COVER SHEET

A1996-10620
SEC Registration Number

TKC METALS CORPORATION

(Company's Full Name)

UNIT B1-A/C, 2F BUILDING B
KARRIVIN PLAZA, 2316 CHINO
ROCES AVENUE EXTENSION MAKATI

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

ANN MARGARET K. LORENZO

632-0905
Company Telephone Number

12 Month 31 Day
Fiscal Year

Month Day
Annual Meeting

Definitive Information Statement (SEC Form 20-IS)

Form Type

Secondary License Type, if applicable

Department 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

TKC METALS
Strength in vision

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 **Friday, 15 January 2021**, at **10:00** in the morning. The meeting will be presided over by the Chairman at the principal place of busines 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. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2019 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Approval of the following amendments to the Articles of Incorporation:
   (i) change in corporate name;
   (ii) reduction of number of directors from eleven (11) to seven (7)
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

The Corporation has, in accordance with the By-Laws, fixed the close of business on 15 December 2020 as the record date for the determination of the stockholders entitled to notice of, and to vote, at the meeting and any adjournment thereof.

Due to the COVID-19 Pandemic resulting in the imposition by the government of regulations limiting mobility and mass gatherings, the Corporation will not be conducting a physical annual stockholders' meeting. In lieu thereof, the annual stockholders' meeting will be held virtually, through an online 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 31 December 2020. 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 15 January 2021. 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 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, or electronically submitted through the ASM online registration portal, on or before 5:30 p.m. on 14 January 2021. 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 14 January 2021. The votes already cast using the e-voting platform by that time will also be tallied on said date.

City of Pasig, Metro Manila, 18 December 2020.

Very truly yours,

ANN MARGARET K. LORENZO
Corporate Secretary

2nd Floor Unit 201, W Tower Condominium
39th St., Bonifacio Global City
Taguig City, Philippines 1634
Tel No.: (02) 864-0734; 864-0736; 840-4335
Fax No.: (02) 893-3702

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders

Copies of the Minutes of the 25 October 2018 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 2018 Annual Stockholders' Meeting, as recommended by the Board of Directors.

Agenda Item No. 5. Approval of 2019 Operations and Results

A report on the highlights of the performance of the Corporation for the year ended 31 December 2019 will be presented to the stockholders. The same was reviewed by the Board of Directors, and have been audited by the external auditors who declared an unqualified opinion on the Audited Financial Statements (AFS). A summary of the 2019 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. 6. 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 25 October 2018 to the date of this meeting shall be presented for confirmation, approval, and ratification.

Agenda Item No. 7. Approval of the following amendments of the Articles of Incorporation: (i) change in corporate name; and (ii) reduction of number of directors from eleven (11) to seven (7).

The Articles of Incorporation will be amended as follows:

First Article. The Corporate Name shall be changed from "TKC Metals Corporation" to "Textra Corporation". The corporate name is being proposed to reflect the fact that the Company's authorized business purpose is not limited to engagement in the metals and steel industry.

Sixth Article. The membership of the Company's Board of Directors shall be reduced from the present eleven (11) to seven (7) since the Company's operations are presently not very active and do not require an expanded membership of its Board of Directors.

Agenda Item No. 8. Election of Directors for 2021 to 2022

The incumbent members of the Board of Directors, as reviewed, qualified, and recommended by the Nomination 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 Companyn'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. 9. 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 2021-2022. 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
2021 ANNUAL STOCKHOLDERS' MEETING

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

The 2021 Annual Stockholders' Meeting (ASM) of TKC Metals Corporation (the "Corporation" or the "Company") will be held on 15 January 2021 at 10:00 A.M. The close of business on 15 December 2020 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.

In view of the continuing mobility restrictions and prohibition on mass gatherings brought about by the COVID-19 global pandemic, the Board of Directors of the Company 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 31 December 2020, 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 Corporation'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 Corporation's annual stockholders' meeting.*
3. *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

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 15 January 2021. 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 15 January 2021 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. Antonio Jacob A. Elizaga
1.1.6. Vicente V. De Villa (Independent Director)
1.1.7. 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 2019 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 15 January 2021.
___ Yes ___ No ___ Abstain

5. Approval of the Amendments to the Articles of Incorporation
    a. Change in Corporate Name
    ___ Yes ___ No ___ Abstain
    b. Reduction of the number of directors from eleven (11) to seven (7)
    ___ 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:
   [ ] Preliminary Information Statement
   [X] 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: 15 January 2021
   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:
   18 December 2020

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 [ ]

    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: 15 January 2021
Time: 10:00 a.m.
Place: Presided over by the Chairman at the principal place of business and may be accessed virtually 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 18 December 2020.

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.

There is no matter or item to be submitted to a vote or acted upon in the annual stockholders' meeting of the Corporation which falls under the instances provided by law when dissenting stockholders can exercise their appraisal right.

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 02 December 2020. 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 15 December 2020.

C. In the forthcoming annual stockholders' meeting, upon approval of the proposed amendment to the Articles of Incorporation reducing the number of directors from eleven (11) to seven (7), 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).

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 15 December 2020.

