

TOPBAND 拓邦

Create an intelligent and bright future together

Social Responsibility Report 2020

Shenzhen Topband Co., Ltd.

The world's leading provider of intelligent control solutions
Stock code: 002139.SZ



**Establish long-range business for
expansion and create a global brand for
national prosperity.**



LETTER FROM THE CHAIRMAN

Dear shareholders and all friends who care about Topband:

In 2020, the Company seized the opportunity of intelligent development, overcame the adverse impact of the external environment, and achieved good performance growth. In 2020, the sales revenue reached 5,560,183,000 yuan, with a year-on-year growth of 35.65%; the net profit attributable to the parent company reached 533,516,800 yuan, with a year-on-year growth of 61.27%.

Looking back to 2020, the sudden COVID-19 epidemic had a broad and far-reaching impact on the world economy and the Chinese economy, bringing new challenges to the intelligent control industry. In order to cope with the challenges, based on the needs of customers, the Company successively implemented a variety of measures, took the lead in promoting the resumption of work and production, and overcame the difficulties with customers. Under the sincere solidarity of all the Topband people, we turned the crisis into opportunity and successfully completed the growth target.

Focus on strategy to achieve the five-year "butterfly change" of Topband

In the past five years, Topband's operating revenue has grown rapidly at a compound growth rate of 30%+, and it has become a "hidden champion" in the field of global intelligent control. As the saying goes, "Three years of development depends on opportunity, and ten years of development depends on strategy." Strategy is the key to the success or failure of an enterprise. In 2016, when making the vision plan for the next ten years, Topband clearly put forward the medium- and long-term development goal by 2025. In order to achieve the strategic objectives, Topband formulated a detailed development plan based on the industry development prospects and its own core capabilities, focusing on the intelligent control track, anchoring

four application fields of home appliances, tools, lithium batteries and industrial control. In terms of customers, Topband focused on top customers, stuck to the "customer-centered" value concept, and continued to create value for customers. In terms of products, Topband practiced the concept of innovative development, built technical competitiveness through high R&D investment, and vigorously developed a product platform to build product competitiveness. In terms of internal operation, Topband started from the introduction of the IPD (Integrated Product Development) process, promoted process reform and organizational reform successively, and built the BG-BU (Business Group - Business Unit) organization with the mission of capturing opportunities. Looking back to the past five years, Topband focused on strategy, practiced skills, and completed "butterfly change". Now Topband is a high-tech innovation enterprise with clear strategy, leading technology, efficient operation and abundant talents.

Firmly stick to the strategic direction to become the "leader" of intelligent control

The greatest value of the enterprise is to promote the progress of human society and industry. Since its inception, Topband has been committed to the intelligent control industry, and has been determined to become the leader of the global intelligent control industry, so as to innovate in intelligent control technology, create value for customers and benefit everyone.

The Company will continue to focus on the core objective of scale growth to enhance its leading position among global intelligent control solution providers. The Company will give full play to the core technology advantages of "three electrics and one network", and focus on the four main fields of "home appliances, tools, lithium batteries and industry", so as to provide one-stop intelligent control solutions for global brand customers. In terms of home appliance business, Topband is committed to becoming the leader of intelligent control solutions for home appliances. In terms of tool business, the Company is

committed to becoming the world's leading supplier of intelligent control solutions in the tool industry. In terms of lithium battery business, the Company is committed to becoming the industry leader in customized lithium batteries and BMS (battery management system). In terms of industrial business, the Company will strive to rank among the first echelon of the domestic industrial control industry.

The Company will continue to implement the four strategies of "customer intimacy, innovation driving, smart operation and organizational evolution". In terms of customers, the Company will strengthen the strategy of customer intimacy, and vigorously develop three types of top customers, namely big customers, strategic customers and sci-tech innovation customers, and improve the market share. In terms of innovation, the Company will deepen the innovation-driven strategy, strengthen the construction of technological innovation and product platforms, and realize the business growth and upgrading driven by technological innovation. In terms of operation, the Company will comprehensively promote the smart operation strategy, build cost advantages through "three reductions and one optimization", accelerate digital transformation, and improve end-to-end efficiency. In terms of organizational construction, the Company will continue to promote the organizational evolution strategy, strengthen the construction of the talent team, and build a customer-centered process organization.

Deeply develop intelligentization to mine the "gold mine" of intelligent control

The future will be an intelligent society, and intelligentization will be a long-term, lasting and far-reaching change having a wide influence, and will deeply affect modern life, and change product forms at the same time. Intelligent control is the core technology of the future intelligent society and the brain and nervous system of intelligent equipment, and will become the necessity of the intelligent society. We think that the intelligent control industry is a big industry without a ceiling and the next gold mine of the intelligent society. Intelligent controllers are technology-intensive products including algorithm and hardware. With the continuous and in-depth development of intelligentization, the rapid iteration of technology will improve intelligent controller ODM (original design manufacturer) customization demands, and brand owners' requirements for technical innovation ability will become increasingly higher. Relying on 25 years of continued R&D investment, Topband has core competitiveness in terms of technology and product innovation.

According to public data, the scale of the global intelligent controller market exceeds one trillion yuan. With the rapid development of AIoT (Intelligent Internet of Things), the boundary of the market will continue to expand, and the industry will have broad prospects for future growth. The intelligent, healthy and high-end home appliance industry is in a state of

continuous acceleration, and the ODM demand for home appliance intelligent controllers keeps a rapid growth trend; the "oil to electricity" and "cordless" trends in the tool industry are also accelerating, and the demands for intelligent controllers, motors and battery packs continue to rise; the markets of energy storage and two- and three-wheeled vehicle power change in the lithium battery application industry are developing rapidly; the double opportunity of "digital transformation" and "domestic substitution" in the industrial control industry is coming. The Company will firmly seize the industry development opportunities, continue to deepen the intelligent control industry, lead the forward development of the industry, and become a global leading and honored provider of intelligent control technology.

In 2021, we will actively respond to potential difficulties such as tight supply of raw materials, increased exchange rate fluctuations and labor shortage, and quickly formulate measures to address them. At the same time, the Company will focus on the target, seize the opportunity, operate efficiently, and achieve good performance as a return for shareholders and the community.

Entrepreneurship is the most valuable part of an enterprise, and the Company is happy to provide opportunities so that every Topband person can realize their own value. I hope that Topband will become a place where entrepreneurs and entrepreneurship are nurtured. Looking forward to the future, the pioneering, enterprising, diligent and innovative Topband people will continue to adhere to the customer-centered concept guided by entrepreneurship, and continue to create value for customers. Let's go forward hand in hand, contribute our strength to the intelligent society, and create an intelligent and bright future together.

Thank you.

In the past 25 years, no matter how the global macro-environment changes, Topband has always adhered to the strategic development direction. With the joint efforts of the management and all the colleagues, Topband has achieved leapfrog development. We hereby sincerely thank our customers, investors and partners for their long-term support to Topband.

Chairman of Shenzhen Topband Co., Ltd.



March 9, 2021

关于本报告

Compilation Instructions

Description of the Report

This Report is the first social responsibility report issued by Shenzhen Topband Co., Ltd. (hereinafter referred to as "Topband" or "the Company"), which is issued at the same time as the Company's Annual Report 2020. This Report was reviewed and approved at the sixth meeting of the seventh Board of Directors of the Company held on March 5, 2021.

Time range

January 1, 2020 to December 31, 2020. 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 based on the Guidelines of Shenzhen Stock Exchange for Standardized Operation of Listed Companies and No. 2 of the Guidelines of Shenzhen Stock Exchange for Business Handling of Listed Companies: Disclosure of Related Matters in Periodic Reports, by reference to relevant requirements of the GRI Standards of the Global Reporting Initiative and the sustainable development goal of the United Nations and in light of the actualities 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.

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Company Profile

I. Company Profile

Shenzhen Topband Co., Ltd. (Stock abbreviation: Topband; Stock code: 002139), was established in 1996 in Shenzhen High-Tech Industrial Park, which is called China's "Silicon Valley". In the past 25 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 "three electrics and one network" covering four industries of home appliances, tools, lithium battery application 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 2020, Topband has 6,229 employees and covers a land area of nearly 300,000 square meters. Its revenue scale increased from 468 million yuan in 2007 to 5.56 billion yuan in 2020, achieving nearly 11 times of growth.



