

TOPBAND

Create an intelligent and bright future together



ESG

& Social Responsibility Report 2021

Shenzhen Topband Co., Ltd.



董事长寄语

CHAIRMAN MESSAGE

Dear shareholders and all friends who care about Topband:

Topband, a technology-based company, is committed to providing customers with intelligent control solutions with the core technology of "four electricity and one network", benefiting everyone.

All employees made hard efforts in 2021 in the face of many challenges from the external environment. Customers and suppliers gave great trust to us. Finally, the Company exceeded the revenue target set at the beginning of the year and ensured the supply to customers.

Co-creation and sharing of values, and common construction of sustainable ecology. For a long time, Topband has adhered to the core values of "accomplishing customers and achieving common development" and the concept of "equality, health, fairness and justice", and has been working with industrial chain partners to build sustainable development of ecology, achieving mutual benefit and common growth. In 2021, the supply side faced severe difficulties, i.e. the shortage of raw materials accompanied by the price increase. We formulated the priority supply guarantee strategy quickly to ensure the delivery of customer orders by stocking in advance and stock allocation at high prices, and provided supplier empowerment training. Although we lost some profits, we won the trust and support of customers and suppliers. The more difficult it is, the more responsibilities Topband should bear; Topband truly regards customers and suppliers as a community with a shared future, actively cooperating with partners sharing common values to create a healthier ecological environment.

Adhering to the value of technology and the development of the future market growth under innovation-driven strategy. Topband has always insisted on providing various intelligent solutions for sectors such as tools, household appliances, new energy and industry based on the core technology of "electronic control, motor, battery, power supply and Internet of Things platform ". In the past decade, the R&D investment of the Company accounted for about 7% of its operating revenues, and technology and product innovation boosted the performance growth of the Company continuously. In 2021, the innovative product platform of the Company grew rapidly, further consolidating its position in the intelligent control industry. The proportion of our independent and controllable business increased steadily. Many innovative products emerged, such as inverters, thermostats, cooking machines, lawn mowers and floor washers, contributing a steady stream of power to the future development of the Company. Topband has truly entered the business model of long-term development under innovation-driven strategy. There is no ceiling for the future development of the Company. As long as we firmly grasp the technology and product innovation, there will be no shortage of market, which is especially worthy of our pride.

Constant evolution of the organization and simulation of vitality to improve organizational capacity. Topband is a self-circulating and self-growing organic life body, which can adapt to the changes of the external environment quickly and grow continuously. In 2021, we reorganized the process and organization, reduced the decision-making level and determined the mission and vision of each organization, making everyone clear about their respective responsibilities and perform their own duties. We adhered to the employment philosophy of "respecting human nature, identifying needs, giving opportunities, giving full play to value, and achieving common development", and promoted more than 40 BU (Business Unit) general managers from successful practice, allowing more outstanding talents with great ambition, sense of mission and internal drive, market insight and determination, battle control ability and courage to take up management positions. At the same time, we strengthened the construction of cadre and key professional teams, integrated excellent resources and formed a reasonable talent structure to promote the value realization of employees and achieve common development of the Company and individuals. Organizational dividends have been gradually manifested with the improvement of organizational capacity, which will become the greatest wealth of the Company.

Looking forward to 2022, Topband is also welcoming new development opportunities with the development of society towards the trend of "intelligence, low carbonization, regionalization and short chain". The Company formulated a blueprint for the next ten years and strategies for each business unit for the next three years in 2021. To achieve our long-term goals, we will seize the historical opportunities of intelligence, scenarios and green and low carbon systems to innovate the business model actively, focus on independent innovation and provide customers with intelligent solutions through insight into the pain spots of users, scenarios and industries while building demand insight, resource integration and core platform capabilities. In 2022, we will seize business opportunities and further optimize internal management.

Seizing opportunities to lead industry growth. For mature business, we should go to the front end to gain insight into market opportunities, deeply understand customer needs, seize new opportunities constantly and strive for more orders to ensure the scale advantage of the Company. For growing business, we should improve our ability continuously and give full play to our existing advantages to incubate and market innovative products constantly and achieve commercial success. At the same time, we should continue to expand new tracks and open up new growth points, and finally achieve long-term strategic goals.

Optimization of internal management and improvement of operational efficiency. With the gradual diversification of the Company's business, in order to adapt to the ever-changing business structure and promote the faster development of business, we will deepen the business model of independent operation, clear responsibilities and effective supervision of different business under the control of the Group and the support of the platform, continue to consolidate the results of process reengineering, focus on customer satisfaction and the improvement of operational efficiency, insist on shifting the business focus forward, change the operation mode of middleground and background functions actively, and meanwhile promote the improvement of digitalization, intelligent manufacturing and integrated supply chain continuously to make different businesses grow healthily on the platform of the Company.

Facing the future, the fearless Topband staff will continue to uphold the customer-centered concept and create value for society under the guidance of entrepreneurship. Let's go forward hand in hand, contribute our strength to the intelligent and low-carbon society, and create an intelligent and bright future together.

Chairman of Shenzhen Topband Co., Ltd.

Wu Yongqiang

March 22, 2022



披露报告规范

DISCLOSURE REPORT SPECIFICATION

Description of the Report

This report was the second social responsibility report issued by Shenzhen Topband Co., Ltd. since its listing, and it was released with the company's Annual Report 2021. This report was reviewed and approved at the twenty-first meeting of the seventh session of the board of directors of the company held on March 18, 2022.

Time range

From January 1, 2021 to December 31, 2021. In order to enhance the comparability and completeness of the Report, some contents contain appropriate references to previous years.

Body of the Reporting

The scope of this Report covers Topband and its holding subsidiaries and branches.

Compilation basis

This report was prepared in accordance with the No. 1 Guidelines for the Self-supervision of Listed Companies on the Shenzhen Stock Exchange - Standard Operations of Companies Listed on the Main Board, the Disclosure Requirements for Social Responsibility Reports of Listed Companies on the Shenzhen Stock Exchange, the Guidance on Social Responsibility Report of Chinese Enterprises issued by the Chinese Academy of Social Sciences, the Global Sustainability Reporting Standards (GRI Standards) of the Global Sustainable Development Standards Committee and in light of the actual situation of the company.

Data source and reliability

The financial data in this Report are from the audited financial report of the Company, and other data are from the data provided by the relevant departments of the Company. Unless otherwise stated, the currency amounts mentioned in this Report are denominated in RMB.

Release method

The Report is issued annually in both print and electronic formats.

An electronic version can be downloaded from the Company's website <http://www.topband-e.com/>. The languages used in the Report are Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Discrepancy handling

This report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Interpretation

| Term | Mean | Definitions |
|----------------------------------------------|------|-------------------------------------------------|
| The Company, Topband, Topband Shares | Mean | Shenzhen Topband Co., Ltd. |
| yuan, ten thousand yuan and 100 million yuan | Mean | Yuan, 10,000 yuan, 100 million yuan |
| Huizhou Topband | Mean | Huizhou Topband Electrical Technology Co., Ltd. |
| Topband Battery | Mean | Shenzhen Topband Battery Co., Ltd. |



Company profile

I. Company information

Shenzhen Topband Co., Ltd. (Stock abbreviation: Topband; Stock code: 002139), was established in 1996. In the past 26 years since its establishment, it has focused on the intelligent control industry, accumulated technical experience and product solutions around intelligent control business, and formed a comprehensive technology system of "four electrics and one network" (electronic controls, motors, batteries, power supplies and IoT) covering four industries of home appliances, tools, new energy and industry, providing intelligent control solutions for downstream machine manufacturers. Based on its good reputation and brand awareness in the intelligent control industry, it has become the world's leading provider of intelligent control solutions, the leader of intelligent control business in the industry of home appliances and tools, and the innovator of lithium batteries and industry.

By the end of 2021, Topband has 8,445 employees, occupying a total area of nearly 530,000 square meters at home and abroad. The revenue has increased from 468 million yuan in 2007 (listed) to 7.767 billion yuan in 2021, achieving a more than 16-fold growth. Topband has initially formed an international layout of "Based on China, going International, and close to customers". The R&D headquarters is located in Shenzhen, China, and Huizhou is the company's main production base. In 2021, the company's Ningbo factory was initially trial-produced. The Vietnam factory and the Indian factory have steadily expanded production, the overseas factories in Mexico and Romania have been established in an orderly manner, and the international offices in North America and Europe have been operating smoothly. The international layout not only satisfies our agile response to customers, but also lays the foundation for the company's growth in overseas markets.

II. Mission and vision

Mission

Innovate in intelligent control technology, create value for customers and benefit everyone

Vision

To be a global leading and honored provider of intelligent control technology



III. Key performance indicators in 2021



Revenue:

7.767 billion yuan



Increase by 39.69%



R&D investment:

0.56 billion yuan



Increase by 41.02%



Total tax:

0.193 billion yuan



Increase by 14.79%



Total assets:

9.607 billion yuan



Increase by 41.81%



Net assets:

5.117 billion yuan



Increase by 45.59%



Asset-liability ratio:

46.74%



Decrease by 1.46

PCT



Customer satisfaction:

88%



R & D personnel:

More than 1,500



Increase by 17.62%

IV. Events in 2021

Business development events

(1) In March 2021, Topband made a stage pose at AWE and won two awards.

Topband (002139.SZ) made a grand appearance again at AWE2021 (Appliances & Electronics World Expo in 2021), one of the three major home appliance exhibitions in the world. At the exhibition site, Topband highlighted solutions for different scenarios for the audience, and attracted many customers with its innovative products and industry-leading technologies for visit and in-depth understanding. The star exhibit, the intelligent closetool control solution of Shenzhen Topband Co., Ltd., won two major industry awards, "AWE Intelligent Technology Award" and "Golden Nail Award" in China's home appliance industry chain.



(2) In April 2021, Topband passed the ISO/IEC 27001 information security management system certification.

On April 13, Zhou Hanming, the General Superintendent of SGS Shenzhen, Eastern Guangdong and Hainan, issued ISO/IEC 27001 information security management system certificate to Shenzhen Topband Co., Ltd. and Shenzhen Topband Software Technology Co., Ltd.



IV. Events in 2021

(3) In April 2021, Topband cooperated with the Shanghai Cooperation Organization to build a new ecosystem for intelligent development.

The International Investment and Trade Expo of Shanghai Cooperation Organization in 2021 and the Local Economic and Trade Cooperation Qingdao Forum of Shanghai Cooperation Organization were held at the Fangyuan Sports Center in Jiaozhou City from April 26 to 28. Due to the good cooperative relationship, Topband was also invited to attend the SCO Expo. At the exhibition site, Wu Yongqiang, the Chairman of Topband, was interviewed by reporters.

As the world's leading provider of intelligent control solutions, Topband, on the basis of common interests, signed a cooperation agreement with the Local Economic and Trade Cooperation Demonstration Zone of Shanghai Cooperation Organization in February 2021, to clarify the basic rights and responsibilities of both parties and lay a good foundation for in-depth cooperation in the future. Both parties would, in accordance with the principles and directions determined in the agreement, give full play to the strategic synergy effect, further expand the breadth and depth of cooperation, establish a closer cooperative partnership, and promote the realization of higher levels of mutual benefit and win-win results. Both parties will make full use of their strategic synergies in accordance with the principles and direction set forth in the agreement.



(4) In May 2021, Topband established the European Office & North America Office, consolidating the international layout.

In May 2021, Topband set up offices in Europe and North America, further serving global customers and improving the level of international operations. The European Office and the North American Office were used as the company's platform, serving various business units. Their main responsibilities include regional marketing research, overseas platform construction, local sales and customer support, and other work authorized by the company.

Since its operation for more than half a year, the two offices have established close ties with the company headquarters and various business units, and have made remarkable achievements in assisting each business unit in local market research, local customer visits, acquisition of clues and business opportunities, and order conversion. The year-end satisfaction survey shows that the overall satisfaction rate of the two new offices exceeds 90%, and the establishment of an international office will further boost the company's international operation level.

IV. Events in 2021

(5) In September 2021,

Topband based in Romania, to take root in Europe

On September 15, 2021, Topband Smart Europe Company Limited registered in Bucharest, the capital of Romania. Subsequently, the company officially signed the plant rental agreement on November 1, 2021, with an area of more than 10,000 square meters, which signifies that Topband is further rooted in the European market, getting closer to customers and markets, accelerating the development of international markets, and providing European customers with more agile and high-quality services.