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	See note	Filipino	264,897,020	28.18%

	6766 Ayala Avenue corner Paseo de Roxas, Makati City				

* 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 Company 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 30 November 2020:

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	Tan, A. Bayani K.	1	Direct	--
Common	Elizaga, Antonio Jacob	1	Direct	--
Common	Bermundo, Pablito B.	1	Direct	--
Common	De Villa, Vicente V.	1	Direct	--
Common	Fernandez, Victor C.	1	Direct	--
Common	Somera, Jr., Prudencio C.	1	Direct	--
Common	Tiu, Alexander Y.	1	Direct	--
Common	Valdez, Enrico 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 3,418,001 shares or 0.36% as of 27 November 2020

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 eleven (11) 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	67	Filipino	February 2007 - present
Ignatius F. Yenko	Vice-Chairman	68	Filipino	June 2007 - present
Domingo S. Benitez	President	64	Filipino	October 2018 - present

A. Bayani K. Tan	Corporate Secretary/ Director	65	Filipino	February 2007 - present
Antonio Jacob A. Elizaga	Treasurer/Director	53	Filipino	October 2018- present
Vicente De Villa, Jr.	Independent Director	86	Filipino	April 2007 - present
Pablito C. Bermundo	Independent Director	77	Filipino	January 2011 - present
Victor C. Fernandez	Independent Director	76	Filipino	January 2011 - present
Prudencio C. Somera, Jr.	Director	75	Filipino	April 2007 - present
Alexander Y. Tiu	Director	44	Filipino	April 2007 - present
Enrico G. Valdez	Director	59	Filipino	February 2007 - 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. However, in view of the proposal to reduce the membership of the Board from eleven (11) to seven (7), Messrs. A. Bayani K. Tan, Pablito C. Bermundo, Victor C. Fernandez, Alexander Y. Tiu, and Enrico G. Valdez have opted not to seek re-election.

The Nomination and Remuneration Committee is composed of Mr. Ignatius Yenko as Chairman and Messrs. Ben C. Tiu and Vicente V. de Villa, Jr. as members. In accordance with the Securities Regulation Code and its Implementing Rules and Regulations, the Nomination and Remuneration Committee met on 01 December 2020 and endorsed the nominations of Messrs. Ben C. Tiu, Ignatius F. Yenko, Domingo S. Benitez, Jr., Antonio Jacob A. Elizaga, 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, 67, is the **Chairman** of the Corporation. Mr. Tiu is also the President of JTKC Equities, Inc., and Union Pacific Ace Industries, Inc. Mr. Tiu is the Chairman of The Discovery Leisure Co., the owner of Discovery Suites Hotel, The Country Suites at Tagaytay and Discovery Shores Boracay. He served as Chairman and CEO of iRemit, Inc. from 2001 until 2004 and as Director from May 2006 to present. He is also Executive Vice President of Hotel System Asia, Inc., JTKC Realties Corporation and Executive Vice President and Treasurer of Aldex Realty Corporation, Inc., Treasurer of TERA Investments, Inc. Mr. Tiu is also a Corporate Nominee in the Philippine Stock Exchange of Fidelity Securities, Inc. and formerly the Chairman of the Board of Sterling Bank of Asia, Inc., and Vice Chairman of the Board and Chairman of the Executive Committee of International Exchange Bank. He holds a Masters in Business Administration from the Ateneo de Manila University and a degree in Mechanical Engineering from Loyola Marymount University, USA.

Domingo S. Benitez Jr., Filipino, 64, 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, 68, 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.

A. Bayani K. Tan, 65, Filipino, is a **Director** of the Corporation). He is a Non-Executive Director of Premium Leisure Corp. and is also a Director of the following listed companies: Discovery World Corporation and I-Remit, Inc. He is the Corporate Secretary of the following companies: Pacific Online Systems Corporation, Coal Asia Holdings, Inc., Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., The Spa and Lodge at Tagaytay Highlands, Inc.

Atty. Tan is also a Director of Sterling Bank of Asia, Inc. He is the Managing Partner of the law offices of Tan Venturanza Valdez, and the Managing Director / President of Shamrock Development Corporation. He is a Director of Destiny LendFund, Inc., Pascual Laboratories, Inc. and Pure Energy Holdings Corporation. He is the President of Catarman Chamber Elementary School Foundation, Inc., Managing Trustee of SC Tan Foundation, Inc., Trustee and Treasurer of Rebisco Foundation, Inc. and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. He is also a member of the Board of Trustees of Guimaras Forest Foundation, Inc., Reintegration for Care and Wholeness (RCW) Foundation, Inc., and St. Scholastica's College Manila.

Atty. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980), where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Atty. Tan passed the bar examinations in 1981, where he placed sixth. He has a Bachelor of Arts degree, major in Political Science, from the San Beda College (Class of 1976), from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

Antonio Jacob Elizaga, Filipino, 53, is the **Treasurer and Director** of the Corporation. He is the Vice President and Managing Director of Potash and Agribusiness Development Corporation of Manitoba, and the Managing Director of Canadian Westward Resources Development Corp. Canada. He likewise served as the Vice president for New Project Division & Legal Affairs General Manager of Chromite Development Division of Yinyi Philippines Investment Group Holding Inc. from September 2010 to December 2014. He graduated from the Mapua Institute of Technology in 1989 with a bachelor's degree in Electrical Engineering.

Alexander Y. Tiu, Filipino, 44, is a **Director** of the Corporation He is President of Goodyear Steel Pipe Corporation and Executive Vice-President of British Wire Industries Corporation and Goodway Marketing Corporation. Mr. Tiu earned his Bachelor's Degree in Economics from Simon Fraser University in 1999.