II. Development History

1996-2006: Initiation and accumulation. The Company was founded in 1996, starting from the air conditioning control business and opening the era of independent innovation in the domestic intelligent control of home appliances as an independent industry.

2007: Listed on the SME Board of Shenzhen Stock Exchange and became the first domestic listed company in the intelligent control industry.

2008-2012: Focused on the home appliance industry and became the leader of intelligent solutions in this industry.

2013-2019: Expanded tools, industry, lithium battery application and other industries. It made a rapid breakthrough in the tool industry and became the leader of intelligent solutions in this industry. It developed rapidly in the industrial and lithium battery industry and became the provider of innovative solutions in this industry.

2020: 2020 was an extraordinary year. The Company seized the opportunity of intelligent development, overcame the adverse impact of the external environment, and relied on the Company's accumulated product strength, the innovation ability of the technology platform, the ISC integrated supply chain and strong systematic management ability. All Topband staff cooperated with each other to face the difficulties and turn the crisis into opportunity. We not only achieved the set business target, but also gained the opportunity of incremental market orders, and achieved relatively high growth in 2020.

2096: To be a global leading and honored provider of intelligent control technology.

While committed to its own development, the Company will actively respond to the expectations of its stakeholders such as shareholders, customers and employees, take the initiative to undertake social responsibility, and enhance its competitive advantage with more socially responsible organizational behavior, thus becoming an outstanding corporate citizen.

The future society is an intelligent society. We Topband people will work hard to create an intelligent and bright future for all walks of life in the world.

III. Product Introduction



Intelligent control of home appliances

The Company provides customized services from product concepts, design, development to manufacturing and delivery for brand customers in the home appliance industry, 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 customized services from product concepts, design, development to manufacturing and delivery to brand customers in the tool industry. The business scope covers electronic controls, motors and batteries, and product forms include controllers, modules and complete machines.



Lithium battery 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 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.

IV. Layout of Globalization

The core customers of Topband are spread all over the world, and more than half of the business comes from overseas. In order to actively respond to the Company's core idea of "agile innovation partner" and further enhance the Company's service response ability and service quality, Topband has established a leading global operation system, including a total of 16 regional operations centers, manufacturing centers, R&D centers, offices, etc. in the United States, Japan, Germany, India, Vietnam and other regions, providing customers around the world with 7*24 uninterrupted services.



V. Corporate Culture

使命

MISSION

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

愿景

PROSPECT

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

核心价值观

VALUES

Possess great ambition, the sense of mission and inner drive
Adhere to the belief that technology has value
Show respect and inclusiveness
Stay enterprising and pursue excellence
Endeavor to every client's success
Achieve common development

Enterprise spirit: Set sights on heaven and earth, ascend together with joint efforts

Operation philosophy: Value creation, value sharing





Practice makes Prosperity: Cultural Consistency is the Cornerstone of Topband

This book expounds the fulfillment of the Company's core values in the long-term management practice and the essence of personnel management. It contains not only the understanding of the Company's founder, Mr. Wu Yongqiang, on the nature of the enterprise, mission vision, organizational development, and human ecology, but also the summary of the practical experience of its top and middle managers, team managers and front-line staff. Based on the core values of the Company, the book studies and sorts out the management philosophy, management experience and management culture characteristics of Topband Company.

Comments from customers

Topband people are practitioners from top to bottom, truly doing everything well step by step.

What I can see in Topband are people who work in a down-to-earth manner and practice meticulously.

—**TTI VP (Vice President)**

By gathering excellent talents, developing leading technology, energizing products and creating added value for users, Topband has achieved an intelligent ecological win-win situation with customers.

—**General Manager of GE China Embedded Home Appliances**

We appreciate Topband's responsibility to customers, quick response and localized quality service, which have deepened our trust in Topband. We hope that in the future, both parties will continue to work together for win-win cooperation.

—**CEO of Bostech (China)**



Monthly "The Flying Goose"

It is a platform for the Company to convey information, spread ideas, show employees' demeanor and express personal feelings.

TOPBAND 拓邦

打造TOP文化 做快乐拓邦人

Talent	Ownership	Peace
使命驱动	自主管理	身心完整

"TOP Culture" Topband Team

With the rapid development of the Company's business and the rapid growth of production capacity and personnel, the chairman of the Board of Directors proposed to "treat every employee well and act as a good company satisfying grassroots employees". In order to create a dynamic and energetic grassroots team and create a team atmosphere of "happy work, happy life, physical and mental health and happy growth", the Company has set up a number of "TOP team cultural activity groups". By holding TOP culture group activities, TOP culture collections, TOP culture group forums and various corporate culture activities, it can arouse the working enthusiasm of the team, build a high-performance team, set up a team benchmark, and highlight the results and cohesion of its cultural management.

VI. Enterprise Brand

Topband insists on accelerating innovation with agility and achieving brand success with innovation. Topband is a national enterprise technology center and a national high-tech enterprise. It has won many honorary titles such as "Guangdong Top 500 Manufacturing Enterprises" and "Guangdong Enterprise Observing Contracts and Valuing Credit", and has been listed in the first "Shenzhen Top 100 Brands".

Topband improves quality with standards and consolidates its brand with quality. It has passed the certification of the TS16949: 2009 / ISO9001: 2008 quality management system, the ISO14001: 2004 environmental management system, the OHSAS18001: 2007 occupational health and safety management system and other authoritative systems, has took the lead in the same industry at home to achieve the ROHS, REACH, WEEE standards, have CMAS, TUV, DEKRA, UL and other national-level laboratory qualifications, and uses the advanced SAP and MES manufacturing process management system to guarantee the high-quality delivery of hundreds of millions of sets of controller products every year.

With the value concept of "Agile Innovation Partner", Topband organically integrates brand building with corporate culture. Focusing on the core values of "Agility, Innovation and Partner", the Company keenly monitors the market environment and customer needs, builds brand differentiation characteristics, strengthens brand recognition in the market, and constantly enhances brand value. In 2020, the Company upgraded the brand identity system, launched a new brand image, and continuously enhanced the brand influence. Through a variety of forms such as brand stories, culture handbooks and cultural activities, it made "Agility, Innovation and Partner" Topband staff's common values, made the enterprise brand culture and corporate culture uniformly connected, and won the second prize in 5th Shenzhen Brand Story Speech Contest.

Topband is the preferred partner of many customers. Topband enjoys a high reputation in the intelligent control industry, providing industry-leading intelligent control solutions to nearly 500 brands worldwide, including many top international brands.

In 2020, the satisfaction of over 90% of strategic customers was improved for five consecutive years, and most customers regarded Topband as their only or preferred partner.

Topband has cultivated differentiated competitive advantages around the brand. Based on the brand value concept of "Agility, Innovation and Partner", Topband has established three core competencies of partner-type fast service ability, innovation leading ability and agile operation ability. The Company now has a research and development team of more than 1300 people. In 2020, it increased more than 600 new patent applications, had 1722 cumulative patent applications worldwide, and obtained 882 patent authorizations. By the end of 2020, the Company had registered 103 trademarks worldwide, including 18 overseas trademarks, and participated in the research and formulation of more than 10 national and industrial standards.

By means of brand focus, Topband has entered into the fast track of business development. Through the brand focus strategy, the Company has promoted the rapid and stable growth of 30%+ revenue scale for five consecutive years.

Topband aims to build a global benchmark brand of B2B industrial products, which is its ambitious goal. The Company adheres to the mission of "Innovate In Intelligent Control Technology, Create Value For Customers And Benefit Everyone", and is committed to becoming the world's leading provider of intelligent control solutions. It is committed to stimulating itself and its customers to realize the transformation from made in China to created in China, from Chinese speed to Chinese quality, from Chinese products to Chinese brands, thus becoming a hidden champion in the intelligent control industry.

