

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

Held on 14 June 2024  
Via Remote Communication (Zoom)<sup>1</sup>

**ATTENDANCE**

Please refer to Annex "A"

**I. CALL TO ORDER**

The Chairman, Mr. Alfredo R. de Borja, 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 the Notice of the Securities and Exchange Commission (the "SEC") dated February 23, 2024, the notice of the meeting was published in online and printed format on May 22 and May 23, 2024 in The Philippine Daily Inquirer and in The Manila Bulletin. Affidavits of Publication to this effect were executed by the authorized representatives of the publishing companies utilized by the Corporation to publish the notice. The Notice of Meeting was also posted in the Corporation's website and in its PSE EDGE profile. The Corporate Secretary therefore certified that the Notice of Meeting was duly provided to all stockholders of record.

**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 Four Hundred Forty Six Million Seven Hundred Sixty Two Thousand Four Hundred Seventy Seven (446,762,477) shares or 53.37% of the Eight Hundred Thirty Seven Million One Hundred Thirty Thousand Nine Hundred Ninety-Two (837,130,992) total outstanding shares of the Corporation.

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

At the request of the Chairman, the Corporate Secretary discussed the voting rights, rules of conduct and voting procedure for the annual stockholders' meeting. As explained by the Corporate Secretary, stockholders who completed the registration and

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<sup>1</sup> On March 8, 2024, the Board of Directors approved the conduct of the Annual Stockholders' Meeting of the Corporation via remote communication through the Zoom videoconference application.

verification procedure on or before June 11, 2024 were included in determining the quorum for the meeting and were allowed to attend and participate in the meeting. Furthermore, stockholders who wished to inquire about the matters to be discussed at the meeting were requested to send their questions to [Ioncorp.agm@ionics-ems.com](mailto:Ioncorp.agm@ionics-ems.com) on or before June 11, 2024. Queries relevant to the items in the Agenda and which the Corporation received on or before June 11, 2024 would be addressed during the meeting, and all other questions which the Corporation received but were not able to address during the meeting due to time constraints or any other reason would be replied to by the Corporation through email.

The Corporate Secretary also explained that stockholders who had completed the registration and verification procedure were given the opportunity to vote by sending their proxies or voting forms no later than June 11, 2024. The votes were tabulated and the results of which would be reported throughout the meeting. The Corporate Secretary also reminded the attendees that the annual stockholders' meeting was being recorded in vide and audio format in compliance with the requirements of the Securities and Exchange Commission.

#### **IV. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING HELD ON 15 JUNE 2023**

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 15 June 2023.

In reply to the Chairman's query, the Corporate Secretary explained that a copy of the minutes of the previous meeting was posted in the Corporation's website, and that the results of the previous meeting were disclosed to the Philippine Stock Exchange. A summary of the matters discussed was also included in the Information Statement of the Corporation.

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.

The Corporate Secretary reported that the Corporation did not receive any query as regards the minutes of the previous annual stockholders' meeting.

Based on the total votes received, a total of 424,218,250 shares voted in favor of approving the Minutes of the 2023 Annual Stockholders' Meeting as appearing in the minutes book of the Corporate Secretary. The Corporation did not receive any dissenting vote while 22,544,227 shares abstained from voting on the matter. With the affirmative vote of stockholders owning more than a majority of the outstanding shares present in the meeting, the minutes of the previous annual stockholders' meeting held on June 15, 2023 were approved.

## **V. REPORT OF MANAGEMENT FOR THE FISCAL YEAR 2023**

### *Chairman's Message*

The Chairman paid tribute to the late Mr. Lawrence C. Qua, the Founder and former Chairman, President and Chief Executive Officer of the Corporation who passed away in October 2023. The Chairman acknowledged that Mr. L. C. Qua left a legacy of highly skilled workers and an experienced, motivated and technically competent management team who will be able to continue his mission. The Chairman also expressed his deepest condolences to the family of Mr. L. C. Qua.

The Chairman also apprised the stockholders of the changes in the Management and in the Board of Directors of the Corporation resulting from the passing of Mr. L. C. Qua. Mr. Raymond C. Qua was appointed President and Chief Executive Officer of the Corporation and of Ionics EMS, Inc. ("EMS"), the Corporation's subsidiary engaged in manufacturing components. Mr. Earl Lawrence S. Qua and Mr. Jay A. Chavez were elected to the Board of Directors of the Corporation to fill two (2) vacancies. Mr. Chavez was also appointed Executive Vice-President of EMS. Mr. Medel T. Nera was appointed Chairman of the Board of Directors of Iomni Precision, Inc. ("Iomni") which is engaged in manufacturing plastic components for electronic products. Ms. Judy Qua continued as President and CEO of Iomni. The Chairman added that a review of Iomni's future outlook was being undertaken.

The Chairman reported that on a consolidated basis, the performance of the Corporation and its subsidiaries for the year 2023 was mostly positive with an increase of 3.2% in its consolidated net income from \$4.5 million in 2022 to \$4.7 million in 2023.