(6) In November 2021,

Topband became the first domestic company passing NLC (network lighting control) 5.0 certification.

On November 19, T-Smart Light commercial lighting system of Topband also successfully passed the NLC 5.0 certification, making Topband the 13th certificated company in the world and the first certificated company in China. This marks that Topband has reached an industry-leading level in the field of intelligent commercial lighting, and can provide customers at home and abroad with high-quality intelligent lighting services in all aspects, and build a safer and more efficient commercial lighting network system.

IV. Events in 2021

Events in capital market

In June 2021, Topband raised 1.037 billion yuan yuan in non-public offerings

In June 2021, the company added 92,105,263 shares through a non-public offering, raising a net amount of RMB 1.037 billion yuan. With the non-public offering, the recognition of the capital market was enhanced, the shareholder structure was optimized, and capital strength was increased, and fueling the development of the company's motor and the new energy business, thus promoting the healthy, high-quality and sustainable development of the company.

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In December 2021, Topband completed the stock incentive plan of 2021

The company insists on long-term incentives in order to stimulate the internal motivation of employees, and to jointly build a growth path with employees. In December 2021, the company completed the 33,544,320-restricted-stock incentive plan for 1,224 employees.

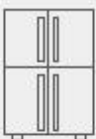
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In 2021, Topband accelerated the layout of the new energy industry

In December 2021, Shenzhen Topband Battery Co., Ltd., a wholly-owned subsidiary of Topband, invested in Nantong Topband Youneng Technology Co., Ltd., to speed up the production capacity layout of the lithium battery industry.

V. Product introduction

Topband's main products are intended to provide customized system solutions for the five major industries of "home appliances, intelligent tool control, new energy, industry, and intelligent solutions".



Intelligent control of home appliances

The Company provides brand customers in the home appliance industry with customized product concepts, design, development, manufacturing and delivery services, including the master control, power control, motor drive and control and display control of home appliances.



Intelligent control of tools

The tool industry mainly includes electric tools, garden tools and other professional tools. The Company provides its customers with customized product concepts, design, development, manufacturing and delivery services. The business scope covers electronic controls, motors and batteries, and product forms include controllers, modules and complete machines.



New energy application

The Company mainly provides battery cells, battery management control, battery packs, charging cabinets and other products and system solutions for the communication base station energy storage, home energy storage, power batteries for two- and three-wheeled vehicles and other special vehicles, mobile charging power supply and the Internet of Things.



Industrial intelligent control

In the industrial control industry, the Company's main business includes research and development, production, sales of step and servo drives and control products with focus on special industrial intelligent control solutions. The Company mainly provides controllers, drivers and motors for downstream automation equipment customers, which are widely used in 3C electronics, robotics, medical equipment, semiconductor equipment, textile machinery, packaging machinery, etc. We are committed to helping automation equipment manufacturers improve equipment design performance, reduce equipment manufacturing costs, and speed up the development of new equipment.



Intelligent solutions

The intelligent solution is the integrated solution of "innovative products + AIOT platform + customized service" for the "clothing, food, housing and transportation", "industry, catering, hotel, and park" and other scenarios with the company's AIoT (artificial intelligence Internet of Things) technology platform and intelligent product innovation capabilities as the core.

VI. Strategic layout

Topband believes that the company not only creates value for customers and shareholders, but also is a platform for employees and other interested parties to create value together, and shall strive to create a good social effect, promote the intelligent and low-carbon development of the world, thus creating an intelligent and bright future. The company has infused the business philosophy into strategy formulation and day-to-day business activities.

Topband is convinced that the long-term mission of a company is to "make the world more intelligent and low-carbon". Green and low-carbon has become a global consensus and goal. In order to cope with the challenges posed by climate and environmental changes on survival and development of human beings, every individual and organization should rethink the relationship among the human, the environment and society, and accelerate the fostering of low-carbon and green development and lifestyle, to promote the sustainable development of human society. Topband believes that in this trend and development process faced by mankind, the company will continue to innovate with its own technology accumulation in the field of intelligent control technology, so that intelligence and green are developed in parallel, and low-carbon and development are sustainable.

Topband believes that scale development is still the main theme of the company at this stage. In the past year, Topband still adhered to the strategy driven by the four core competencies of "customer intimacy, innovation-driven, agile operation, and organizational evolution", practiced the core brand value of "agile innovation partner", and achieved the large-scale development. In various subdivisions of the company's business, Topband actively expanded the business with global comprehensive major customers and fast-growing technological innovation customers, regarded customers as the center to build an "iron triangle" customer service organization, and improved service, coordination and response capabilities, to work with customers to explore new business boundaries and create new value.

Driving development with innovation is one of the company's core strategies. Through continuous technological investment and innovation, the company continuously improves the efficiency, reduces energy consumption, and promotes the application of green energy, and delivers hundreds of millions of sets of intelligent control products every year, thereby facilitating the green development of society on a large scale. By strengthening the research and development of general technology and platform technology, Topband will form a core technology platform and key product platform in the fields of electronic control, battery, motor, power supply and intelligent Internet of Things, and lay out medium- and long-term technical reserves, to provide customers with thousands of innovative, advanced and green customized products and solutions each year, help the whole society to reduce carbon emissions, and provide consumers with high-quality, environmentally-friendly and durable products together with customers, thereby reducing the consumption of resources of the Earth and promoting the sustainable development.

Topband vigorously builds a core platform combining the agile R & D, intelligent manufacturing and agile delivery, continuously constructs and enhances system capabilities in R & D, supply chain, manufacturing and quality, adheres to honest management, abides by business ethics, and pays attention to employee rights and interests. Additionally, the company, combined with the continuous deepening of digital transformation, comprehensively uses the information, networking and automation technologies to enhance the intelligent operation capability, thereby improving the future-oriented agile operation capability.

When investing the future from the moment, Topband firmly believes that technology creates value, and a digital, intelligent, green and low-carbon world is the inevitable trend of human society. Topband hopes to work together with global customers and industry partners, to practice sustainable development, provide value to customers with intelligent control technology, benefit everyone, and strive to become the world's leading and respected intelligent control solution provider.

VII. Corporate culture

Topband, adhering to the employment concept of "respecting for humanity, understanding needs, giving opportunities, exerting value, and developing together", has been committed to creating a healthy and humanistic environment of "fearless organization", allowing everyone to work together, share value and develop together. A fearless organization refers to the transparency, candor, openness, freely speaking and daring to tell the truth, mutual trust and psychological safety, with which a group of personnel with lofty aspirations, a sense of mission and internal motivation are gathered. The vitality of organization and members is stimulated constantly through openness and innovation, to provide value to customers, to benefit everyone, to keep the organization forever young, and to create a better life jointly.



VIII. Honor and award

Honorary recognition

| No. | Department | Project name | Company | Awarded time |
|-----|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
| 1 | Federation of Shenzhen Industries | Application for International Trusted Brand | Topband | January 2021 |
| 2 | Federation of Shenzhen Industries | Selection of Excellent Enterprises Fulfilling Social Responsibility | Topband | January 2021 |
| 3 | Department of Industry and Information Technology of Guangdong Province | The First Batch of Intelligent Manufacturing Ecological Partners in Guangdong Province | Topband | March 2021 |
| 4 | Guangdong Administration for Market Regulation | Recognition of Guangdong Enterprise of Observing Contract and Valuing Credit | Topband | June 2021 |
| 5 | Federation of Shenzhen Industries | Shenzhen Industry Awards | Topband | September 2021 |
| 6 | Shenzhen Customs | AEO Certified Enterprise Certificate | Topband | October 2021 |
| 7 | Guangdong Shenzhen (Nanshan) Trade Secret Protection Base | Shenzhen Local Standard Pilot Demonstration Enterprise | Topband | October 2021 |
| 8 | Shenzhen Strategic Emerging Industry Association | Top 50 Leading Enterprises in Strategic Emerging Industries | Topband | November 2021 |
| 9 | Guangdong Electronics and Information Industry Association | The 69th in the Top 100 with Comprehensive Strength in Electronics, Information and Manufacturing Industry in Guangdong Province | Topband | December 2021 |
| 10 | Ministry of Industry and Information Technology | Excellent Scenario of Intelligent Manufacturing - Intelligent Warehousing | Topband | December 2021 |
| 11 | Guangdong Administration for Market Regulation | Recognition of Guangdong Enterprise of Observing Contract and Valuing Credit | Huizhou Topband | June 2021 |
| 12 | Department of Science and Technology of Guangdong Province | Recognition of Guangdong Engineering Technology Research Center | Huizhou Topband | August 2021 |
| 13 | Department of Science and Technology of Guangdong Province | Recognition of National High-tech Enterprise | Huizhou Topband | December 2021 |
| 14 | Guangdong Manufacturers Association | Top 500 Manufacturing Enterprises in Guangdong Province | Huizhou Topband | December 2021 |
| 15 | Lithium Battery Industry Intellectual Property Alliance of Zhongkai High-tech Zone | Governing Unit of Lithium Battery Industry Intellectual Property Alliance of Zhongkai High-tech Zone | Huizhou Topband | December 2021 |
| 16 | Department of Industry and Information Technology of Guangdong Province | Recognition of Specialized, Refined, Characteristic and Novel Middle and Small-sized Enterprise | Topband Battery | December 2021 |

VIII. Honor and award

Recognition by Capital Market

| No. | Department | Project name | Company | Awarded time |
|-----|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------|----------------|
| 1 | Yinsfinance.com | Top 100 Chinese Listed Companies for High-Quality Development in 2021 | Topband | July 2021 |
| 2 | Organized by Securities Times, co-organized by Caitong Securities, e Company, China Capital Market Research Institute | A-Share Company Social Responsibility Award | Topband | September 2021 |
| 3 | Tianfeng Securities | Top 100 Digital Transformation Service Providers of Listed Companies | Topband | September 2021 |
| 4 | China Fund News co-hosted by jhbshow.com, the authoritative investor relations platform | The Annual Company with the Highest Investor Relations Value | Topband | December 2021 |

Excellent Team

| No. | Prize presentation unit | Project name | Awardee | Awarded time |
|-----|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------|----------------|
| 1 | Shenzhen Strategic Emerging Industry Association | "Pioneer" - Wu Yongqiang | Wu Yongqiang | November 2021 |
| 2 | Organized by Securities Times, co-organized by Caitong Securities, e Company, China Capital Market Research Institute | Outstanding Board Secretary of a Main Board Listed Company | Wen Zhaohui | September 2021 |
| 3 | China Fund News co-hosted by jhbshow.com, the authoritative investor relations platform | Elite Board Secretary of the Year | Wen Zhaohui | December 2021 |

IX. School-enterprise cooperation

In 2021, Topband established school-enterprise cooperation with Guilin University of Electronic Technology, Huizhou University, and Xianning School of Technology.

Among them, Topband established a teaching practice base with Huizhou University and Guilin University of Electronic Technology, set up Topband scholarships, and supported various school activities and events, to help the school cultivate comprehensive talents with "morality, intelligence, physique, aesthetics and labor education".

Topband also carried out a joint school-running cooperation project with Xianning School of Technology, including the co-construction of the specialty of the Internet of Things technology application (Topband class), the co-construction of the Internet of Things technology training exhibition room, and the vocational skills and education improvement plan. In addition, Topband provided scholarships and bursaries every year for some outstanding students and poor students in cooperating classes.

With the school-enterprise cooperation, the multi-level, multi-form and multi-field cooperation between the school and enterprise will be further promoted, creating a new opportunity to realize the organic combination and optimal allocation of school-enterprise resources and to jointly cultivate compound talents meeting social development needs.



签约现场



X. Party building

Topband promotes the cadre management system, insists on the integration of corporate culture and the standardized construction of party branches, and the company's party committee actively participates in the comprehensive evaluation of cadres' ideology, morality and values, and trains responsible party members into backbones and backbones into key party members. Meanwhile, Topband actively plays the leading role of party building and deeply integrates party building work with enterprise management. Currently, there are more than 200 square party building bases in Shenzhen and Huizhou, including reading corners, psychological counseling rooms, and party building leisure bars, to provide a variety of cultural life experience for staff.