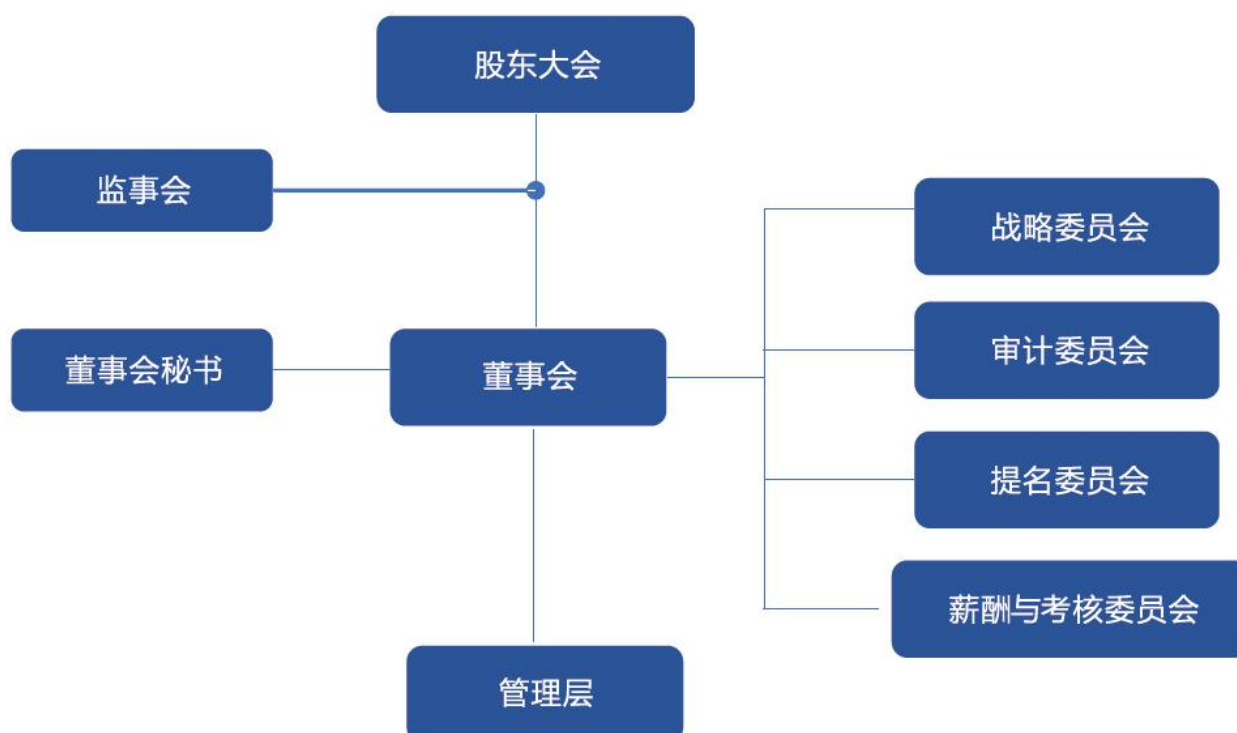




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Corporate Governance

I. Governance Organization and Management



Since its listing, the Company has revised the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board of Supervisors and established a series of corporate governance systems in strict accordance with the requirements of relevant laws and regulations such as the Company Law, the Securities Law, the Code on the Governance of Listed Companies, the Guidelines for the Articles of Association of Listed Companies and the Stock Listing Rules of Shenzhen Stock Exchange.

About shareholders and the General Meeting of Shareholders:

The Company has convened and held the General Meeting of Shareholders in strict accordance with the provisions and requirements of the Rules of Procedure of the General Meeting of Shareholders and the Normative Opinions of the General Meeting of Shareholders of the Listed Company, so as to ensure that all shareholders, especially medium and small shareholders can enjoy equal status and fully exercise their rights.

In 2020, the Company held the General Meeting of Shareholders twice, which was convened by the Board of Directors. The convening, holding and voting procedures of any such meeting comply with the provisions of relevant laws and regulations and the articles of association, the qualifications of the personnel attending the meeting are legal and effective, and voting results are legal and effective, and there is no violation of the Rules of the General Meeting of Shareholders of the Listed Company.

About directors and the Board of Directors: The Board of Directors currently has 9 directors, including 3 independent directors and 2 employee representative directors. All the directors of the Company can carry out work in accordance with the Rules of Procedure of the Board of Directors, the Independent Director System, and the Guidelines for the Behavior of the Directors of Listed Companies in the SME Board, attend relevant meetings seriously, actively participate in training, and be familiar with relevant laws and regulations. The Company has elected directors in strict accordance with the recruitment procedure stipulated in the Articles of Association. At present, the Company has 3 independent directors and 6 non-independent directors.

In 2020, the Company held 12 board meetings, and the convening, holding and voting procedures and the contents of resolutions comply with the provisions of laws and regulations and the Articles of Association. The Board of Directors of the Company has set up a strategy committee, an audit committee, a nomination committee and a remuneration and assessment committee under the Code on

the Governance of Listed Companies. The special committees have performed its duties in strict accordance with relevant laws and regulations and the rules of procedure of the special committee, providing a powerful supplement for the scientific decision-making of the Board of Directors.

About the supervisors and the Board of Supervisors: The Board of Supervisors consists of three supervisors, including one employee representative supervisor. The Board of Supervisors has been formed in strict accordance with the relevant provisions of the Company Law and the Articles of Association. The Company's supervisors can, in accordance with the Rules of Procedure of the Board of Supervisors, conscientiously perform their duties, supervise the legality and compliance of the Company's financial status and major matters in good faith and responsibly, and safeguard the legitimate rights and interests of the Company and its shareholders.

In 2020, the Company held 8 meetings of the Board of Supervisors, and the convening, holding and voting procedures and the contents of resolutions comply with the provisions of laws and regulations, the Articles of Association and the Rules of Procedure of the Board of Supervisors. The Board of Supervisors of the Company has performed its duties in strict accordance with the Company Law, the Securities Law and other laws and regulations as well as the Articles of Association and the Rules of Procedure of the Board of Supervisors. Through attending the Board of Directors and the General Meeting of Shareholders as nonvoting members, the Board of Supervisors has supervised the Company's production and operation activities, major matters and financial status as well as the performance of duties by the Board of Directors and senior executives, hence safeguarding the interests of the Company and the legitimate rights and interests of shareholders.

The Management:

The management of the Company has performed its duties in accordance with the Articles of Association and the Rules for the Work of the General Manager, strictly implemented the resolutions of the Board of Directors and the General Meeting of Shareholders, actively promoted business development and internal management, and ensured the sustainable, healthy and stable development of the Company. The main management personnel of the Company are stable. The details are as follows:

Wu Yongqiang, chairman of the Board of Directors and general manager of the Company, a leading talent in science and technology entrepreneurship recognized by Guangdong Province in "Guangdong Special Support Plan", a local leading talent recognized by Shenzhen, and a holder of the title "Shenzhen Youth Science and Technology Leader" awarded by Shenzhen Municipal Government, the title "Top Ten Outstanding Young Persons" in Nanshan District, Shenzhen, the title "Grade A Leading Talent" in Nanshan District, Shenzhen and other honorary titles.

Peng Ganquan, director of the Company, male, born in 1972, master's degree. He served as the technical director of the Company, and now serves as director and BG general manager of the Company.

Ma Wei, director and deputy general manager of the Company, male, born in 1974, bachelor's degree. He served successively as technical development engineer and general manager of the Company, and now serves as director, deputy general manager and BG general manager of the Company.

Zheng Sibin, director and deputy general manager of the Company, male, born in 1966, master's degree. He served successively as manager and chief financial officer of the Company's financial department, and now serves as director, deputy general manager and BG general manager of the Company.

Wen Zhaohui, deputy general manager of the Company, investment director, secretary of the Board of Directors, female, born in 1974, bachelor's degree, certified public accountant. She served successively as manager and chief financial officer of the Company's financial department, and now serves as deputy general manager of the Company, secretary of the Board of Directors and investment director. She has been awarded the title of "New Fortune Golden Secretary of the Board" for five consecutive years, has won the title "Excellent Secretary of the Board" awarded by Shenzhen Securities Regulatory Bureau and the title "Securities Times Top 100 Secretaries of the Board", and has been selected into "2019 Hall of Fame of Golden Secretaries of the Board" awarded by New Fortune. She leads the work of corporate governance, capital operation, investor relations, investment and mergers and acquisitions.

