恒田企業
HANDA INDUSTRIES

2024

HANDA INDUSTRIES LIMITED
Sustainable Development Report

CSD
REPORT
2024



恒田企業
HANDA INDUSTRIES

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Handa is Like the Sea

Handa is like the sea. Only the sea can be so broad-minded to embrace all rivers and streams, and purify the polluted into clear water. That is why no matter how difficult, the rolling Yangtze River, the turbid Yellow River, and the sluggish trickle of water vie with each other in rushing into the sea. They converge into an unparalleled spectacular with everlasting flowing green water!

Once merged into the great family of the sea, every molecule will be closely together, forming a united whole on very intimate term. They follow the sea’ s principle and firmly pursue for the same goal, even if it means death. Therefore, there is the magic of the sea liberating.

The sea quietly does selfless dedication year after year. This is why it has been widely praised. It is its spirit of "creation without attachment, working without credit", and asking for nothing that helped the sea to achieve eternal existence. And this offers a perpetual living environment to all the creatures in the sea.

Handa should act like the sea. Since it has established the magnificent goal as the sea, Handa should be open-minded like the sea. We should not only embrace the talents from all over the country, but also possess the self-purification ability as the sea, so as to enhance and sublimate the quality of each individual in such atmosphere. Members of Handa should be capable individuals, not redundant or mediocre, because the development of Handa needs the support and assurance of talents in various fields.

We should unite all the members together in Handa to burst out our strength as powerful as the sea. This depends on a spirit of Company which we have always advocated----Innovation, Integrity, Faithfulness, Customer first. When we work together with one heart, we should forget we are separated individuals. And our value should be judged by our contributions, not only diplomas. In this way, lots of impossible things in our hands can be reality, and the huge wave of Handa will break through all the obstacles and rolling forward!

We should make our contribution to the community and mankind like the sea. Like the sea, Handa would own its eternal existence. And every individual in Handa will receive generous rewards for their efforts to bring great benefits for the Company, and their outstanding contributions to the society. Thus, Handa will unite to be a whole with the community.

Handa is like the sea.

The Report Profiles

This is an annual report, Since 2010, this has been the15th report that Handa Industries has continuously released to the society.

Report Subject: Handa Industries Co., Ltd., referred to as'Handa Industries'.

Note: In this report, 'Enterprise' 'Company' 'Handa' and 'We' all refer to Handa Industries. The corresponding data and facts are also limited to Handa Industries.

Time Span: From January 1st, 2024 to December 31st, 2024, including some historical data.

Reporting Cycle: The enterprise annually releases the information related to the sustainability for the previous year.

Compilation Principles: Objective, standardized, honest and transparent.

Content Scope: Global operations of headquarters and all branches in economic, environmental and social terms.

Information Sources: Unless otherwise specified, the date and cases in this report are sourced from Handa Industries and its subsidiaries.

Reference Standards: Global Reporting Initiative, *Sustainability Reporting Guidelines*

China Textile and Apparel Corporate Social Responsibility Management System (CSC9000T)

China National Textile and Apparel Council, 2008, *Outline for the Sustainable Development Report of China Textile and Garments*

UN, *2030 Agenda for Sustainable Development* (A/RES/70/1)

Report Compilation: This report was organized and compiled by Sustainable development Office, reviewed and approved by the Corporate Sustainability Committee.

Report Access: Browse our website to download: www.handagroup.com

Enterprise Website QR Code

Building a Sustainable Development Path Based on Responsibility

1.Sowing the seeds of responsibility through deep industry cultivation.After 30 years of development, Handa Industries has grown into a global apparel industry ecological platform spanning five continents. With quality responsibility as its foundation, it has built an integrated production base covering weaving, dyeing, finishing, and sewing, securing a quality edge in knitted fabrics and apparel. Through a comprehensive industrial chain layout, it has expanded service capabilities, forming a complete supply chain from fabric R&D to garment manufacturing. Focusing on markets like Japan, Europe, and the United States, it has established a professional service system and long-term partnerships with numerous clients. In response to global development needs, including the Belt and Road Initiative and customer supply chain requirements, it has set up production bases in Myanmar, Egypt, Bangladesh, etc., creating a "4+6+9" three-dimensional industrial collaborative system. With Hong Kong as its global headquarters, this system covers 4 target markets, 6 business marketing centers, and 9 garment factories. It seamlessly integrates decentralized production with rapid market response, boosting global operational capabilities while promoting local employment and industrial upgrading via overseas bases—making Handa a global Industries with scale, strength, and social responsibility.

2.**Fulfilling responsibilities and mission in the times.**In an era of rapid tech progress, fierce market competition, and growing focus on sustainable development, we keep pace with the times. Taking "Technological Handa, Fashionable Handa, and Green Handa" as development directions, we practice social responsibility through deep integration of innovation and industry.

Empowering with technology to enhance responsibility fulfillment efficiency. We believe informatization and digital transformation are key pillars for industrial development, setting the digital transformation goals of "digital online, process online, and management online." By reshaping the human resources system and building an office collaboration platform, we break language barriers in multinational teams. We also introduce and integrate production management systems to improve collaboration efficiency in business, planning, and production, achieving process integration and systematization—thus fulfilling responsibilities to customers and the market more efficiently.

Driven by innovation to explore new responsibility paths. Though the textile and apparel industry is traditional, we stay innovation-driven: we continuously integrate new technologies and concepts, and actively advance intelligent manufacturing. From automated equipment in each process to modular automatic sewing units, and from intelligent loading/unloading to smart logistics, we have mapped out a blueprint for full-process automation and intelligent development. The ongoing optimization of Handa's intelligent workshops has improved production efficiency and product quality, reduced labor costs and resource consumption—representing a new exploration for the company's sustainable development.

Building a multi-dimensional responsibility system. As a pioneer in implementing dual carbon goals in the textile and apparel industry, guided by the UN Sustainable Development Goals, we are building a corporate sustainable development system across three dimensions. In tech and product innovation: we launched the Handa series of green fabrics and pioneered a recycled polypropylene fabric technology system. In green manufacturing: we adopt energy-saving and emission-reduction measures like photovoltaic power generation and heat recovery systems to optimize production energy consumption and carbon emissions. In humanistic care: we established a "dual-channel employee growth" mechanism and a rights protection platform, linking corporate development closely with employee growth. Meanwhile, we actively expand public welfare efforts to domestic and international impoverished areas. With the preparation of the Handa Charity Foundation, corporate social responsibility fulfillment will enter a more systematic and long-term stage, continuously shining light on social value.

3.Upholding responsibility aspirations in the future. In the future, we will continue to create a "industry model" of sustainable fashion with a full-industry-chain mindset. We will stick to manufacturing roots, drive development through global layout, and integrate sustainable development and social responsibility throughout.

Manufacturing with craftsmanship to solidify responsibility foundations. Handa has always focused on manufacturing, becoming the most solid supporter of the industrial chain. We turn technological strengths into innovative momentum, using a more flexible, intelligent, and globalized production system to support clients' brand development, meet consumers' demand for a fashionable life, and strengthen responsibilities to clients, the industry, and society.

Expanding responsibility dimensions via global layout. To fulfill its vision of "collaborating with global benchmark brands to create a better, more fashionable lifestyle," Handa will unswervingly pursue global development. Guided by "being close to consumer markets and responding rapidly to demand," it will build integrated production bases near benchmark brands' core sales areas. Throughout, it will uphold responsible globalization, integrate into local communities, and build a development community with partners based on "shared economy, shared responsibility, shared value"—ultimately achieving multi-dimensional win-win: corporate growth, social progress, and environmental friendliness.

Over 30 years, rooted in responsibility, Handa has forged its legend in the textile and apparel industry. In the next 30 years, it will continue to be guided by responsibility and driven by innovation, advancing steadily on the path of sustainable development. It will contribute more to the industry's green transformation and global sustainable development—making every stitch a symbol of responsibility and beauty.

Chief Sustainability Officer, Handa Industries

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01

About Handa





Company Profile

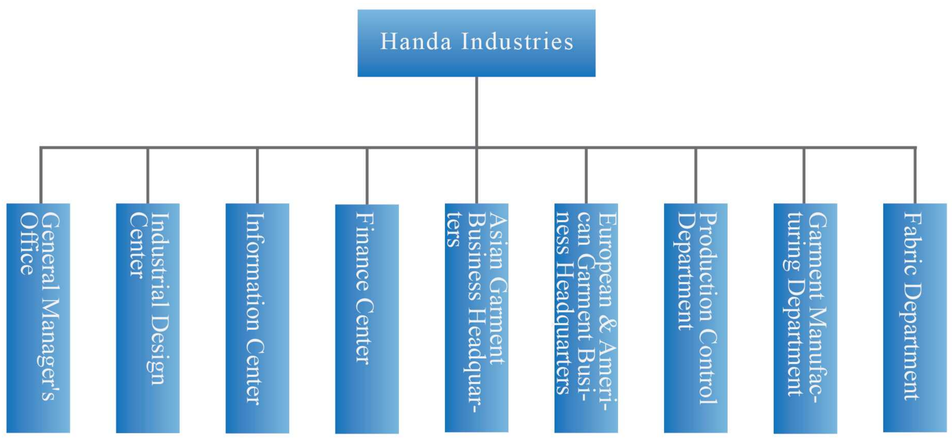
Established in 1995, Hong Kong Handa Industries Co., Ltd. (Handa Industries) is a wholly-owned Hong Kong limited liability company specializing in the research and development, weaving, dyeing, and finishing of weft-knitted fabrics, as well as garment design and production. It currently employs over 12,000 people worldwide. Headquartered in Hong Kong, the company has sales offices and production bases in numerous countries and cities around the world, including mainland China, Japan, New York, Europe, Myanmar, Egypt, and Bangladesh. This strategically positioned company has established a global service network that radiates across the globe. At the same time, Handa Industriescontinuously strengthens intelligent manufacturing, innovative management, and sustainable development to advance its transformation and upgrading.

Handa Industries has established in-depth cooperation with many well-known brands in China, Japan, Europe and the United States, and always adheres to the quality principle of during the production process. From yarn and fabric research and development, weaving, dyeing and finishing, to regular style design and development proposals, and garment sewing line production, Handa Industries forms in-depth cooperation with leading brands through an integrated supply chain factory, thereby achieving long-term stable production and sustainable development, and is aiming to become the world's most competitive clothing and fabric intelligent manufacturing company.

Handa Industries boasts a professional R&D team and advanced production equipment. For many years, it has been designated a "Functional Knitted Fabric Development Base of the China National Textile and Apparel Council," has received the "Product Development Contribution Award of the China National Textile and Apparel Council," and has been designated the "Functional Knitted Fabric Trend Research Center of the China National Textile and Apparel Council" and the "Industrial Design Center of the Chinese Textile Industry" by the National Textile Product Development Center. Furthermore, Handa Industries has successfully passed ISO9001 quality management system and ISO14001 environmental management system audits, as well as BSCI, SEDEX, WRAP, and GRS certifications. Committed to green development, Handa is a member of the Textile Supply Chain Green Manufacturing Industry Innovation Alliance and a participant in the "30·60 China Fashion Brand Climate Innovation Action Carbon Neutrality Acceleration Program."

