

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF THE**

SMC SLEX INC.

Held via remote communications through video conference
on 13 May 2021 at 2:00 p.m.

<u>PRESENT:</u>	<u>No. of Shares</u>
Ramon S. Ang for himself	1
and as proxy for: SMC SLEX Holdings Company Inc.	2,899,999,991
Antonette C. Tionko for herself	1
and as proxy for: The Republic of the Philippines	724,999,998
Lorenzo G. Formoso III	1
Mario K. Surio	1
Jose P. de Jesus	1
Jose Portugal Perez	1
Consuelo Ynares-Santiago	1
Paola Sherina A. Alvarez	1
Aurora T. Calderon	1
Joseph N. Pineda	1
John Paul L. Ang	1
Total number of shares present	3,625,000,000
Total number of shares issued and outstanding	3,625,000,000
Percentage attendance of stockholders	100%

ALSO PRESENT:

Raoul Eduardo C. Romulo
Virgilio S. de Guzman
Jose C. Laureta
Noellie R. Majarucon
Shaina Anella B. Ramirez
Carlo Magno C. Caballa
Rea Samantha G. Torres

1) Call to order and certification of notice and quorum

The Chairman, Mr. Ramon S. Ang, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Jose C. Laureta confirmed the attendance, location and device of the stockholders through a roll call. The Corporate Secretary recorded the minutes of the proceedings and certified to the presence of a quorum for the

valid transaction of business by the Corporation, there being present in person and by proxy stockholders representing 100% of the issued and outstanding capital stock of the Corporation.

For each Agenda Item, a motion shall be made by any stockholder and when duly seconded by another shareholder (there being no objections from any stockholder) shall be declared as duly approved and carried by the all the stockholders present in the meeting. Should there be any objection from a stockholder, such objection shall be registered as a dissent to and a vote against the passage of the subject resolution. For purposes of election of the members of the Board of Directors, a stockholder may vote the number of common shares held in his name in the stock and transfer book of the Corporation and may vote such number of common shares for as many persons as there are directors to be elected. or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as 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 common shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected, as set forth in the Information Statement.

2) Approval of the Minutes of the Annual Stockholders' Meeting held on July 28, 2020 and the Special Stockholders' Meeting held on February 8, 2021

The meeting proceeded to the second item in the agenda, that is, the approval of the minutes of the Annual Stockholders' Meeting held on July 28, 2020 and the Special Stockholders' Meeting held on February 8, 2021. The Chairman requested the stockholders to peruse their copies of the minutes, which had been furnished them prior to the meeting. A copy of the same is attached to these minutes by reference.

Upon motion duly made and seconded, and there being no objections, the minutes of the Annual Stockholders' Meeting held on July 28, 2020 and the Special Stockholders' Meeting held on February 8, 2021 were unanimously approved.

3) President's Report

Upon the request of Atty. Formoso, the reading of the President's Report on the operations and performance of the Corporation for the year 2020 was dispensed with since copies of the same were furnished to the stockholders prior to the meeting. However, the slide presentation of the said report was projected before the stockholders during the meeting. A copy of the report is appended to these minutes by reference.

The report highlighted the following:

- The various stages of community quarantine that started on March 16, 2020 in the NCR and several provinces in Luzon had significant impact on traffic volume, which dropped by 25% from 366,189 in 2019 to 274,931, resulting to decrease in toll revenues by 27% from P6.2 Billion to P4.6 Billion.
- SLEX continues to allow the toll-free travel of healthcare workers with private vehicles through special RFID stickers or converted existing stickers.
- The Company also implemented the Department of Transportation's Department Order 2020-012 for the mandatory cashless toll payments in all expressways.

