained to protect against certain risks in such amounts as are considered reasonable and appropriate.

DESCRIPTION OF PROPERTY

TKC does not own any real or personal property other than its leasehold improvements, office fixtures, furniture and equipment located in its principal office. TSC and ZZS lease the land where their plant facilities are currently situated but they own the machineries and equipment.

Leases

TKC leases its main office located at 2nd Floor W Tower Condominium, 39th St., North Bonifacio Triangle, Bonifacio Global City, Taguig City. The lease was renewed in September 15, 2019.

TSC, as an assignee of Mr. Ben Tiu, leases its billet making plant, including all the equipment and machineries, in Iligan City from Global Ispat Holdings Ltd and Global Steelworks International, Inc.

The memorandum of agreement (MOA) is for 25 years starting 2006. At the expiration or earlier termination of the term of the MOA, TSC has the option to purchase the billet plant at an amount equivalent to its market value at the time the option is exercised. The market value shall be determined by three (3) recognized and competent appraisers to be nominated by the parties. However, this does not preclude the parties from arriving at an agreement and determining between themselves said purchase price.

In the performance of its obligations under the MOA, TSC paid the outstanding liens incurred by the former owners and inherited by the lessor pertaining to the billet making plant amounting to P46 million in 2006.

ZZS entered into a contractual agreement with China Merchants ZhangZhou Development Zone Co., Ltd (China Merchants), wherein the lessor transferred the right to use the land located in 1 M2-05 Zone I, China Merchants Development Zone to ZZS for a period of 50 years. This is where the existing steel plant facilities of ZZS are located.

Under the agreement between ZZS and China Merchants, the land has a total area of about 53.3 hectares divided into Phases I, II and III.

During the first semester of 2010, China Merchants, as mandated by the Fujian Provincial Government made revisions in the original contract as follows: 1) the term of the lease for Phase 1 was reduced to forty two (42) years from fifty (50) years. ZZS received a refund of ₱9.3 million (RMB 1.4 million) during the first quarter of 2010 to reflect the shorter lease term; 2) a portion of the land for Phase 2 (55,089.567 square meters out of the original 179,374.822 square meters.) will no longer be delivered; and 3) due to China Merchants' inability to reclaim the land, Phase 3 land will no longer be delivered to ZZS. As a consequence of the non-delivery of a portion of Phase 2 land and the entire area of Phase 3, the cost of leasehold rights was reduced by ₱114.0 million and the long term debt was reduced to nil in 2010. ZZS has fully paid for both Phase 1 and 2 of the land as of the end of 2011.

LEGAL PROCEEDINGS

The Corporation is not a party to any pending material litigation, arbitration or other legal proceedings, and no litigation or claim of material importance is known by Management to have been filed against the Company.

PART II - SECURITIES OF THE REGISTRANT

MARKET INFORMATION

The common shares of TKC have been listed on the Philippine Stock Exchange since July 19, 2001. Following the amendment of the articles of incorporation whereby the (a) primary purpose was changed to that of a holding company, (b) corporate name was changed from SQL*Wizard to TKC Steel Corporation, (c) authorized capital stock was increased from P40 million (par value of P1.00 per share) to P 1 billion with the same par value, and the assignment and/or sale of all and/or substantially all of the Company's existing IT business assets in favor of a new corporation, TKC undertook a Follow On Offering (FOO) of 235,000,000 common shares on November 23, 2007 based on the offer price of Ps. 9.68 per share. After the FOO was completed, the Company's total issued and outstanding common shares stood at 940,000,000 shares. The offer shares represented 25% of TKC's issued and outstanding common shares.

Presented in the table below are the high and low prices of TKC shares.

	High	Low
1st Quarter, 2022	0.77	0.76
2nd Quarter, 2022	0.77	0.71
3rd Quarter, 2022	0.66	0.55
Year Ended December 31, 2021		
1st Quarter	1.17	1.14
2nd Quarter	1.10	1.05
3rd Quarter	0.91	0.89
4th Quarter	0.78	0.78
Year Ended December 31, 2020		
1st Quarter	0.72	0.70
2nd Quarter	0.74	0.72
3rd Quarter	1.74	0.70
4th Quarter	0.98	0.92

As of the latest practicable trading date (as of 06 December 2022), the price of the Company's securities closed at P 0.54.