As a total solution provider for fashion apparel and fabrics, Handa Industries works with global benchmark brands to create a beautiful and fashionable life!

Corporate Organizational Chart



Cultural Concept

An excellent corporate culture is one of the key conditions for sustainable corporate development. Handa Industries keeps pace with the times, clearly defining its values, business philosophy, and development direction. These values are integrated into every aspect of its operations, fostering corporate cohesion and laying a solid foundation for sustainable development.

Enterprise spirit

Innovation, Integrity, Faithfulness, Customer first

Management strategy

Full lean, continuous improvement

Enterprise mission

Aim to be the world's most competitive fabric & garment intelligent manufacturer

Quality concept

Quality base, quality first

Enterprise vision

Create a better fashion life together with the global benchmark brands

Three principles of working

Perfect work, complete work, Self-improvement

Operation strategy

Hi-Tech Handa, Fashion Handa, Green Handa

Three principles of quality

do not produce bad products, do not accept bad products, and do not allow bad products to flow into the next process.

Operation philosophy

Strive harder as we are common;
Become remarkable as we strive harder !

PDCA

PLAN → DO → CHECK → ACTION

Staff behavior policy

dedicated, cooperative, efficient, progressive

5W1H

WHAT	WHERE	WHEN
WHO	WHY	HOW

About Handa
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Partner Brands





02

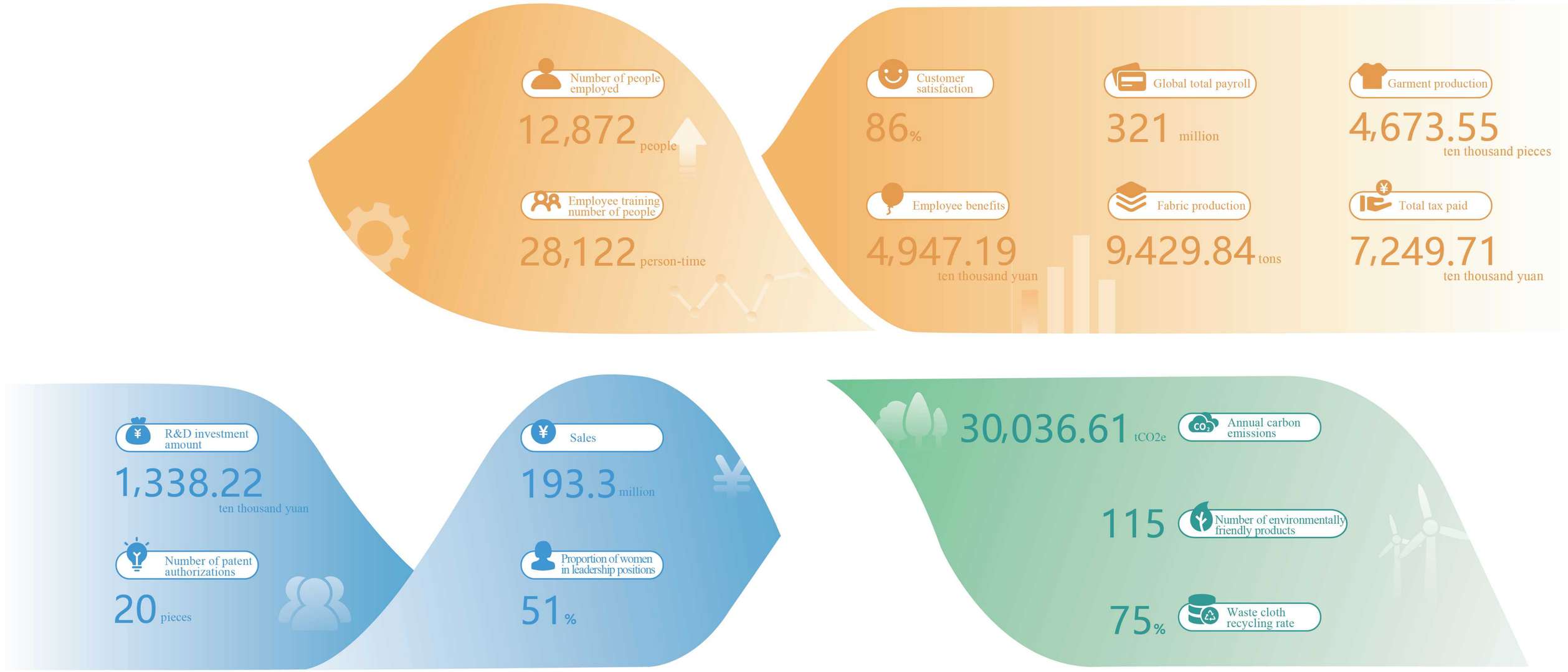
Handa's 2024: Responsibility and Growth





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Responsibility Mark



Annual Honors



•Group 17 of the Garment Workshop 3 of Wuxi Factory was awarded the title of **"Worker Pioneer"** in Xishan District



• Handa employee Liu Haodong was awarded the **"Xishan District May 1st Labor Medal"**。



•The "Yunmian Series" won the**"Top Ten Textile Innovation Products of 2024"**。



•Won the titles of"Jiangsu Province 2024 Intelligent Manufacturing Workshop" and "Jiangsu Province Five-Star Cloud Industries"

• Three patents were granted and nine patent applications were accepted within the year.

•Won the energy management system certification, and green development has reached a new level.

• Handa Group was selected into the"30·60 Carbon Neutrality Acceleration Plan Corporate Case Collection" , and Handa Group Chairman Han Chun was selected as a contributor to the progress manual.

•The company has been awarded the titles of Wuxi Green Factory and Jiangsu Green Factory.

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03

Panorama of Handa's Sustainable Development

As a practitioner and promoter of sustainable development in the industry, Handa Industries has consistently integrated the concept of sustainable development into its corporate strategy and operational practices. We strictly adhere to the United Nations Sustainable Development Goals (SDGs) framework and have established a comprehensive sustainable development system encompassing R&D, operations, production, and supply chain, achieving synergistic growth in economic benefits and social value.

During the reporting period, we further strengthened our strategic positioning for sustainable development and continued to contribute to the sustainable development of the industry and the world through systematic deployment and innovative practices.



Sustainable Development Strategic Planning

Based on stakeholder theory, Handa Industries has built a sustainable development system consisting of "strategy, management and culture". By upgrading the responsibility governance system, reconstructing the green business model and cultivating a sustainable development culture, it aims to build a community of shared destiny where the Industries, society and the environment share value.

Strategic Pillars

Improve the sustainable development management system to ensure the implementation of the strategy.

Focus on low-carbon circulation and promote emission reduction across the entire value chain.



Empowering sustainable growth through technological and management innovation.

Strengthen collaborative development with employees, communities and supply chain partners.

Key Areas for Action

People -oriented — **The company development follows the principle of people-oriented, respects the rights of employees and community members, and promotes the coordinated development of the company people.**

- **Rights and interests protection:** Respect and protect the rights and interests of employees, establish a fair employment mechanism, and enable employees to realize their self-worth in the development of the company.
- **Growth support:** Provide career training and diversified development channels, with 100% employee training coverage.
- **Health and safety:** Improve the EHS management system, implement health monitoring for all employees, and build a solid line of defense for safe production.
- **Community building:** Respect the rights of community residents, carry out public welfare projects and support local development.

Environment — **Reduce the environmental impact of our own production and operations, and contribute to resolving environmental issues.**

- **Climate action:** Optimize the carbon neutrality roadmap, respond to climate change, and increase the proportion of renewable energy use.
- **Circular economy:** promote the recycling of resources, research and develop and promote renewable and other environmentally friendly products.
- **Low-carbon intelligent manufacturing:** Innovate processes, upgrade equipment, continuously reduce unit production energy consumption, and contribute to the dual carbon goals.
- **Chemical safety:** Full-process control of chemical use, 100% compliance with international environmental standards.

Market — **IOperate fairly, commit to responsible innovation, strengthen supply chain management, and achieve win-win development among Industries, the market, and all stakeholders.**

- **Compliance operations:** Establish a global compliance risk control system with zero major violations.
- **Innovation-led:** Carry out innovation in technology, products, services and management based on the sustainable development needs of the Industries.
- **Digital empowerment:** Deepen digital transformation and build a full-link data platform.
- **Integrity and win-win:** Strengthen supply chain management and take integrity as the basic principle of production, operation and market competition.

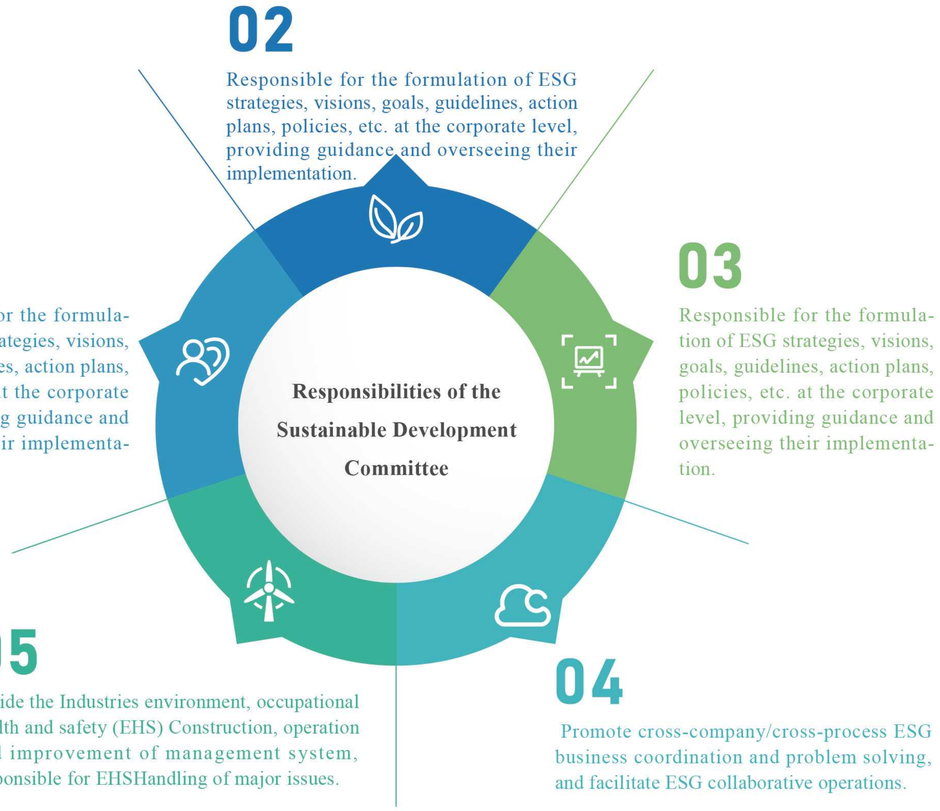
Sustainable Development Management System

As a responsible global corporate citizen, Handa Industries, guided by the United Nations Sustainable Development Goals (SDGs), deeply integrates the demands of various stakeholders—including policy and regulatory requirements, employee development needs, and customer expectations—to establish a sustainable development management system closely integrated with corporate operations. This system deeply embeds ESG concepts throughout daily management processes. Through institutionalized management mechanisms and quantitative performance indicators, it ensures the effective implementation and continuous improvement of the sustainable development strategy, achieving the co-creation and sharing of commercial and social value.