Adhering to the creed of keeping the original intention and fulfilling the mission, the Topband Party Committee and each branch will continue to organize various party organization activities, constantly enrich the spiritual and cultural life of party members and the masses, increase theoretical knowledge and practical skills, promote the connection between the party and the masses, gather strength, and enhance the party's ideals and beliefs, work hard, stimulate vitality, and motivate all members to devote themselves to social construction in the new era with more enthusiasm.



Responsible governance

- Set up an ESG management system and realize ESG action goals**

I. Responsibility management

The company firmly adheres to the core values of "big ambition, sense of mission, and internal motivation; insists on the value of technology, respect and tolerance; continuous improvement and pursuit of excellence; serving customer; joint development", and integrates it into the daily corporate culture and regard it as a rule of conduct for company leadership, management level and all employees when dealing with the market, customers, suppliers, shareholders, creditors, and colleagues.

Taking social responsibility work as a link, the company guides and promotes various business units and functional departments to strengthen the management of social responsibility and actively implement the practices of responsibility performance; each functional department of the company jointly carries out relevant special work according to business divisions, and compile and publish annual social responsibility reports, to continuously improve the ability to carry out responsibility and management level through compile, benchmarking and evaluation; and to establish an information disclosure system, and build an effective communication platform by releasing reports regularly and publishing the responsibility performance conditions with the WeChat official account from time to time.

II. Issues of concern

By referring to the Guidance on Social Responsibility Report of Chinese Enterprises and the Global Sustainability Reporting Standards (GRI Standards) of the Global Sustainable Development Standards Committee, and according to the essence of the company's operation and development, Topband carried out the evaluation of substantive issues for the first time. Based on the existing corporate governance, rights protection of interested parties, environmental protection and sustainable development, social responsibility achievements and other sections, and through the four steps of internal identification, questionnaire exchange, topic selection, and review, the company identified the substantive concerns of interested parties and related to the operation of the company, and make a response in the report to the concerns of stakeholders, gradually improving the ESG responsibility management system.

Selection of substantive issues

- (1) Internal identification: Identify alternative issues with reference to various report preparation guidelines, standards and through analysis of key issues in the same industry;
- (2) Questionnaire exchange: Through the distribution of questionnaires, customers, suppliers, employees and other interested parties are invited to fill in the questionnaires and give feedback from the perspective of the impact on the company, the economy, environment and society, so as to assess substantive issues and develop an issue matrix;
- (3) Topic selection: Sort the substantive issues according to the feedback results of the questionnaire, and through internal management discussions, determine the results of the annual substantive issues, and regard them as the disclosure points of this report;
- (4) Review: Review the issue assessment process and suggestions from interested parties, to identify room for improvement, and gradually set up a sophisticated ESG indicator system.



III. ESG responsibility integration

Topband regards ESG as an important starting point to improve the quality of the enterprise, and to promote its deep integration with the enterprise operation. In recent years, the company has formulated five major strategies of "scale growth, customer intimacy, innovation-driven, agile operation, and organizational evolution", and has continuously optimized the indicator system, and has improved the operation and social responsibility through collection, analysis and reporting. With the indicator system, the company has completed an all-round assessment of its sustainable development capability, further guiding the company to comprehensively examine and identify the deficiencies of its sustainable development capability, thus gradually establishing a sustainable development model.

In 2021, the company continued to implement this work, formulated the annual OKR, and used it as a set of indicators to measure the progress of the company's social responsibility work, fully reflecting the specific performance in fulfilling social responsibility. On December 31, 2021, the company launched the "Third Topband Pioneer Award" selection activity, to select excellent social responsibility practices throughout the company, and determine many excellent award-winning teams and individuals, covering the shareholders, governments, customers, suppliers, employees, partners, environment units and other interested parties.

For a long time, the company has been adhering to the core values of "serving customer and joint development" and the concept of "equality, integrity, fairness and justice", and actively cooperating with partners sharing common values, to create a healthier ecological environment, and achieve mutual benefit and growth. At present, Topband has initially established a closed-loop management mechanism for social responsibility practice planning, execution and evaluation, and the company will go further and further on the road of performing social responsibilities of a corporate.

IV. Responsibility communication mechanism

The company has established a diversified communication mechanism, and has set up multiple channels to earnestly understand and actively respond to the different demands of interested parties in the field of social responsibility, so as to promote the establishment of a stable, good and sustainable relationship.

- (1) Shareholders and investors: shareholders' meeting, investor exchange meeting, performance briefing, investor telephone, Easy Interaction Platform of Shenzhen Stock Exchange (irm.cninfo.com), the company's WeChat official platform, WeChat enterprise account, and investor relations mini-program;
- (2) Staff: congress of workers and staff, Yanxingzhe Journal, open.work.weixin.qq.com, and staff experience platform
- (3) Customers, suppliers, government departments, etc.: weekly meetings, E-mails, teleconferences, internal and external training, industry associations and peer exchange meetings;

In addition, the company has gradually improved the ESG report communication mechanism, identified the core concerns of interested parties, and made a unified response.

V. Response to responsibility

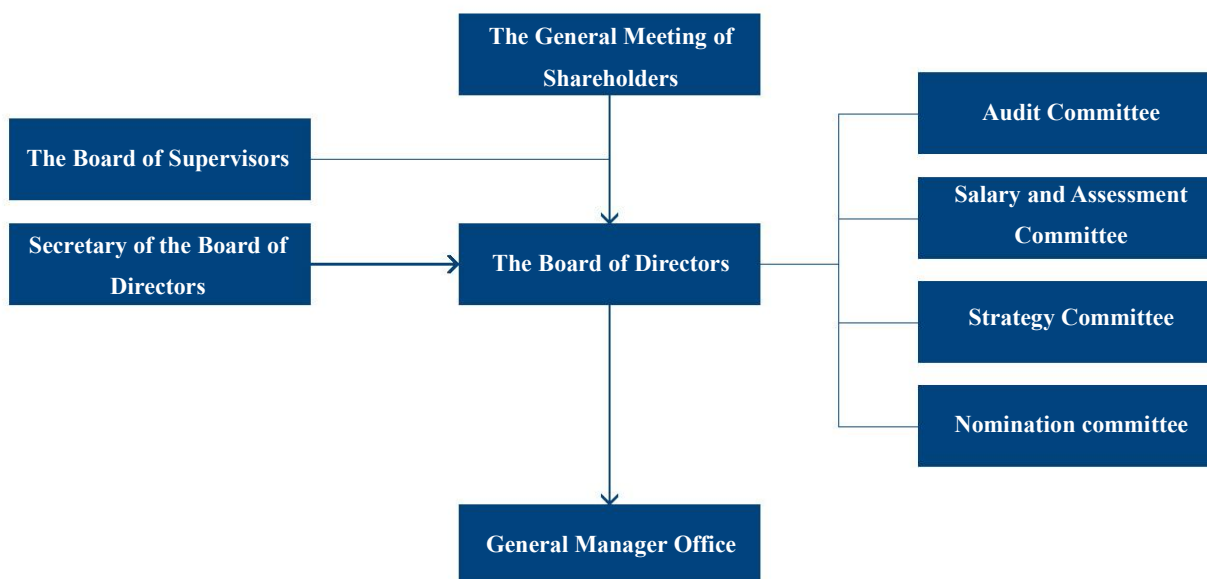
| Stakeholders | Expectations and demands on the company | Response chapter |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholder | Business performance improvement Continuous shareholder returns Safe shareholder assets Open and transparent information disclosure | Standardizing governance and investor relations management system |
| Customer | Continuous value innovation Saving and management of raw materials Efficient and quality delivery Building efficient internal control process Safety production management Enhancing customer satisfaction | Customer responsibility: Understanding market opportunities thoroughly, deepening customer's main industry, and providing value services |
| Supplier | Promoting capacity building of suppliers Paying close attention to the honest and orderly supply chain | Supply chain and partner responsibilities: Creating a healthy supply chain ecology and realizing the co-creation and sharing of the value |
| Employees | Open and inclusive employee communication environment Improvement and development of employee professional ability; building a diversified employee development platform and providing equal opportunities Physical and psychological health of employees | Stimulating the vitality of the organization, enhancing the internal motivation of employees, and creating an organization with entrepreneurial spirit |
| Government | Paying taxes according to law Actively participating in social activities for public good | Enhancing accountability |

A decorative graphic consisting of several concentric circles, rendered in a light blue/purple color, positioned to the left of the main text.

Corporate Governance

**- Optimize corporate governance constantly, to improve
the efficiency of enterprise management**

I. Standardized governance



In strict accordance with the Company Law of the People's Republic of China, the Securities Law, the Code of Corporate Governance for Listed Companies in China, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange and other laws and regulations, Topband has established a modern corporate governance structure with clear rights and liabilities and function of checks and balances, under which the general meeting of shareholders, the board of directors, the board of supervisors, and the managers exercise the decision-making power, executive power, supervision rights and perform the management responsibilities, to ensure that the company's shareholders and investors obtain company information in a timely manner, and to protect the equal and legitimate rights and interests of all interested parties.

Decision-making mechanism - processed decision-making and efficient operation

(1) General meeting of stockholders

During the reporting period, the company held a total of 4 general meetings of shareholders.

The general meeting of shareholders strictly follows the relevant laws and regulations and the Articles of Association to perform the convening and deliberation procedures, and exercise voting rights on major issues such as the company's external investment, financing, profit distribution, and stock ownership incentive. During each general meeting of stockholders, the company have held on-site meetings, allowing small and medium investors to communicate with each other closely on online and offline, so as to ensure that all shareholders enjoy equal status. Moreover, during the deliberation process of each proposal, the separate counting method is used for matters affecting the interests of small and medium shareholders are counted separately, fully guaranteeing the speaking rights of these shareholders.

I. Standardized governance

(2) Board of directors

During the reporting period, the company held a total of 13 board meetings.

The board of directors consists of 9 directors, including 3 independent directors and 1 female director. During the reporting period of directors, the company held a meeting to be responsible for the general meeting of shareholders, convened the board of directors and held the meeting in strict accordance with relevant regulations. Independent directors are independent from the actual controller, controlling shareholder and other related parties of the company, and in their respective areas of expertise, they independently make judgments and express opinions on major issues concerned. The internal management of the company actively listens to the opinions of external directors and independent directors, to improve the deliberation procedures of the board of directors.

Directors, supervisors and senior executives actively participate in various training conducted by the stock exchange, the China Securities Regulatory Commission and the China Association for Public Companies, deepen the responsibilities and obligations of controlling shareholders and directors, supervisors and senior executives, enhance the company's internal governance management and control requirements, and respect the rights and interests of small and medium investors, to facilitate their exercise of supervision rights.

Strategy Committee:

According to relevant laws and regulations and the Rules of Procedure of the Strategy Committee of the Board of Directors, the Strategy Committee is responsible for studying and making recommendations on the company's long-term development strategic planning, technological development direction, major investment and financing plans, major capital operations, asset management projects, and other major issues that affect the enterprise development and need to be approved by the Board of Directors.

Salary and Assessment Committee:

The Remuneration and Appraisal Committee is responsible for formulating remuneration plans or schemes for the Company's directors and senior management personnel in accordance with relevant regulations and the Rules of Procedure of the Remuneration and Appraisal Committee of the Board of Directors, reviewing the performance of duties of the company's directors and senior management personnel, and for conducting annual performance appraisals, making stock incentive plans and reward and punishment plans, and supervising the implementation of the company's salary system.

Audit Committee:

In accordance with relevant laws and regulations and the Rules of Procedure of the Audit Committee of the Board of Directors, the Audit Committee is responsible for continuously guiding the company's Audit Department on the review of the internal control system and its implementation, critical accounting policies, financial status and operating conditions, and management of the use and storage of raised funds of the company and its holding subsidiaries, and for effectively guiding and supervising the company's financial status and operating conditions.

Nomination committee:

The Nomination Committee, in accordance with relevant regulations and the Rules of Procedure of the Nomination Committee of the Board of Directors, is responsible for making recommendations to the Board of Directors on the size and composition of the Board according to the company's business activities (including asset scale and equity structure), studying the election standards and procedures for directors and general managers, and making recommendations to the Board of Directors, to select qualified directors and senior management candidates, and for reviewing and giving advice for these candidates.

(3) General Manager Office

The company has 5 senior managers, including 1 woman, to fully support and safeguard the rights and interests of women's career development. The company has 1 General Manager, who is responsible to the Board of Directors and presides over the company's production, operation management and investment implementation matters. In addition, the company appoints the Deputy General Manager, Financial Director, Human Resources Director, etc. to assist the General Manager, and assigns a Secretary of the Board responsible for information disclosure, investors relations, etc.