Holders of Common Equity

As of 06 December 2022, the Corporation has a total of 940,000,000 issued and outstanding shares, owned by 41 common shareholders.

The top twenty (20) shareholders, and their corresponding shares and percentage ownership of TKC are as follows:

Name of Stockholders	No. of Shares	% to Total Outstanding
1. Star Equities, Inc.	667,000,598	70.9575
2. PCD Nominee Corp.	268,150,021	28.5266
3. Chuahiong, Gertim G.	2,912,000	0.3098
4. Sio, Elsie Chua	900,000	0.0957
5. Napoles, Janet L.	300,000	0.0319
6. Solar Sec., Inc.	230,000	0.0245
7. Uy, Maria Charito B.	125,000	0.0133
8. Hernandez, Elmer C.	100,000	0.0106

9.	Ko, Michael Anthony Lee	100,000	0.0106
10.	Uy, Alexis Valine B.	25,000	0.0027
11.	Uy, Anjelica B.	25,000	0.0027
12.	Uy, Jan Rainer B.	25,000	0.0027
13.	De Villa, Henrietta	20,000	0.0021
14.	Chua Co Kiong, William N.	15,000	0.0016
15.	Resurreccion, Antonio	10,000	0.0011
16.	Insua, Jose Cesar	10,000	0.0011
17.	Puno Orpha C.	10,000	0.0011
18.	Estrada, Claudia Patricia D.	6,250	0.0007
19.	Evangelista, Maria Imelda C.	6,250	0.0007
20.	Garcia, Luningning D.	6,250	0.0007

Based on the records of our Stock Transfer Agent, Professional Stock Transfer, Inc., TKC Metals Corporation has 29.042% public ownership level as of 30 September 2022.

Dividends

The Corporation did not declare dividends in 2021 and 2020.

There are no known restrictions or impediments to the corporation's ability to pay dividends on common equity, whether current or future.

Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended December 31, 2021, the Corporation has not issued any securities constituting an exempt transaction.

e. Key Performance Indicators

Performance Ratios	2021	2020	2019
Revenue Growth (%)	**125%**	**-10%**	**-23%**
Gross Profit Margin (%)	**2%**	**4 %**	**5%**
Basic Loss per share 1/	**(Ps. 0.42)**	**(Ps. 0.17)**	**(Ps. 0.21)**
Current Ratio 2/	**0.15**	**0.16**	**0.2**
Debt-to-Equity Ratio 3/	**(15.23)**	**72.65**	**18.56**
Return on Equity 4/	**3.40**	**-1.20**	**-0.67**

1. Net income applicable to majority shareholders/weighted average of outstanding common shares
2. Total current assets/total current liabilities
3. Total liabilities/equity
4. Net income /total equity (average)

f. Other Matters

There were no known trends, demands or uncertainties that will have a material impact on the Corporation's liquidity. The Corporation does not anticipate any cash flow or liquidity problems within the next twelve (12) months and is not at default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. No significant amounts of trade payables have been unpaid within the stated trade terms.

There are no known trends, or events, uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations nor any events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationship of the Corporation with unconsolidated entities or other persons created during the reporting period.

There were no seasonal aspects that had a material impact on the financial condition or results of operations of the Corporation.

Any material commitments for capital expenditure:

The Corporation conducted a Follow-On Offering on November 23, 2007 that raised gross proceeds of Ps. 2, 275 million to finance expansion and development plans of its two (2) subsidiaries, TSC and ZZS. These projects are on-going both in our China and Iligan plants.

There were no significant elements of income or loss that did not arise from the registrant's continuing operations except as presented in the Management Discussion and Analysis.