Enrico G. Valdez, 59, Filipino, is a Director of the Corporation. He is likewise a Director of Manta Ray Holdings, Inc., Lion City Landholdings, Inc. and Harbor Holdings Company, Inc. and Corporate Secretary of TBWA Santiago Mangada Puno Advertising, Inc. and Jan De Nul (Phils.), Inc. He is a Partner of Tan Venturanza Valdez and Treasurer of T & V Realty Holdings Inc. He took up his Bachelor of Science Degree in Business Administration from the Philippine School of Business Administration and his Bachelor of Laws Degree from the Ateneo de Manila University. He also has a Master Degree in Business Administration from the University of the Philippines. He is a member of the Integrated Bar of the Philippines and Philippine Institute of Certified Public Accountants. He served as former Director of the Tax Management Association of the Philippines and former Vice Chairman of the Taxation Committee of the Inter-Pacific Bar Association.

Prudencio C. Somera, Jr., Filipino, 75, 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.

Independent Directors

During its meeting on 1 December 2020, the Nomination and Remuneration Committee endorsed the nominations in favor of Messrs. De Villa (by Mr. Ignatius F. Yenko) and Khoe (by Mr. Ben C. Tiu). Except as fellow stockholders of the Corporation, the nominees for independent director are not related to the persons nominating them.

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, 86, 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.

Victor C. Fernandez, Filipino, 76, is an **Independent Director** of the Corporation. He holds a Bachelor of Laws degree from the University of the Philippines (Class of 1971) where he was a member of the Order of the Purple feather (U.P. College of Law Honor Society) and ranked tenth in his class. He has a Bachelor of Arts major in Economics degree from the University of the Philippines (Class of 1967).

Atty. Fernandez served as Deputy Ombudsman for Luzon from 2003 to 2010. He also practiced law as Partner in the Fernandez Pacheco & Dizon Law Offices. He currently serves as Commissioner on the Commission on Bar Discipline of the Integrated Bar of the Philippines and received several awards including the Distinguished Service Award of the Integrated Bar of the Philippines and awarded as the Most Outstanding Commissioner of the Commission on Bar Discipline (1995 to 1997).

Pablito C. Bermundo, Filipino, 77, is an **Independent Director** of the Corporation. He holds a Bachelor of Science degree in Commerce – Accounting and is a Certified Public Accountant. He is currently a Director/Consultant in Symrise, Inc., a company where he was once the Chief Executive Officer. Symrise, Inc. is engaged in the manufacture and marketing of flavors and fragrances. He is also currently serving as Executive Director of the Texicon Group of Companies.

Mr. Bermundo served as Chairman and Director of Sicaf Scientific, Inc., and held managerial positions in 3M Philippines (as Finance Director), Evertex Industries, Inc. (as Manager of Treasury and Banking Department). Mr. Bermundo also served as the President of the Rotary Club of San Juan North from 2006 to 2007.

New Nominees

In light of the decision of Messrs. Bermundo and Fernandez to not seek re-election, Mr. Kevin G. Khoe has been nominated for election as the second independent director:

Kevin G. Khoe, a Filipino, 48, is nominated to be 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

Antonio Jacob A. Elizaga - Treasurer

Ann Margaret Khoe Lorenzo, Filipino, 31, is the incumbent **Corporate Secretary** of TKC Metals Corporation. She concurrently serves as Assistant Corporate Secretary of listed firms Asia United Bank Corporation, Coal Asia Holdings Incorporated, and Crown Asia Chemicals Corporation. She is also the Corporate Secretary of Athena Ventures, Inc., Galileo Software Services, Inc. and GGO Realty Holdings, Inc. Ms. Lorenzo is currently a Senior Associate at Tan Venturanza Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, both from the University of the Philippines, obtained in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

Wilfrido O. Gamboa, Filipino, 65, is the **Head of Corporate Services and Chief Compliance Officer** of the Corporation. Before he joined the Corporation, he was president of Fabricom Realty & Development Corporation. Previous experiences of Mr. Gamboa include fund sourcing, rehabilitation planning and debt portfolio restructuring. He has also experiences in the real property sector with tasks including developing new real estate projects. He graduated with a degree of Bachelor of Arts in Economics and Bachelor of Science in Business Administration from De La Salle University.

Efren A. Realeza, Jr, Filipino, 59, is the **Head of Accounting Service**s and OIC-Chief Finance 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.

Other Officers

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 Nomination and Remuneration Committee constituted by the Corporation's Board of Directors composed of Mr. Ignatius Yenko as Chairman and Messrs. Ben C. Tiu and Vicente V. de Villa, Jr. as members, in a meeting held on 01 December 2020, endorsed the respective nominations given in favor of Messrs. De Villa (by Mr. Ignatius F. Yenko) and Khoe (by Mr. Ben C. Tiu). The Nomination and Remuneration 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

Messrs. Ben Tiu and Alexander Tiu are siblings.

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.

(This space has been intentionally left blank.)