Sustainable Development Implementation Framework

To better integrate sustainable development into the company's development strategy, the company has established a Sustainable Development Committee, the highest-level sustainability management organization within the company. It defines the sustainable development strategy, makes decisions on major sustainability-related matters, and guides all departments and subsidiaries in steadily implementing the company's sustainable development plans and achieving its goals, thereby achieving the organic integration of economic, environmental, and social responsibilities. The Sustainable Development Committee is composed of members of the Board of Directors and is led by Mr. Han Chun, Chairman of the Company.

The committee holds regular special meetings to discuss and make decisions on matters related to sustainable development. The committee also has an executive committee, comprised of mid- and senior-level leaders from various lines and companies, responsible for monitoring, implementing, and governing corporate sustainability. A sustainability pioneer team, comprised of heads of different departments, is responsible for the execution, coordination, and achievement of sustainability management goals. They receive oversight and guidance from the committee to continuously improve and enhance implementation. A sustainability office has also been established to organize and coordinate sustainable development management and practices, as well as publish the annual sustainability report.



Sustainable Development Capabilities

Under the global sustainable development trend, Handa Industries Focus on sustainability Improve sustainable development capabilities and build a comprehensive, multi-level sustainable development system through both internal and external improvements.

In terms of external collaboration, Handa Industries has established in-depth cooperative relationships with authoritative industry organizations such as the China National Textile and Apparel Council, the China National Garment Association, the China Textile Engineering Society, and the China Chamber of International Commerce. This close communication and collaboration not only breaks down industry information barriers and promotes collaborative industrial development, but also injects strong development momentum into the company. By actively participating in various sustainable development activities, high-end forums, and cutting-edge seminars, Handa Industries is able to accurately grasp the latest sustainable development concepts and technological trends, and use them as a basis for continuously optimizing its own sustainable development strategy. In this process, the company continuously explores innovative resource utilization models, significantly improves resource utilization efficiency, effectively reduces the impact of production activities on the environment, and gradually achieves green, low-carbon, and circular development, setting a benchmark for sustainable development in the industry.

All the titles with horizontal lines are related to cases and matters within the year, and they need to be designed, such as adding a frame.





On the afternoon of July 1, a former official of the United Nations Environment Programme, President of Qinghe Circular Economy and Carbon Neutrality Research Institute-Jiang Nanqing led a team and visited with Liu Xiao, deputy director of Xishan District Commerce Bureau.Expanded with IndustriesAn in-depth exchange around environmental protection and sustainable development.

Chairman Han Chun introduced theWith sustainable development as its core strategy, Handa showcased its practical achievements, from reducing energy consumption and emissions through technological innovation and digital transformation to vigorously developing biodegradable materials and promoting recycled products. The event shared the company's experiences and reflections on exploring green development. Jiang Nanqing's team, drawing on their extensive international experience, shared cutting-edge environmental trends and policy guidance. They not only highly praised Handa's achievements but also brought forward advanced international cases and concepts, opening up new horizons for the company. The two sides engaged in two-way exchanges and discussions on topics such as low-carbon recycling technologies and practical paths for sustainable development, learning from each other and drawing on insights. This exchange of ideas led to a number of consensuses on development.

Handa Industries participated in the Circular Textiles Forum and shared multi-dimensional green practices in the textile industry.

In September 2024, Handa Industries appeared at the Wuxi Circular Textile & Fashion Forum to discuss the sustainable development of the textile industry with global industry experts and entrepreneurs.

During the forum, Handa opened its corporate exhibition hall to fully showcase its green practices throughout the entire life cycle, from raw material selection and production process optimization to product recycling and reuse. This included innovative achievements such as biodegradable materials and recycled products, highlighting its technological cutting-edge and commitment to green manufacturing.

At the same time, the company participated in a variety of activities including "Forum + Procurement Matchmaking + Product Show", focusing on topics such as policy interpretation, supply chain matching, and recycled product applications, and had in-depth exchanges with industry representatives on circular textile concepts and practical experience, exploring the path of green transformation of the industry.

Handa Industries continues to drive the research and development of environmentally friendly materials with innovation, working with upstream and downstream industries to promote green upgrades in the textile industry and contribute to global sustainable development.





In terms of internal development, Handa Industries is well aware that employees are the key force driving sustainable development and regards enhancing their awareness of sustainable development as a key priority. The company has established a dedicated sustainable development section on its WeChat official account, regularly disseminating rich and professional sustainable development knowledge, popularizing relevant concepts and technologies in an easy-to-understand format. At the same time, it actively organizes a variety of sustainable development-themed activities, such as knowledge competitions, case sharing sessions, and practical experience activities, to guide employees to deeply understand the importance of sustainable development and master relevant skills and methods. These measures have not only effectively improved employees' sustainable development literacy, but also stimulated their enthusiasm and initiative, allowing the concept of sustainable development to be deeply integrated into every aspect of their daily work, creating a positive atmosphere of full employee participation and joint promotion of sustainable development for the company.

Organize a sustainable achievements exhibition and a quiz with prizes,Interesting interactions deepen green consensus

Handa Industries held a sustainable development achievement exhibition and a quiz with prizes to enhance employees' awareness of sustainable development through fun and interactive activities.

The event featured graphic panels showcasing the company's practical cases and achievements in energy conservation and emission reduction, resource recycling, and green supply chain management, attracting employees to stop and learn about the company's green development achievements.

To enhance participation, the event included a quiz with prizes, covering topics such as energy conservation and emission reduction techniques, green lifestyles, and environmental regulations. Employees actively participated in the quizzes, winning prizes while also gaining in-depth knowledge about sustainable development, creating a vibrant and interactive atmosphere.

The activity aims to cultivate a sustainable development culture within the company and encourage employees to integrate environmental protection concepts into their daily work and life.





Through the dual drive of external collaboration and internal development, Handa Industries continues to improve its sustainable development capabilities, laying a solid foundation for the long-term development of the company and contributing positively to the sustainable development of the textile and apparel industry.

Stakeholder Engagement

In the process of globalization, Handa Industries is actively building a sustainable development management system aligned with international standards, with improving information disclosure and strengthening stakeholder engagement as its core strategy. By benchmarking against international standards, the company continuously optimizes its information disclosure management system, broadens the scope of information disclosure with a global perspective, ensures transparency in corporate operations across geographical boundaries, and builds a bridge of trust for stakeholders.

Facing the diverse demands of the global market, Handa Industries, based on domestic and international sustainable development trends and the characteristics of global operations, accurately identifies core stakeholders such as employees, customers and consumers, suppliers, communities, governments, and industry organizations. During its multinational operations, the company keenly captures the differentiated demands of stakeholders in different countries and regions, and develops adaptive communication strategies tailored to the differences in culture, policies, and market environments, ensuring the accuracy and effectiveness of information transmission.

In 2024, the company will further optimize its global communication mechanism and establish special feedback channels to address the core concerns of various stakeholders, such as employee career development, customer product safety, win-win cooperation with suppliers, and community public welfare construction, to promote in-depth cross-border and cross-cultural cooperation, and drive the company's global sustainable development process with the extensive participation of stakeholders.

Stakeholders	Main concerns	Communication channels	Our Actions
Staff	Diversified rights protection Health and safety at work Compensation, benefits and incentives International career paths Cross-cultural teamwork	Regular meetings Staff Seminar union meeting Multilingual anonymous feedback platform	1. Guarantee the basic rights of employees granted by law and fully cover the special requirements of labor laws in the country/region where operations are located 2. Regularly carry out various trainings and activities to provide employees with a stage without a ceiling 3. Provide a humane working environment and create an efficient and relaxed working atmosphere 4. Provide career development channels such as overseas assignments and international project participation 5. Emphasize both material and non-material incentives to improve employee happiness
Customers and Consumers	Product delivery, quality and safety Quality service Innovation Management Corporate Governance Customer Privacy Protection	Satisfaction Survey Telephone and email feedback Instant messaging platform Bilateral talks Certification factory inspection Visits and inspections Product Exhibition	1. Sign contracts and agreements and fulfill them 100% 2.Conduct a customer satisfaction survey every six months, listen to customer opinions and suggestions, and improve customer satisfaction rate 3. Ensure product quality, safety and delivery time 4. Provide good after-sales service to customers and consumers 5. Product innovation and research and development
Suppliers and Partners	Righteous management Risk Management Standards of Conduct Win-win cooperation fair play International Certification	Contracts and agreements Supplier Conference Anti-Commercial Bribery Agreement Technical Exchange Meeting Global Supplier Digital Collaboration Platform	1. Supplier qualification review 2. Cooperate with integrity and reject commercial bribery 3. Fair competition, purchasing homogeneous products at the lowest price 4. Reach a consensus on win-win cooperation and build a sustainable supply chain 5. Establish a strategic cooperation mechanism with partners 6. Assist suppliers to obtain international certification
Community	Community Contributions Localized operations Environmental Protection Public Welfare and Charity	Announcements, publicity, recruitment, etc. Participate in community projects Website, social media interaction Public welfare and charity activities	1. Respect local laws, regulations, and cultural customs, and fully communicate and coexist harmoniously with the community 2. Actively engage in local hiring and procurement 3. Promote community economic and social development through business operations 4. Support and participate in social welfare and charity 5. Integrate environmental protection and environmental management throughout the entire production and operation process, and jointly carry out environmental protection projects with overseas communities
Government	Legal operation Pay taxes according to law Value Creation Policy adaptation	Work Meeting Daily reporting and communication Inspection and Guidance Exchange visits	1. Operate with integrity, abide by laws and regulations, and adhere to business ethics 2. Pay taxes according to law 3. Promote employment
Industry	Fair play R&D Innovation Product quality and safety	International Industry Summit Technical Standards Joint R&D Working Group Daily communication	1. Participate in industry activities and keep abreast of the latest industry information 2.promote corporate innovation and R&D, and promote industry development 3. Comply with industry standards and regulations and maintain the order of industry development 4. Respect intellectual property rights and maintain a fair competition environment 5. Participate in the formulation of industry standards

Focus on Substantive Issues

Material issues reflect the significant impact of Industrieson the economy, environment and society in the process of creating value. They influence the evaluation and decision-making of stakeholders and are also an important part of our efforts to improve sustainable development management.

Assessment Process for Substantive Issues

Organizational Environment Analysis

•Gain a comprehensive understanding of the organizational environment from the aspects of corporate activities, business relationships, sustainable development context, stakeholders, etc.

• Key considerations include the company's mission, vision, values, and development strategy; the expectations and demands of stakeholders such as employees, shareholders, suppliers, and customers; major operational risks and opportunities; and relevant domestic and international laws, regulations, guidelines, and initiatives.

Issue Identification

• With reference to the Global Reporting Initiative's "Sustainable Development Reporting Guidelines", the Chinese Textile and Apparel Industries Social Responsibility Management System, the "Chinese Textile and Apparel Industries Social Responsibility Reporting Outline", the United Nations 2030 Agenda for Sustainable Development and other key issues, combined with expert advice and stakeholder communication, 31 issues were identified.