(4) Business analysis meeting

In order to supervise and analyze the progress of the company's annual business goals and business plans, the company regularly holds business analysis meetings on a monthly/quarterly basis. The meeting is presided over by the General Manager. The sales, R & D, procurement, production, finance, human resources, quality, securities investment and other departments report the key issues respectively during the meeting, so as to help the management to control business risks and make efficient decisions.

I. Standardized governance

Supervision mechanism - transparent and effective supervision

The **Board of Supervisors** consists of 3 supervisors, including 1 employee supervisors and 1 female supervisor. The Board of Supervisors is responsible for the general meeting of shareholders, supervising the compliance of the company's major events, financial status and the performance of directors and senior executives, and promoting the company's standardized operation.

Independent director team: 3 outside directors, including 1 female independent director. The team makes independent judgments on the company's daily operation and management and decision-making on major issues as the external expert, objectively supervises the decision-making level, and safeguard the rights and interests of small and medium shareholders.

Execution mechanism - coordination among the foreground, middleground and background for efficient empowerment

During the reporting period, the company has carried out organizational reform and established a foreground BU organization, which guarantees the rapid insight into customer needs and discovery of potential market opportunities, sets up the "iron triangle" capacity improvement accountability system of AR, SR and FR, forming a closed loop of the opportunity taking, the management of customer needs and customer satisfaction, and timely delivery and service, providing customers with full-cycle and all-round problem solutions, thus improving the ability to directly serve customers and create values. With the coordination of BU organization and the "iron triangle", the company's resource allocation is optimized, the business side is efficiently empowered, and the value of functional departments is maximized.

II. Internal control

Anti-fraud and compliance

Topband always advocates the creation of a fair, just and honest business environment, strictly regulates business transactions, adheres to business ethics, and attaches great importance to the construction of clean governance, thereby building an incorruptible culture of the enterprise. Under the guidance of the Audit Committee of the Board of Directors, the Audit Department has carried out internal audit work, investigated various fraudulent incidents, and smoothed the channels for complaints and reporting of violations.

It has formulated and strictly implemented the Internal Audit System of the Company, the Management Measures for Rewards for Reporting of Malpractices and Corrupt Practices, the Management System for the Declaration of Conflict of Interest between Employees and the Company, and the Employee Credit Management System, etc., has established an anti-fraud WeChat official account, and has advocated anti-corruption cases. By formulating the Code of Business Conduct and Compliance of the Company, it has standardized basic behavioral requirements, the behavior between the Company and employees, the behavior between the Company and its business partners, quality, health, safety and environmental protection, complaints and reports. Credit point deduction, warning, demerit recording, dismissal, transferring to judicial organs if the circumstances are serious, and other disciplinary actions have taken for violations, and the Company has also made public announcements and cautions.

Protection of intellectual property rights

As more and more attention is paid to intellectual property in China, enterprises hope to change the low-level competition environment through technological innovation. The company has always attached great importance to technological innovation, advocated the craftsman spirit of excellence, and adhered to the goal of "technology leadership, achievement protection, and benefit improvement", encouraging engineers to apply for patents, transform innovative solutions into patented technologies, and to form intellectual property rights. Additionally, the company has protected innovative schemes, enhancing competitiveness.

In 2020, the company won the title of "High-value Patent Cultivation and Layout Center in Guangdong Province"; in 2021, on the basis of the "target of improving patent power" proposed by the Chairman of the company, patent protection and development work were closely integrated with the company's strategic planning and business development, patent mining and layout were carried out for the key products and projects, so as to strongly support the business with patents.

The patent department of the company cooperated with the business department, and regularly provided relevant training on patent retrieval, patent reading, patent sharing, etc. for engineers in each business department, actively avoiding research and development risks, promoting technological innovation, and improving R & D efficiency.

In the future, Topband will continue to adhere to the value of technology, focus on patent layout, quality improvement, and operation promotion, to promote the application of patents in the R & D team, and give full play to the value of patents, so as to effectively facilitate the business development.

II. Internal control

Protection of trade secret

While increasing investment in R & D and innovation, the company also attaches great importance to the protection of technical and business information. To this end, the company has established a trade secret protection management system, adopted various management and protection measures, to continuously strengthen the protection of trade secrets, and safeguard the legitimate rights and interests.



The First Monthly Trade Secret Activity

From 2018 to 2020, after unremitting exploration, the company has gradually established a trade secret management system that fits the company's business development, including the trade secret management organization, trade secret management operating mechanism and system documents, and signifying that the company's trade secret protection and management work is gradually on the right track. On this basis, in 2021, according to the needs of business development, the company continued to improve the trade secret protection management system, and to implement the whole-process confidentiality management of personnel from entry to resignation, and formulated the response and handling procedures for secret leaking incidents through the coordination of operating departments, legal department, audit department and information department. Additionally, the company developed department norms according to the actual situation of the department, to regulate the daily confidentiality behavior of employees, and by holding monthly trade secret activity activities, conducted trade secret training for R & D personnel, and distributed cultural peripherals (trade secret manuals, canvas bags, desk calendars, etc.) to improve the confidentiality awareness of employees, and achieved remarkable results.

While building the internal trade secrets, the company also boldly "goes out", to communicate and cooperate with external companies and government agencies. In one year, the trade secret team visited Chongqing Konka, Shokz, Zhejiang Xingxing Industrial Park and other companies with experience in trade secret protection for learning and exchanges, invited Yang Jie, the Director of the Intellectual Property Procuratorial Department of Nanshan District Procuratorate to the park, to provide training and guidance on trade secrets, greatly enhancing the company's top management's understanding of trade secrets. Moreover, the company actively cooperated with the administrative department in the investigation and handling of relevant trade secret leakage cases, and participated in the formulation of Regulations on Trade Secret Management, the local standard in Shenzhen.

In October 2021, at the first trade secret protection bay area summit held in Shenzhen, Shenzhen Topband Co., Ltd. was listed on the "Guangdong Trade Secret Protection Events in 2020", and was awarded with the honorary title of "Pilot Demonstration Enterprise for Trade Secret Protection".



Honorary of "Shenzhen Local Standard Pilot Demonstration Enterprise" Awarded to Topband

II. Internal control

On November 26, 2021, Gan Lin, the Deputy Director of the State Administration for Market Regulation, led a team to Shenzhen Nanshan Intellectual Property Protection Center, to investigate the protection of trade secrets in Shenzhen, Guangdong province, and held discussions with government and enterprise representatives. Topband participated in the symposium as an invited enterprise, and reported Topband's trade secret protection work to the Deputy Director as a representative of the enterprise, introducing the company's experience and achievements in the protection and management of trade secrets, and winning the high praise of the industry and relevant agencies.



Topband Was Reporting the Protection and Management of Trade Secrets

Network and Information Security

In terms of the overall information security management, Topband Group adheres to the ISO/IEC27001:2013 system policy: "abiding by laws and regulations, customer-oriented, integration of prevention and control, and continuous improvement", fully combines the actual business scenarios of the project to protect the safety of business operations and data security, and implements the integrated security concept of "pre-event, interim, and post-event risk closed-loop management" on the three levels of security technology, security management, and security operation. Moreover, the company develops the measures based on specific project conditions and actual needs, to establish a closed-loop security operation and maintenance system incorporating the evaluation, security defense, emergency response, continuous detection and response disposal, and builds an integrated security assurance system that complies with national laws and regulations and industry regulatory requirements.

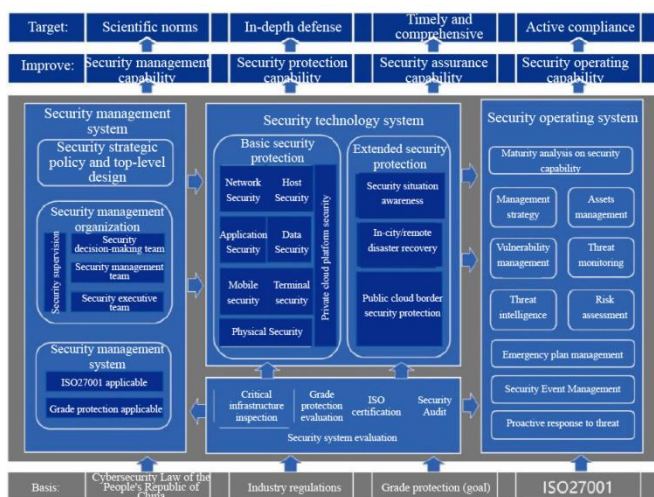


Figure 1 Overall Security System of Topband Group



Figure 2 ISO27001 Certificate

II. Internal control

1. With a sophisticated organizational structure, an organizational model is formed, in which an information security team is led by the company's senior management and daily work is undertaken by specific information security functional departments.

2. In terms of external network protection, the firewall is used to build a set of Internet output protection system. In the internal network, the limited network isolation is carried out in the server area according to the firewall. The overall security protection system has rich and complete functions, with a certain integrity and comprehensiveness.

3. The company establishes a comprehensive security monitoring and response system, and with log and traffic technology, centrally collects the logs of all devices (servers, networks, applications, security devices, etc.) for correlated analysis, real-time monitoring, and rapid fault event location and traceability, so as to improve security event processing and business assurance capabilities.

4. The company establishes an internal security detection system, carries out the security vulnerability inspections at all stages of the life cycle of all types of IT systems (application systems, servers, network equipment, user terminals, etc.), and sets up an internal security vulnerability reporting and rectification mechanism, to achieve the normal detection of security vulnerability.

5. The company has purchased services related to security operation, and through the introduction of expert experience and capabilities, has improved the effectiveness of security work and ensured the standardized security operation. While introducing external services, the company has paid attention to improving the security awareness and skills of employees in internal network security-related positions, so as to effectively facilitate information security assurance.

6. In terms of security incident management, the company has established the advanced notification and early warning mechanism for incidents and carried out regular information security training, covering most of the types of current security incidents. Moreover, the company has formulated emergency plans and carried out emergency drills for various security incidents regularly.

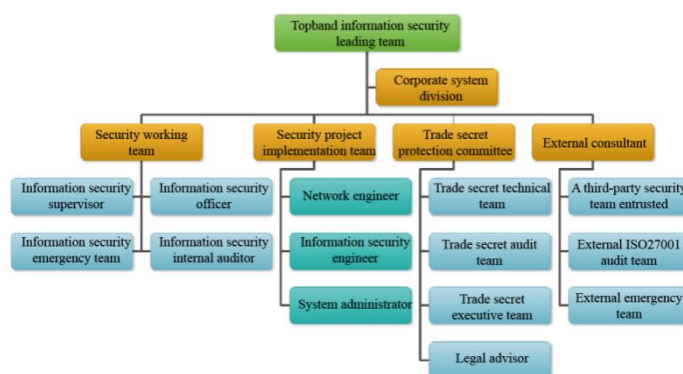


Figure 3 Organizational Structure of Company Information Security

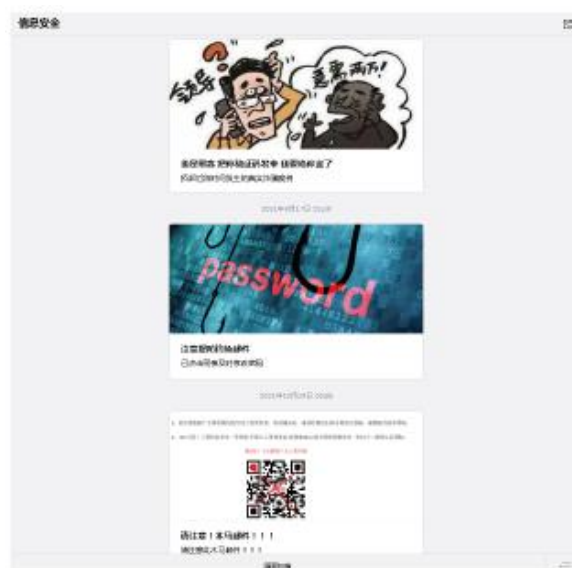


Figure 4 Internal Early Warning of Information Security Incident in Topband



Protection of Stakeholders' Rights and Interests

I. Governmental responsibilities: keeping the original intention and enhancing accountability

Compliance management and paying taxes according to law

Topband actively fulfills its social responsibilities, keeps making progress, and pursues excellence, to create value for the society, and strives to become a benchmark enterprise in the industry, laying a solid foundation for the company's sustainable and healthy development.