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 2018, 2019, and 2020 are presented below:

2018

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Anthony S. Dizon President and Chief Operating Officer			
Wilfrido O. Gamboa Head of Corporate Services and Chief Compliance Officer			
Efren A. Realeza Jr. Head of Accounting Services			
Aggregate Compensation of all Above-named Officers	5,136,500		
Aggregate Compensation of all above- Named Officers and Directors	5,151,500		

2019

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/ Chief Compliance Officer			
Efren A. Realeza Jr. Head of Accounting Services			
Aggregate Compensation of all Above-named Officers	4,036,500		
Aggregate Compensation of all Above-named Officers and Directors	4,036,500		

2020 (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/ Chief Compliance Officer			
Efren A. Realeza Jr. OIC-Chief Finance Officer			
Aggregate Compensation of all Above-named Officers	4,166,500		
Aggregate Compensation of all Above-named Officers and Directors	4,221,500		

Note: Members of the Board receive per diem only.

The most highly compensated executive officers are Messrs. Ignatius F. Yenko and Mr. Efren A. Realeza.

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 2019, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended 31 December 2019 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 years ended December 31, 2019, 2018, and 2017 to comply with the rotation of external auditors every 5 years. For the years ended December 31, 2010 and prior years, the external audit of the annual financial statements was performed by SGV & Co.

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:

	2019	2018	2017
A. Audit and Audit-related Fees	510,350.00	1,238,000.96	629,118.56
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.	510,350.00	1,238,000.96	629,118.56
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

There are no matters to be taken up during the Annual Stockholders' Meeting relating to the matters covered by Items 9 to 14.

OTHER MATTERS

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 2017 Operations and Results, (5) Ratification of all Acts of the Board of Directors and Officers, (6) Election of Directors, (7) Appointment of External Auditors, (8) Increase in Authorized Capital Stock and Conversion of Advances to Equity, (9) Change in Principal Address, and (10) Other Matters and 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.

Amendment of Charter, By-laws or Other Documents

Action is to be taken with respect to the change in Corporate Name and change in the number of directors from eleven (11) to seven (7), which constitute amendments to the Articles of Incorporation, required to be submitted to the vote of stockholders.

At present, the Corporate Name is TKC Metals Corporation, to be changed to Textra Corporation. This is to reflect the fact that the Company's authorized business purpose is not limited to engagement in the metals and steel industry. The Corporation could engage in other industries without giving the stockholders any doubt that such investment is within the primary purpose of the Corporation.

The Articles of Incorporation will also be amended to reduce the number of directors from eleven (11) to seven (7) since the Company's operations are presently not very active and does not require an expanded membership of its Board Decision-making for the operations of the Corporation shall have a shorter turn-around time.

Other Proposed Action

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

1. 2019 Operations and Results;
2. Ratification of all Acts of the Board of Directors and Officers;
3. Election of Directors for 2021-2022;
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; and
3. Approval of Financial Reports.

Management reports which summarize the acts of management for the year 2019 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.

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 amendment of the Articles of Incorporation to change the Corporate Name and to reduce the number of directors from eleven (11) to seven (7) , 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 15 January 2021, the Corporate Secretary and/or his representative together with the Corporate Information 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 Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City on or before 5:30 p.m. on 14 January 2021.

      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 15 January 2021.

   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, 12, 13, 14, 16, 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 Pasig, Metro Manila on 18 December 2020.

ISSUER: TKC METALS CORPORATION

By:

ANN MARGARET K. LORENZO
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	Percentage of Ownership 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) 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 ₱2.6 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 10 employees, namely: Chairman, Vice-Chairman, President and Chief Operating Officer, Treasurer, Chief Financial Officer, Head of Corporate Services/Compliance Officer, Head of Accounting Services and three (3) Administrative Staff.

Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended December 31, 2017, we have not issued any securities constituting an exempt transaction.

Plan of Operations

The Company’s related parties have continued to provide the necessary financial support to sustain operations and to meet the Company’s maturing obligations. The Company has no further plans within the next twelve (12) months aside from the activities done in the usual course of business.

As of current date, there had been no activities regarding the following matters:

a. Product research and development;
b. Purchase or sale of plant and significant equipment;
c. Changes in the number of employees.

Management Discussion and Analysis of Financial Condition and Results of Operations (Last Three Years: 2019, 2018, and 2017)

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 the arrangement 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)	2019	2018	2017	Increase (Decrease) 2019/2018 (%)	Increase (Decrease) 2018/2017 (%)
Revenue	567	736	364	(23 %)	102.2%
Cost of Sales	540	687	341	(21 %)	101.47%
Gross Income					

(Loss)	26	49	22	(47 %)	122.73%
Operating Expenses	177	194	889	(9%)	(78%)%
Net Income	(208)	(143)	(860)	45 %	(83%) %

Operating performance posted a net loss for the current year due to the suspended and minimal operation of our two main subsidiaries, the adverse market conditions and the Corporation's focus on its plant modernization, diversification and expansion program. The Corporation posted net losses of Ps. 210 million, Ps. 143 million and Ps. 860 million in 2019, 2018 and 2017, respectively, primarily due to lower production and sales volume coupled with lower demand and price in the market.

Due to over-supply of steel in the market, very volatile price of steel and competitive market conditions the total sales went down by 23 % to Ps.567 million in 2019 compared to Ps. 736 million and Ps.363 million in 2018 and 2017 respectively. The decrease in revenue was primarily due to lower production and sales volume activity of ZZS from 20.34 MT and 23.74 MT respectively in 2018 it went down to 16.68 MT and 17.43 MT in 2019 or 18% and 27% lower respectively. ZZS average selling prices of steel for 2019 of Rmb 4,333 per ton is still higher by 11% than last year of Rmb 3,897 per ton, however China's existing steel supply has exceeded the demand resulting to decline in production and sales volume.