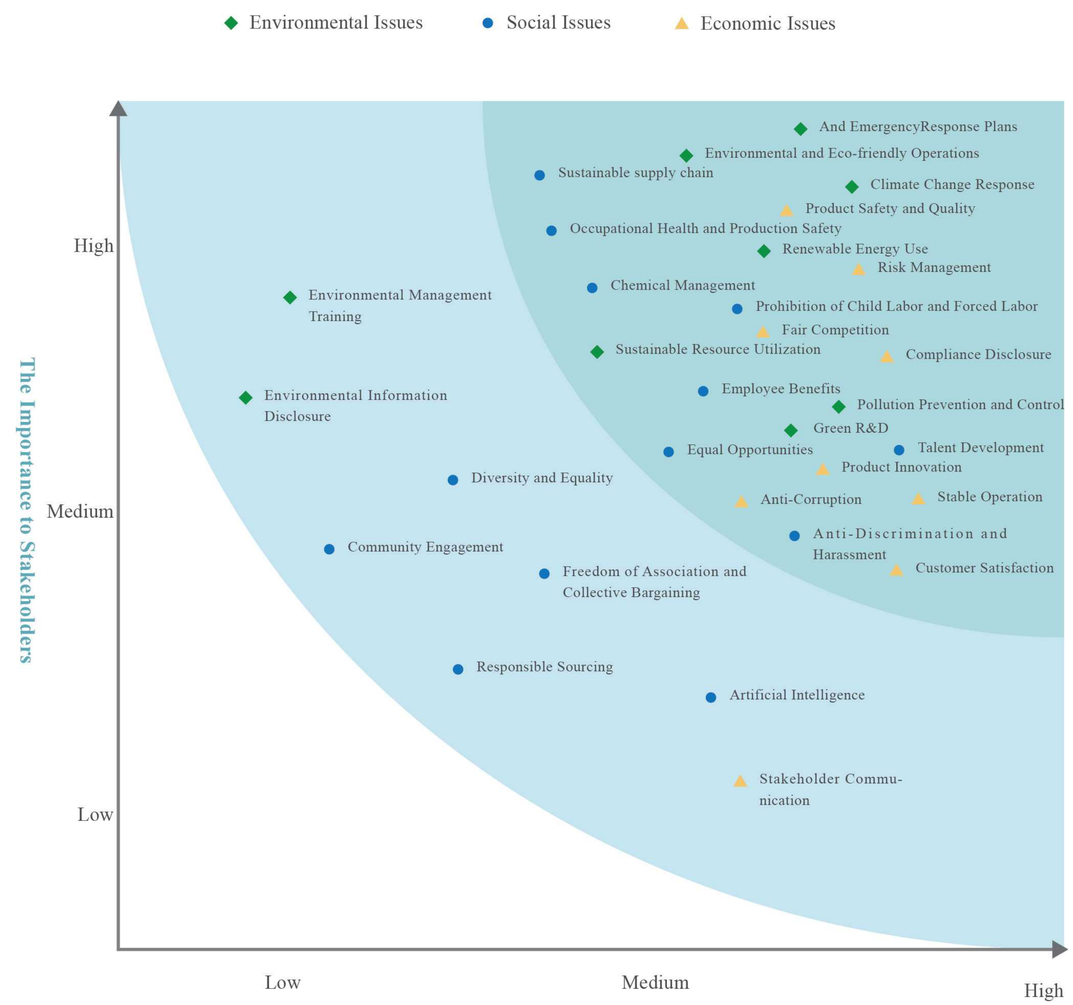
Materiality Assessment

• Using quantitative and qualitative analysis methods, we ranked the issues based on the two dimensions of “importance of economic, environmental and social impacts” and “importance to stakeholders” to identify high-level and mid-level material issues for Handa, and submitted them to the Board of Directors for approval.

The Report Disclosed

• We report and disclose relevant information on various substantive issues and continuously try to prioritize reporting on important issues.

Material Issues Matrix



The Importance of Economic, Environmental, and Social Impacts

Sustainable Development Impact

Based on its foundation in the textile and apparel industry, Handa Industries, leveraging its six capitals, deeply integrates its three major corporate operating strategies of "technology, fashion, and green." It has built six sustainable development capabilities: innovative R&D, customer service, supply chain management, environmental management, human resources management, and social responsibility. The company is fully committed to forging three core competitive advantages: "green supply chain, quality innovation, and customer trust." Driving industry upgrades with technological innovation, through the development of environmentally friendly processes and the construction of intelligent production systems, it promotes product iteration and helps customers achieve commercial success. It also fosters the coordinated development of upstream and downstream industries, creates numerous jobs, protects workers' rights, and safeguards employee health and safety. Adhering to the principle of ecological priority, Handa Industries continuously explores energy-saving and emission-reduction technologies, improves resource recycling rates, protects biodiversity, and upholds its commitment to green development. It also actively participates in social welfare initiatives, organizing employee participation in community development and poverty alleviation efforts, uniting the company and society to achieve win-win results for all parties. Guided by the United Nations Sustainable Development Goals, Handa Industries systematically evaluates its comprehensive contribution to the value chain. It is committed to becoming a benchmark company that promotes sustainable development in the industry and enhances social welfare. It demonstrates its responsibility through concrete actions, creates lasting value for stakeholders, and jointly draws a new blueprint for sustainable development.

Six Major Capitals

Finance	Optimize the allocation of financial resources, continuously create economic value and give back to stakeholders.
Manufacturing	Build a global network of production bases to provide products and services that efficiently meet customer needs.
Wisdom	Deepen investment in innovative R&D and strengthen the accumulation and transformation efficiency of knowledge capital.
Human Resources	Focus on the precise selection, training, employment and retention of talents, and build a development system where employees and Industries can coexist and grow together.
Environment	Promote intensive resource utilization, increase the proportion of clean energy, and reduce the environmental footprint of the entire industry chain.
Society	Build a social ecology of mutual trust and win-win through sustainable social participation and value sharing.

Three Major Business Strategies

Technology　Fashion　Green

Decision-making level	Building strategic frameworks, allocating key resources, and promoting cross-departmental collaboration
Management	Deconstruct strategic goals, optimize business processes, and cultivate professional capabilities
Execution layer	Implement standard processes, feedback practical problems, and participate in micro-innovation



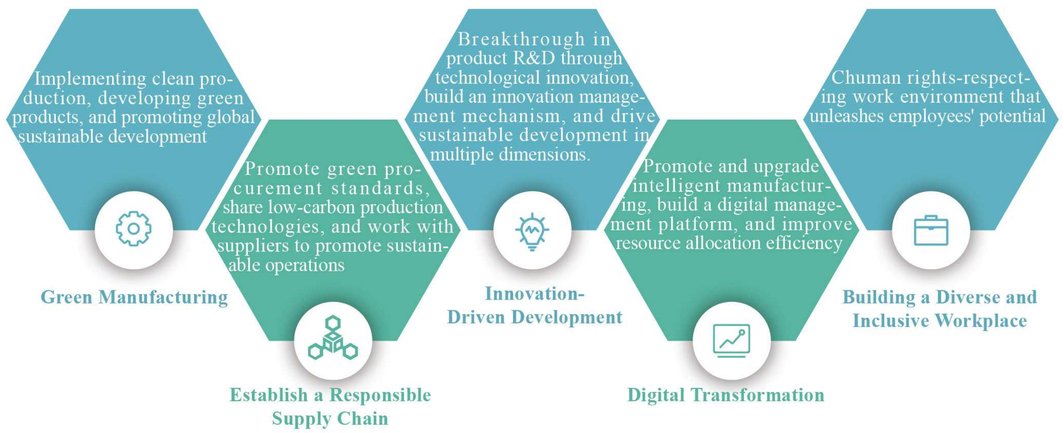
Six Major Sustainable Development Capabilities

Innovation and R&D	Innovation management, product quality
Customer Service	Customer Relationship Management
Supply Chain Management	Sustainable Supply Chain Management
Environmental Management	Climate and energy, resource recycling, chemicals management, air pollution management, water management
Human Resources Management	Diversity and Inclusion, Talent Attraction and Retention, Talent Development, Health and Safety
Social Responsibility	Social value and influence, public welfare and charity, legality and compliance

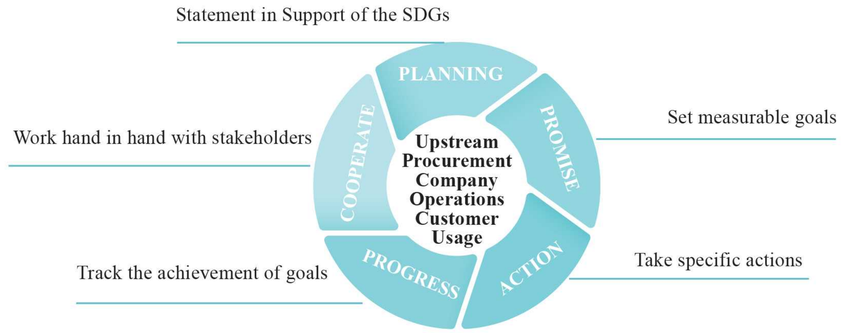
Implementing the United Nations Sustainable Development Goals

Handa Industries, adhering to the philosophy of "mutual benefit and shared prosperity," has established a four-pronged sustainable value creation model based on the United Nations Sustainable Development Goals Impact Criteria: strategic planning, management innovation, transparent disclosure, and governance upgrades. Starting in 2021, Handa Industries will upgrade its social responsibility report to a sustainable development report, integrating the management of major issues with a more scientific framework and systematically presenting the practical path and performance results of implementing the SDGs.

Sustainable Development Direction



Target Practice Process



The strength of Handa Industries's Sustainable Development

Sustainable Operational Capacity

Headquartered in Hong Kong, we have established sales offices and production bases in multiple locations around the world to improve our global service system. At the same time, we strengthen legal and compliant operations, strictly manage risks, and consolidate our development foundation.

Innovation Drivers

Empowered by the digital and intelligent ecosystem and driven by solid R&D capabilities, we continue to drive unlimited innovation possibilities.

Environmental Leadership

Improve the environmental management system, actively implement the "dual carbon" goals, carry out electrification transformation and solar photovoltaic projects, improve energy efficiency, and promote green transformation.

Responsibility and Influence

We are committed to gathering internal and external resources of the Industries, becoming the core force to promote social progress, and laying a solid foundation for a better society through charitable and public welfare activities.

Talent Development Capabilities

Deeply rooted in a people-oriented, open and inclusive corporate culture,Pay attention toWe commit to our employees, create a happy and efficient working atmosphere, and become a value community that our employees are proud of.



04

Sustainable Management Capabilities

As a global textile and apparel company, we have always integrated sustainable development into our DNA, demonstrating our commitment to the global market through responsible operations. Through a manufacturing network spanning four continents and strict adherence to international ESG standards, we ensure that every product, from raw material sourcing to production and delivery, adheres to environmental friendliness and international business ethics.