Xiang Wei, chief financial officer, male, born in 1977, bachelor's degree, senior management accountant and international accountant. He served successively as the manager of the Company's financial department and now serves as chief financial officer of the Company.

II. Anti-fraud, Compliance and Protection of Intellectual Property Rights and Trade Secrets

(1) Anti-fraud and compliance

Topband advocates the construction of a fair, just and honest business environment, standardizes business transactions, adheres to business ethics, always pays attention to the construction of clean governance, builds a clean culture, provides unimpeded channels for complaints and reports of illegal acts, and offers safeguards for the sustainable and healthy development of the Company and the creation of a sunshine enterprise.

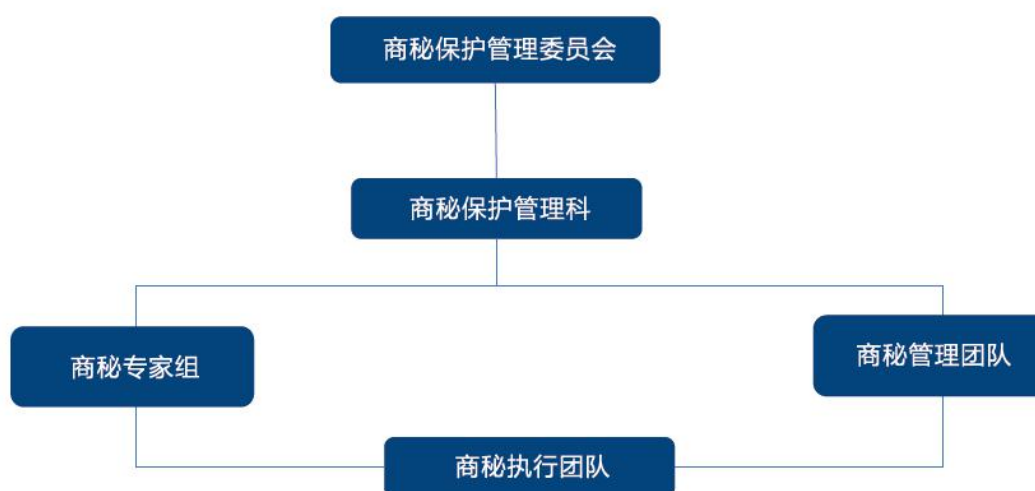
It has formulated and strictly implemented the Internal Audit System of the Company, the Management Measures for Rewards for Reporting of Malpractices and Corrupt Practices, the Management System for the Declaration of Conflict of Interest between Employees and the Company, and the Employee Credit Management System, etc., has established an anti-fraud WeChat official account, and has advocated honest, clean and reliable occupational behavior. 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 business partners, quality, health, safety and environmental protection, complaints and reports. Credit point deduction, warning, demerit recording, dismissal and other disciplinary actions have taken for violations, and the Company has also made public announcements and cautions.

(2) Protection of intellectual property rights

To protect its intellectual property rights, the Company has optimized the patent operation department's organization and management mode, used matrix management for patent operation, and allocated resources to create greater value for customers. Through regular patent operational activities, it has enhanced its core competitive capacity under the current business model, promoted its research and development innovation and business model upgrade, better achieved its business objectives and created greater economic benefits for itself.

(3) Protection of trade secrets

Based on the needs of its business development, the Company established a trade secret protection management committee in 2018, with Chairman Wu Yongqiang as the director and deputy general managers as members, which is responsible for leading and coordinating the trade secret protection and management of the Company. The committee has a trade secret protection management section, which is responsible for the establishment, implementation and supervision of the Company's trade secret protection management system.



Corporate Governance

The protection of trade secrets plays an escort role in the development of the enterprise. Through the four working processes of trade secret demand management, trade secret planning, trade secret operation management as well as evaluation and improvement, the Company has established a trade secret protection management system with three major contents, namely, employee confidentiality, information confidentiality and environment confidentiality.



Regular meeting of the trade secret protection management committee

2019: The head of the Intellectual Property Inspection Department of Shenzhen Nanshan District People's Procuratorate was invited to visit the Company and give a lecture themed on crimes related to intellectual property and information security for key positions of the Company, which greatly enhanced employees' awareness of trade secret protection.

2020: Relevant leaders of Shenzhen Intellectual Property Protection Center visited and highly praised the Company's trade secret protection work. According to its strategic needs, the Company has continuously improved the trade secret protection management system, established and improved the confidentiality system, and continuously revised the Trade Secret Organization and Operation Mechanism, the Provisions on Rewards and Punishments of Trade Secret Violations, the Information Confidentiality System, defined the scope of trade secrets, clarified trade secret management responsibilities, and determined punishment measures for divulgence and leakage.

The Company pays attention to the protection of its own trade secrets, and is also committed to the construction of a customer information protection management system, so as to create a safe and reliable environment for customers. The Company has incorporated customer trade secret protection requirements into its organization, process and mechanism, established an independent customer confidentiality team, and included customer information confidentiality in the team's performance appraisal; it has set up special confidential budget for customers and continuously increased technical input; it has publicized employees' confidentiality responsibility for customer information and enhanced employees' confidentiality awareness.



3

**Protection of
Stakeholders' Rights
and Interests**

Protection of Stakeholders' Rights and Interests

1. Government responsibility

(1) Legal operation and tax payment

The Company adheres to law-abiding management, sticks to the code of conduct based on integrity and fairness, consciously assumes social responsibility, and strives to become the industry's benchmark enterprise, and lays a solid foundation for the Company's sustainable and harmonious development.

Topband adheres to legal operation, fair competition and sincere hospitality, continuously improves service quality, and deeply integrates the concept of compliance management into the operation of the Company and the daily business of every employee. The Company has actively fulfilled its economic responsibilities and paid taxes according to law. From 2018 to 2020, the Company and its subsidiaries legally paid taxes in the amounts of 148,393,300 yuan, 114,098,500 yuan and 167,877,400 yuan respectively, making a great contribution to the economy of the place where it operates.

(2) Solving the employment

The Company takes integrating into the local social and economic development as its own responsibility and actively solves the problem of local employment of labor force. By the end of 2020, the Company had a total of 6,229 employees. The Company provides suitable positions to the society every year, and absorbs and employs high-end talents, professional and technical talents and fresh graduates, so as to strengthen the talent strength. In addition, the Company provides positions for the disabled or otherwise solves the employment problems of the poor and weak groups.

2. Investor responsibility

(1) 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
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%

Protection of Stakeholders' Rights and Interests

2007	RMB 0.4 and 10 additional shares per 10 shares	0.02	0.21	9.63%
Total		5.40	19.06	28.33%

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	4,1016 32.50
Total	14,838,920	80,004,320.63

Since the listing in 2007, the accumulative cash dividend (including 2020) was 540 million yuan.

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

(2) 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 2020, the Company disclosed 4 periodic reports and 163 other announcements on the website of Shenzhen Stock Exchange and www.cninfo.com. With the increasing attention of overseas investors, in order to meet domestic and foreign investors' need to obtain information, the English version of the annual report and the Chinese and English versions of the social responsibility report were also disclosed in 2020.

(3) 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.

