

**MINUTES OF THE
ANNUAL SHAREHOLDERS' MEETING
OF IONICS EMS, 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 the requirements of the Securities Regulation Code and Article II, Section 8 of the Corporation's By-Laws, notice of the meeting was published in online and printed format on April 30, 2021 in The Business Times of Singapore. A Certification to this effect was executed by Ms. Armida Bongon of Xpress Print Pte. Ltd., Singapore, the publishing company utilized by the Corporation to publish the notice. The notice 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 Two Billion Four Hundred Thirty Six Million Six Hundred Ninety Six Thousand Six Hundred Twenty Seven (2,436,695,628) shares or 97.94% of the Two Billion Four Hundred Eighty Seven Million Eight Hundred Twenty Four Thousand One Hundred Seventy Six (2,487,824,176) 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 stockholders 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 2,436,625,615 shares voted in favor of approving the Minutes of the 2020 Annual Stockholders Meeting as appearing in the minutes book of the Corporate Secretary.

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

The Chairman, Mr. Lawrence C. Qua, delivered the Management Report for the year 2020.

He began by reporting that 2020 could have been a year of growth for the Corporation were it not for the Covid-19 pandemic. During the first three (3) months of the Enhanced Community Quarantine, public transport was totally shut down and only skeletal crew was allowed to work, hence, the utilization was low and manufacturing output in the factory was minimal.

The Corporation spent high incremental costs to install Covid-safe measures within its premises and track employee compliance to ensure the health and safety of its workforce. The production was restored and operation almost normalized during the second half of the year, but it could not mitigate the deficit incurred earlier. Further, the rebound was not fully sustained.

Mr. Qua also reported that the Corporation decreased its sales by 10% from \$56.1 million in 2019 to \$50.3 million in 2020. Gross profit also decreased from \$6.1 million in 2019 to \$3 million in 2020 due to the underutilization of the existing and newly-installed capacities, the Covid-19 related costs in complying with minimum health standards and the tripling of employee shuttling services.

The Corporation's operating expenses grew slightly to \$2.66 million in 2020 compared to \$2.6 million in 2019 due to the increase in salaries and benefits brought about by adherence to protocols related to Covid-19. Finance costs also climbed due to increased borrowings for machine acquisition and working capital requirements for new turnkey customers. With the foregoing, the Corporation booked a net loss after tax of \$546,000 in 2020 which was a turnabout of 120% from a net income of \$2.6 million in 2019.

The national situation continued to be challenging in the year 2021. The Corporation's thrust was to stabilize the manufacturing environment towards continuing expansion by assisting its customers with cost efficiencies and infusion of digital transformation. The demand of existing customers was positive. The severe shortage of key parts for the products of both the turnkey and the consignment customers, however, impacted adversely on the new product allowances.

Suppliers faced raw material inadequacy and longer component lead time. Regardless, the Corporation collaborated with customers, parts manufacturers and

distributors to mitigate the problem. The short-term focus of the Corporation was to expand existing customer requirements while the long-term growth strategy was to bring in new clients looking for alternative manufacturing location in Southeast Asia. The pipeline of these products remained strong. The Corporation retained its strength in telecommunication and networking equipment manufacturing and had acquired new customers in this industry.

Mr. Qua noted that there was an acceleration in medical technology centered on digital healthcare solutions and personal care services. New customers acquired in these sectors were slated to ramp-up swiftly within the year to meet increasing market demands. A further focus was in original design manufacturing (“ODM”) which enhanced strategy consisted of a full solution of hardware, software and artificial intelligence.

With the available capacity to be filled with growth and more expansion projected, Mr. Qua concluded that the Corporation was expected to have a better 2021

Thereafter, the Corporate Secretary 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. A total of 2,436,625,615 shares voted in favor of approving the following resolution:

“**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 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 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 and was likewise presented to the stockholders during the meeting.

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 a total of 2,436,625,615 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 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 as qualified to be directors of the Corporation for the year 2021-2022, as follows:

Lawrence C. Qua
Alfredo R. de Borja
Virginia Judy Q. Dy
Lilia B. de Lima
Guillermo D. Luchangco
Medel T. Nera
Meliton C. Qua
Raymond C. Qua
Monica Siguion Reyna Villonco

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 Public Companies and Registered Issuers, he was, however, re-nominated as independent director for the term 2021-2022 because of his in-depth knowledge of the Corporation’s business which he acquired during his tenure as an independent director. The highly technical nature of the Corporation’s operations and the industry in which it belongs requires the specialized knowledge which Mr. de Borja possesses. The Nomination Committee believed 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 he is re-nominated and re-elected.

Since there were only nine (9) nominees to the Board of Directors and the nominees to the nine (9) available seats all received votes in their names, it was proposed that the nine (9) 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
Lilia B. de Lima
Guillermo D. Luchangco
Medel T. Nera
Meliton C. Qua
Raymond C. Qua
Monica Siguion Reyna 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 careful deliberation, the Audit Committee endorsed to the Board 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. A total of 2,436,625,615 shares voted in favor of the following resolution:

“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 upon motion duly made and seconded, the meeting was adjourned.

MANUEL R. ROXAS
Corporate Secretary

ATTEST:

LAWRENCE C. QUA
Chairman of the Meeting

Annex "A"

Present in Person	70,013
Present by Proxy	<u>2,436,625,615</u>
TOTAL	2,436,695,628

Total Issued and Outstanding	2,487,824,176
Present	2,436,695,628
Percentage Present	97.94%

Prepared by:

KRISHA F. VILLANUEVA
Assistant Corporate Secretary