Management Discussion and Analysis of Results ofOperations and Financial Condition

The Parent Company completed a corporate restructuring which consisted of the following:

1. On April 13, 2007 and June 7, 2007, the primary business purpose was changed from providing complete information solutions to operating and holding investments in steel companies;
2. On April 13, 2007, the SEC approved the increase in authorized capital stock from ₱40 million to ₱1 billion;
3. Capital Stock was increased from ₱25 million to ₱705 million;
4. On April 30, 2007, it acquired 90% equity interest in ZZ Stronghold (ZZS), a company located in China;
5. On June 29, 2007, it acquired 96% equity interest in Treasure, a company located in the Philippines.

In addition to Steps 1 to 5, above, the SEC approved the change in the corporate namefrom SQL*Wizards, Inc. to TKC Steel Corporation. The Parent Company was originally registered as SQL*Wizards, Inc. with the primary purpose of providing complete information solutions.

On the 26th of October 2015 the SEC approves the change in the Articles of Incorporation in amending the corporate name from TKC Steel Corporation to TKC Metals Corporation.

As disclosed in Note 1 of the consolidated financial statements, SEI (the immediate parent company) intended TKC to be a backdoor listing vehicle for its investments in the steel business. Consistent with the provisions of Philippine Financial Reporting Standard(PFRS) 3, the acquisition of TKC was accounted for as a reverse acquisition as the arrangement was for Treasure Steelworks and ZZS to be "acquired" by a smaller public entity as a means of obtaining a stock exchange listing. Legally, TKC, as the issuing public entity is regarded as the parent company. From an accounting perspective, Treasure and ZZS are considered the "acquirers" since they have the power to govern the financial and operating policies of TKC. The acquisition or transfers of Billions (together with ZZ Stronghold) and Treasure Steelworks (TSC) were considered business reorganization of companies under common control. Accordingly, the acquisitions or transfers were accounted for in a manner similar to the pooling-of-interests method.

The consolidated equity of the group is in a deficit position for the years 2016 and 2017 respectively brought about by the in-activity of a subsidiary. Last July 6, 2018 we received a directive from PSE to submit a detailed plan to bring its stockholders' equity from negative to positive that includes a matching timetable on how the company will accomplish the task. On August 17, 2018, the company submitted its plan of actions to the PSE and was immediately set into motion during the Board of Directors meeting on September 03, 2018 and approved the proposal to increase TKC's authorized capital stock (ACS) from P=1 billion to P=3 billion. The equity restructuring plan was simple wherein current capital deficit will be wiped out by the conversion to equity of P=2.6 billion advances from stockholders.

Management Plans

Potential Investor

The Company continued to negotiate with third parties for potential business ventures. The Company intends to explore new investment opportunities, particularly in technology businesses and broadband internet, to diversify its portfolio and generate revenue to sustain Group's operations and to meet the Group's maturing obligations.

This business venture will enable entrepreneurs a full suite of solution to establish and operate their very own broadband company. The project aims to bring seamless connectivity using wired, wireless and VSAT capabilities for all the cities, municipalities and all the networking communities in the country. This will make internet universally accessible for everyone in the Philippines. The service extends from the basic connectivity on-wards to e-learning, e-health, security services, e-commerce and all the opportunities the internet brings.

Major market and investor opportunity await this project as the demand for the internet services to address our basic needs and services, communications and deliveries continue to be strong amid the significant restrictions and limitations brought about by the Covid-19Pandemic in our everyday lives. On the revenue streams, we are focusing on three profit centers namely Prepaid Card Sales combined with Subscription, Digital Platform combined with Subscription and Big Data and Analytics.

Equity Restructuring

In 2018, a stockholder assigned ₱1,500.0 million of his advances to Treasure to foreign investors who, in turn, reassigned these advances to the Parent Company and applied the advances against their subscription to the Parent Company's increase in authorized capital stock.

On September 3, 2018, the BOD approved the increase in authorized capital of the Parent Company from ₱1,000.0 million divided into 1,000.0 million shares at ₱1 par value a share, to ₱3,000.0 million divided into 3,000.0 million shares at ₱1 par value a share.

Of the increase in authorized capital stock of ₱2,000.0 million divided into 2,000.0 million shares at ₱1 par value a share, 750.0 million shares will be subscribed by third parties for ₱1,500.0 million against their assigned advances.