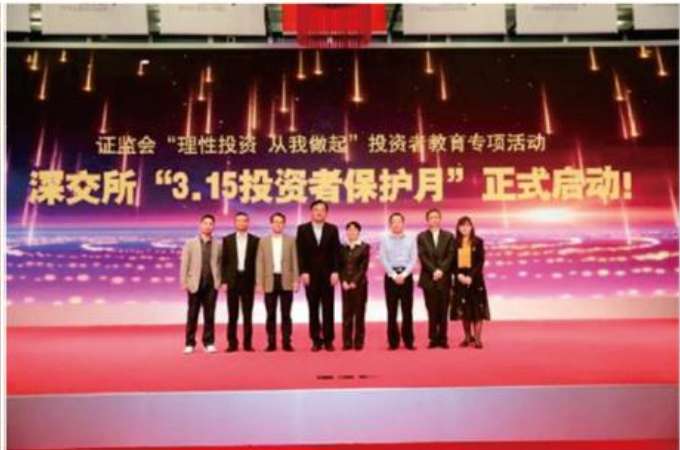
In 2017, the Company was invited to receive investors who participated in a series of activities called "Fulfill the Chinese Dream and Enter Listed Companies" organized by Shenzhen Stock Exchange. They visited the enterprise on the spot, and the chairman and secretary of the Board of Directors had in-depth exchanges with investors on the Company's development history, operation situation and future prospects.

In 2018, as the representative of SMEs in Shenzhen Stock Exchange, the board secretary of the Company participated in the launching ceremony of the "315 Investor Protection Month" launched by Shenzhen Stock Exchange.

Protection of Stakeholders' Rights and Interests



The Activity for Entering Listed Companies



315 Investor Protection Month Activity

In 2019 and 2020, the Company participated in the online collective reception day activity for investors of listed companies in Shenzhen, which was jointly organized by Shenzhen Association of Listed Companies and Shenzhen Panorama Network Co., Ltd., strengthening the interaction and communication with investors.

In 2020, 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.

3. Customer and consumer responsibility

Topband's mission is to use intelligent control technology to create value for customers and benefit everyone.

(1) Help partners grow

Since its establishment, Topband has led the development of the domestic intelligent control industry and witnessed the popularity and prosperity of the markets of home appliances and electric tools at home and abroad. In the course of 25 years, Topband has always been standing behind its customers, accompanying excellent customers and partners from weak to strong, and then to the industry leader or sector leader.

Topband adheres to the customer service concept of "Agile Innovation Partner". With agile response speed, it provides customers with innovative technical solutions and services, treats customers as long-term partners, serves customers sincerely with a sincere heart, and fully supports customers in growing stronger and bigger, and grows with customers together for a long time.

Topband has improved its agility in responding to customer demands through the following two aspects: on the one hand, it has opened up internal processes, optimized process nodes and strengthened internal management. In 2020, Topband implemented "customer-centered process reengineering" to improve organizational efficiency. On the other hand, Topband has strengthened its global layout, made excellent people closer to customers, and gave customers more rapid response and feedback. In recent years, we have set up our factories, operation centers and R&D offices in our customer headquarters, factories and offices. We have achieved remarkable results in serving customers nearby and are expanding our layout.

Topband takes innovation as one of its core competencies. In recent years, about 7% of its annual revenue has been invested in research and development. More than 1300 R&D engineers provide professional services in various industries to our customers, and our R&D team also creates more and more value for customers.

We regard our customers as long-term partners and are willing to grow together with them. On the one hand, we provide our customers with our professional level without reservation with the heart of a partner, and on the other hand, we accompany our customers with the heart of loyalty for long-term development. We accompany and support many customers from weak to strong, until they become

Protection of Stakeholders' Rights and Interests

the industry leader. Even in the face of the ups and downs or the temporary difficulties of customers, Topband will also face the difficulties and give necessary support. Of course, in the process of accompanying the growth of customers, Topband also enjoys more care and feedback from customers.

Topband has deployed a customer-centered "iron triangle" service team for core customers to provide customers with more professional, high-quality and close service in the form of a team.

This iron triangle includes AR, SR and FR, and involves the three aspects of sales, solutions and delivery, and these three people form a most streamlined customer service team focusing on solving business, technical, delivery issues in the process of communication with customers. In this service team, technology and delivery will be transferred to the communication link in the early stage of the project, so as to minimize the repetition of customer communication, avoid the loss in the transmission process of customer demand, and respond to customer demand to the greatest extent.

At the same time, as the business unit that has the closest contact with customers, the iron triangle team is also granted the largest internal resource call authority. They understand customer needs, solve customer needs, and call for internal resources to solve better problems at a better level at the same time, hence becoming customers' closest comrades in arms.

A "customer-centered" culture is created to actively serve customers from different perspectives and in different ways.

In addition to daily customer service, we organize customer satisfaction surveys twice a year led by the third party and take them as one of the important assessment indicators. Something that stays in your mind will someday spring up in your life. Under the strong atmosphere of serving customers, Topband has also been widely praised by customers. In 2020, we won many oral or written or official honorary praises from customers.



Protection of Stakeholders' Rights and Interests

(2) Help intelligent life

Topband has always been committed to serving brand customers and end consumers with its professional strength in the intelligent control industry. Together with excellent customers all over the world, we will create an intelligent and bright future and help people all over the world to share a more intelligent better life.

To expand the intelligent control application industry, Topband constantly enriches the intelligent control technology and its application industry around the scenes of people's daily life, and constantly expands solutions to help customers realize intelligent life, contributing to the wisdom of Topband to realize intelligent life.

From the air conditioning controller at the beginning of its establishment to microwave oven control modules at the time of its listing and to multiple series of Internet of things solutions for four industries at present, Topband has grown from a small factory in the south which could only provide a single product to an international leading enterprise with an annual output of 100 million intelligent control modules. Its products cover most of the intelligent devices in the home and work life of consumers, including home appliances, electric tools, garden tools, industrial control, medical treatment, automotive electronics, lithium battery products, Internet of Things, etc.

Every year, more than 100 million intelligent devices equipped with Topband intelligent control solutions enter into people's lives around the world. Topband continues to exploit the application industry, expand new business industries, enlarge the quality customer base, relies on all kinds of intelligent equipment to step into thousands of households, and continues to create value for the intelligent life of people around the world.

Deepen the level of intelligent solutions. Topband adheres to the core concept that "technology creates value", continues to deepen intelligent control technology, leads the development direction of the intelligent control industry, provides excellent intelligent control technology to numerous brand customers, and illuminates people's intelligent life with the light of technology.

With innovation as one of the core competitiveness, Topband has highly focused on product and technological innovation, providing customers with high value-added value returns.

In 2020, Topband had more than 1300 professional R&D personnel, and the R&D investment accounted for more than 7% of the revenue, leading the industry. As of December 31, 2020, the Company applied for 1722 patents, including 644 invention patents, and obtained 882 patent authorizations, including 92 invention patents. The patents covered processing & control, sensing & detection, motor control, human-computer interaction, intelligent Internet of things, new energy, mobile robots and other industries, forming the underlying core technology platform, peripheral extended application technology, the Internet of Things, robots and product platforms and technology platforms combined with future technology platforms, providing customers with quick, flexible and efficient collaborative intelligent technology solutions with core technology as basic elements, typical application scenarios as the core accumulation, the Internet of things as the future direction and the IPD as the basic process.

Consolidate intelligent quality. 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), DEKRACTF laboratory certification, TUV rheinland witness laboratory certification, ULVMDP 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 UUCE, VDE, TUV and GS certification requirements.

Protection of Stakeholders' Rights and Interests

(3) Environment-friendly society

Topband insists on using its own technology and production experience to help energy conservation and environmental protection and promote social and environmental friendliness.

The frequency conversion technology we have accumulated has been widely used in variable frequency air conditioners, variable frequency range hoods, variable frequency refrigerators and other projects. We use advanced technologies such as variable frequency to make our products more energy efficient. The lithium battery energy storage scheme launched by us for household use has been widely used in developed economies such as Europe and the United States. It makes extensive use of solar energy to convert electric energy, greatly improving energy efficiency and reducing energy consumption.

In the process of design and production, we have also widely used all kinds of environmental protection materials and environmental protection and public welfare materials. We have passed the certification of the ISO14001: 2015 environmental management system certificate, the HSPMQC080000 hazardous substance process management system and the ISO45001: 2018 occupational health and safety management system certification. Our products comply with ROHS, REACH and other international standards since harmful substances are controlled in terms of raw materials and manufacture processes.

4. Supply chain and partner responsibility

(1) Supplier quality and delivery system construction and guidance

The Company has cooperated with SQE to help PCB, wire, inductance and transformer suppliers improve their quality management system. The Company's category procurement and joint delivery management engineers focus on tutoring PCB and wire suppliers to establish a planning system and greatly improve their delivery completion rate.