Due to slower production, sales and marketing activity of the Group, total operating expenses went down by 9% or Ps. 17 million from Ps. 194 million in 2018 to Ps. 177 million in 2019. Although there were increases in the other operating account, significant decreases were noted in the following accounts as follows: salaries, wages and employees benefits by 17%; freight and handling by 48%; utility expenses by 58%; taxes and licenses 26%; repairs and maintenance by 71%; and outside services by 33%.

Financial Condition

Accounts (In Million Pesos)	2019	2018	2017	Increase(Decrease) 2019/2018 (%)	Increase(Decrease) 2018/2017 (%)
Current Assets	861	981	1,032	(13 %)	(5%)%
Total Assets	4,361	4,588	4,688	(5 %)	(2%) %
Current Liabilities	4,100	4,161	5,563	(1 %)	(25%) %
Total Liabilities	4,138	4,185	5,586	(1 %)	(25%) %
Equity	222	402	(898)	(45 %)	(145 %)

Our total asset base was reduced by just 5% to Ps. 4,361 million from the previous year's level of Ps. 4,588 million. Although there was significant collection of trade and other receivables by 26% or Ps. 41 million, the cash and cash equivalents went down by 67% or Ps. 44 million less from last year and the liquidation of Ps. 43 million in the account advances to suppliers.

Current ratio for the years 2019 and 2018 remains stable at 0.2:1 and 0.2:1 respectively while debt-to-equity ratio for 2019 is positive at 18.56.11:1 from 10.42:1 in 2018.

c. 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 is still unfavourable coupled with a lower steel prices 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 by 26%; 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 from Ps. 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 losses of the 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 a significant 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 remains 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 a slight 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 respectively for 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.
- Loans payable went down significantly by Ps. 206 million or 20% from Ps. 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 .

d. 2018 versus 2017

- Results of Operations

The Corporation registered a consolidated net loss of Ps. 143 million in 2018 compared to a net loss of Ps. 860 million a year ago. The bottom line performance improves significantly due to improved sales activity and results 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 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 is still unfavourable coupled with a lower steel prices 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 increased by 102% to Ps. 736 million compared to a year ago of Ps. 363 million with ZZS contributing 100% of the Group sales. The Corporation however registered a 123% increase in gross profit of Ps. 49 million in 2018 compared to a gross loss of Ps. 22 million in 2017. Although ZZS performance slightly recovered in the last quarter, the general production and marketing activity still depended on a lower market price and demand due to over-supply of steel products in the China market and coupled with the nil operation of TSC, our group losses was reduced by 83% from a negative Ps.860 million to Ps.143 million.

Operating expenses went down to Ps.191 million or 79% lower from the 2017 level of Ps. 889 million. The major factor for the lower operating expenses were in the following accounts: a) nil provision for impairment loss; taxes and licenses by 40%; transportation and travel by 40%; and professional fees by 77%.

- Financial Condition

Total assets is still stable as it went down by a merely 2% to Ps. 4,588 million in 2018 from last year's figure of Ps. 4,688 million. The decrease was primarily due to the liquidation of trade receivables by about Ps.107 million or 40% from Ps. 266 million last year to Ps. 158 million. There were some minimal increases and decreases in the other assets accounts, current provision for impairment loss on property, plant and equipment for Ps. 683 million; inventories by 5% to Ps. 360 million from Ps.380 million; other current assets and prepayments by 15% from Ps. 30 million to Ps. 25 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 21% and 22% respectively for 2018 and 2017.

In 2018, total liabilities went down by 25% or Ps. 1,401 million from Ps. 5,586 million to Ps. 4,185 million. There were significant decreases in accrued payable by 22% or Ps. 25 million from Ps. 114 million to Ps. 90 million; withholding tax payable by 16% or Ps. 0.7 million from Ps. 4.0 million to Ps. 3.4 million; loans payable decreased by 2% or Ps. 17 million from Ps. 1,048 million to Ps. 1,031 million; and due to related parties by 41% or Ps.1,473 million from Ps. 3,560 million to Ps. 2,087 million.
Our resulting capital base has recovered significantly to a positive Ps. 402 million as of 2018 from a negative equity of Ps. 898 million in 2017. With the 102% increase in revenue generated by ZZS, the deposit for future subscriptions of Ps. 1,500 million and coupled with lower operating expenses, the deficit was totally erased. As a result of the appreciation in our capital base, debt to equity ratio improves also to 10.41:1 from a year ago of -6.1:1.

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

- Cash and cash equivalents increased significantly by 89% to Ps. 65 million from Ps. 34 million a year ago brought about by a significant liquidation in the trade accounts.
- Trade and other receivable went down by Ps. 107 million or 40% from Ps. 265 million to Ps. 158 million due to enhanced collection activity both domestic and abroad.
- Inventories slightly went down by Ps. 3.5 million or 1% from Ps. 361 million to Ps. 357 as ZZS is still operating at less capacity.
- Creditable withholding and value-added taxes slightly went down by 2% or Ps. 5 million from Ps. 294 million to Ps. 289 million respectively for the years 2017 and 2018 primarily due to minimal business activities.
- Property, plant and equipment remains constant and stable at Ps. 3.4 billion level as there was no provision for impairment loss for the current year.
- Other non-current assets remain constant at Ps. 19 million respectively for the year 2018 and 2017
- Trade and other payables went up by 13% or Ps. 110 million from Ps. 818 million to Ps. 928 million notably in trade payables by Ps. 50 million ; deposit received by Ps. 41 million and tax payables by Ps. 21 million.
- Loans payable went down by Ps. 17 million or 2% from Ps. 1,048 million to Ps. 1,031 million as a result of short-term renewal of credit facilities of ZZS for their production and selling activities.
- Equity appreciated significantly to a positive Ps. 402 million from a negative Ps. 898 million a year ago. This appreciation was brought about by the increase in the consolidated revenue, coupled with lower operating expenses and the deposits for future subscriptions.