Global Strategic Layout

Through its global strategic layout, the company has established a three-dimensional "4+6+9" industrial collaboration system: Leveraging Hong Kong as a global capital and logistics management hub, the company has deepened its presence in four core markets: Japan, Europe, the United States, and China. Relying on six strategic operations centers: the Wuxi headquarters, Shanghai, Tokyo (Sendagaya and Saitama), Manhattan (New York), and Cairo (Egypt). Furthermore, based on corporate development and brand customer needs, the company has established nine manufacturing bases in key locations around the world—including the Wuxi headquarters factory, the Mangshi factory in Yunnan, the Yangon factory in Myanmar (Four facilities), the Cairo factory in Egypt (Two facilities), and the Dhaka factory in Bangladesh. This layout not only ensures the precise alignment of global production resources with market demand but also forms a complete closed-loop value chain from innovation and R&D to end-user delivery, demonstrating the strategic depth and rapid responsiveness of the group's global operations.

Global Strategic Layout



Global industrial Collaboration System

4

Four major target markets
Japan / Europe / the United States / China

6

Six major business marketing centers
Wuxi / Shanghai / Tokyo / Saitama
New York / Cairo

9

Nine garment factories
Wuxi / Mangshi / Yangon / Cairo / Dhaka

Production Base Overview

Wuxi, China (Mainland Headquarters)

Handa Industrial Park

Geographical Coordinates

Dongbeitang Town, Xishan District, Wuxi City, Jiangsu Province

Park Size

75,600 square meters of modern industrial park

Core Industries

Jiangsu Handa Industries Co.,Ltd
Wuxi Hengnuo Textile Technology Co., LTD. Zhangjing Branch

Strategic Positioning

Functional knitted fabric product development base of China National Textile and Apparel Council
National Functional Knitted Fabric Trend Research Center
China Textile Industry Industrial Design Center

Core Features

•Product Innovation and R&D Center
•Fashion Design Center
•Supply Chain Management Headquarters
•Digital Transformation Operations Center
•Global Production Operations Hub
•Smart Garment Manufacturing Center





Printing and Dyeing Park

Geographical Coordinates

No. 188, Dongbeitang Nongxin Road, Xishan District, Wuxi City, Jiangsu Province

Professional Field

Dyeing and finishing of high-end knitted fabrics

Operating Entity

Wuxi Handa Printing & Dyeing Co.,Ltd.

Park Size

33,000 square meters of professional dyeing and finishing factories

Technical Features

•Clean production process • Digital color management system
•Flexible production configuration





Weaving Park

Geographical Coordinates

No. 8, Jingda South Road, Xibei Town, Xishan District, Wuxi City, Jiangsu Province

Industry Focus

Large-Scale Production of Weft Knitted Fabrics

Operating Entity

Hengnuo Weaving Factory

Park Size

48,848 ㎡ automated weaving park

Productivity Advantage

•Annual output exceeds 4,000 tons of high-end knitted fabrics
•Equipment includesItaly and Taiwan, etc.A total of 120 advanced looms
•Expert in the research and development of quick-drying thin and other functional fabrics





Yunnan, China

Yunnan Production Base

Geographical Coordinates

No. 7, Qiangyuan Road, Mangshi Industrial Park, Dehong Prefecture, Yunnan Province

Industry Focus

•A strategic production base radiating the Southeast Asian market
•Intelligent garment manufacturing

Operating Entity

A 2,700-square-meter ready-to-wear production factory

Productivity Advantage

•Equipped with automated equipment such as automatic cutting beds
•Applied digital systems like MES to achieve full-process control over production





Yangon, Myanmar

Myanmar production base

Myanmar Garment Factory No. 1

Geographical Coordinates

NO.288， Seik kan Thar Street,Shwe Lin Ban Industrial Zone,Hlaing Thar Yar Township Yangon Myanmar

Production Capacity

Average monthly output of 1.3 million pieces

Scale

11,000 ㎡ factory
25 assembly lines





Myanmar Garment Factory No. 2

Geographical Coordinates

NO.13,14,15 The Corner of U Shwe Bin Street and U Myu Street Shwe Lin Ban Industrial Zone,Hlaing Thar Yar Township Yangon Myanmar

Production Capacity

Average monthly output 3.5 million pieces

Scale

42,000 square meters of factory buildings, 73 production lines





Myanmar Garment Factory No. 3

Geographical Coordinates

No.480,Myay Taing Block No.25,Shwe Lin Ban Set Hmu Myo,Hlaing Thar Yar Township,Yangon Region, Myanmar

Production Capacity

Average monthly output 2.1 million pieces

Scale

16,000 ㎡ factory
41 production lines





Myanmar Garment Factory No. 5 (New Factory to be Built in 2024)

Geographical Coordinates

Plot No.484,Myay Tine Block No. 484, Myay Tine Block No. (25), Shwe Lin Ban Industrial Zone , Hlaing Thar Yar Township, Yangon Region ,Myanmar .

Production Capacity

Average monthly output of 200,000 pieces (woven products)

Scale

12,000 ㎡ factory
20production lines





Supporting System Professional printing and embroidery factory

Comprehensive Advantages

•Covering all-round production of knitting and weaving
•Nearly 7,000 skilled employees, China and Myanmar collaborate to achieve efficient operations
•Deep localization, highly recognized by local governments and communities
•Rich management experience and mature management processes



Egypt, Africa

Egypt Production Base

Geographical Coordinates

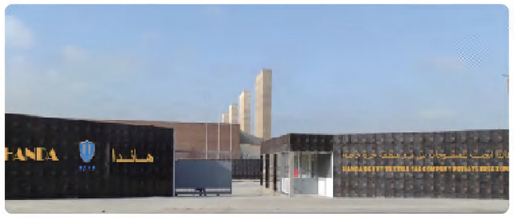
Aviation Institute ST.Belbeis-El Sharkya-Egypt

Base Size

•Egypt's first garment factory covering 35,000 square meters
•Egypt's second factory, a 53,000 ㎡ garment factory

Productivity Advantage

• A factory in Egypt has 47 garment production lines with a monthly production capacity of 1.8 million pieces
• Egypt's second factory has 60 garment production lines with a monthly production capacity of 2.3 million pieces
• Planning supporting fabric factories
• Duty-free in Europe, Türkiye and the United States





Bengal

Bangladesh production base

Geographical Coordinates

Savar District, Dhaka Province, Bangladesh

Base Size

10,000 ㎡ Garment Factory

Capacity Planning

• Current configuration: 18stripready-to-wearproduction line, monthly production capacity of 800,000 pieces
• strategyPlan: Expand garment production lines to nearly 300 and build a fabric factory





Promoting Sound Governance

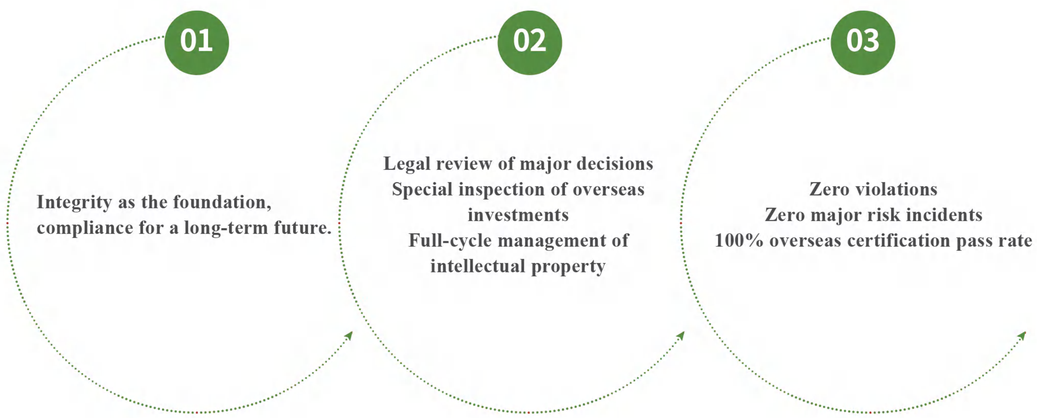
With the core goal of building a world-class management system, Handa Industries deeply integrates efficient governance with operational excellence, establishing a modern governance system encompassing the trinity of "strategy, compliance, and risk control." We strictly adhere to international compliance management standards, continuously improve our risk management framework, and continuously conduct global industry benchmarking activities, systematically covering 28 key performance indicators across six dimensions. Furthermore, we have established a standardized management system encompassing "systems, processes, and standards," implemented a PDCA cycle optimization mechanism, and, supported by a digital intelligent management platform, continuously promoted the online management of business processes. This has resulted in a 30% increase in overall management efficiency, forming a modern Industries management model that combines international compliance with the characteristics of "Made in China," providing solid governance and operational support for our global strategic layout.

Strategic Management

Based on the company's actual development, we have refined our development strategy, formulated detailed goals and paths, strengthened strategic communication and consensus, and clarified the strategic responsibilities and goals of headquarters and each production base. At the same time, we are actively promoting strategic execution: expanding production capacity as planned, rationally deploying new projects, and optimizing existing processes; increasing investment in digital and intelligent development, promoting digital transformation in all aspects, and building an intelligent operations system; formulating a comprehensive talent strategy, strengthening training and recruitment, and optimizing incentive mechanisms to provide talent support for strategic implementation and achieve sustainable development.

Compliance Operations

Handa Industries continuously strengthens its global compliance operations system, centered on integrity and compliance. This system covers legal review of major decisions, special investigations of overseas investments, and full-cycle intellectual property management. Through a digital compliance platform, Handa Industries enables online review of corporate seals and other items. In our global operations, we implement overseas compliance systems, develop localized compliance standards, and conduct legal education training to ensure zero violations at our overseas bases in Myanmar, Egypt, and Bangladesh. As an industry benchmark for compliance, Handa Industries has maintained zero major risk events and a 100% overseas certification pass rate, safeguarding its high-quality development with the highest standards of business ethics



Risk Management

In the complex environment of ongoing business operations, Handa is fully aware of the potential impact of various risks on development and has always closely integrated risk management with sustainable development.

At the governance level, a multi-level risk management system has been established. The Board of Directors and its Strategic Committee coordinate group-level risk management and plan risk prevention and control directions from a strategic perspective. The Internal Audit Department is a permanent institution that continuously monitors and dynamically evaluates the effectiveness of risk management to ensure standardized operation of all links.

At the operational level, Handa has established a three-line risk control management system characterized by "customer orientation, business drive, and full process coverage," focusing on preventing systemic risks. By rapidly responding to market changes, Handa has achieved rapid business growth while keeping risks within a reasonable range, ensuring the company's steady progress in the face of fierce market competition. At the same time, Handa has established an internal control framework system centered on four control levers: the belief system, the boundary system, the diagnostic control system, and the interactive control system.Achieve a balance between strategic goals and risks through control mechanisms at different levels, fundamentally building a strong line of defense for the Industries.

Handa attaches great importance to risk assessment, comprehensively identifying and quantitatively analyzing multi-dimensional risk factors such as environmental, economic, and social factors. Based on the Plan, Do, Check, Act (PDCA) cycle management model, it pragmatically promotes important sustainable development projects, helping Industriesachieve long-term and stable development in a complex and changing market environment.