(2) End-to-end data exchange between demand and supply

The order prediction between the Company and customers is exchanged through the CRM platform to improve the response speed and the accuracy of data.

The delivery schedule between the Company and the supplier is exchanged through the SRM platform to quickly improve the decision-making ability of the delivery plan and the production plan.

(3) Market quotation sharing and strategic coordination

The Company releases the delivery and cost trend of category procurement every month, and provides the matching strategy such as PCB, IC, etc.

Category procurement, back-end procurement and master planning will work together with customer service to coordinate with customers.

(4) Build an international platform that "is trustworthy, promotes growth and seizes opportunities"

When the supply market is volatile, we will proactively assess the inventory capacity of our suppliers, and provide the support of consultants and relevant resources to work together with our partners. The Company will recommend excellent suppliers (especially domestic suppliers) to our international customers, and work with our cooperative manufacturers to enter the international platform and build global competitiveness.

(5) Strategic procurement: The Company established the strategic procurement committee in 2018. The procurement committee is the highest decision-making body of the Company in terms of procurement. It is responsible for the formulation of the Company's procurement policies, guidelines and strategies, such as the approval and resolution of the strategic layout of suppliers and the allocation of the share of each category. Through the implementation of strategic procurement, the Company's objectives and standards for category management, quality management and technical management are unified. Through the open and transparent procurement platform, the procurement strategy is closer to the business division and serves the needs of customers. At the same time, the supply chain advantage is built into one of the Company's core competitiveness. Through the implementation of strategic procurement, the proportion of centralized procurement has been improved.

5. Intelligent manufacturing/digitization

The Company has always been committed to leading the industrial upgrading with technological innovation, paying more attention to resource saving, environment friendliness and intelligentization and realizing the sustainable development of the enterprise. With the rapid development of big data, cloud computing, artificial intelligence, industrial Internet and other technologies, digital technology has been widely used in every link of the economy, promoting the arrival of a new consumption era. The concept of personalized and customized consumption is becoming more and more common, reshaping the relationship between producers and consumers, and also putting forward higher requirements for the production efficiency, product quality and agile response of the supply side. Therefore, intelligent manufacturing and digital operation are imminent.

Protection of Stakeholders' Rights and Interests

In 2019, Topband Huizhou Production Base completed the basic coverage of the MES production system, making overall arrangements in advance for the overall establishment of the digital intelligent manufacturing of the Company.

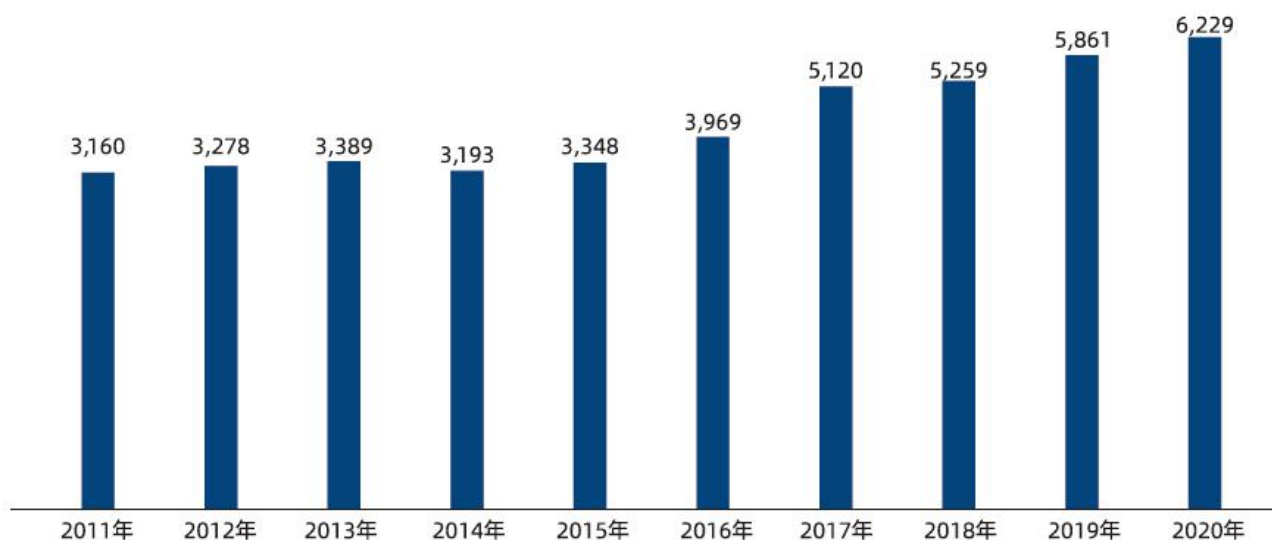
In 2021, Topband Ningbo Operation Center Phase I was put into use, and as an East China operation center integrating R&D, production and sales, by creating a digital operation mode integrating intelligent production, intelligent storage and intelligent logistics, the production efficiency can be greatly improved, the time of material flow shortened and the overall turnover efficiency improved. The cost reduction goal can be realized through labor saving and production efficiency improvement.

In the future, the digital information platform laid out in advance by the Company will comprehensively summarize the data of each production link, timely monitor and report the end-to-end manufacturing process information of the whole supply chain, and combine data and information for the circular analysis and optimization of the whole production process, so as to meet customer delivery while achieving higher quality guarantee.

Topband has been deeply engaged in the controller industry for many years. With the support of digital operation and intelligent manufacturing and based on the enterprise mission "provide value for customers with intelligent control technology, so that everyone benefits", Topband will make continuous efforts to realize the intelligence of each business link and provide customers with more reliable and high-quality products.

6. Employee responsibility

Topband actively solves the local talent training, recruitment and employment issues, providing a large number of jobs for the society. As of 20



Protection of Stakeholders' Rights and Interests

(1) Safeguard the legitimate rights and interests of employees

The Company attaches great importance to the rights and interests of employees, the development of employees, employee relations and activities, and strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other labor and social security laws and regulations. In terms of the labor protection management, occupational health and safety inspection, occupational health examination and occupational disease management of female employees and minors, the Company strictly implements relevant provisions, establishes standardized labor relations, clarifies the rights and obligations of both parties, signs labor contracts and pays five types of insurance premiums and one fund according to the provisions. According to relevant policies, the Company establishes a reasonable and perfect vacation system to guarantee employees' vacation rights and promote the balance between work and life. Employees can enjoy paid annual leave, marriage leave, bereavement leave, sick leave, maternity leave, paternity leave, home leave, exchanged leave, travel leave, etc. In addition to the normal salary level, the core staff of the Company will also receive equity incentive and project rewards, and hence a multi-level salary and welfare mechanism is formed.

(2) Improve the talent development mechanism

In 2020, the Company took personnel training and development to a new level. The Company has a more perfect enterprise university system and high-quality courses. At the company level, there are new employee training series (new employee orientation and young goose training camp), management series (new goose training camp, flying goose training camp and leading goose training camp), professional series of exquisite courses (professional knowledge training and topic communication of research and development modules, professional knowledge and skill training of procurement modules, key position training of manufacturing modules, and awareness introduction and ability improvement of sales modules); at the level of departments and posts, there are new entry tutoring, professional module knowledge accumulation, annual training plan implementation, etc. In addition, the Company has a sound talent training mechanism and system, such as an online learning platform, the New Employee Probation Management Measures, the Tutor Management System, the Career Development Management Measures, the Job Qualification Management System, and the External Training Management System. A perfect talent development system can truly energize employees and make talents become the engine of the Company's development.



Protection of Stakeholders' Rights and Interests

(3) Pay attention to the physical and mental health of employees

Production safety

Topband has passed ISO45001 management system certification, training all staff on production safety awareness. Topband strictly abides by the relevant laws and regulations such as the national production safety law, the fire protection law, the occupational disease prevention and treatment law, the environmental protection law and so on. In light of the actual needs of its development, the Company has drawn up 36 rules and regulations on production safety in line with its actualities.