- While regular cost and expenses decreased by 2%, additional expenses amounting to P49.0 Million were incurred in implementing the necessary health and safety measures for all employees.
 - Overall, cost and expenses remained at 2019 level of P2.0 Billion.
 - As a result, total Comprehensive Income decreased by 44% from P3.1 Billion to P1.8 billion while EBITDA dropped by 35% from P4.9 Billion to P3.2 Billion.
- The Company invested P190 Million for TR-4 Project project development costs and P161.6 Million for right of way acquisition.
 - Moreover, the Company spent P112.2 Million for other enhancement activities and P71.4 Million in toll machinery for its operating segment and office equipment and vehicles for the TR4 Project.
- Total Assets amounted to P14.4 Billion, a decrease of 8% mainly due to lower cash from toll collection, decrease in capital expenditures and lower dividends.
 - The Company also settled the Series A retail bonds upon maturity in 2020, resulting to reduction of its total liabilities by 28%.
 - The 16% increase in Total Equity which stood at P8.4 Billion as of December 31, 2020 resulted from net income of P1.8 Billion, offset by cash dividend declaration of P580 Million

4) **Election of Directors for the Current Year**

The meeting proceeded to the election of directors for the current year. The Corporate Secretary informed the Board that there are eleven (11) Board seats, two (2) of which are reserved for the Independent Directors and the remaining nine (9) Board seats are allocated among the principal shareholders, with their respective nominees as follows:

Republic of the Philippines : Two (2)

Antonette C. Tionko
Paola Sherina A. Alvarez

SMC SLEX Holdings Company Inc. : Seven (7)

Ramon S. Ang
Aurora T. Calderon
Jose P. de Jesus
Mario K. Surio
Lorenzo G. Formoso III
Joseph N. Pineda
John Paul L. Ang

Independent Directors : Two (2)

Justice Jose Portugal Perez
Justice Consuelo Ynares-Santiago

Atty. Ramirez further explained that the Information Statement circulated to the stockholders provided the names of the nominees for election as independent directors of the Board of Directors and they are Consuelo M. Ynares-Santiago and Jose Portugal Perez. She likewise informed the stockholders that all the named independent directors

comply with the mandatory requirements imposed by the Securities and Exchange Commission.

A motion was made for the above-named nominees be unanimously elected as directors of the Corporation for the ensuing year until their successors are elected and qualified, and (that the votes of the stockholders present and represented by proxies be distributed and recorded accordingly).

Upon nominations duly made and seconded, and there being no objections, the following were elected as directors of the Corporation for the current year, to serve as such until their successors are duly elected and qualified:

Ramon S. Ang
Jose P. de Jesus
Aurora T. Calderon
Mario K. Surio
Lorenzo G. Formoso III
Joseph N. Pineda
John Paul L. Ang
Antonette C. Tionko
Paola Sherina A. Alvarez
Jose Portugal Perez
Consuelo Ynares-Santiago

5) Ratification of Acts and Proceedings of the Board of Directors

Upon the request of the Chairman, the Assistant Corporate Secretary presented the Acts of Management for the year ended 31 December 2020. Copies of the presentation were furnished to the stockholders prior to the meeting, and a copy thereof is appended to these minutes by reference. The Corporate Secretary gave a brief summary of the acts of management for approval, as follows:

(i) Acts approved at the regular meeting of the Board held on 3 March 2020

- BD Res. No. 01-2020 – Approving the declaration of a cash dividend in the total amount of P580,000,000.00, to be paid out of the retained earnings of the Corporation as of December 31, 2019
- BD Res. No. 02-2020 – Approval of the Audited Financial Statements of for the year ended 31 December 2019, and designating the signatories to related documents
- BD Res. No. 03-2020 – Approval of the setting of 1 April 2020 as the record date for the purpose of determining the stockholders entitled to notice of and attendance at the Annual General Meeting to be held on May 2019
- BD Res. No. 04-2020 – Approving the setting of 5 May 2020 as the new record date for the purpose of determining the stockholders entitled to notice and attendance at the Annual General Meeting and the resetting of the Annual General Meeting to either (a) any day falling within sixty (60) days from 14 May 2020, or (b) any day falling within sixty (60) days from

the date of formal lifting of the Extended ECQ, or any further extensions, whichever is later, provided that the prevailing circumstances shall safely allow the holding of the same.