e. 2017 versus 2016

- Results of Operations

The Corporation registered a net loss of Ps. 860 million in 2017 compared to a net loss of Ps. 419 million a year ago. The significant increases in net loss were brought about by the provision of impairment loss in the property, plant and equipment of TSC. Although TSC is non-operating for the last five years, the prospect of having for the right investors is still active as there were several groups who have visited the plant. ZZS recovered in the last quarter and resulted in gross profit however the overall market conditions is still unfavourable coupled with a lower steel prices in China due to higher steel supply but lower demand. TSC as previously reported has nil operation while TKC has minimal production and sales activity resulting to net loss of Ps.742 million and Ps. 281 million respectively.

Revenue increased by 34% to Ps. 364 million compared to a year ago of Ps. 272 million. Of the total sales, ZZS generated Ps. 363 million while TKC recorded only Ps. 0.35 million. TSC has stop operation since 2013 brought about by a prolonged power crisis and the scarcity of raw material supply in Mindanao.

The Corporation registered a gross profit of Ps. 22 million in 2017 compared to a gross loss of Ps. 56 million in 2016. Although ZZS performance slightly recovered in the last quarter, the general production and marketing activity still depended on a lower market price and demand due to over-supply of steel products in the China market and coupled with the nil operation of TSC, our group losses increased significantly by 105% from Ps. 419 million to Ps. 867 million.

Operating expenses went up by Ps.527 million or 146% higher from the 2016 level of Ps. 362 million. The major factor of increased operating expenses were in the following accounts: a) current provision for impairment loss on property plant and equipment; utilities expense by 128%; taxes and licenses by 690%; professional fees by 780% and interest expense by 12%.

- Financial Condition

Total assets went down by 11% to Ps. 4,688 million in 2017 from last year's figure of Ps. 5,244 million. The significant decrease was primarily due to the current provision for impairment loss on property, plant and equipment for Ps. 683 million; inventories by 5% to Ps. 360 million from Ps.380 million; other current assets and prepayments by 15% from Ps. 30 million to Ps. 25 million. The current financial conditions of the Group were attributable significantly due to ZZS minimal 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 22% of total assets in 2017 compared to 19% in 2016 resulting in almost the same current ratio of 0.2:1 in 2017.
In 2017, total liabilities went up by 3% or Ps. 172 million from Ps. 5,414 million to Ps. 5,586 million. There were significant increases in trade payable by 6% or Ps. 49 million from Ps. 7680 million up to Ps. 818 million; accrued expenses increased by 144% or Ps. 67 million from Ps. 47 million to Ps. 114 million; loans payable increased by 4% or Ps. 38 million from Ps. 1,010 million to Ps. 1,048 million; and due to related parties 1% or Ps. 37 million from Ps. 3,523 million to Ps. 3,560 million.

Our capital base was adversely affected by the continued non-operation and slower business activity in our two steel subsidiaries coupled with lower steel price and demand and the current provision for impairment loss in the property, plant and equipment resulting to deficit equity of Ps. 898 million compared to Ps. 170 million a year ago. The decline was primarily attributable to the decrease in retained earnings as a result of the net loss for the year of Ps. 860 million although this was reduced with a favorable currency translation adjustment of Ps. 130 million. As a result of the decline in capital base, debt to equity ratio went down to -6.18:1 from a year ago of -31.84.

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

- Cash and cash equivalents increased slightly by 11% to Ps. 34 million from Ps. 31 million a year ago brought about by the continuing slower market activity.
- Trade and other receivable went up by Ps. 55 million or 26% from Ps. 210 to Ps. 265 million due to last quarter closed sales contract by ZZS both domestic and abroad.
- Inventories slightly went down by Ps. 20 million or 5% from Ps. 380 million to Ps. 361 million due to improved production and sales activity in ZZS.
- Creditable withholding and value-added taxes remain constant at Ps. 295 million respectively for the years 2017 and 2016 primarily due to slower business activities.

- Other current assets went down by Ps. 4 million or 15% from Ps. 30 million to Ps. 25 million due to liquidation of advances from suppliers and prepaid others.
- Property, plant and equipment went down by Ps. 607 million from Ps. 4, 012 million a year ago to Ps. 3,405 or 15% as a result of provision of impairment loss in TSC.
- Other non-current assets increased by 69% or Ps. 13 million from a year ago of Ps. 18 million to Ps. 31 million primarily due to advances and deposits to contractors and suppliers.
- Trade and other payables went up by 12% or Ps. 105 million from Ps. 850 million to Ps. 955 million notably in trade payables by 6%; accrued expenses by 144% however there were also significant decreases in deposits received by 100% and other payables account that offset the increases.
- Loans payable was increased by Ps. 38 million or 4% from Ps. 1,010 million to Ps. 1,048 million as a result of short-term renewal of credit facilities of ZZS in relation to their requirement in production and selling activities.
- Equity dropped to negative Ps. 898 million or 428% lower from a year ago of Ps. 170 million as a result of the net loss for the year of Ps.860 million. The group loss was primarily affected by the provision of impairment loss in the group property, plant and equipment for Ps. 683 million although the deficit was reduced with a favorable currency translation adjustments of Ps. 130 million.