All employees of Topband sign the Work Safety Responsibility Letter, implement the production safety requirements layer by layer, and are clear about the production safety requirements of their respective positions. The Company establishes full-time safety management personnel at the company level and part-time safety management positions in the production department to implement the daily production safety inspection and rectification, so that all work safety management forms a "closed-loop" management mode. The Company establishes a special work safety management committee, which takes the lead and organizes the management and front-line employee representatives to carry out production safety inspection in the workshop every month.

The Company implements the reward and punishment mechanism for production safety, carries out safety performance assessment on an annual basis, and uses the dedicated bonus for production safety to reward and punish according to the assessment situation within the year, and discloses the assessment results, rewards and punishments internally. The production safety committee regularly holds monthly, quarterly and annual meetings on production safety, constantly summarizes relevant work experience, learns from each other, and promotes the production safety of the whole Company.



Fire Evacuation Drill on December 23, 2020

Protection of Stakeholders' Rights and Interests

Occupational health management

Topband abides by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, ensures the occupational health and safety of employees, and actively uses new equipment, new processes and new materials to improve the working environment of employees.

In 2019, the Company successfully completed the certification of the occupational health management system transformation from OHSAS18001 to ISO45001.

Topband regularly hires external professional organizations to test the hazardous factors in the workplace with the occupational hazard factors in the workplace tested at least once a year and the current situation of the hazardous factors in the workplace evaluated once every three years, so as to ensure that the development of Topband meets occupational health requirements.

At the time of the entry of each employee who needs to be exposed to occupational hazards, the Company will inform the employee in writing in the contract about the occupational hazards he/she is exposed to and how to protect himself/herself. At the same time, relevant warning signs are posted on the site to inform the employee of the matters needing attention in the process of operation.

Topband strictly implements the occupational health examination work before, during and after the post. The unqualified personnel found in the pre-job inspection will not be employed, or the post will be adjusted after the consent of the employees is sought; any employee with abnormal occupational health examination results will be transferred from the original post; at the same time, the occupational health examination of the employees leaving their posts will be properly conducted to ensure that every employee leaving Topband can go to a new post healthily.

Topband continues to pursue essential safety, and introduces automation equipment to replace personnel in terms of production. For example: automatic spot welding, patching and printing plate equipment. The Company continuously implements the concept of automated workshops, so that employees are away from dangerous positions and production safety is guaranteed.

Construction of safety culture

The Company establishes a special cultural publicity column for safety publicity, regularly publicizes the investigation of production safety hazards and various testing reports, and publicizes the major issues of its production safety. The Company requires zero accidents of fire and zero accidents of occupational diseases in production safety, and no major accidents of production safety occurred in 2020.

The Company regularly holds fire evacuation drills, electric shock accident drills, chemical leakage drills, elevator rescue drills, work-related injury rescue drills and other emergency activities. Through the safety column in the internal journal, it publicizes safety related knowledge, and improves the safety awareness of employees. The Company has set up a part-time voluntary fire brigade, regularly carries out fire fighting skill training, organizes the skill competition of the internal voluntary fire brigade, and improves the rescue skills of voluntary firefighters.

Organize TCM (Traditional Chinese Medicine) consultation

In 2020, the Company invited volunteers from the TCM Promotion Committee to the Shenzhen headquarters to provide workers with occupational disease prevention and sub-health care. The free consultation service lasted for 3 days, including TCM pulse diagnosis, massotherapy and massage, TCM troubleshooting of common diseases, food therapy and health care, etc. For the health problems found in the process of pulse diagnosis, TCM doctors gave reasonable health care advice to the symptoms. They answered the health consultation put forward by the staff on the spot, and explained the knowledge of TCM conditioning, prevention and health care in light of the work habits of the staff to help the staff develop healthy lifestyle and habits, which was highly praised by the staff.

Focus on mental health

EAP - Enhance employees' psychological capital and help staff live a happiness life. A set of long-term and systematic welfare programs set up by the Company for all employees aims to solve various psychological and behavioral problems of employees and family members, help improve the environment and atmosphere of the organization, and improve the work performance of employees in the organization through professional diagnosis, advice and professional guidance, consultation and training services. The deep psychological care of the organization for employees can help realize the accumulation of organizational psychological capital and the improvement of employees' well-being. The Company's EAP (Employee Assistance Program) provides corresponding psychological care for employees at all levels every year. In 2020, we carried out a number of related work in one-to-one consultation, group salons, training, activities, etc., receiving more than 100 employees with more than 200 consultation hours in total.

Protection of Stakeholders' Rights and Interests



Parent-child Communication Training Camp in 2019



Mental Health Month in 2020

Protection of Stakeholders' Rights and Interests

(4) Colorful employee activities

The Company adheres to the working concept of "happy work and healthy life", regularly organizes colorful employee activities, such as the karaoke competition in January, the start-up activity and the Lantern Festival activity in February, Queen's Day and learn from Lei Feng activity in March, the group building activity in April, the cooking competition in May, the parent-child activity and the rainbow race in June, the skill competition in August, the Mid-Autumn Festival activity in September, the staff sports meeting in November and the Christmas activity in December. The Company has established a football club, a basketball club, a badminton club and other social organizations, and organizes club activities regularly, enriching the spare time life of employees. The Company has established a cooking experience center, and all departments can carry out cooking experience activities irregularly by making an appointment. On the one hand, we can experience the products of the Company and constantly improve product quality, and on the other hand, we can improve team cohesion and stimulate team vitality. Through a variety of activities, the Company has not only affirmed employees' contributions to its development and stimulated their enthusiasm for work, but has also strengthened their sense of belonging to the Company.



Protection of Stakeholders' Rights and Interests

(5) Diversified welfare system

In order to ensure the vitality of the organization, stimulate the internal drive of employees, and enhance the sense of belonging to the Company, we not only provide employees with five types of insurance and one fund, household transfer, residence permits, shuttle buses, a canteen, a welfare shop, a gym, a dance room and other benefits, but also have a variety of welfare systems, such as the paid travel leave and travel fund for happy travel, the annual physical examination for health review, and interest-free loans for house purchase and car purchase helping everyone to get more comfortable life, warm birthday blessing shopping cards, distinctive traditional festival gifts, a charity and mutual assistance love fund, warm and caring EAP psychological counseling service, staff children's amusement park, etc. The Company strives to ensure the safety of employees and improve their work happiness from all aspects.

(6) Improve employee satisfaction

In order to create a good experience culture of the Company and improve employees' comfort, sense of belonging and engagement, the Company takes employee experience as special work, and sets up an informal organization consisting of "Employee Experience Officers". In the employee experience work in 2020, the employee experience platform pushed a total of 31 advertorials, followed up 250 proposals and replies, and improved 49 hardware and software experience items. During the epidemic prevention and control period, the official platform collected and answered questions from all staff to ensure the smooth informal communication channel of the Company; the office environment continued to be upgraded; the Group's property management was managed in a standardized and normalized manner. Little by little, we truly put "pay attention to staff's experience and feelings" into practice, including all staff's questions and weekly replies during the epidemic prevention and control period.

7. Community responsibility

(1) Party building

Shenzhen Topband Party Branch was established in 2013. It had 113 registered Party members by the end of 2020.

Huizhou Topband Party Branch was established in 2017. It had 9 registered Party members by the end of 2020.

In 2020, in addition to the normal "three meetings and one lesson", Shenzhen Topband Party Committee actively carried out various activities inside and outside the Company.