Major Industries Risks and Controls

Level	Risk	Control Measures
Strategy	Strategic Planning	Formulate corporate strategic goals from top to bottom, break them down, and implement them in all aspects of corporate operations and production to ensure that strategic goals are achieved and continuously optimize the corporate development environment
Economy	Cost risk	Vigorously promote the intelligentization, automation and digitalization of Industries, continuously improve processes, increase efficiency and reduce consumption
	Legal Risks	Hire professional legal advisors,Prevent adverse consequences from not understanding or violating legal regulations
	Corruption Risks	Formulate a punishment mechanism, improve relevant systems, and conduct education and training on an irregular basis
	Financial Risks	Strengthen internal accounting control and internal management control, and exchange rate risk management
	Supply Chain Risks	Develop a supplier tiered management system, conduct regular factory inspections, and conduct diversified procurement
Environment	Emissions and Energy consumption	Improve the energy management system, implement energy substitution projects, and use advanced equipment and technologies to reduce energy consumption at the source
	Pollution Control	Establish an environmental management team, participate in training and study under the guidance of government departments, master professional knowledge, and optimize production processes
Society	Security Risks	Strengthen Industries safety management, integrate safety work and safety awareness into the entire production and operation process of the Industries and every employee, and conduct regular safety inspections and accident hazard investigations every month
	Political Risks	In overseas investments, we attach great importance to establishing good relationships with local governments, employees and people, take the initiative to assume social responsibilities, participate in community activities, and live in harmony with local social culture. If there is a high political risk, we can choose an exit strategy in a timely manner, handle the transfer of assets in a timely manner, and handle employee affairs in a compliant and legal manner.
	Fire Safety Risks	Appoint fire safety personnel, improve fire protection facilities, ban smoking in all factory areas, and conduct fire safety training and drills regularly.

Major Industries Risks and Controls		
Level	**Risk**	**Control Measures**
Society	HR Management Risks	Compliant HR management methods and feasible career planning
	Quality and Safety Risks	Improve the quality management system and system, equip personnel and facilities, and realize full-process quality supervision
	Infectious Disease Risks	Strengthen disease surveillance, health education, timely vaccination, and improve infectious disease prevention mechanisms and emergency response systems

Handa Industries's Internal Control Levers

Internal control: internal control self-inspection, internal control self-assessment, internal control audit

Core Values (Belief System)

Clarify the company's core values, mission and vision, shape organizational culture and code of conduct, and guide employees to actively pursue strategic goals.

★ **Vision and Mission**

★ **Culture of responsibility**

★ **Code of Business Conduct.....**

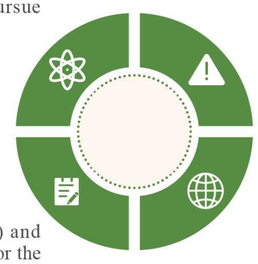
Key Performance Variables (Diagnostic Control Systems)

Through key performance indicators (KPIs) and feedback mechanisms, we continuously monitor the effectiveness of strategic execution to ensure that goals are achieved as planned.

★ **Comprehensive budget management**

★ **Performance management**

★ **Major project management.....**



Risks to avoid (boundary system)

Set "forbidden zones" and behavioral boundaries for corporate operations, clearly define prohibited matters and risk red lines, and prevent irreversible consequences.

★ **Corporate red line**

★ **Code of Integrity and Dedication.....**

Strategic Uncertainty (Interactive Control Systems)

Through cross-departmental collaboration, dynamic communication and strategic dialogue, we proactively identify changes in the external environment and potential opportunities, and adjust strategic direction.

★ **Strategic Seminar**

★ **Major strategic project management.....**

Strengthen Red Line Management

Handa optimizes red line management with the goal of "scientific system, rigid execution, and cultural self-discipline". Through democratic decision-making, systematic training, and long-term supervision, it builds a new corporate compliance ecosystem and establishes a solid bottom line for risk prevention and control.

In October 2024, Handa Industries held a staff representative meeting. After thorough discussion and deliberation by all representatives, the meeting unanimously adopted the "Handa Management Guidelines for Prohibiting Crossing 'Red Lines'." The guidelines cover multi-dimensional "red line" behavioral norms, including financial integrity, information security, and safe production. Employee representatives actively raised questions and exchanged views on the details of the guidelines, fostering a democratic management atmosphere of "jointly discussing systems and mutually agreeing on rules."

To promote the effective implementation of the guidelines, the company has carried out "special training on the red line system". Through case analysis, scenario simulation, interactive Q&A and other forms, combined with examinations to test learning outcomes, it strengthens employees' awareness of behavioral boundaries and guides employees from "knowing the red line" to "guarding the red line", laying a solid foundation for rules to build a safe and efficient working environment.









Anti-Commercial Bribery and Anti-Corruption

Handa Industries strictly adheres to relevant laws and regulations against commercial bribery and corruption, continuously improves its integrity and compliance management system, and has established systems such as the "Handa Employee Code of Professional Conduct" to comprehensively regulate the business practices of employees, management, and partners. Furthermore, Handa regularly organizes special integrity training, strengthens all employees' awareness of discipline through case analysis and compliance testing, and signs "Integrity Commitment Letters" and "Integrity Promotion Agreements" with employees and partners, embedding integrity requirements into professional behavior and cooperation processes. Through a comprehensive management system of "system development + training and promotion + agreement constraints," Handa continues to strengthen its integrity defenses, foster a clean and upright business environment, and provide a solid foundation for the company's sustainable development.

Financial Management

Focusing on refined control throughout the entire process, the company continuously improves its financial management system to ensure rigorous and efficient financial operations. By continuously refining its budget management mechanism, establishing a closed-loop system encompassing strategic objectives, cost forecasting, and dynamic control, and utilizing big data analytics tools to enhance budget accuracy, the company embeds cost control nodes throughout the entire business process, achieving a deep alignment between resource allocation and strategic objectives, laying the data foundation for value creation.

In terms of fund management, we are implementing a centralized control model, leveraging a digital platform to integrate fund pools and monitor fund flows in real time, ensuring both fund security and improving cross-departmental allocation efficiency. For large-scale fund expenditures, we have established a strategic fit assessment mechanism, strengthening oversight from the perspectives of compliance, profitability, and long-term strategic adaptability, ensuring transparency and traceability of every expenditure and supporting the long-term development of the company.

In terms of cash flow management, the company has established a "full-cycle dynamic monitoring + agile scheduling" system to ensure capital chain security and operational vitality. By establishing a customer credit rating mechanism and utilizing digital tools to shorten the collection cycle, a multi-dimensional early warning model has been established for operating and investment activities to monitor abnormal cash flows in real time.

Comprehensive Budget Management Training

In the pursuit of sustainable corporate development, Handa prioritizes the deep synergy between management capabilities and strategic execution. In 2024, the company organized a comprehensive budget management training program focused on its comprehensive budget management system. Through a variety of interactive activities, including theoretical explanations, case studies, and hands-on practice, the program guided management and core business personnel to gain a deep understanding of budget target decomposition, compilation logic, and dynamic monitoring mechanisms. The training included a live demonstration session on "strategic goals versus budget indicators." Departments held group discussions based on their actual work, developing cross-dimensional budget optimization plans covering finance, business operations, and compliance. This effectively translated strategic guidance into actionable budget language, fueling efficient resource allocation and risk management for the company.









05

Innovation Driving Force

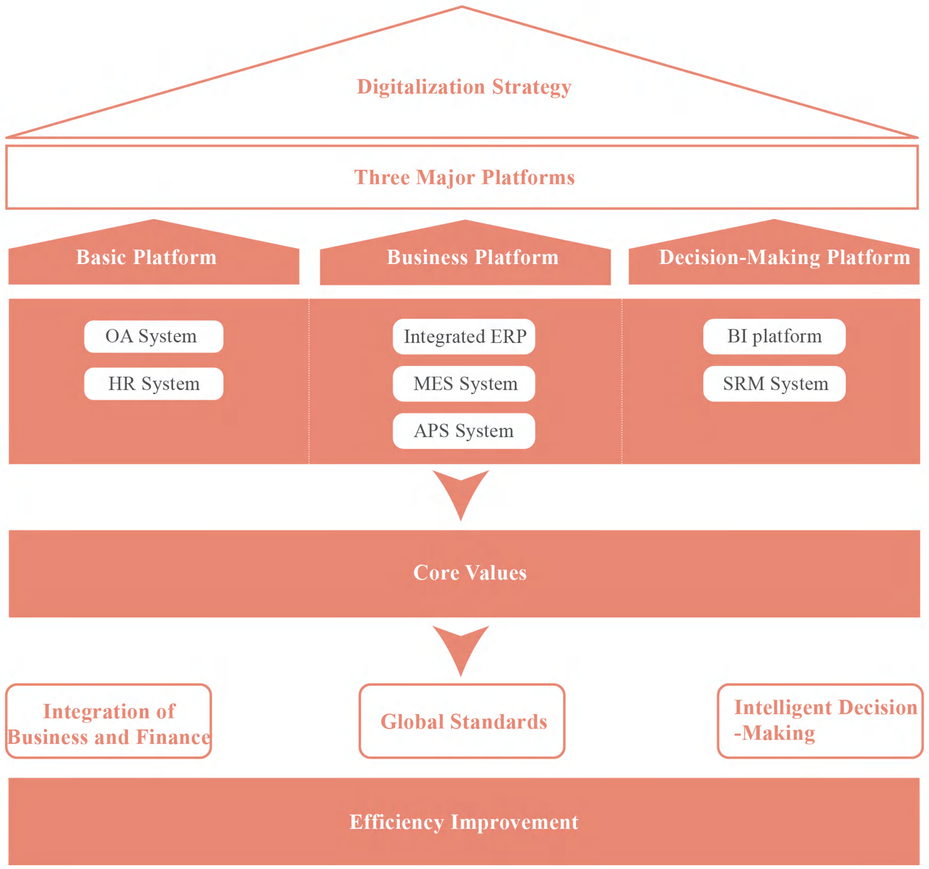
Handa Industries is promoting collaborative innovation and efficiency improvements across the entire industry chain by building a digital and intelligent development system. We are committed to sustainable product development, incorporating environmental protection concepts into every process, from raw materials to finished products. We continue to increase investment in technological innovation to overcome key industry bottlenecks. We also continuously optimize our service system to create more agile and comprehensive customer solutions. This systematic technology-enabled strategy is driving the company's steady progress toward green, intelligent, and high-end development, setting a new benchmark for sustainable development in the textile industry.



Building a Digital Intelligence Ecosystem

With "digital intelligence integration and ecological win-win" as its core concept, Handa Industries is comprehensively promoting the construction of a digital intelligence ecosystem. By building a "cloud-edge-end" collaborative technical architecture and integrating new-generation information technologies such as the Internet of Things, big data, and artificial intelligence, we are creating digital intelligence solutions that span the entire R&D, business, production, and supply chain landscape. At the foundational layer, we deploy an industrial Internet platform to enable device interconnection and data collection; at the application layer, we develop digital tools such as intelligent scheduling, quality warnings, and energy consumption optimization; and at the ecological layer, we jointly build an industrial cloud platform with upstream and downstream partners to promote cloud-based sharing of design, manufacturing, and service resources. By establishing a unified data middle platform and business middle platform, we have broken down information silos and achieved digital collaboration across the entire chain, from raw materials to end products.