In 2021, Topband actively adopted action plans in overseas markets in strict accordance with domestic and foreign investment regulations, and performed the registration procedures for outbound investment by the National Development and Reform Commission, Commerce Bureau, Foreign Exchange Management and other departments where the company is located. Meanwhile, the company set up subsidiaries in strict accordance with overseas regulations and ensured their compliant operation.

Adhering to the concept of honest operation and paying taxes in accordance with the law, from 2019 to 2021, Shenzhen Topband Co., Ltd., its branches and subsidiaries had paid taxes of 114.0985 million yuan, 167.8774 million yuan, and 192.711 million yuan respectively in accordance with the law, making great contributions to economic development of the operating locations.

Promoting employment

In order to enhance the company's international operation capability, Topband actively implemented the localization and localized management and operation, deeply understood the differences in the culture and working atmosphere of the host country and the local industry, and integrated into the local social and cultural environment with a respectful and inclusive attitude; the company recruited management personnel and technical personnel in the local area of the industry, and reduced the risk of personnel loss, to promote local employment, and stimulate local economic benefits.

In 2021, under the favorable situation of the rapid growth of the company's business, Topband has formulated a comprehensive and effective personnel recruitment plan, made every effort to promote social employment, and achieved remarkable results. Additionally, Topband also provided customized training programs for new recruits, to help them better integrate into the company and adapt to work. The company would continue to promote the in-depth development of social employment work, and to provide more and more jobs for the society, making due contributions to the construction of a harmonious society.

Public health

Since the outbreak of the COVID-19 pandemic, Topband has attached great importance to health and epidemic prevention work, actively cooperated with the government's epidemic prevention policy requirements, and carried out the business in an orderly manner when conditions permit. On the one hand, the company has attached importance to epidemic prevention and control, and on the other hand, it has ensured safe production. Under the severe global pandemic situation, Topband has continuously achieved sales targets and ensured product supply to customers, and has accordingly won wide acclaim in the industry.

Topband has carried out the domestic epidemic prevention and production in an orderly manner, and has taken the overseas anti-epidemic measures. In April 2021, the pandemic occurred in Vietnam. In order to fight the epidemic and ensure production, Topband quickly established an epidemic prevention team, developed epidemic prevention measures in a timely manner, and implemented strict control over people and things; quickly purchased electronic thermometers, electric spray disinfection, stored masks, disinfectant water, medical protective clothing, medicines, anti-epidemic materials, etc., and assigned special personnel to disinfect public areas every 2 hours. Vietnamese colleagues quickly mobilized and responded actively. Headquarters assisted in taking various safeguard measures to overcome difficulties. Topband leadership made considerate arrangements for epidemic prevention and control, and actively maintained communication with government medical units, to ensure timely delivery.



I. Governmental responsibilities: keeping the original intention and enhancing accountability

In 2021, Topband (India) responded to the epidemic timely and properly, learned the development trend of the epidemic in real time, and stabilized the psychological state of employees; actively arranged to regularly distribute epidemic prevention materials, encouraged employees to be vaccinated, and conduct training and explanations on the spread of the COVID-19, and quickly organized all employees for detection. By learning from mature epidemic prevention experience in China, Topband has formulated scientific and reasonable epidemic prevention policies, to ensure safe work and steady production, allowing the company to develop the business stably.



Production safety

Safety production management

Topband has passed the ISO45001 management system certification audit on April 6, 2020. In the meanwhile, Topband has formulated 36 rules and regulations related to safe production in accordance with the Law of the People's Republic of China on Work Safety, Fire Control Law, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and other regulations concerned and according to its own actual situation, and has publicized them and supervised their implementation through the enterprise OA platform.

Topband has set up the Safety Production Committee (hereinafter referred to as the Safety Committee), led by the Property Department and composed of the safety production managers, supervisors and employees of each department, to carry out and supervise the fulfillment of requirements of previous safety production work, and conduct the safety production inspection at least once a month, learn from the experience of other departments during the inspection, so as to promote the continuous improvement of the safety production work.

Occupational health management

Topband has strictly abode by the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, to protect the occupational health of all employees, and actively adopted new equipment, new processes, new materials, etc., to minimize or even eliminate occupational health hazards in the production process. Topband has taken measures in the following aspects every year, to protect the occupational health of employees. As a result, no confirmed occupational disease has occurred in recent years.

The company hires an external agency every year, to test the harmful factors in the workplace, conducts occupational hazard factor testing on the workplaces that lead to occupational hazards every year, and carries out a workplace occupational hazard factor control and evaluation every three years, to replace the non-conforming with new materials, or use machine operations to replace manual operations, so as to protect the health of employees.

In order to fully protect the legitimate rights and interests of employees, the company will clearly explain the occupational hazards that employees are exposed to at their jobs and the corresponding protective equipment provided in the contract. Meanwhile, the company will require employees to use labor protective equipment correctly in the workplace. The company has posted relevant warning signs at the entrance of the workshop that causes occupational hazards, informing the employees of the specific hazards in the workshop and relevant protective measures. Besides, the company has provided an occupational hazard notification card on the post, to let employees further understand the occupational hazard impact and protective measures.



I. Governmental responsibilities: keeping the original intention and enhancing accountability

At present, all employees who join Topband are required to undergo relevant physical examinations. If there are occupational health hazards in the position, they must participate in the corresponding occupational health examination as required by the company before the entry. Employees who fail to pass the physical examination will not be hired, or they will be transferred to positions without occupational hazards with their consent. Employees who are involved in position-hazardous posts are arranged to participate in on-the-job occupational health examinations every year. If any physical abnormality is found, they will be immediately transferred from their original positions. Employees who are involved in occupational hazard positions may take part in the occupational health examination when they leave their jobs, so as to ensure that each employee leaving Topband takes up a new job healthily.

Construction of safety culture

In 2021, Topband carried out the construction of safety production standardization, to further promote the development of the company's safety production work. The company has set up a special safety publicity column, to advertise various safety production policies and guidelines, publicize safety-related test results, and ensure the employees' right to know. Throughout 2021, Topband had 0 work-related accidents, 0 occupational diseases, 0 fire accidents and no major safety production accidents.

To cultivate emergency response capabilities of employees, Topband regularly organizes various safety trainings and emergency drills (fire evacuation, chemical leakage, etc.) every year. Moreover, according to the needs of various departments, Topband conducts one-to-one training on the use of firefighting equipment, to teach anyone wants to learn.



I. Governmental responsibilities: keeping the original intention and enhancing accountability

Pay attention to shareholder returns and continue to pay cash dividends

The Company attaches great importance to a reasonable investment return to investors, fosters a sense of return for shareholders while the sustainable development of the Company is considered, and keeps continuous and stable profit distribution policy, and especially pays attention to the maintenance of continuous and stable cash dividend policy. On the premise of ensuring full cash dividends and reasonable scale of the Company's share capital and in light of the reasonable return to investors (especially minority shareholders), it has formulated a long-term and relatively stable profit distribution method and a practical and reasonable dividend scheme to actively repay shareholders.

The Company's annual scheme for profit distribution and capital reserve conversion to share capital since its listing

| Year | Profit distribution scheme/plan | Total cash dividend (100 million yuan) | Net profit attributable to the parent company (100 million yuan) | Dividend payout ratio |
|--------------|--------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------|-----------------------|
| 2021 | RMB 0.5 per 10 shares | 0.63 | 5.65 | 11.15% |
| 2020 | RMB 0.5 per 10 shares | 0.56 | 5.34 | 14.23% |
| 2019 | RMB 0.5 per 10 shares | 0.51 | 3.31 | 15.36% |
| 2018 | RMB 1.0 per 10 shares | 1.01 | 2.22 | 45.63% |
| 2017 | RMB 1.0 and 5 additional shares per 10 shares | 0.68 | 2.10 | 32.37% |
| 2016 | RMB 1.5 and 5 additional shares per 10 shares | 0.68 | 1.44 | 47.14% |
| 2015 | RMB 1.5 and 5 additional shares per 10 shares | 0.45 | 0.81 | 56.09% |
| 2014 | RMB 1.0 per 10 shares | 0.24 | 0.65 | 37.17% |
| 2013 | RMB 1.0 per 10 shares | 0.22 | 0.41 | 53.90% |
| 2012 | RMB 1.5 per 10 shares | 0.33 | 0.33 | 98.02% |
| 2011 | RMB 2, one additional share and 2 bonus shares per 10 shares | 0.34 | 0.70 | 48.31% |
| 2010 | - | - | 0.72 | - |
| 2009 | RMB 1.5 and 2 additional shares per 10 shares | 0.21 | 0.45 | 46.73% |
| 2008 | RMB 1.5 and 4 additional shares per 10 shares | 0.15 | 0.37 | 40.76% |
| 2007 | RMB 0.4 and 10 additional shares per 10 shares | 0.02 | 0.21 | 9.63% |
| Total | | 6.03 | 19.06 | 28.33% |

II. Investor responsibilities: enhancing communication and delivering value

| Repurchase date | Repurchase number (shares) | Repurchase amount (RMB) |
|-----------------|----------------------------|-------------------------|
| 2020 | 3,580,600 | 20,004,351.75 |
| 2019 | 10,238,320 | 55,898,336.38 |
| 2018 | 1,020,000 | 4,101,632.50 |
| Total | 14,838,920 | 80,004,320.63 |

Since the listing in 2007, the accumulative cash dividend (including 2021) was 603 million yuan.

A total of 15 million shares were repurchased, with a repurchase amount of 80 million yuan.

Information disclosure

The Company makes information disclosure in strict accordance with the Stock Listing Rules of Shenzhen Stock Exchange, the Guidelines for the Standardized Operation of Listed Companies and the Administrative Measures for Information Disclosure. Through the information disclosure media designated by the CSRC, the Company truly, accurately, timely, completely and fairly discloses its periodic reports and temporary announcements, so as to ensure that all investors can obtain the Company's information fairly. In addition, on the basis of ensuring the compliance of information disclosure, voluntary information disclosure is moderately increased to improve the referability and practicability of the Company's information disclosure.

In 2021, the Company disclosed 4 periodic reports and 103 other announcements on the website of Shenzhen Stock Exchange and www.cninfo.com.cn/new/index.

Investor communication

The Company actively implements the requirements of the Notice of Shenzhen Securities Regulatory Bureau on the Special Work of "Blue Sky Action" for Investor Protection (S.Z.J.F. [2017] No. 43), actively responds to the call of the special work of "blue sky action" for investor protection, effectively improves the quality of company information disclosure, guides investors to establish the concept of long-term investment and rational investment, and practically conducts the protection of investors' legitimate rights and interests.

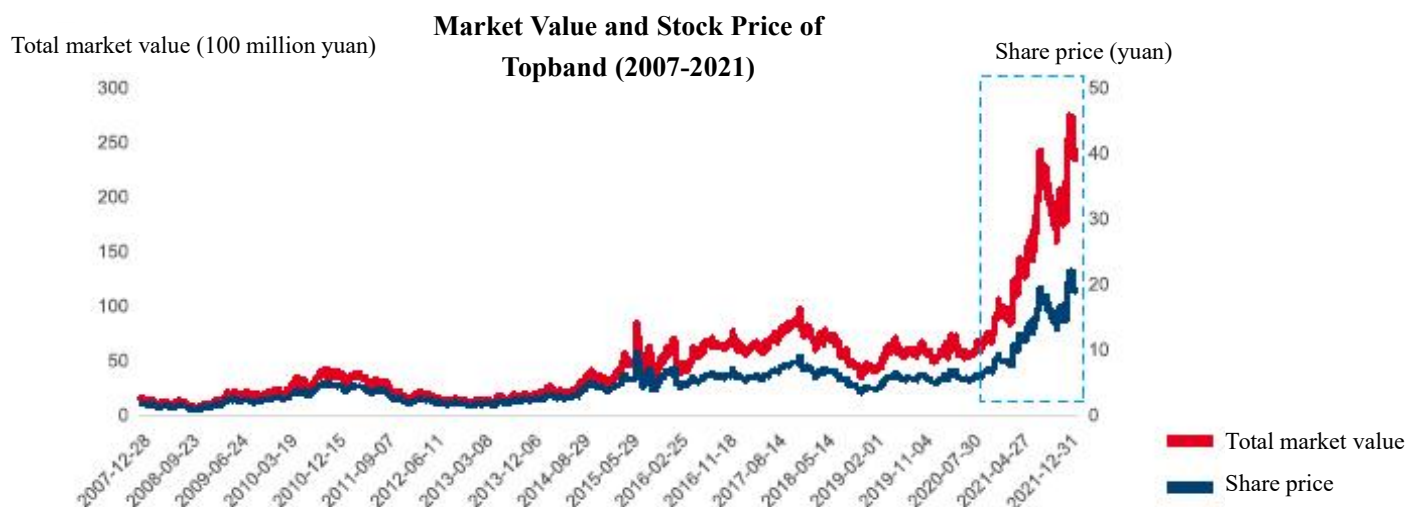
On July 23, 2021, in order to implement the guidance of Shenzhen Office of the China Securities Regulatory Commission and China Association for Public Companies on the establishment of several professional committees in the Shenzhen Association for Public Companies, the board secretary of Topband, as a member of the Investor Relations Committee, participated in the Establishment Meeting of the Board Secretary Committee of Shenzhen Association for Public Companies, the Chief Financial Officer Committee and the Investor Relations Management Committee and the meeting of the Internal Control and Compliance Professional Committee.