On September 3, 2018, the BOD approved the subscription and debt to equity conversion. On October 25, 2018, the increase in authorized capital stock was approved by thestockholders. The Parent Company applied for the increase in authorized capital stockwith the SEC on December 21, 2018. As at report date, the SEC's approval on theincrease in authorized capital stock is still pending.

The advances for debt-to-equity conversion was classified as "Deposits for future subscription" under "Equity" in the consolidated statements of financial position.

The Parent Company filed the application for the approval of the proposed increase in authorized capital stock with the SEC on December 21, 2018. The Parent has filed a request for reconsideration when the SEC considered the debt- to equity conversion not an acceptable payment for the issuance of the shares of stock. The SEC has not acted on the request. To break the impasse, the BOD of JEI approved to subscribe to the increase and pay for the subscription in cash on May 20, 2022, is substitution of the original subscriberswho agreed to subscribe through conversion of their advances to equity. On the same day,the BOD of the Parent Company approved the substitution of the subscribers and mode of subscription.

On May 31, 2022, the Parent Company received cash amounting to ₱1,500.0 million from JEI for its subscription in the substitution of the original subscribers.

Accordingly, on June 8, 2022, the Parent Company refiled the application of the increasein authorized capital stock with the SEC to reflect the substitution of the subscribers including the payment made by JEI through cash.

Organizational Restructuring

The Management is reviewing the current organizational set-up to implement managementplans and programs of the Group.

On June 20, 2022, the Group disclosed to the Exchange the sale of the Corporation's (ZZ Stronghold) through the sale of its Hong Kong subsidiary, Billion Steel International Limited (BSIL) to Divine Token Limited (DTL). TKC's disposition of BSIL was formalized through a Deed of Assignment of all its rights and interest in BSIL in favor of DTL. The total consideration for the sale of the shares is Php1,741 million which will be paid in cash and payable in three installment payments. A total of Php500 million was realized as of the period. The transaction will be deemed closed upon receipt by the Corporation of the full consideration for the sale. The Corporation does not intend to recognize any losses from this transaction as the selling price is equivalent, more or less due to foreign exchange fluctuations to the Corporation's aggregate cost of its equity investments. The Corporation's advances to the China Operations will likewise be assumed by the buyer. The sale of the China operations will ease the financial burden of the Corporation, as the parent company, will no longer required to continue to fund the financial reverses being incurred by the China Operations and will no longer need to consolidate the losses of the China operations. Thus, the Corporation will no longer have any need to subsidize the operations of the subsidiary.

Status of Operations of Main Steel Subsidiaries

Treasure Steelworks

In 2013, Treasure suspended its plant operations (production of steel billets) in Iligan City and terminated its contract with plant employees due to shortage in power supply in Mindanao. Treasure, however, is planning to produce nickel concentrate and nickel pig iron instead to lessen the plant's power supply requirement. By shifting to nickel concentrate and nickel pig iron, the power supply requirement will drop to 5 megawattsper hour (MWPH) as compared to producing steel billets at 15 to 20 MWPH.

Treasure has almost completed the refurbishment and upgrade of the billet manufacturing plant and the installation of the iron ore beneficiating plant, sintering plant and the first blast furnace plant. An investment from a prospective investor will be used to complete the plant facilities. These facilities can also be used to produce nickel concentrate and nickel pig iron.

Treasure is looking into a new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%. Treasure is currently in discussion with a third party to provide the technology, consultancy, installation and supervision of the required equipment; and to supply the patented chemical in the production that will guarantee the quality and consistency of nickel concentrate.

The processing plant will be developed in Iligan City to accommodate future expansion onthis new environmentally-friendly nickel-leaching technology. Treasure is also securingall the necessary permits to ensure compliance on environmental law in line with the planned diversification of operation from billets to nickel concentrate.

The Management plans to start the rehabilitation of the plant facilities and installation of the new equipment for nickel concentrate as soon as we generate revenue from nickel leaching.