Digital Transformation



Handa Industries continues to promote digital transformation and upgrading, and has built an intelligent management system cluster covering the entire business chain. “Global integrated digital platform” To achieve strategic goals, systematically solve the key pain points in Industries development.

At the basic platform level, the company has successfully launched the OA collaboration platform to achieve Nearly 100 Standardized management of administrative and business processes, efficiently handle 412,000 processes by 2024, reducing operating costs by 28%The HR management system comprehensively covers modules such as organizational structure, personnel management, attendance and salary, performance appraisal, and training and development, completing the digital reconstruction of the human resources system.

The business operations layer has focused on deploying from trading、Weaving、printing and dyeing to garment production Integrated ERP system effectively supports Inside External business expansion and supply chain collaboration will be fully launched in 2024; the MES system is Four Large production bases are implemented in phases to promote the standardization of production and manufacturing processes; APS advanced scheduling system Also being implemented, which will enable precise online control of quality, cost and delivery time.

At the intelligent decision-making level, the BI data analysis platform has built a group data warehouse with more than 20 theme dashboards; the SRM supplier collaboration system also It will go online in 2024 to realize digital management of the entire life cycle of suppliers.

This system architecture effectively realizes three core values: through the deep connection between financial software and six major business systems, it completely breaks down the barriers of business and financial data; using the domestic system as a template, it is replicated in Myanmar and Egypt.,Bengal Overseas bases; integrating more than ten data sources such as finance, sales, production, and procurement to build a complete data intelligence decision-making system.

At present,Handa’ s The digital system has achieved remarkable results: business process efficiency has Signifi cant improvd, management reports have achieved real-time access and have made great strides. In the future, Handa will continue to improve this “Unified planning - step-by-step implementation - global promotion” The digital construction model provides solid support for the group's globalization strategy.



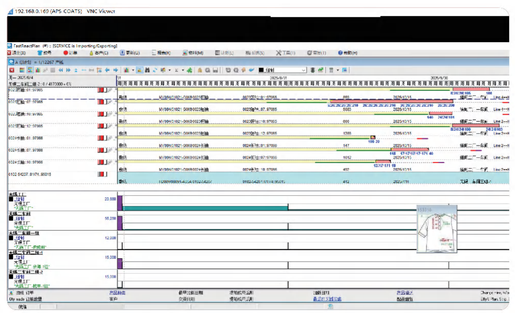
BI Dashboard System



MES System



OA Office System



APS Scheduling System

Advanced Digital Layout

In 2024, Handa Industries entered into strategic partnerships with two technology companies, launching group-level MES system development and SRM platform projects, respectively, to comprehensively advance the upgrade of smart factories and intelligent supply chains. The MES project focuses on data interconnection throughout the entire manufacturing process, aiming to achieve production visualization and intelligent management; the SRM project focuses on collaborative supply chain optimization, building an efficient procurement ecosystem through a digital platform.

Handa's digital transformation is moving from single-point technology application to collaborative innovation across the entire industry chain, accelerating the construction of a flexible and intelligent modern production system, and providing a practical model for the digital transformation of the apparel industry.









Obtained the "Jiangsu Province Five-Star Cloud Industries" Certification

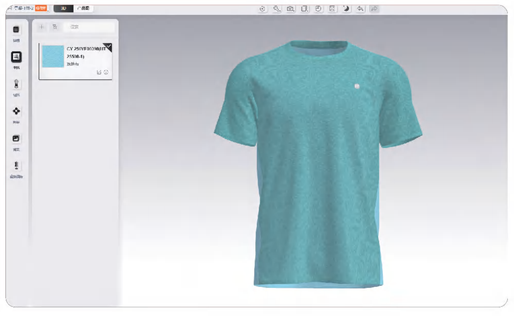
In September 2024, the Jiangsu Provincial Department of Industry and Information Technology announced the first batch of star-rated cloud-based Industries. Wuxi Hanboom Textile Co., Ltd., a subsidiary of Handa Industries, was awarded the title of "Five-Star Cloud-Based Industries" for its outstanding achievements in digital transformation. This certification, an authoritative assessment of industrial digitalization in Jiangsu Province, recognizes companies that excel in cloud computing applications and digital transformation.

AI+ Layout

Handa Industries “AI+” Layout, in Industries management and product innovation have achieved significant results. In terms of management and operations, AI translation tools enable barrier-free cross-border communication; digital human training improves the efficiency of employee skill development; and intelligent meeting assistants automatically generate minutes and extract key decisions. “Handa like chat” Internal Platform. The establishment and use of AI Know ledge Q&A, process optimization, and code development reminders, etc., comprehensively improve management efficiency.

In the field of product development and design, we use cutting-edge AI technology to promote innovation and breakthroughs: AI image generation and rubbing technology accelerates the generation of design ideas; the virtual fitting system realizes 3D visual display of products; the intelligent modification tool supports rapid iteration of local design; the AI video production platform improves the efficiency of marketing content production. The in-depth application of this series of AI technologies not only shortened In the product design cycle, but also create a new experience for customers through intelligent service upgrades, and continue to consolidate the company's digital leadership in the textile and apparel industry.





Handa Industries and China National Textile and Apparel Council Jointly Explore New Paths for Textile AI Applications

During the year, Handa Industries and the China National Textile and Apparel Council (CNTEC) held discussions on the innovative applications and in-depth implementation of AI in the textile industry. Based on industry development trends and guided by collaborative innovation between industry, academia, and research, the two parties engaged in in-depth discussions on the practical application and breakthroughs of AI technology.

During the seminar, Handa Industries shared its AI achievements in product R&D and design, office process optimization, and other scenarios, while also addressing the challenges of technology integration and application expansion. The China National Textile and Apparel Council, drawing on cutting-edge industry trends, discussed solutions with Handa Industries. Both parties agreed that AI big data analysis can accurately capture market demand, predict trends, and optimize product design. They also promoted the in-depth application of AI automation technology in production and management, improving overall process efficiency. Furthermore, the two parties reached a consensus on a sustainable development model for the integration of AI and the textile industry, emphasizing the collaborative innovation between industry, academia, and research to overcome technological barriers and jointly explore new paths for AI to empower the textile industry.



Intelligent Innovation

With the intelligent transformation of garment manufacturing as its core, Handa Industries will deepen its layout in all aspects by 2024, deeply integrate automation equipment and industrial Internet technologies, and strive to build a more complete and efficient full-process intelligent production system.

The company has vigorously introduced intelligent equipment such as automatic sewing equipment clusters, AI detection equipment, intelligent hanging systems, automatic sorting transmission lines and flexible handling AGV carts to achieve automated connection of the entire process of cutting, sewing, storage and packaging, and intelligent scheduling of logistics and transportation throughout the process, eliminating manual transportation losses in traditional production. While significantly improving production efficiency, it has also streamlined manpower input by more than 30%, providing hardware support for the "small order quick response" model.

At the production execution level, automated sewing equipment significantly improves sewing efficiency and quality consistency through automatic programming of process parameters. The equipment's built-in display panel and data transmission capabilities allow maintenance personnel to monitor operating status in real time, significantly improving the efficiency of single-machine production statistics. Workstation tablets equipped with facial recognition and skill binding systems ensure standardized operations. The intelligent hanging system, leveraging a B/S architecture and deep integration with the MES system, supports mixed-run production of multiple styles and sizes. New orders can be inserted into the production line in real time, significantly shortening production changeover time and reducing excess production.

The automated packaging line in the finishing phase integrates bionic robotic arms with rigid automation equipment. From automatic counting during needle detection to QR code recognition and precise robotic arm operation during packing, and finally to unmanned stacking, the entire process is highly automated, eliminating manual reporting errors and information transmission losses. AGVs automatically deliver materials along pre-set routes, significantly improving logistics efficiency and reducing safety risks in production operations.

From the iterative application of intelligent devices to the in-depth reconstruction of production systems, Handa Industries has always taken full-process automation and data interconnection as its core focus. While continuously strengthening its core competitiveness, it has also created a "Handa model" for the industry's intelligent transformation through the large-scale application of intelligent devices and independent innovation models.





Won the Title of "Jiangsu Province 2024 Intelligent Manufacturing Workshop"

Handa Industries Actively responds to the "Smart Manufacturing 2025" strategy and promote factory transformation with digitalization and intelligence as the core. During the year, Handa Industries uccessfully selected into the list of Jiangsu Province's 2024 smart manufacturing workshops, this honor is an authoritative recognition of the company's continuous exploration in the fields of digital factory construction and smart manufacturing.



Obtained AAA Certification for the Integration of Information and Industrialization Management System

Handa Industries successfully passed the assessment of the integration of information technology and industrialization management system and was awarded the AAA certification certificate, marking the company's breakthrough in the deep integration of informatization and industrialization.

Relying on the strategic leadership of the top management and the coordinated promotion of all departments, Handa Industries has built “Digital design and production integrated management and control capabilities” , achieving full-chain collaboration in design, production, and supply chain, and significantly improving value-benefit indicators in dimensions such as digital product design, production control, and operation management.



Passed the National Intelligent Manufacturing Capability Maturity Level 3 Assessment

Handa Industries successfully passed the National Intelligent Manufacturing Capability Maturity Level 3 Assessment (CMMM). Based on the national standards GB/T39116/39117, the assessment covered 15 key aspects of knitted garment process design and production. Through personnel interviews and on-site verification, it was confirmed that the company met the standardization requirements of intelligent manufacturing in terms of organizational strategy, data integration, and production operations.,This marks the company's leap from "standardization level" to "integration level" in the field of intelligent manufacturing.



Sustainable Product Innovation

In a rapidly changing market environment, if Handa Industries wants to maintain its lead amidst fierce competition, product innovation, as the core driving force for corporate longevity, has become an industry consensus. Based on this, Handa Industries continues to deepen the construction of its product innovation system—by systematically improving product technology content and functional experience, continuously consolidating the core value-added of products, and dynamically responding to the iterative and upgraded demand patterns of customers and consumers. This has established a closed-loop advantage in the market: "demand anticipation - innovation implementation - value delivery."

Fabric Research and Development

As the "Functional Knitted Fabric Product Development Base of the China National Textile and Apparel Council," "Functional Knitted Fabric Trend Research Center of the China National Textile and Apparel Council," and "Industry Industrial Design Center," Handa Industries has consistently focused on the R&D, innovation, and promotion of functional and differentiated knitted fabrics. By continuously researching new domestic and international raw materials, advanced weaving and finishing technologies, and integrating cutting-edge fashion trends with brand trends, Handa Industries continuously innovates and upgrades its products, resulting in the company holding 25 patents. At the same time, Handa Industries consistently adheres to the "Green Handa" corporate development strategy, effectively utilizing environmentally friendly, recycled, and sustainable materials in its R&D efforts to minimize negative environmental impacts from the very beginning.