He noted that 2024 was expected to be a challenging year as several customers of EMS expected slower sales which resulted in a reduction of orders. On a positive note, inflationary pressures for imported raw materials had levelled off and supply restrictions had eased. To counter price increases, Management undertook aggressive cost-cutting measures such as a reduction in manpower as well as indirect costs and other controllable expenses.

Furthermore, EMS's Research and Development Group made a major breakthrough in its product design and development activity with a Philippine company placing an initial order worth P100 million for a new product developed from the ground-up by EMS. The Chairman added that the product was not a consumer product and was not a typical item that EMS manufactures. The new product was expected to contribute substantial sales in the coming years since the market for it was largely unserved.

Ionics Properties, Inc. ("IPI") continued to be a significant contributor in the consolidated net income. IPI realized a net income of \$2.2 million in 2023. In addition to its income, IPI's real estate holdings continued to appreciate healthily.

Lastly, the Chairman expressed his appreciation to the customers, directors, officers, employees, managers and stockholders of the Corporation for their support.

### *Management's Plan for 2024*

Mr. Jay A. Chavez was called upon to provide an overview of Management's plans for the year 2024.

Mr. Chavez reported that Management's focus areas included implementing cost management strategies, enhancing automation, expanding sales network and advancing research and development in artificial intelligence ("AI").

Management was committed to optimizing operations to reduce waste, improve energy efficiency and rationalize the organizational structure. It aimed to secure competitive pricing through strategic sourcing, and tighten budgeting processes to improve financial performance and maintain a strong balance sheet.

Additionally, Management was improving manufacturing efficiency by increasing automation in the box-build process. The increase in automation was expected to boost revenue per employee and would demonstrate the Corporation's ability to do more with less.

With respect to sales, Management was growing the Corporation's sales network and expanding its market presence by partnering with sales representatives in key global markets. These partnerships were a key to securing new contracts and diversifying the Corporation's customer base. Management also developed a four-pronged approach specifically for the US market in order to increase sales and strengthen the Corporation's position in North America.

On the R&D front, Management was building on the recent successes with Industry 4.0 by developing a framework to integrate AI into the manufacturing processes. By leveraging AI and machine learning, Management expected to enhance operational efficiency and increase value to customers. When applied effectively, these technologies should significantly boost the Corporation's productivity in the coming years.

Mr. Chavez concluded that by implementing these action plans, the Corporation was well-equipped to navigate the current global challenges and continue making progress.

The Chairman requested for a more detailed explanation on what AI could do for the Corporation. Mr. Chavez explained that implementing AI in manufacturing was not a matter of getting an advantage but a matter of survival. Management created a framework on how to implement AI in manufacturing and it was finding the specific areas which would provide the Corporation with quick wins, such as automating report generation thereby enabling the Corporation's engineers and staff to focus on analysis rather than preparation of reports; optimization of plans and outputs of the enterprise resource planning (ERP) process; and vision augmentation which could be used in inspecting products and processes.

The Chairman asked whether the software for AI would be bought or whether it would be developed in-house. Mr. Chavez replied that as much as possible, the Corporation would use open-source data models.

The Chairman also inquired whether the Corporation had a budget for the upgrading of its equipment. Mr. Chavez replied that Management was focused on the automation of back-end processes and there were projects in the sales pipeline which would be presented as return-on-investment projects such that the savings would be used to pay for the investment.

Ms. Lilia B. de Lima asked whether the Corporation had the option to lease equipment instead of purchasing them. Mr. Chavez replied that the Corporation's strategy had always been to buy its own equipment but through a leasing facility.

In reply to the Chairman, the Corporate Secretary reported that other than the questions raised during the meeting, the Corporation did not receive any inquiry from the stockholders in relation to the Management Report. There being no questions from the stockholders, the Corporate Secretary presented the proposed resolution for the notation and approval of the Corporation's Annual Report, together with the Audited Financial Statements for the period ending December 31, 2023.

With 22,544,227 shares abstaining, no dissenting vote 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 December 31, 2023, be, as it is hereby, noted and approved.”

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

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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 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 presented during the meeting.

After confirming that the Corporation did not receive any queries from the stockholders with respect to the significant transactions undertaken by the Board of Directors and officers of the Corporation, the Corporate Secretary presented the proposed resolution for the ratification of all acts, resolutions and investments of the Board of Directors and the officers of the Corporation. With 22,544,227 shares abstaining, no votes dissenting, and a total of 424,218,250 shares voting in favor of the proposed resolution, the following was approved:

**“RESOLVED,** That all acts, resolutions and investments approved by the Board of Directors and Officers of the Corporation from the date of the last annual stockholders’ meeting up to the present in so far as the same are reflected in the minutes book of the Corporate Secretary, be, as they are hereby, approved, ratified and confirmed.”