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.

Foreign Currency Risk

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, 2019, this ratio is:

	Amount
Total liabilities	Ps. 4,138,404,945
Total equity	222,945,870
Debt-to-equity ratio	18.56:1

Our main sources of capital include but not limited to:

a. Retained earnings, where available
b. Current earnings
a. Debt
b. Share issues
c. 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 and covers a period of three (3) years which will expire on September 14, 2022.

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, 2020	0.72	0.70
Year Ended December 31, 2019		
1st Quarter	1.03	1.00

2nd Quarter	1.25	1.19
3rd Quarter	1.11	1.05
4th Quarter	1.02	0.99
Year Ended December 31, 2018		
1st Quarter	1.05	1.04
2nd Quarter	0.93	0.90
3rd Quarter	1.00	0.97
4th Quarter	0.85	0.85

As of the latest practicable trading date (as of 17 December 2020), the price of the Company's securities was at P 1.03.

Holders of Common Equity

As of 15 December 2020, 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 (Filipino)	264,897,020	28.18
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. Uy, Maria Charito B.	125,000	0.0133
7. Hernandez, Elmer C.	100,000	0.0106
8. Ko, Michael Anthony Lee	100,000	0.0106
9. Enrile, William T.	50,000	0.0053
10. Uy, Alexis Valine B.	25,000	0.0027
11. Uy, Anjelica B.	25,000	0.0027
12. Uy, Jan Reiner 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	6,250	0.0007
19. Evangelista, Maria Imelda	6,250	0.0007
20. Garcia, Luningning	6,250	0.0007

Based on the records of our Stock Transfer Agent, Professional Stock Transfer, Inc., TKC Metals Corporation has 29.0425% public ownership level as of 17 December 2020.

Dividends

The Corporation did not declare dividends in 2019 and 2018.

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, 2019, the Corporation has not issued any securities constituting an exempt transaction.

e. Key Performance Indicators

Performance Ratios		2019	2018	2017
Revenue Growth (%)		**-23%**	**102%**	**34%**
Gross Profit Margin (%)		**5%**	**6 %**	**6%**
Basic Loss per share	1/	**(Ps. 0.21)**	**(Ps. 0.15)**	**(Ps. 0.90)**
Current Ratio	2/	**0.2**	**0.2**	**0.2**
Debt-to-Equity Ratio	3/	**18.56**	**(10.42)**	**(6.2)**
Return on Equity	4/	**-0.67**	**0.58**	**(1.61)**

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)

g. 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 Of Operations And Financial Condition (Third Quarter 2020)

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 name from 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 ₱1 billion to ₱3 billion. The equity restructuring plan was simple wherein current capital deficit will be wiped out by the conversion to equity of ₱2.6 billion advances from stockholders.

Management Plans

Potential Investor

On May 7, 2019, the Parent Company has entered into an investment agreement with a prospective investor, whereas, the investor has signified its intention to subscribe to the common stock of the Parent Company and make available the necessary funding requirements of the Group. The investment will be used for the diversification of the Group’s operations and additional financing to complete the Group’s construction and resume commercial operations in Iligan City. As at report date, the Group is just waiting for the funds to arrive.

Equity Restructuring

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.

On September 3, 2018, the BOD also approved the increase in authorized capital of TKC from ₱1,000.0 million divided into 1,000.0 million shares at ₱1 par value per share, to ₱ 3,000.0 million divided into 3,000.0 million shares at ₱1 par value per 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. The subscriptions will be paid in full by converting their assigned advances from Treasure to the Parent Company to equity (see Note 14).

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 the stockholders. The Parent Company applied for the increase in authorized capital stock with the SEC on December 21, 2018. As at report date, the SEC's approval on the increase 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.

Organizational Restructuring

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

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 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

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.

The Group registered a net loss of ₱124 million for the nine months ended September 30, 2020 versus a net loss of ₱128 million for the same period last year. The Group posted a positive gross profit of ₱6 million as of the first nine months of 2020 or 85% lower compared to the positive gross profit of ₱41 million for the same period in 2019. The consolidated sales of the Group of ₱465 million as of third quarter was 1% lower as compared to ₱470 million of same period last year. This performance was brought about by ZZS's minimal operating activity due the current market situation in China where demand on steel is lower because of higher supply of steel in the local market resulting to unfavorable steel prices. Although the production and sales volume increased by 30% and 18% respectively from 12,395 MT to 13,733 MT and 16,113 MT to 16,152 MT, the equivalent nominal sales value went up only by 5% brought about by an 11% decrease in the average selling price per MT from Rmb4,487 to Rmb4,010 per MT respectively. TSC as previously disclosed ceased operations 6 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 10% in the consolidated total assets from ₱ 4,361 million at year-end 2019 to ₱4,801 million as of September30, 2020. The Company's property, plant and equipment slightly increased by 2.7% or ₱89 million from ₱3,278 million at year-end 2019 to ₱3,367 million. The appreciation in the balances was primarily due to a favorable effect of the currency translation adjustment.

