

**MINUTES OF THE  
ANNUAL SHAREHOLDERS' MEETING  
OF IONICS, INC.**

Held on 21 May 2021  
Via Remote Communication (Zoom)

**STOCKHOLDERS PRESENT/REPRESENTED**

Please refer to Annex "A"

**I. CALL TO ORDER**

The Chairman, Mr. Lawrence C. Qua, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Manuel R. Roxas, recorded the minutes of the proceedings.

**II. PROOF OF NOTICE OF MEETING**

The Corporate Secretary certified that in accordance with Rule 20 of the Securities Regulation Code and SEC Notice dated March 16, 2021, notice of the meeting was published in online and printed format on April 29, 2021 to April 30, 2021 in the Philippine Daily Inquirer and The Manila Times. Affidavits of Publication to this effect were executed by Mr. Buenaventura R. Arcano, Jr. and Ms. Carmina Lourdes B. Dineros of the Philippine Daily Inquirer and The Manila Times, respectively, the publishing companies utilized by the Corporation to publish the notice. The Notice of Meeting was also posted in the Corporation's website.

**III. CERTIFICATION OF QUORUM**

The Corporate Secretary certified that based on the attendance record and the proxies and powers of attorney on hand, present in person and represented by proxy were a total of Five Hundred Twenty-Eight Million Two Hundred Eighty Thousand Four Hundred Thirty-Six (528,280,436) shares or 63.10% of the Eight Hundred Thirty-Seven Million One Hundred Thirty Thousand Nine Hundred Ninety-Two (837,130,992) total outstanding shares.

He thus certified that a quorum existed for the valid transaction of business.

**IV. READING AND APPROVAL OF THE MINUTES OF THE  
PREVIOUS STOCKHOLDERS' MEETING HELD ON 20 AUGUST 2020**

The Chairman proceeded to the next item in the agenda which was the reading and approval of the minutes of the previous meeting of the shareholders held on 20 August 2020.

Since the stockholders were fully apprised of the salient matters approved in the previous meeting, the reading of the minutes of the last annual stockholders' meeting was dispensed with.

Based on the total votes received, a total of 424,218,250 shares voted in favor of approving the Minutes of the 2020 Annual Stockholders Meeting as appearing in the minutes book of the Corporate Secretary while 104,062,186 shares abstained from voting on the matter.

**V. REPORT OF MANAGEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2020**

The President and Chief Executive Officer, Mr. Lawrence C. Qua, delivered the Management Report for the year 2020.

He began by reporting that the government-imposed lockdowns in the late First Quarter of 2020 to stem the spread of the Covid-19 pandemic, which resulted in labor shortages, public transport stoppages and logistical delays, had an adverse impact on factory operations and manufacturing output.

Restrictions on export manufacturers were relaxed during the second half of the year but the output could not catch-up and mitigate the earlier underutilization and low capacity. With these developments, Ionics Inc. and its subsidiaries posted an overall decline of 11% in its gross revenue of \$53.7 million in 2020 from \$60 million in 2019. The consolidated net income likewise dropped to \$480,000 from the preceding year of \$3.8 million attributable to the equity holders of Ionics Inc.

Ionics EMS Inc. ("EMS"), the major operating subsidiary in electronics manufacturing services, experienced a decrease in its sales of 10% to \$50.3 million in 2020 from \$56.1 million in 2019. It further incurred a net loss after tax of \$546,000 in 2020, a 120% drop from its net income of \$2.6 million during the prior year. EMS incurred high incremental expenditures to comply with government-imposed health protocols. The cost of shuttling employees to and from the factory tripled due to social distancing and seating restrictions. Were it not for these additional costs, EMS could have yielded a modest profit.

Iomni Precision Inc. ("Iomni"), the precision plastic fabricators subsidiary, and Ionics Circuits Inc., the venture capital subsidiary, registered losses of \$134,000 and \$2,900, respectively.

Ionics Properties, Inc., the real estate holdings subsidiary, and a consistent performer, slipped in its net income after tax of \$1 million in 2020 relative to the \$1.2 million recorded in 2019. Its continued profitability, however, enabled Ionics Inc. and its subsidiaries to maintain a positive consolidated bottom line amid the challenging year.

Mr. Qua also reported that the balance sheet of Ionics, Inc. remained strong. The year 2021 is expected to be a recovery year for most businesses including the electronics

industry. He noted, however, that there has been an adverse disruption in the supply chain since May 2020 as a result of the tariff war between the United States and China. This, he observed, will hamper the flow of critical electronic components and mechanical parts, thus delaying the delivery of raw materials by months and pushing out the production of new products. Global clients have learned to diffuse the geographical concentration of sourcing to favor alternative suppliers to reduce shipping costs. Amid the pain and loss of 2020, the global pandemic drove disruption to be a positive technological game changer.

Mr. Qua noted that the unprecedented scope and speed of change has accelerated digital adaptation by five years in just a year of lockdown. Every business, big and small, has become “tech savvy”. The millennial generation is disruption epitomized.

In conclusion, Mr. Qua said that as a technological group of companies, Ionics Inc. and its subsidiaries will move on with forward thinking. The Corporation will challenge its current ways of working and will remain ahead of its competitors.

After the report of Mr. Qua, the total compensation received by each of the members of the Board of Directors during the year was presented to the stockholders in compliance with Sections 29 and 49 of the Revised Corporation Code.