II. Investor responsibilities: enhancing communication and delivering value

In 2021, the Company increased the frequency of communication with the capital market. By sorting out the industry and company business, it is convenient for investors to have a clearer understanding of the intelligent control industry and company business, and the Company expanded the industry publicity, and built a good brand image of the Company in the capital market. After joining the subject matter of Shenzhen Stock Exchange Connect, the Company increased the communication with foreign investors as well as the attention and investment of foreign investors. During the year, Topband held two regular report performance interpretation meetings through the Internet, and invited institutional investors. The IR team had participated in strategic meetings, analyst meetings, reverse roadshows and other activities organized by institutions for many times, and had conducted in-depth and extensive communication with investors through the one-to-one, one-to-many and publicity methods, to fully introduce the operation and strategic planning of Topband to the investors, and had won unanimous praise from investors.

In 2021, Topband became a bulk-holding stock of robot ETF funds, with the market value of more than 27 billion, hitting a record high.



III. Customer responsibility: Understanding market opportunities thoroughly, deepening relations with the owner, and providing value services

Facilitating continuous innovation of customers

Adhering to "technology creates value", Topband guaranteed and encouraged the creation of value for customers through technological innovation from the top-level design of organization, system, process, and culture.

In terms of organization, Topband reconstructed the organizational structure in 2021 and formed a two-tier R & D organizational structure of "Company-BG". From the perspective of the company, the research center was upgraded to the Central Research Institute, which is responsible for the construction of public platform, public technology research, central laboratory management, breakthrough on core and key technologies, and reserve of future-oriented black technology, to cumulative technical value by pooling the power of the company and to maintain long-term technological competitiveness.

In terms of system, in addition to inheriting the mature innovation incentive system on patent innovation incentives and technological breakthrough incentives, Topband released the Decision on Encouraging Innovation and Subsidizing Innovation Input in 2021, to encourage all units to be brave in exploration, innovation and attempt. All units have benefited from this system, and various internal innovation projects have been established one after another, which will provide technical value for the subsequent long-term development of Topband and its customers.

From the point of view of process, 2021 became the year of process improvement. In 2021, Topband continued to promote the IPD process in the company, and focused on the optimization and improvement based on the company's situation, emphasizing the improvement of R & D efficiency and success rate. In 2021, driven by the IPD process, the number of Topband's 100,000 + ODM product platforms increased by 30%.

From the perspective of culture, in addition to the two-tier R & D organizational structure of "Company-BG", Topband attached great importance to arousing the technical enthusiasm of all colleagues, and unswervingly created a cultural atmosphere of "technology creates value".

Internally, Topband, relying on "Mo-tse College", has established a number of industry professional groups, to actively support technical exchanges and discussions in the groups. The company, with the support of various marketing committees, had held dozens of trans-organization special technical exchanges in 2021, and under the framework of various marketing committees, had also organized technical insight and opportunity discussions in their respective fields.

Externally, on the one hand, Topband continued to strengthen technical cooperation and academic exchanges with external scientific research institutes and other professional institutions, to promote industry-university-research cooperation, and realize bilateral interaction of the industrialization of scientific and technological achievements and the scientific research of special projects; on the other hand, the company actively participated in activities such as "Technology Day" of various leading customers, planned or took part in technical exchanges and cooperation with them, jointly promoting the progress and development of the industry; thirdly, Topband actively joined in various industry associations and industry standardization organizations, providing suggestions for the development of the industry.

In addition, Topband, a member of the National Technical Committee on Standardization of Household Automatic Controls of Standardization Administration of China (TC212) and the Subcommittee on Inverted Controls of National Technical Committee on Standardization of Household Automatic Controls of Standardization Administration of China (TC212/SC1), participated in the drafting and amendment of more than 30 national standards, industry standards and group standards, mainly including technical requirements, safety requirements and special requirements for household and similar intelligent electric automatic controllers, intelligent household electrical appliance interconnection protocols, and "International Health Station" products.



III. Customer responsibility: Understanding market opportunities thoroughly, deepening relations with the owner, and providing value services

R&D investment guarantee

As of December 31, 2021, Topband has more than 1,500 R & D personnel, accounting for 45% of all employees, with R & D investment of about 560 million yuan, an increase of 41.02% over last year. The company's R & D investment accounted for more than 7% for five consecutive years. Topband currently has more than 3,700 employees, of which 60% have bachelor's and master's degrees. Their overall average age is 32 years old, forming a rather young team.

In 2021, Topband had signed school-enterprise cooperation agreements with many colleges and universities, laying the foundation for the subsequent introduction of strategic talents. Topband has continued to build a talent management mechanism based on trust and tolerance, maximizing the potential of everyone in the company, exerting the highest efficiency by assigning them jobs commensurate with their abilities, thus sharing value and realizing mutual development.

Academic structure of R&D personnel

| Educational background | 2020 | 2021 | Growth rate |
|--------------------------|--------------|--------------|---------------|
| Master and above | 120 | 114 | -5% |
| Undergraduate | 883 | 1059 | 19.93% |
| Junior college and below | 342 | 409 | 19.59% |
| Total | 1,345 | 1,582 | 17.62% |

Topband has increased the proportion of professional talents, and enhanced the professional ability and innovation strength, continuously optimizing the talent structure, and achieving results on the cultivation of innovative talents.

During the reporting period, Topband had applied for 167 invention patents, 5 PCTs, with high-value patents accounting for more than 10%. As of December 31, 2021, the company had applied for a total of 2,340 patents, and successfully passed the acceptance of "High-value Patent Cultivation Layout" project.

Through years of patent accumulation, Topband had been ahead of the peers in the number of controller patent applications, further consolidating the leading position in the technology and industry. During the reporting period, focusing on the key products of strategic planning, the company had applied for patents of a total of 210 key products, including 83 inventions, 106 utility models, and 21 for appearances, accounting for about 35.5% of the total number of applications during the period.

Topband had successively applied patented technologies to market products, and by relying on R & D and technical advantages, obtained many orders, providing customers with zero-risk technologies and products, and gaining their trust and recognition.

III. Customer responsibility: Understanding market opportunities thoroughly, deepening relations with the owner, and providing value services

Satisfying customer demand

Adhering to the core value concept of "agility, innovation, and partnership" and the principle of "customer-centered", Topband provided customers with high-quality services and created value for them.

By insisting on the strategy of leading customers, the company provided diversified and customized customer services for major customers, strategic customers, scientific and technological innovation customers and other leading customers, to meet their different needs, and focus on their concerns, so as to achieve business success in the process of creating value for them.

Topband made 2021 the year of organizational change. In order to providing customers with better services, Topband has carried out a drastic reform on the organizational structure. The core of the organizational structure reform was that the foreground organization was closer to customers, focusing on the principle of "customer-centric", and 40+ CBUs emerged at the right moment.

As the foreground organization that provides fast and high-quality services to customers, each CBU focused on one or a group of customers, configured AR, SR, FR and necessary R & D resources necessary to serve customers and achieve rapid response, forming the most simplified small foreground closer to customers with flexible response capabilities, gaining insight into customer needs, understanding their critical problems, providing solutions accordingly, and solving after-sales problems. In order to cooperate with the operation of the foreground CBU, the company integrated middleground resources on a large scale in 2021, to incorporate R & D, supply chain, manufacturing and other aspects, so as to provide sufficient capacity support for foreground customer services. Meanwhile, the company had optimized the connection of foreground and middleground processes in practice, achieving the coordination and unity of foreground and background services for customers.

In addition to the customer-oriented organization, Topband had also taken efforts to improve the delivery efficiency and digitalization level in 2021. In 2021, Topband launched a special project for intelligent manufacturing and digital factories, which was applied in new or planned bases (such as Ningbo Base, Huizhou Phase-II Base, Vietnam Phase-II Base, Mexico Base, and Romania Base), striving to significantly improve the intelligent level of the factory and the digital capability, lay the foundation for the improvement of endogenous strength and the improvement of customer service level in a favorable, fast and efficient manner.

In 2021, Topband continued to deepen the customer intimacy strategy, enhance internal strengths, improve weak links, promote efficiency, and raise quality in terms of the technology, cost, quality, delivery, etc., so as to provide customers with value services in an all-round way.

In 2021, Topband continued to implement the "Customer Satisfaction Survey", which was the 9th time for the company to review the effectiveness of customer service process and strategies from an external perspective, so as to keep abreast of the attitude to whole process and all respects of customer service and suggestions from the customer in order to improve the service and the efficiency of value creation, and optimize the service level. The satisfaction survey in 2021 (end) covered Topband's core customer base, the sales of recycled customers accounted for 83.5%, and the recycling rate of target customers reached 96%. As of 2021, the overall customer satisfaction with Topband had increased for four successive years.

With successive customer satisfaction surveys over the years, a large amount of historical data had been accumulated for customer service improvement, and the direction for continuous service improvement had been determined through the customer value feedback. Historical data showed that Topband had been continuously improving the customer service, and customers' overall satisfaction with the company and various elements had been constantly increasing.

III. Customer responsibility: Understanding market opportunities thoroughly, deepening relations with the owner, and providing value services

Strictly controlling product quality

(1) Quality control of central laboratory

Quality is the lifeline of products and is also one of the important prerequisites to achieve intelligent life. Topband is promoting the establishment of a "zero defect" quality system, adhering to the quality control of continuous lean improvement, and providing customers with better product quality through continuous lean management.

Topband practices the quality system for lean improvement in procurement, research and development design, trial production, mass production, after-sales service and other links, and has established various professional laboratories to safeguard the rapid, flexible, efficient and collaborative research and development.

Topband Central Laboratory has passed the national laboratory certification (CNAS certification), DEKRA CTF laboratory certification, TUV rheinland witness laboratory certification, UL-WTDP laboratory certification, providing customers and partners with EMC/EMI testing, component certification testing, product reliability testing/life testing, production compliance testing/EMC testing, environmental protection standard testing, harmful material testing, failure analysis testing, etc. In addition to the central laboratory, all kinds of professional laboratories, such as the gas laboratory, the kitchen appliance laboratory, the engineering laboratory, the battery laboratory, the intelligent toilet laboratory, the ice washing laboratory and the electric laboratory, can conduct professional product testing in accordance with UL, CE, VDE, TUV and GS certification requirements.

(2) Training series on Japanese quality concept

In order to promote the dissemination of Japanese quality concepts and culture in Topband, strengthen employees' attention to quality, and comprehensively improve the quality control capabilities, the company specially invited Kiyooki Kanuma, the Quality Director, to teach a series of training courses on Japanese quality concepts in the second half of 2021. The training courses included a total of five offline lectures, with more than 150 participants from Shenzhen, Huizhou, Hangzhou, and Ningbo. At the same time, more than 200 colleagues learned them online. With the lecturer's rich case sharing and simple explanation, the Japanese quality concept had been successfully introduced into the company team.



Double-R Ability Improvement Training Camp

III. Customer responsibility: Understanding market opportunities thoroughly, deepening relations with the owner, and providing value services

Guaranteeing stable delivery

In 2021, the international electronic components market was surging, and global customers and industry partners were facing severe challenges of electronic components and other supply chain shortages. Ensuring stable delivery, accordingly, had become one of the core measures to create value for customers in 2021.