After the Group's submission of its equity restructuring plan, 750 million shares will be subscribed by third parties for ₱1,500 million. The advances for debt to equity conversion was classified as "Deposits for future subscription" under "Equity" in the consolidated statements of financial position. The stockholders' equity appreciated by 13.7% or ₱31 million to a positive of ₱253 million as of September 30, 2020 against the level of positive ₱222 million at year-end 2019. The appreciation in capital base was primarily attributable to the effect of a favorable currency translation adjustment of ₱161 million.

Total liabilities increased by 9% or ₱408 million from ₱4,138 million to ₱4,547 million. The increase in total liabilities was primarily due to increases in trade and other payables by ₱162 million or 16% from ₱1,012 million to ₱1,174 million and due to related parties by 6% or ₱137 million from ₱2,255 million to ₱2,392 million and a 12% increased in loans or ₱106 million from ₱825 million to ₱931 million.

Causes of major movements in financial statements

Balance Sheet Items
(September 2020 vs. December 2019)

Cash and cash equivalents – 216% increased from ₱21 million to ₱67 million

Cash and cash equivalents went up by ₱46 million brought about by a 12% increase in loans payable and a 6% increase in due to related parties.

Trade and other receivables –66% increased from ₱117 million to ₱195 million

Trade receivables significantly increased by ₱77 million primarily attributable to ZZS continuing sales activity.

Inventories – 9% increased from ₱365 million to ₱402 million

The level of inventories went up by ₱36 million primarily due to an increase of ₱5 million in finished goods inventory, work in process by ₱4 million and raw materials and factory supplies inventory by ₱28 million.

Creditable Withholding/Input VAT – remains constant at ₱290 million lever

The amount represents input vat and tax withheld by our customers. Creditable withholding remains constant at ₱68 million while Input Vat slightly increased by ₱0.6 million from last year due to the low level of operating activity of the Group

Prepayments and other current assets – 733% increased from ₱26 million to ₱220 million

The increase was attributable to increases in prepaid expenses by ₱57 million and advances to supplier by ₱143 million.

Property and equipment, net – 3% increased from ₱3,277 million to ₱3,367 million

The increase of ₱89 million was primarily attributable to the effect of a favorable currency translation adjustment.

Trade and other payables –16% increased from ₱1,012 million to ₱1,174 million

The increase of ₱162 million in trade and other payables was attributable to increases in accounts payable-others by ₱174 million, deposits received for ₱151 million and taxes payable for ₱28 million however there were significant liquidation in the trade payables and accrued expenses for ₱145 million and ₱43 million respectively.

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 – 6% increased from ₱2,255 to ₱2,392 million

This account pertains to funding and advances from affiliates to finance the operating activities of the Group.

Equity – 13% increased from ₱ 222 million to ₱253 million

Capital position went up by ₱31 million to ₱253 million for the first nine months of 2020 compared to ₱222 million as at year end of 2019 primarily due to the favorable effect of the currency translation adjustment of ₱161 million.

Income Statement Items
(YTD September 2020 vs. YTD September 2019)

<u>Revenue/Sales – 1% decreased from ₱470 million to ₱464 million</u>

Revenue for the first nine months of 2020 went down by ₱6 million for the same period a year ago due to inactivity of TSC and minimal production capacity of ZZS's operation respectively.

<u>Cost of sales – 7% increased from ₱428 million to ₱458 million</u>

Consolidated cost of sales slightly increased by ₱30 million that was attributable and comparable to ZZS less operating capacity.

<u>Other operating expense – 16% decreased from ₱110 million to ₱92 million</u>

The other operating expenses decreased significantly by ₱18 million primarily due to the non-operation and less production and sales activities of our main two subsidiaries.

Finance cost –36% decreased from ₱59 million to ₱38 million

The decrease in finance charges by ₱21 million was due to the impact of the market to market conditions of certain accounts and prevailing lower bank interest rates.

Income tax expense – 36% decreased from ₱5 million to ₱4 million

The level of final income tax remains minimal for the first nine months of 2020 and 2019 respectively.

Key Performance Indicators:

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

	YTD Sep. 30, 2020	YTD Sep. 30, 2019
Revenue Growth (%)	-1.2%	-30.5 %
Gross Profit Margin (%)	1.2 %	9%
Basic Earnings per share 1/	-0.13	-0.14

	As of Sep. 30, 2020	As of December 31, 2019
Current Ratio 2/	0.28	0.21
Debt-to-Equity Ratio 3/	17.94	18.56
Return on Equity (%) 4/	53%	-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)

OTHER MATTERS

1. 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 amounts of trade payables have been unpaid within the stated trade terms.
2. 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.
3. There are no material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.
4. There were no seasonal aspects that had a material impact on the financial condition or results of operations of the Group.
5. 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.

6. 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. The Integrated Annual Corporate Governance of the Corporation was submitted on 01 September 2020.

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 2019, 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 2020.

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 2019 (SEC FORM 17-A), AND QUARTERLY REPORT FOR THIRD QUARTER 2020 (SEC FORM 17-Q) FREE OF CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

ANN MARGARET K. LORENZO
THE CORPORATE SECRETARY
TKC METALS CORPORATION
2704 EAST TOWER
PHILIPPINE STOCK EXCHANGE CENTRE
EXCHANGE ROAD, ORTIGAS CENTER
PASIG CITY, METRO MANILA, PHILIPPINES

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