Mr. Guillermo D. Luchangco, a member of the Board of Directors, commented that the reported compensation only covered the compensation received by the members of the Board by virtue of their directorship but did not include the salaries received by those directors who are also part of Management.

The Corporate Secretary then presented the proposed resolution for the notation and approval of the Corporation’s 2020 Annual Report, together with the Audited Financial Statements for the period ending December 31, 2020.

With 104,062,186 shares abstaining and a total of 424,218,250 shares voting in favor, the following resolution was approved:

“**RESOLVED**, That the Management Report as reflected in the Annual Report, together with the financial statements for the period ending 31 December 2020, be, as it is hereby, noted and approved.”

**VI. RATIFICATION OF ALL ACTS, RESOLUTIONS AND INVESTMENTS OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND OFFICERS OF THE CORPORATION**

The Chairman proceeded to the next item on the agenda which was the ratification of all the acts, proceedings, and resolutions of the Board of Directors, Executive Committee and Officers of the Corporation from the date of the last annual stockholders’

meeting up to the present as reflected in the minutes of the meetings of the Board of Directors.

A summary of significant transactions undertaken by the Board was provided in the Information Statement distributed to the stockholders and was likewise presented during the meeting.

The Corporate Secretary presented the proposed resolution for the ratification of all acts, resolutions and investments of the Board of Directors, Executive Committee and the officers of the Corporation. With 104,062,186 shares abstaining and a total of 424,218,250 voting in favor of the proposed resolution, the following was approved:

**“RESOLVED**, That all acts, resolutions and investments approved by the Board of Directors, Executive Committee and the Officers of the Corporation for the year 2020 in so far as the same are reflected in the minutes book of the Corporate Secretary, be as they are hereby, approved, confirmed and ratified.”

## **VII. ELECTION OF DIRECTORS**

The Corporate Secretary reported on the nominees approved by the Nomination Committee for the year 2021-2022, as follows:

Lawrence C. Qua  
Alfredo R. de Borja  
Virginia Judy Q. Dy  
Guillermo D. Luchangco  
Meliton C. Qua  
Raymond C. Qua  
Lilia B. De Lima  
Cecilia Q. Chua  
Monica S. Villonco  
Medel T. Nera  
Ricardo L. Moldez

Mr. Alfredo R. de Borja, Mr. Medel T. Nera and Ms. Lilia B. de Lima were nominated as independent directors.

The Corporate Secretary also reported that while Mr. Alfredo R. de Borja has served the allowed cumulative term of nine (9) years as independent director under the Code of Corporate Governance for Publicly-Listed Companies he was however re-nominated as independent director for the term 2021-2022 as his in-depth knowledge of the Corporation's business as well as that of its subsidiaries which he acquired during his tenure as an independent director. The highly technical nature of the Corporation's operations and the industry to which it belongs requires the specialized knowledge which

Mr. de Borja possesses. The Nomination Committee believes that retaining Mr. de Borja as an independent director will be instrumental in attaining the Corporation's goals for the ensuing year and it is to the best interest of the Corporation if Mr. de Borja is re-nominated and re-elected.

Since there were only eleven (11) nominees to the Board of Directors and the nominees to the eleven (11) available seats all received votes in their names, it was proposed that the eleven (11) nominees be proclaimed as duly elected directors of the Corporation, to serve as such until the election and qualification of their successors.

The following resolution was approved:

**“RESOLVED**, to elect the following as Directors of the Corporation to serve as such until the election and qualification of their successors:

Lawrence C. Qua  
Alfredo R. de Borja  
Virginia Judy Q. Dy  
Guillermo D. Luchangco  
Meliton C. Qua  
Raymond C. Qua  
Lilia B. De Lima  
Cecilia Q. Chua  
Monica S. Villonco  
Medel T. Nera  
Ricardo L. Moldez

#### **VIII. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman of the Audit Committee, Mr. Medel T. Nera, discussed the appointment of the Corporation's External Auditor for the ensuing year. Mr. Nera reported that after considering the quality of its audit work for the past years, the reasonableness of its fees and its reputation, the Audit Committee recommended the reappointment of Sycip Gorres Velayo & Co. (SGV and Co.) as External Auditor of the Corporation for the year 2021-2022.

The Corporate Secretary presented the proposed resolution on this matter. With 49,187,988 shares abstaining and a total of 479,092,448 shares voting in favor of the proposed resolution, the following was approved:

**“RESOLVED**, that the Corporation be, as it is hereby, authorized to appoint Sycip Gorres Velayo & Co. (SGV & Co.) as the External Auditor for the year 2021-2022.”

**IX. ADJOURNMENT**

There being no further business to transact and inquiries to address, the meeting was adjourned.

**MANUEL R. ROXAS**  
Corporate Secretary

ATTEST:

**LAWRENCE C. QUA**  
Chairman of the Meeting

**Annex "A"**

<b>Present in Person</b>	49,187,988
<b>Present by Proxy</b>	<u>479,092,448</u>
<b>TOTAL</b>	<b>528,280,436</b>
<b>Total Issued and Outstanding</b>	837,130,992
<b>Present</b>	528,280,436
<b>Percentage Present</b>	<b>0.6310606</b>

Prepared by:

**KRISHA F. VILLANUEVA**  
Assistant Corporate Secretary