In 2021, Topband set up the first-rate special project - "Supply Chain Guarantee Project", to jointly deal with supply chain challenges by gathering the company's best resources and taking measures in all aspects and fields, and strove to improve the delivery completion rate in difficult environments, creating value for customers as a partner.

On the one hand, Topband studied and judged the global supply chain situation in advance from a strategic perspective, took actions decisively under heavy pressure, and adopted methods such as early price locking and prepayment, to finalize key materials in advance for customers and to ensure subsequent delivery; on the other hand, the company gave R & D advantages into full play, vigorously promoted the domestic replacement of core components, and ensured quality and delivery on the basis of years of technology accumulation, providing Topband and Chinese solutions for customers to seize a wider market. In addition, Topband also strengthened cooperation with suppliers and actively supported the development of key core suppliers, adhered to the principle of win-win in the face of challenges, to ensure the stable development of the industry. The special team took multiple measures and implemented precise policies, and made significant contributions to ensuring the supply and the efficiency and guaranteeing customer value under extremely difficult circumstances, and had won unanimous praise from many target customers.

While improving the delivery level internally, Topband also mobilized all relevant departments to actively strive for convenient external delivery measures. In recent years, Topband has organized various related departments, including the finance, human resources, process and information center, property management department, audit department, finance department, supply chain center, R & D center, quality center, etc., to fully participate in the AEO advanced certification and audit by relevant customs departments in the aspects of "internal control, financial condition, compliance with laws, and trade safety", and to comprehensively improve the export specialization level and customs clearance convenience of the company.

On the basis that Huizhou Topband passed the "AEO Advanced Certification" in 2020, Shenzhen Topband Co., Ltd. also passed the certification in 2021 and obtained the gold-lettered signboard of the AEO advanced certification from the customs department. After passing AEO certification, a "VIP pass" for global trade, Topband's goods exported to foreign countries would be allowed to enter the "VIP channel", in other words, the priority was given to customs clearance, and a lower customs inspection rate was allowed, therefore, high-quality customs clearance was guaranteed for customer delivery. In 2021, under the circumstance of soaring orders and tension supply of raw materials, Topband passed AEO advanced certification, saving the company a lot of customs clearance time (the efficiency of customs clearance increased by 80% during the pandemic), and avoiding the loss of nearly 10 million yuan due to the suspension of the line, thus, greatly improving the delivery completion rate and the customer satisfaction.



IV. Responsibilities of supply chain and partner: creating a healthy supply chain ecology and value co-creation and value sharing

Building a "Category Iron Triangle +" supply chain expert team, to improve supply chain management capabilities

Following the successful implementation of the core customer service team "Iron Triangle", in order to improve supplier management capabilities, Topband has established a supply chain expert team of "Category Iron Triangle +", covering the group category procurement, group quality, and group device engineering and group delivery management. Through the effective implementation of the expert team of "Category Iron Triangle +", the company gained insight into studied customer needs and allocated supplier resources in a forward-looking manner, selected and evaluated proper suppliers, creating a fair and just supply chain environment, and contributing to the sustainable development of the company.

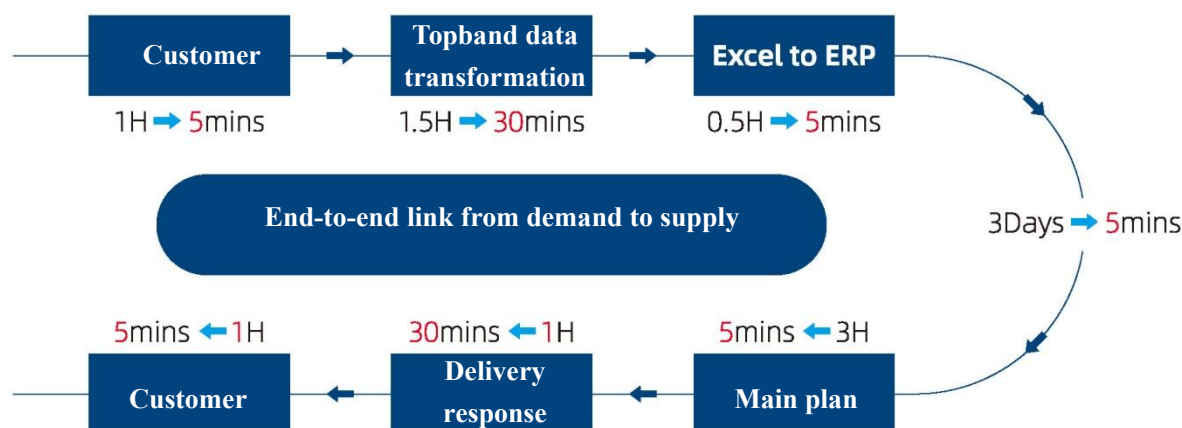
Reform of supply chain management and company development fueled by coordination of production and sales

The company has successfully built the production and coordination planning (S&OP) system, and through forward-looking planning in the two markets of customers and suppliers, achieved optimal allocation and balance of resources. The coordination of production and sales served the company's business strategy. By identifying various opportunities and risk points, the company could predict the demand trend in the next 18 months, coordinate and optimize resource allocation through trans-department forward-looking strategies, so as to achieve business goals and enhance competitiveness.



Digital tool - improving efficiency with EDI

With the help of the digital tool, EDI (electronic data interchange) system, Topband built the end-to-end collaboration capability between the customer and the company by connecting the customer's ERP system with Topband's SAP system, and realized the agile supply chain. Through the EDI docking between Topband and strategic customers, the 80% coordination timeliness has been accelerated from 72 hours to 2 hours for response, and the remaining 20% coordination timeliness has been shortened from 72 hours to 48 hours, greatly improving the customer's delivery experience.



IV. Responsibilities of supply chain and partner: creating a healthy supply chain ecology and value co-creation and value sharing

Sharing long-term interests with suppliers and building a harmonious ecosystem

With the continuous impact of the COVID-19 pandemic in 2021, in the context of the continuous increase in the price of bulk raw materials, the shortage of chips, and the blockage of international logistics, Topband has been working with customers and suppliers, to meet various challenges in the supply chain. As a responsible enterprise, Topband, in line with the principle of long-term benefit sharing with suppliers and a "customer-centric" culture, sacrificed short-term interests, to ensure material supply and achieve safe delivery to customers. In the market situation that semiconductors were extremely scarce in 2021, the company increased the delivery of key components such as IC and MOS against the trend.

Promoting capacity building of suppliers and setting up a strategic sharing platform

The demand for intelligent control is growing rapidly around the world. Topband and its supplier partners have developed and grown together with mutual benefit, mutual trust and mutual assistance for many years. With supply turbulence becoming the new normal, the supply chain delivery capabilities have become the core competitiveness of enterprises. The improvement of these capabilities is inseparable from the participation and joint construction of customers and suppliers. Therefore, Topband University has joined hands with the company to integrate the supply chain center and quality center, and systematically empowered suppliers from five major fields, including the supply chain, quality, management, HR, and EAP, hoping to achieve common growth, help Topband and the supplier build a win-win ecosystem, and enhance supplier stickiness and strategic cooperation, so as to ensure customer satisfaction and create value for customers.

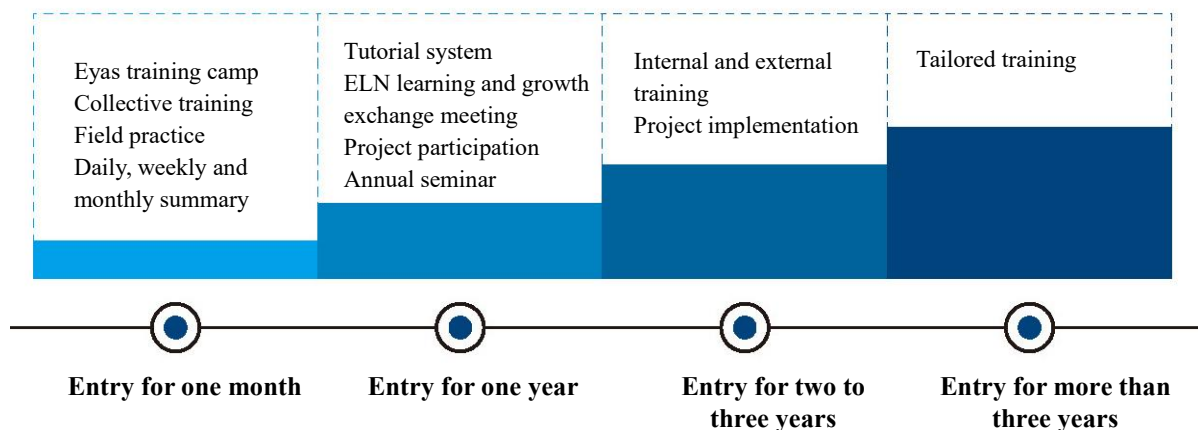


Special guidance on supplier quality and delivery system, to improve the overall level of the supply chain

In order to assist suppliers to improve their ability continuously, in the integrated supply chain, Topband organized the category procurement personnel, quality manager, and delivery manager to provide special guidance on quality improvement and delivery capabilities for several plastic, PCB, and packing material suppliers, to assist suppliers in rectifying their system, procurement management, planning management, warehousing management, production management, lean management and other aspects, and help them to improve their overall operational capabilities, so as to enhance the overall level of Topband supply chain and improve customer satisfaction.

V. Employee responsibilities: stimulating the vitality of the organization, enhancing the internal motivation of employees, and creating an organization with entrepreneurial spirit

Staff development



In 2021, the Talent Development Department organized a total of 610 internal sharing sessions at the company level, totaling 960 hours, and organized and developed 109 courseware, totaling 227 hours. The Department completed more than 300 annual training plans at the department level, covering personnel in multiple positions from Shenzhen, Huizhou, Yuecheng, Hangzhou and other places.

In 2021, the company granted academic education scholarships to 35 people, with a total bonus of 58,000 yuan. In 2021, 137 people passed the external training and assessment process.

The Company has established a talent training system combining professional competence and leadership, including routine training and professional module training. The Company develops different training courses for new employees, R&D, purchasing, sales and middle and senior management personnel by stages, and implements annual training plans from the perspective of corporate culture, professional skills, management improvement, professional quality and mental health. Through the combination of internal and external training, excellent human resources support is provided for the sustainable development of the Company.

In 2021, the talent development department of the Company and other relevant departments carried out a series of training. In order to help new employees better adapt to the new work environment and operating posts, understand relevant systems of the Company and integrate themselves into the enterprise culture, the human resource center of the Company has specially arranged a systemic training plan for "Topband New Employee Training", and the training covers the company profile, welfare, corporate culture, information system, finance, and intellectual property rights, legal basis, ISC core ideas and professional mental health, etc. "Topband Newcomer Training" has become a systematic newcomer training plan of the Company. In 2021, the Company held 14 sessions of new employee training and 94 sessions of employee training in Shenzhen and Huizhou.

In addition to SAP system training and TC system training, the Company will also hold various professional training for different positions from time to time, including financial, legal, patent, customs, procurement and supply chain training, sales training, R&D training, manufacturing and quality training, as well as subject exchange and sharing of various professional modules and technologies. The Company's training topics in 2021 covered R&D modules, manufacturing and quality modularization, power IC technology, trademarks, customs knowledge, PCB design specifications, prevention and response of workplace-related psychological problems, project management, supply chain strategy and plan change, supplier negotiation and other topics. To meet employees' needs of self-competence improvement and make full use of the Company's internal wisdom, the Company invited internal lecturers for development according to the needs of students during the reporting period, including skills such as PPT Production, management such as the Improvement of Team Cohesion, mental health such as Mental Health Sandplay Experience, Flower Arrangement Experience, Learning Photography and other interest courses, which won unanimous praise within the Company. The Company will also seek for external high-quality training and communication opportunities actively to improve the professional ability of employees effectively. In 2021, external communication topics of the Company covered innovative methodology (TRIZ), electromagnetic compatibility (EMC) design and test case analysis, electronic product reliability and DOE test design, etc.