(ii) Acts approved at the organizational meeting held on 28 July 2020

- Electing the officers for the current year
- BD Res. No. 05-2020 - Appointment of the Compliance Officer, Corporate Information Officer (CIO) and Deputy CIO
- BD Res. No. 06-2020 – Appointing the chairpersons and members of the Corporate Governance Committee, Audit and Risk Oversight Committee, Related Party Transaction Committee and Finance Committee
- BD Res. No. 07(a)-2020 to 7(x)-2020 – Granting general authority for the Company to engage in transactions in the routine and ordinary course of business of the Company and designating the authorized signatories and setting the signing parameters for the said transactions
- BD Res. No. 08-2020 – Approval of the Revised Manual on Corporate Governance

(iii) Acts approved at the regular meeting held on 28 September 2020

- BD Res. No. 9-2020 – Approving the supplemental capital expenditure (CAPEX) budget for the year 2020 the amount of PhP23,650,323.00
- BD Res. No. 10-2020 – Approving the Company's closure of its operating accounts with the Philippine National Bank

(iv) Acts approved at the regular meeting held on 27 November 2020

- BD Res. No. 11-2020 – Approval of the capital expenditures (CAPEX) and operating expenditures (OPEX) budget of the Corporation for the year 2021
- BD Res. No. 12-2020 – Approval of the Company's Code of Business Conduct and Ethics
- BD Res. No. 13-2020 – Approval of the Company's Board Committee Charters (Corporate Governance Committee Charter, Audit and Risk Oversight Committee Charter, Internal Audit Charter and Related Party Transaction Committee Charter)
- BD Res. No. 14-2020 – Authorizing the renewal of the Salary Loan Facility with the Bank of Commerce, designating the signatories of the Corporation therefor
- BD Res. No. 15-2020 – Acceptance and confirmation by the Board of the general terms and conditions in relation to the approval by the Board of Investments' approval of the TR4 Project on a Non-Pioneer Status

(v) Acts approved at the special meeting held on 10 December 2020

- Approval of the amendment of the Articles of Incorporation and By-Laws of the Corporation by changing the name of the Corporation to SMC SLEX

Inc. and the principal office to 11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City.

- Election of New Officers
- Appointment of new members in the Audit and Risk Oversight Committee and in the Finance Committee
- Approval of the amendment of the designated authorized signatories who were granted general authority for the Company to engage in transactions in the routine and ordinary course of business of the Company on July 28, 2020

Upon motion duly made and seconded, there being no objections, the ratification of the acts of the Board of Directors for the year ended 31 December 2021 was unanimously approved and adopted by the stockholders representing at least a majority of the issued and outstanding capital stock of the Corporation.

5) Presentation and approval of the Audited Financial Statements for the year ended 31 December 2020

Ms. Noellie R. Majarucon presented the audited financial statements for the year ended 31 December 2020, together with a summary of the significant items thereof. Copies of the audited financial statements and presentation were furnished the stockholders prior to the meeting, and are made integral parts of these minutes by reference.

Highlights of the statements of comprehensive income for the year ended 31 December 2020 are as follows:

- Traffic volume decreased by 25% from 2019
- Decreased toll revenue by 27%, from P6.2 billion to P4.6 billion
- Increase in cost and expenses mainly due to higher O&M fee due to contractual increase of P20 million and reimbursement of P48.7 million for COVID related expenses
- Lower interest and other financing charges of P68.7 million mainly due to settlement of retail bonds offset by lower interest and security facility income by P108.3 million
- Operating income decreased by 40% due to decrease in toll revenue
- Decrease in EBITDA – 35%
- Total comprehensive income decreased by 44%