The Group registered a net loss of ₱120 million for the nine months ended September 30, 2022 versus a net loss of ₱119 million for the same period last year. The Group posted a negative gross profit of ₱8.7 million as of the first nine months months of 2022 or 525% lower compared to the negative gross profit of ₱2 million for the same period in 2021. The consolidated sales of the Group of ₱202 million as of third quarter was 67% lower as compared to ₱618 million of same period last year. The resulting performance of the Group was primarily due to the non-operation of our manufacturing units. TSC as previously disclosed ceased operations 8 years ago when the Power Sector Assets and Liabilities Management Corporation (PSALM) could not assure uninterrupted power supply requirements of the company as a result of the widespread power shortage in Mindanao.

The Group's financial condition remains sound and stable with an increase of 5.36% in the consolidated total assets from ₱4.3 billion at year-end 2021 to ₱4.8 billion as of September 30, 2022. The Company's property, plant and equipment increased by 7% or ₱241 million from ₱3.4 billion at year-end 2021 to ₱3.7 million. The appreciation in the balances was primarily due to a favorable effect of the currency translation adjustment. Advances torelated parties increased by 991% or ₱383 from ₱39 million to ₱422 million. Prepayments to other parties also increases by 316% or ₱71 million from ₱22 million to ₱93 million. Due to inactivity of the Group some of our accounts decreases: accounts receivables decreased by 44% or ₱72 million from ₱165 million to ₱92 million and inventories down by 17% or ₱51 million from ₱289 million to ₱237 million.

The stockholders' equity appreciated by 32% or ₱96 million from a negative ₱299million to ₱203 million as of September 30, 2022. The appreciation in capital base was primarily attributable to the effect of a favorable currency translation adjustment of ₱219 million.

Total liabilities increased by 11% from ₱4.6 billion to ₱5.0 billion. The end balances was primarily due to increases in due to related parties by 21% from ₱2,712 million to ₱3,308 million; 15% in accrued and deferred tax liabilities from ₱25 million to ₱28 million and a decrease of 7% or ₱73 million in loan balances from 1,034 million to 961 million.

Causes of major movements in financial statements

Balance Sheet Items
(September 30, 2022 vs. December 2021)

Cash and cash equivalents – 471% increased from ₱21 million to ₱117 million

Cash and cash equivalents went up by ₱96 million as a result of enhanced collection activity as shown by a decrease in trade receivable by 44% equivalent to ₱73 million.

Trade and other receivables –44% decreased from ₱165 million to ₱92 million

Trade receivables decreased by ₱78 million primarily attributable to liquidation and continued collection of the account.

Inventories – 17% decreased from ₱289 million to ₱237 million

The level of inventories went down overall by ₱51 million due to stopped operation of our manufacturing plants.

Creditable Withholding Tax – remain constant at ₱68 million level

The amount represents tax withheld by our customers. Creditable withholding tax remainconstant at ₱68 million respectively due to the non-operation of the Group

Prepayments and other current assets – 316% increased from ₱22 million to ₱93 million

The increase was attributable to an increase of 100% in prepaid expenses by ₱73, advances to supplier by ₱6.5 million and deposit paid ₱3 million.

Property and equipment, net – 7% increased from ₱3,438 million to ₱3,679 million

The increase of ₱241 million was primarily attributable to the effect of a favorable currency translation adjustment.

Trade and other payables –0.26% decreased from ₱787 million to ₱785 million

The decrease of ₱2 million in trade and other payables was attributable to the following: increases in accounts payable trade by 44% or ₱115 million and deposits received by 17% or ₱11 million. There were significant decreases or liquidation in accrued expenses by 62% or ₱99 million; accounts payable-others by 6% or ₱11 million and statutory payables by 22% or ₱12 million.

Long-term debt – Nil

Current – Nil

This account pertains to the net present value of the leasehold right on the land where the manufacturing plant of ZZ Stronghold is situated.

Due to related parties – 21% increased from ₱2,711 million to ₱3,308 million

This account pertains to continuous financial support from affiliates to sustain the variousfinancial requirement of the Group.