V. Employee responsibilities: stimulating the vitality of the organization, enhancing the internal motivation of employees, and creating an organization with entrepreneurial spirit

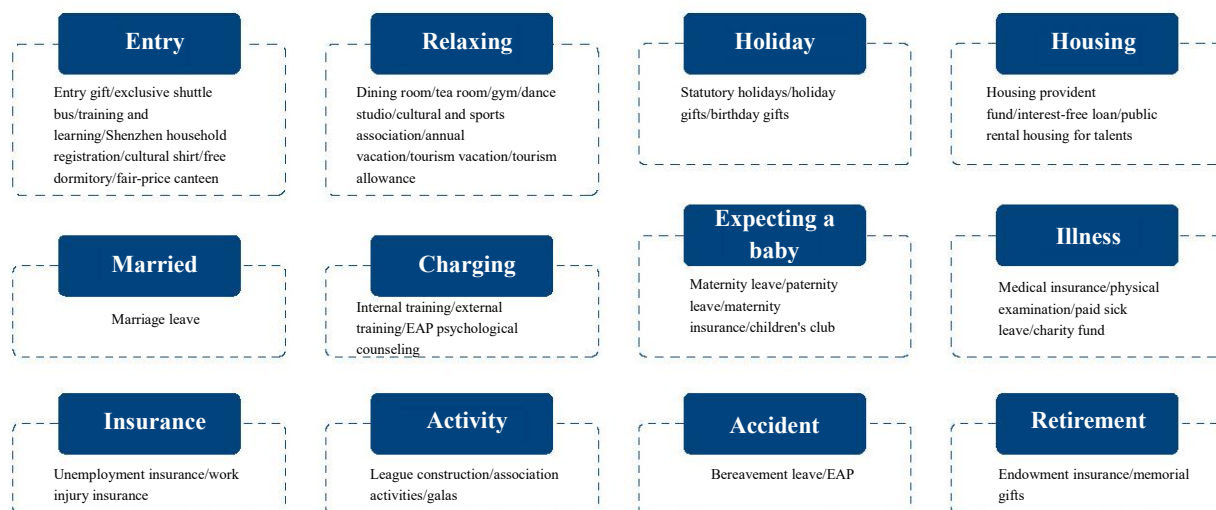
In terms of the training of leadership promotion, the Company designed and implemented training camps for management ability and leadership promotion at all levels in 2021, realizing the full coverage of training of management cadres at all levels from grass-roots reserve cadres, grass-roots team leaders to middle-level supervisors and managers, and then to managers of BUs of the Company, with an aim to improve the comprehensive ability of its management and provide talent guarantee for its strategic implementation.

During the reporting period, Topband adhered to the concept of mutual benefit, mutual trust, mutual assistance and common development with its supplier partners over the years, and started from five major areas, including supply chain, quality, management, HR and EAP, and set up a supplier communication platform initially, which was committed to the common growth of the Company and suppliers.

The company always pays more attention to the training plan. In order to improve the pertinence of training and enhance the professional ability of personnel in all departments of the Company, the module heads of all the departments of the Company and the talent development department of the human resources center of the Company have jointly formulated the 2022 annual training plan. In order to improve the internal implementation ability of each department, the module heads of all departments and the corresponding lecturers ensure that the training plan will be carried out in an effective and orderly manner, and the talent development department of the human resources center will supervise and manage the implementation. The training plan for 2022 covers topics such as management, professional technical theory and practice, negotiation, customer development and management. In terms of course design, teaching method, training system, instructor team and other resources, the Company has effectively guaranteed the opportunities for employees to learn and grow, safeguarding the career development of employees.

Employee care

Topband has a sophisticated employee welfare system, to reduce employees' worries, and carries out TOP cultural activities with interesting content and diverse forms according to their hobbies, to enrich employees' lives. Meanwhile, the company sets up EAP employee mental health consulting agency, to communicate with employees, adjust the discomfort emotions in a timely manner, and avoid the spread of negative emotions.





Environmental Protection and Sustainable Development

- Help the world's low-carbon development and build a friendly environment with intelligent control technology

I. The concept of green development

As the society develops towards the trend of "intelligence, low-carbonization, regionalization, and chain-shortening", the company would seize the historical opportunities of intelligence, scenario-based, green and low-carbon, actively innovate business models, and focus on independent innovation, to gain insight into the critical problems of users, scenarios and industries, provide customers with intelligent solutions, and facilitate the sustainable development of society and the industry.

Focusing on the future of "intelligent" and "low carbon": The company used the "four electricity and one network" core technology of electronic control, motor, battery, power supply, and the Internet of Things platform, to provide various intelligent solutions for the four major industries of home appliances, tools, industry and new energy, becoming the world's leading intelligent control solution provider, and continued to expand core technologies and application industries, so as to make the world more intelligent and low-carbon.

Jointly building a green and sustainable development ecology: The company would actively respond to the national call for green, environmental protection and low-carbon, make full use of its advantages as an intelligent control enterprise, and adhering to the concept of green development, join hands with industry chain partners, and continue to innovate technology and products, creating a green and sustainable development ecology, and helping achieve "carbon peaking and carbon neutrality" goal.

II. Green park

During the construction of Topband Park, the green concept ran through all aspects of the park planning, space layout, infrastructure construction, resource and energy utilization, pollutant control, operation management, etc. In addition, the green, service-oriented and comfortable park development was achieved, to comprehensively improve the green level of the park.

Creating a diverse park environment: Topband attached great importance to the environmental management of the park, and assigned special personnel to carry out daily maintenance of the park's greening. Meanwhile, the company built public facilities such as the basketball court, badminton court, gym, nursery room, yoga room, etc., greatly enriching the rest and activity space of employees after work, and creating a diverse and green working and living environment.



Investing photovoltaic power generation facilities: Topband provided solar photovoltaic power generation facilities in Shenzhen and Huizhou parks, with an annual power generation capacity of 300 KW and a power generation capacity of 470,000 KW. Moreover, the company provided the Shenzhen Park with a 1-MWh energy storage system, to store surplus photovoltaic power. Through the layout of photovoltaic new-energy power generation + storage and the construction of low-carbon park, the company was committed to realizing the goal of carbon neutrality as soon as possible.

II. Green park

Applying frequency conversion control technology: The central air-conditioning system, a high-energy-consuming equipment, is mainly composed of the circulating water pump, air handling unit and refrigeration compressor. The company uses intelligent frequency conversion control technology to adjust the water pump and air handling unit, not only saving energy, but also accurately distributing cooling capacity and adjusting water flow. With the intelligent frequency conversion control technology, about 380,000 KWH of electricity is saved in the Shenzhen Park alone every year.

Recycling production waste heat: When the air compressor is working, it will generate a lot of waste heat, most of which will be exhausted into the air by the cooling fan or cooling tower, resulting in waste of heat energy. Considering that, the company installs a heat recovery unit in the compressed air system, to convert and reuse the waste heat, provide hot water resources for the staff dormitory, and save about 180,000 KWH of electricity every year.

III. Green office

Topband has established an energy-saving and emission-reduction project team, to fully carry out energy-saving and emission-reduction work through scientific management, intensified publicity, and implementation of energy-saving and emission-reduction-related systems.

Promoting the idea of green office: Topband has enhanced employees' awareness of energy conservation by promoting the concept of green office. The company has clearly stipulated that the temperature of the air conditioner in summer shall not be lower than 26 °C; when leaving the office for a long time, the employee shall turn off the air conditioner and lighting; the human body photosensitive switch and LED energy-saving lamps shall be used in the corridors; the toilet paper shall be removed from the sink and replaced with handkerchiefs; paperless office shall be promoted; new-energy vehicles are used for the commuter buses, to encourage green travel of employees.

Advocating water conservation: Topband has actively responded to the call of the Water Supplies Bureau to save water, and took various water-saving measures, including the use of inductive faucets, sticking water-saving signs, checking the progress of water-saving work, and completing the water balance test project, and has applied to the Water Supplies Bureau to for the honorary title of "Water-saving Enterprise".

Off-peak electricity consumption: The company has actively responded to the call of China Southern Power Grid for off-peak power consumption, and invested in the construction of energy-storage projects and central air-conditioning water-storage projects in Shenzhen Park, reducing power consumption by about 370KW during peak power consumption periods.



IV. Green production

Intelligent manufacturing upgrade: The company has actively responded to the national strategy of “Intelligent Manufacturing in 2025”, and promoted intelligent manufacturing upgrade and achieved green development through the digitalization, automation, process innovation and other measures.

Case 1:

The company has used the MES system, vigorously introduced and developed various automation equipment, and built a number of automated production lines, which not only improved production efficiency, reduced the work intensity of employees, but also achieved the company's goal of reducing costs and increasing efficiency.



Case 2:

The company has introduced the WMS warehouse system and reduced the warehouse area and the number of management personnel combined with the intelligent material racks, and gradually achieved the goal of intelligent warehouse management.



Improving pollution control: In the course of development, Topband is constantly seeking new materials and new processes to reduce environmental pollution.

As for waste water, the Company has started a special improvement plan for waste water control, reformed and upgraded the existing production process, greatly reduced the amount of waste water, and transferred the waste water to a qualified third party company for hazardous waste treatment for the purpose of legal and compliant transportation and centralized treatment.

As for waste gas, Topband has adopted the waste gas collection and treatment system, so that the exhaust gas is extracted to the roof of the building by the waste gas treatment device for treatment, and is discharged after the standard is reached, and every year a qualified third party testing company is entrusted to test the waste gas before and after treatment, so as to ensure that the waste gas treatment device is effective.

As for solid waste, due to the technical requirements, some hazardous solid waste will be generated in the production. Such waste will be collected into a special hazardous waste room and disposed of by an external qualified hazardous waste treatment institution on a regular basis. The Company continuously explores new materials and equipment and constantly improves the process to reduce the amount of waste.

As for noise, the Company chooses low noise equipment. According to the noise characteristics of different equipment, it takes noise reduction measures, such as foundation vibration reduction, installation of mufflers or sound insulation covers or indoor sound insulation, and planting of noise reducing plants around the plant area and high-noise workshops. The boundary noise complies with the Standard for the Emission of Environmental Noise within the Boundary of Industrial Enterprises (GBL2348-2008).



Prospect

- Practice the persistence and become a "white horse stock"

Prospect - Practice the persistence and become a "white horse stock"

In the future, major opportunities in the technology industry will gradually emerge from the general application of intelligent technology, the demand for intelligent controllers will continue to grow rapidly, and the industry in which Topband operates will increase in incremental opportunities. As a leader in intelligent controllers, Topband will take technological innovation as the core capability, and with global operation capabilities in China, the company will continue to help downstream customers to improve the level of intelligence, and to increase the value of products.

The company has always practiced the values of persistence, insisted on investing in long-term value, and continuously created value through deep insight into the industry and dedicated execution, trying to become a company with a great pattern in the eyes of investors. Topband also looks forward to having a group of long-term investors who follow the growth of the company and have a great pattern. The difficulties caused by the external environment are temporary. As long as there are clear strategic goals, firm beliefs, and dedicated execution, the company will quickly improve the operation and governance level, stabilize mature businesses, develop fast-growing businesses, expand new businesses, realize high-label business, and move towards excellence step by step and become a "white-horse stock" in the capital market.



Suggestions and Feedback

Suggestions and Feedback

Dear Reader,

Hello! Thank you for your attention to the Topband Annual ESG and Social Responsibility Report 2021. We attach great importance to your suggestions and feedback on this Report. Your suggestions and opinions are important references for us to improve our social responsibility performance. Please work with Topband to build a more perfect society. You can send us feedback by mail, email or phone. Thanks again!

Name:

Company:

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| Report Evaluation Form | 10 Very high | 8 High | 6 Average | 4 Low | 2 Very low |
|--------------------------------------------------------------------------------------------------------------------|-----------------|-----------|--------------|----------|---------------|
| Do you think the structure of this Report is reasonable? | | | | | |
| Are the performance indicators that you want to know disclosed in this Report? | | | | | |
| Do you have a clear understanding of the social responsibility concept and practice of Topband through the Report? | | | | | |
| Do you think this Report is friendly and easy to read? | | | | | |
| Do you think the content arrangement and layout design of this Report are reasonable? | | | | | |
| What about your overall assessment of the Report? | | | | | |
| Suggestions for the ESG and Social Responsibility Report in 2021: | | | | | |
| Your suggestions for the sustainable development of Topband: | | | | | |



Make the World More Intelligent and Low-carbon



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