Highlights of the financial position for the year ended 31 December 2020 are as follows:

- Decrease in cash - Lower cash balance after payment for matured bonds, income tax, capital expenditures and dividends
- Increase in receivables mainly on ROW advances of P230.2 million
- Service concession rights - enhancement cost of P112.2 million, TR4 cost of P190 million and capitalized depreciation of P5.4 million; offset by amortization of P560.0 million
- Additional toll and other equipment amounting to P71.4 million, offset by depreciation of P101 million and capitalized depreciation of P5.4 million

- Decrease in advances to contractors - lower due to recoupment
- Liabilities and Equity:
 - Current liabilities - higher mainly due to inter-concession payable to CMMTC, amount due to MATES for COVID related expenses and cost of the cashless transactions project
 - Long-term debt
 - Current - settlement of bonds on Aug. 2020
 - Noncurrent - bonds payable in 2022 and 2025, presented net of debt issuance costs
 - Higher noncurrent provision for resurfacing – increased due to higher accrual for the 5 years maintenance forecast
 - Movement in retained earnings pertain to net income of P1.8 billion and dividend declaration of P580 million

Lastly, it was reported that the Company is compliant with its financial covenants as at and for the period ended 31 December 2020.

After the report, the Chairman of the Audit Committee, Hon. Consuelo Ynares-Santiago, manifested that the Audit Committee has reviewed the audited financial statements and is recommending its approval by the stockholders.

Upon motion duly made and seconded, and there being no objections, the following resolution was unanimously approved and adopted:

“RESOLVED, that the stockholders representing at least a majority of the issued and outstanding capital stock of the SMC SLEX Inc. (the ‘Corporation’) approves, as it so hereby approves, the Audited Financial Statements of the Corporation for the year ended 31 December 2020, as presented to the stockholders at its annual meeting held on 13 May 2021”

6) Appointment of external auditor for the financial year ending 31 December 2021

The meeting proceeded to the appointment of the external auditor for the financial year ending 31 December 2021. Hon. Consuelo Ynares-Santiago, chairperson of the Audit Committee, manifested that the committee is recommending the appointment of the auditing firm Reyes Tacandong & Co. as the external auditors of the Corporation for the financial year ending 31 December 2021.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved and adopted by the stockholders representing at least a majority of the issued and outstanding capital stock of the Corporation:

“RESOLVED, that stockholders representing at least a majority of the issued and outstanding capital stock of SMC SLEX Inc. (the ‘Corporation’) appoint, as they so hereby appoint, the auditing firm of Reyes Tacandong & Co. as the external auditor of the Corporation for the audit of the financial statements of the Corporation for the financial year from 1 January to 31 December 2021.”

7) **Adjournment**

There being no other matters to discuss, the meeting was adjourned.

The voting results for each Agenda Item is set out in the attached Annex "A" hereof.

ATTEST:

RAMON S. ANG
Chairman/Director

JOSE C. LAURETA
Corporate Secretary

Voting Results of each Agenda Item of the
Annual Meeting of the Stockholders of
SMC SLEX Inc.
held on 13 May 2021

Agenda Item	Percentage of Outstanding Shares Voted For the Approval of the Agenda Item
Approval of the Minutes of the Annual Stockholders' Meeting held on July 28, 2020 and the Special Stockholders' Meeting held on February 8, 2021	100%
Election of the Board of Directors For each of Ramon S. Ang, Jose P. de Jesus, Aurora T. Calderon, Mario K. Surio, Lorenzo G. Formoso III, Joseph N. Pineda, John Paul L. Ang, Antonette C. Tionko, Paola Sherina A. Alvarez, Consuelo M. Ynares-Santiago, and Jose Portugal Perez	100%
Approval of the Acts and Proceedings of the Board of Directors and Corporate Officers for the year ended 31 December 2020	100%
Approval of the Audited Financial Statements for the year ended 31 December 2020	100%
Appointment of External Auditors	100%