## **VII. ELECTION OF DIRECTORS**

Ms. Lilia B. de Lima, Chairman of the Corporate Governance Committee, reported on the nominees to the Board of Directors for the year 2024-2025, as follows:

Alfredo R. de Borja  
Meliton C. Qua  
Raymond C. Qua  
Cecilia Q. Chua  
Earl Lawrence S. Qua  
Marie Lourdes Arsenia Q. Dy  
Guillermo D. Luchangco  
Jay A. Chavez  
Lilia B. De Lima  
Medel T. Nera  
Monica S. Villonco

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

Ms. de Lima 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 re-nominated as independent director for the term 2024-2025 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 were taken into account. The highly technical nature of the Corporation’s operations and the industry to which it belongs required the specialized knowledge which Mr. de Borja possessed. Retaining Mr. de Borja as an independent director would be instrumental in attaining the Corporation’s goals and it would be to the best interest of the Corporation if Mr. de Borja was re-nominated and re-elected.

The nominees received the following votes:

| <b>Name of Nominee</b> | <b>For</b>  | <b>Against</b> | <b>Abstain</b> |
|------------------------|-------------|----------------|----------------|
| de Borja, Alfredo R.   | 424,218,250 | 0              | 22,544,227     |
| Qua, Meliton C.        | 424,218,100 | 150            | 22,544,227     |
| Qua, Raymond C.        | 424,218,250 | 0              | 22,544,227     |
| Chua, Cecilia Q.       | 424,218,100 | 150            | 22,544,227     |
| Qua, Earl Lawrence S.  | 424,218,100 | 150            | 22,544,227     |

|                              |             |     |            |
|------------------------------|-------------|-----|------------|
| Dy, Maria Lourdes Arsenia Q. | 424,218,100 | 150 | 22,544,227 |
| Luchangco, Guillermo D.      | 424,218,100 | 150 | 22,544,227 |
| Chavez, Jay A.               | 424,218,100 | 150 | 22,544,227 |
| de Lima, Lilia B.            | 424,218,250 | 0   | 22,544,227 |
| Nera, Medel T.               | 424,218,249 | 1   | 22,544,227 |
| Villonco, Monica S.          | 424,218,100 | 150 | 22,544,227 |

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.

Mr. Guillermo D. Luchangco asked what the “against” vote meant in the election of directors. The Corporate Secretary replied that one shareholder who held 150 shares was against the election of some of the nominees. He explained that the said shareholder’s total number of votes was equivalent to 150 shares multiplied by eleven (11) Board seats.

The Corporate Secretary reported that the Corporation did not receive any inquiry regarding the nominees.

The following resolution was approved:

**“RESOLVED**, That the following be elected directors of the Corporation to serve as such until the election and qualification of their successors:

Alfredo R. de Borja  
Meliton C. Qua  
Raymond C. Qua  
Cecilia Q. Chua  
Earl Lawrence S. Qua  
Marie Lourdes Arsenia Q. Dy  
Guillermo D. Luchangco  
Jay A. Chavez  
Lilia B. De Lima  
Medel T. Nera  
Monica S. Villonco

#### **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 fiscal 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 2024-2025.

The Corporate Secretary confirmed that the Corporation did not receive any questions as regards the appointment of the external auditor and thereafter presented the proposed resolution on this matter. With 22,544,227 shares abstaining, no votes dissenting, and a total of 424,218,250 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 2024-2025.”

**IX. ADJOURNMENT**

Before the adjournment, the Chairman inquired whether the Corporation received additional questions in relation to the items in the Agenda to which the Corporate Secretary replied that the Corporation did not receive questions.

There being no inquiries from the stockholders present and no further business to transact, the meeting was adjourned.

Minutes prepared by:

**MANUEL R. ROXAS**  
Corporate Secretary



## **ANNEX A ATTENDANCE**

### **Stockholders**

Aqua Holdings Corporation (by proxy)  
Estate of Leonardo Siguion Reyna (by proxy)  
Ionics Properties, Inc. (by proxy)  
Julius Sanvictores  
Deutsche Bank  
Marie Lourdes Arsenia Q. Dy  
Manuel R. Roxas

### **Directors\***

Alfredo R. de Borja  
Raymond C. Qua  
Meliton C. Qua  
Virginia Judy Q. Dy  
Cecilia Q. Chua  
Earl Lawrence S. Qua  
Guillermo D. Luchangco  
Monica S. Villonco  
Lilia B. de Lima  
Medel T. Nera  
Jay A. Chavez

### **Management and Other Officers**

Ronan R. Andrade  
Rosalina G. Vicente  
Cesar G. Caubalejo  
Krisha F. Villanueva  
Abigail Cristobal  
Glen Amazona  
Celine Olbina

### **External Auditor**

Maria Antoniette L. Aldea  
Marsley B. Roxas

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\* All members of the Board are stockholders.

**COMPUTATION OF QUORUM**

|                                     |                    |
|-------------------------------------|--------------------|
| <b>Present in Person</b>            | 22,544,227         |
| <b>Present by Proxy</b>             | <u>424,218,250</u> |
| <b>TOTAL</b>                        | <b>446,762,477</b> |
| <br>                                |                    |
| <b>Total Issued and Outstanding</b> | 837,130,992        |
| <b>Present</b>                      | 446,762,477        |
| <b>Percentage Present</b>           | <b>53.37%</b>      |