COURTESY TRANSLATION — This document is an English translation of the Chinese original, prepared by the Company for the convenience of non-Chinese readers and for reference only. It is not an official document of the Company. In the event of any discrepancy or inconsistency between this translation and the Chinese original, the Chinese original shall prevail.

Tong Ming Enterprise Co., Ltd.

Succession Planning for Board Members and Key Management

Succession Plan and Operations for Board Members

1. The Company's directors are elected by the shareholders meeting under the candidate nomination system in accordance with the Articles of Association and the Regulations for Election of Directors. The Board of Directors, or shareholders holding 1% or more of the shares, nominate suitable candidates for the next term from among the incumbent directors, senior managers, and outside professionals — based on the Company's operational and future development needs, the professional capabilities of available talent, and the diversity policy — so as to plan the optimal structure and composition of the Board.

2. To promote the sound development of the Board and strengthen corporate governance, succession candidates are planned with reference to the Company's Corporate Governance Best Practice Principles: the composition of the Board should take diversity into consideration — diversity of gender, diversity of age, and also of professional background (for example, business management, finance, accounting, law, information technology, environmental protection, and risk management) — and members should possess the knowledge, experience, skills, and qualities necessary to perform their duties. To attain the ideal goal of corporate governance, the Board as a whole should possess the following capabilities:

    1. Operational judgment.
    2. Accounting and financial analysis.
    3. Business management.
    4. Crisis management.
    5. Industry knowledge.
    6. An international market perspective.
    7. Leadership.
    8. Decision-making.

3. To strengthen the functions of the Board, the Company holds annual continuing-education courses for directors, in line with the characteristics of the Company's industry, the directors' needs, and future trends, and also arranges for senior managers to take part in the courses, so that they continually acquire new knowledge and possess the professional competence and qualities required for succession. In addition, so that senior managers understand how the Board operates, the Company regularly arranges for senior managers to attend Board meetings as observers, familiarizing them with the operating conditions of each unit and adding to their participatory experience.

4. To implement corporate governance and enhance the functioning of the Board, an internal Board performance evaluation shall be carried out at least once a year in accordance with the Company's Regulations Governing the Board of Directors Performance Evaluation. The performance evaluation mechanism ensures the effectiveness of the Board's operation, and the directors' performance evaluation results serve as a reference for the future nomination of directors for reappointment and the selection of new succession candidates.

Succession Plan and Operations for Key Management

1. In response to organizational development and the succession and handover needs of managers at all levels, each unit sets its supervisor grades and headcount allocation according to its business functions, scope of responsibility, importance, operational characteristics, and other such factors, as a reference for the cultivation, rotation, vacancy filling, and promotion of management talent. Each year the Company regularly reviews business operations and takes stock of supervisory manpower, to ensure smooth talent handover and uninterrupted business operation in every unit.
2. For the key-management succession plan, management talent is evaluated through day-to-day business execution, task assignments, project implementation, annual performance appraisals, and other such means. Those who show development potential in professional expertise, leadership, operational planning, decision-making judgment, cost control, and other such respects, who hold values and a business philosophy of integrity and honesty, and who can bring an enterprising spirit of challenge, innovation, and teamwork into play, are included in succession-candidate planning.
3. Succession candidates with potential continually improve their management skills and broaden their professional fields and international outlook by taking part in the Company's important business management meetings and management-competency training courses, progressively developing all-round business management capabilities so as to shoulder the important responsibility of carrying on sustainable operation.

The Company's current managerial officers each serve in key management positions in the Company's business divisions. Succession planning has been completed for all of them under the framework described above, with deputies designated and given training and development. Each year the President evaluates the managerial officers' performance, and promotions are made in accordance with the Company's development strategy, investment plans, and organizational staffing needs, and in consideration of each managerial officer's personal qualities.