In March, a call was made for donations for the epidemic

In July, Huizhou Topband Electric Party Branch organized a visit to "Chaoshan Seven-Day Red" red bases

In September, Party members and volunteers from all Shenzhen Party branches participated in the "Clean Plate Campaign" activity

In October, Shenzhen Topband Party Committee organized a Party day activity themed by watching the movie "My Hometown and Me"

In November, Shenzhen Topband Party Committee organized a Party day activity themed "Dongjiang Column Retreated Northward" in the red base

In December, Huizhou Topband Electric Party Branch organized "Factory Peripheral Sanitation and Cleaning Activity"

Protection of Stakeholders' Rights and Interests



Protection of Stakeholders' Rights and Interests

(2) School-enterprise cooperation

Strategic cooperation with the Harbin Institute of Technology (Shenzhen) Campus: In March 2019, Topband entered into strategic cooperation with Harbin Institute of Technology (Shenzhen) Campus to carry out in-depth cooperation in terms of the intelligent technology joint laboratory, joint research on gas control technology and the postdoctoral innovation practice base, and established "Shenzhen Topband Intelligent Technology Scholarship for Harbin Institute of Technology (Shenzhen)", aiming at outstanding undergraduate students of HIT College of Mechanical And Electrical Engineering and Automation. The scholarship will be evaluated for four consecutive years with an annual contribution of 100,000 yuan, and will be awarded according to the evaluation results.

Strategic cooperation with Guilin University of Electronic Technology: In order to implement the national strategy of rejuvenating the country through science and education, promote scientific and technological innovation, speed up industrial and economic development and social progress, make full use of the technology, human resources and advanced and mature technological achievements of colleges and universities, use the production conditions of the enterprise, improve the teaching and scientific research ability, transform the scientific research achievements into productive forces as soon as possible, and continuously improve the technology and management level of related national industries, Topband signed a strategic cooperation agreement with Guilin University of Electronic Technology on undertaking major national projects, personnel training, student internships, etc. in August 2020. To improve the technology and management level of related national industries, Topband signed a strategic cooperation agreement with Guilin University of Electronic Technology on undertaking major national projects, personnel training, student internships, etc.



Strategic cooperation with Harbin Institute of Technology (Shenzhen)

Protection of Stakeholders' Rights and Interests



Shenzhen Topband Intelligent Technology Scholarship for Harbin Institute of Technology (Shenzhen)



Strategic cooperation with Guilin University of Electronic Technology

Protection of Stakeholders' Rights and Interests

(3) Volunteer organization activities

1. Clean Plate Campaign: The campaign is held in the Company to advocate everyone to save food, develop a good habit of not wasting, and relevant personnel continue to organize and participate in such activities.
2. Yangtaishan Environmental Protection Tour: Participants represented the image of Topband, advocated others not to litter, and publicized the corporate culture of the Company.
3. Deliver materials to Huayang Welfare Home for Special Children: The donated funds were used to buy materials for Huayang Welfare Home for Special Children. More attention is paid to special groups in society and help is given within our ability.



Volunteer Activity - Clean Plate Campaign



Volunteer Association Yangtaishan Environmental Protection Tour

Protection of Stakeholders' Rights and Interests

(4) Foreign donation

In March 2020, the overseas sales center of Topband Co., Ltd. raised the first batch of medical masks and sent them to Italy, Germany, Ireland and other places where the epidemic was severe, so as to relieve the urgent needs of customers in the severely affected areas. Our customers have expressed their heartfelt thanks to our timely assistance, and they have also strengthened their belief and determination to position the brand of Topband as a strategic partner.





4

**Environmental
Protection and
Sustainable
Development**

Environmental Protection and Sustainable Development

1. Treatment of three wastes and prevention of noise pollution

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 (GB12348-2008).

2. Administrative permit for environmental protection

Huizhou Topband intends to construct "Topband Huizhou Second Industrial Park Project" in Dongjiang High-Tech Industrial Park, Zhongkai High-Tech Zone. The project has completed the filing and environmental assessment procedures and is intended to be located in the DN-02-16 Plot of Dongxing Area in Dongjiang High-Tech Industrial Park.

3. Energy conservation and environmental protection projects

Application of variable frequency technology to the central air conditioning system: Application and energy saving of variable frequency in circulating water pumps and air cabinets. Circulating water pumps, air cabinets and refrigeration compressors are important parts of the central air conditioning system, and their energy consumption in the whole system accounts for about 35%.

The Company applies variable frequency technology to the air conditioning system. The purpose of energy saving can be achieved through the adjustment of variable frequency technology. At the same time, the cooling capacity and water flow can be adjusted well, so that the energy saving effect can be increased to 28%, and the annual electricity saving is about 370,000 kWh.

Solar photovoltaic energy saving project: Solar power generation is an emerging renewable energy technology, and solar photovoltaic power generation has the characteristics of modular battery modules, convenient installation and maintenance, flexible use mode, etc., and is the most widely used technology of solar power generation. The Company's solar photovoltaic power generation capacity in Shenzhen and Huizhou Parks is 300 KW, and the annual power generation capacity is 470,000 kWh.





Waste heat recycling and energy saving of air compressors: An air compressor produces a lot of waste heat when it works, which is mostly discharged into the air by the radiator and the cooling fan or the cooling tower, resulting in heat waste. The Company installs a heat recovery machine in the compressed air system to convert and reuse the waste heat and provide hot water resources for its dormitories, which can save about 176,000 kWh of electricity every year.

4. Reduce carbon emissions

As for the monitoring of carbon emissions, Topband conducts inspection on its own each year, and engages a third-party certification body to verify the inspection results. In 2019, the Company strictly followed the Notice of Shenzhen Municipal Bureau of Ecology and Environment on the Issuance of the Actual Carbon Quota and Actual Carbon Emission of Controlled Entities in 2019, and the actual carbon emission was 13,153 tons, which was 7,164 tons less than the actual quota.



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**Achievements in
Social Responsibility**

I. Enterprise Honors

1. National Enterprise Technology Center
2. Single Champion Product in the National Manufacturing Industry
3. Excellent Standardization Unit
4. National High-Tech Enterprise
5. The 4th "Shenzhen Industry Award Nomination Award"
6. High-growth Backbone Enterprise in Huizhou
7. For three consecutive years (2017-2019), the Company was awarded the honorary title of "Guangdong Enterprise Observing Contracts and Valuing Credit"
8. The Most Potential 50 Listed Companies at the 40th Anniversary of Shenzhen Special Economic Zone
9. One of the Top 50 Listed Companies on China's SME Board in the 13th China Listed Company Value Selection
10. Top 500 Shenzhen Enterprises
11. Advanced Customs Certification Enterprise (AEO)
12. Top 100 Energy Storage Industry Chains in China
13. Top 500 Manufacturing Enterprises in Guangdong Province
14. Top 100 Comprehensive Strength Enterprises in the Electronic Information Manufacturing Industry in Guangdong Province in 2020
15. IPR Demonstration Enterprise in Guangdong Province
16. Artificial Intelligence Backbone Enterprise in Guangdong Province in 2020
17. High-Value Patent Cultivation Layout Center in Guangdong Province in 2021
18. Statistical Trustworthy Enterprise in Zhongkai High-Tech Zone
19. China's Top Ten Management Practices in 2019
20. Huizhou Enterprise Technology Center

II. Practice Base

In 2018, the Company was permitted to set up a postdoctoral innovation practice base.

In 2019, it became the training base for high-level innovative talents in Nanshan District, Shenzhen.

In 2020, the Company actively responded to the "Guangdong Provincial Action Plan for Cultivating the World-Class Intelligent Home Appliance Industry Cluster (2019-2022)" formulated by the Guangdong Provincial Department of Industry and Information Technology. In order to achieve a breakthrough in the development of the intelligent home appliance industry in our province and promote the healthy and stable development of the industry, Topband invested 3.5 million yuan to participate in the establishment of an intelligent home appliance innovation center (hereinafter referred to as the Innovation Center). With the Innovation Center as the main operation body, the Company builds the intelligent home appliance testing and verification platform IOT and a big data platform, realizing the interconnection and multi-scene application of cross-category and cross-brand intelligent home appliances; it builds and improves the public service platform of intelligent home appliances to strengthen international cooperation and talent training and improve the comprehensive service ability.





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**Suggestions and
Feedback**

Suggestions and Feedback

Dear Reader,

Hello! Thank you for your attention to "Topband Annual Social Responsibility Report 2020". 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!

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Report Evaluation Form	10 points Very high	8 points High	6 points Average	4 points Low	2 points 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?					
Your suggestions for Topband 2020 Annual Report on Environment, Social Responsibility and Corporate Governance:					
Your suggestions for the sustainable development of Topband:					

TOPBAND

Create an intelligent and bright future together

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