Equity –32% appreciation from (₱299) million to(₱203) million

Capital position appreciated by ₱96 million to a negative ₱203 million for the first nine months of 2022 coming from a negative position of ₱299 million as at year end of 2021 primarily due to the favorable effect of the currency translation adjustment.

Income Statement Items

(YTD September 30, 2022 vs. YTD September 30, 2021)

Revenue/Sales – 67% decreased from ₱618 million to ₱202 Million

Revenue for the first nine months of 2022 went down by ₱415 million for the same period a year ago primarily due to non-operation of our production plants.

Cost of sales –65% decreased from ₱616 million to ₱211 million

Consolidated cost of sales decreased by ₱404 million that was also attributable and comparable to revenues due to non-operation of the Group.

Other operating expense – 14% increased from ₱75 million to ₱86 million

The other operating expenses increased by ₱11 million primarily due to the non-operation of the Groups manufacturing units.

Finance cost –43% decreased from ₱40 million to ₱23 million

The decrease in finance charges by ₱17 million was due to the impact of the market-to- market conditions of certain accounts and prevailing lower bank interest rates and partial liquidation of principal for ₱72 million

Income tax expense – 62% decreased from ₱6.1 million to ₱2.3 million

The level of final income tax went down by ₱3.8 million for the first nine months of 2022 due to prolonged in-activity and nil production capacity of the Group.

Key Performance Indicators:

The Group's key performance indicators (consolidated figures) are as follow:

	YTD Sep. 30, 2022	YTD Sep. 30, 2021
Revenue Growth (%)	-67 %	-33 %
Gross Profit Margin (%)	-4.28 %	-.33 %
Basic Earnings per share 1/	-0.12	-0.12

	As of Sep. 30, 2022	As of December 31, 2021
Current Ratio 2/	0.20	0.15
Debt-to-Equity Ratio 3/	-24.99	-15.23
Return on Equity (%) 4/	47%	34%

1. Net income applicable to majority shareholders / weighted average of outstanding commonshares
2. Total current assets / total current liabilities
3. Total liabilities / equity
4. Net income / total equity (average)

OTHER MATTERS

a. There were no known trends, demands or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate any cash flow or liquidity problems within the next twelve (12) months and is not at default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. No significant amountsof trade payables have been unpaid within the stated trade terms.

b. There are no known trends, or events, uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations nor any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

c. There are no material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities orother persons created during the reporting period.

d. There were no seasonal aspects that had a material impact on the financial condition or resultsof operations of the Group.

e. Any material commitments for capital expenditure:

The Parent Company conducted a Follow-On Offering on November 23, 2007 that raised gross proceeds of ₱2,275 million to finance expansion and development plans of its two (2) subsidiaries, Treasure Steelworks and ZZ Stronghold.

There were no significant elements of income or loss that did not arise from the registrant's continuing operations except as presented in the Management Discussion and Analysis.

PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS

Please refer to the portion of this Information Statement on "Directors and Executive Officers".

PART V - CORPORATE GOVERNANCE

In compliance with the initiative of the Securities and Exchange Commission ("SEC") under Memorandum Circular No. 19, Series of 2016, the Company's Revised Manual on Corporate Governance (the "Manual") was approved by the Board of Directors on 31 May 2017. The Manual is a supplement to the Company's Amended By-Laws. Other portions of this Corporate Governance Section have been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

There have been no deviations from the Company's Manual of Corporate Governance.

PART VI - EXHIBITS AND SCHEDULES

Exhibits

Please refer to the attached audited consolidated financial statements and required supplementary schedules of the Company as of and for the year ended 31 December 2021, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co. Likewise attached is the Company's interim unaudited financial statements as of 30 September 2022.

UNDERTAKING TO PROVIDE COPIES OF REPORTS

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (SEC FORM 20-IS), ANNUAL REPORT FOR 2021 (SEC FORM 17-A), AND QUARTERLY REPORT FOR THIRD QUARTER 2022 (SEC FORM 17-Q) FREE OF CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

THE CORPORATE SECRETARY
TKC METALS CORPORATION
Upper Penthouse GSC Corporate Tower,
Triangle Drive, BGC, Fort Bonifacio
1630 Taguig City