With "technology, fashion, and green" as the core of its product research and development, Handa Industries has deeply laid out the "Heng" series of functional fabrics. It successfully developed approximately 250 fabrics throughout 2024, driving industry change with its innovative strength.

Heng Technology Focusing on functional breakthroughs, the company mainly promotes functional fabrics such as quick-drying, sun-proof and cool, warm, and sweat-free. Among them, the quick-drying series has a moisture absorption and quick-drying value far exceeding the national standard level 3, and the sweat-free series has also received positive feedback from various customers. It maximizes functionality and conquers consumers with data and experience; Heng Fashion series focuses on scenario design, nylon-spandex products, sports and leisure categories, and H-leggings yoga series, providing comfortable and fashionable experience for multiple scenarios such as home, office, leisure, and sports; Heng Green practices a sustainable development strategy, and uses bio-based, solution-dyed, paper yarn wool, recycled and other environmentally friendly products to help companies transform into green.









Innovative Environmental Protection: Handa Industries's Green Technology Practices

Scientific research confirms that microplastics have invaded human arteries, increasing the risk of heart disease, stroke, and all-cause mortality by 4.53 times. In response to this global environmental threat, Handa Industries, in collaboration with Donghua University, conducted technical research to transform used lunch boxes into ultra-fine polypropylene fibers, successfully developing the first low-carbon fabric made from recycled lunch boxes. This fabric reduces carbon emissions by 73% compared to virgin materials, not only creating a high-value recycling path for takeout lunch boxes but also enabling the production of quick-drying T-shirts and marathon capes, completing the closed-loop transformation from "plastic waste → eco-friendly fabric → practical apparel." This innovative achievement was also published in the prestigious journal Nature.



Cooperate with China Textile Information Center to Hold a Fabric Designer Technical Salon

On December 20, Handa Industries and China Textile Information Center jointly held the "2024 Fabrics China Club Product Development Technology Salon". More than 60 of the top ten textile fabric designers and industry elites in China visited Handa and explored fabric innovation through workshop visits, product demonstrations, and theme sharing.

At the event, Tmall TMIC analyzed 25SS trends, industry experts shared insights on topics such as cycling culture and sustainable new materials, and Chen Baojian, Deputy Director of the National Textile Product Development Center, provided in-depth analysis of how technological innovation drives industrial upgrading. Handa Senior Vice President Jiang Yanhui presented the company's strategic layout and product requirements. Guests engaged in discussions with Handa's technical team on fabric design and development, deepening collaborative discussions through fireside chats.

This event not only showcases Handa's strength in production processes, quality control and innovative technologies, but also builds a high-end exchange platform for the industry, promoting the integration of textile fabric design and sustainable development concepts.



Ready-To-Wear Design

Handa Industries has always used innovative design and in-depth market insights as its dual engines to drive the company's transformation from OEM to ODM, building differentiated core advantages in industry competition and winning high market recognition.

At the forefront of the fashion industry, the company has ingeniously launched the MAX VIS series of products, a virtual brand for business (B2B). Based on three major styles: sportswear, fashion and leisure, and workwear, the series focuses on core categories such as crew neck sweaters, polo shirts, hoodies, pants, and zip-up shirts. The series deeply integrates functional needs with scenario-based application logic, continuously iterating its product R&D and design system. By organically integrating fabric technology with pattern aesthetics, the MAX VIS series not only achieves a value leap from "manufacturing" to "creation," but also provides customers with clothing solutions covering all scenarios through systematic design capabilities.

Sports Style

Comprehensive training series: As MAX VIS's flagship product line, this collection is designed for high-intensity activities such as running, sweaty workouts, and professional training. The products not only focus on functionality, but also strike the perfect balance between style and comfort. From T-shirts and sweatshirts to training sweatpants, zip-up jackets, and pullovers, each item is meticulously designed and manufactured to meet the needs of athletes in various exercise situations. By deeply understanding the core needs of athletes, this collection not only provides competitive-level equipment support for professional athletes, but also offers practical and fashionable equipment options for fitness enthusiasts and team sports enthusiasts, making every exercise a pleasurable experience.





Fashion sports series: Designed specifically for yoga enthusiasts, this collection seamlessly integrates the needs of indoor yoga, light travel, jogging, commuting, and more. With lightness, comfort, and style at its core, this product line encompasses yoga pants, yoga tank tops, T-shirts, jackets, trousers, skirts, shorts, and more. Not only does it offer an exceptional wearing experience, but its diverse styles and colors add endless possibilities to everyday wear.

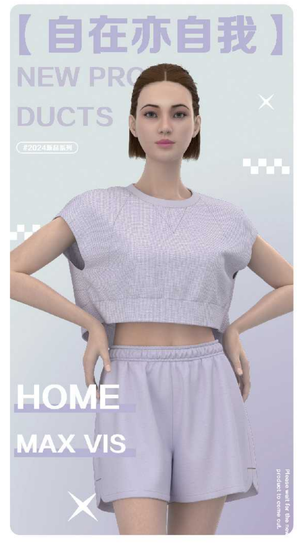


Fashionable and Casual Style

Fashion home series: Designed for young, fashionable and casual individuals, this collection focuses on youthful energy and the warmth and comfort of home. Key categories include girly home sets, casual home sets, and home skirts. Crafted from soft and comfortable fabrics, with meticulous attention to detail and tailoring, the collection strives to capture the youthful spirit of young women.







Comfortable and elegant series: We are dedicated to creating the epitome of mid- to high-end homewear, designed for consumers who value quality and style. Our core product categories include men's and women's casual homewear sets, base layers, underwear, and thermal products. We select high-quality fabrics, emphasizing comfort and breathability. Our designs are simple and elegant, with exquisite details that highlight the wearer's taste and style.





Workwear Style

Classic and practical series: Designed for professionals who value quality and durability, this collection focuses on minimalist design and functionality, showcasing a professional and sophisticated work style. Key product categories include overalls, shirts, outerwear, and accessories. Made from stain-resistant and wear-resistant fabrics, these pieces emphasize sleek tailoring and practical details, such as multiple pockets and zipper closures, meeting the dual needs of professionals for both professionalism and comfort.



Fashion personality series: 2、Designed for professionals seeking a unique style, this collection focuses on youthful, trendy design and incorporates workplace needs to create a series of professional yet stylish workwear. Key product categories include polo shirts, fashionable overalls, compression garments, base layers, shorts, and vests. Crafted from soft, breathable fabrics, the collection emphasizes playful design and refined details, such as unique color schemes and minimalist prints, helping professionals showcase their individuality and stylish style within their profession.



Comfortable and lightweight series: Designed for workers who need to be active for extended periods of time, this collection prioritizes comfort and functionality, providing a relaxed and effortless workplace experience. Key categories include loose shirts, sweaters, sportswear, and lightweight outerwear. Made from carefully selected breathable and durable fabrics, the collection emphasizes comfortable tailoring and natural aesthetics, ensuring workers experience both comfort and style in their daily workdays.



China National Textile and Apparel Council Fashion Trend Research Department Empowers Handa Product Development

During the year, Handa Industries actively communicated with the Fashion Trend Research Department of the China National Textile and Apparel Council, conducting analytical training around the 2025 Spring/Summer and 2026 Autumn/Winter trends from three dimensions: consumer lifestyle, show style, and fabric trends. Combining Handa's R&D achievements with market demand, they clarified the full-chain design path of "trend foresight - product development - market implementation."

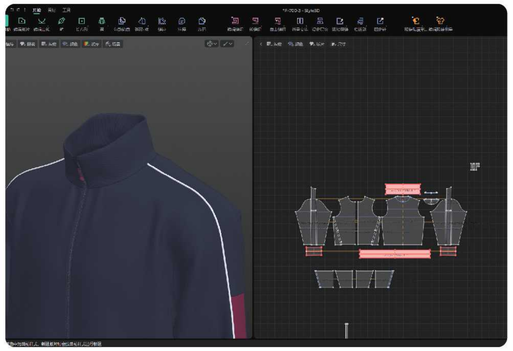
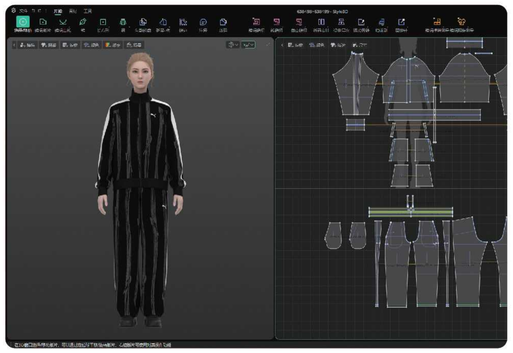
This event has injected cutting-edge design thinking into the company's R&D team, strengthened the "consumer-centric, trend-oriented" product development logic, and helped Handa's product iteration and value upgrade in the fields of fashion, technology, and green.

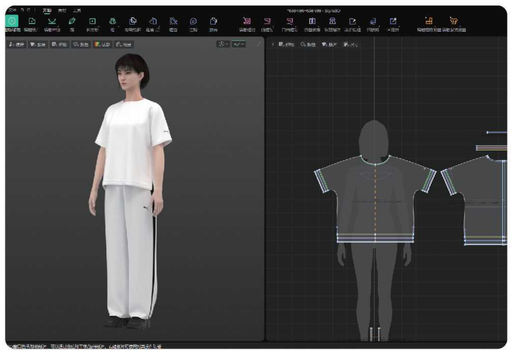


3D & AI Design

To proactively address resource and environmental challenges and reduce sample consumption and waste, Handa Industries has developed Handa 3D digital design software. This innovative tool significantly improves design efficiency and product performance prediction through features such as 3D modeling and proofing, 3D convenient revisions, 3D rendering simulation, and 3D content display.

3D Modeling and proofing	Rapidly generate highly realistic samples in a virtual environment, shortening the R&D cycle.
3D Convenient Revision	Through AI intelligent analysis, you can easily adjust the design plan and improve R&D efficiency.
3D Rendering Simulation	Combined with AI algorithms, it accurately predicts the actual product effect, avoiding production waste and quality issues.
3D Bontent Display	Present products in a vivid way to enhance customer experience.



By 2024, Handa's apparel design department had designed over 1,500 products using 3D digital design technology, over 100 of which were adopted by renowned domestic and international sports brands (such as UBRAS, PUMA, ALPEN, and LUFIAN), generating over 50 million in sales. This technology not only helped the company reduce resource consumption in sample production but also enhanced product competitiveness through precise design and rapid iteration, providing strong support for the company's sustainable development strategy.

By integrating technological innovation with commercialization, Handa has not only achieved remarkable results in garment design but has also actively contributed to the industry's development towards efficiency, environmental protection, and intelligence. Going forward, we will continue to prioritize sustainable development, optimize our design processes, enhance product value, and create more surprises for consumers and partners.

1500+ model
Product design

100+ model
Adopted by well-known brands

5000+ ten thousand
Sales volume

Hold a new Product Launch Conference

Handa Industries regularly holds spring/summer and autumn/winter new product launches, using 3D videos to interpret garment design concepts and 3D showrooms to showcase bio-based and other environmentally friendly fabrics. Combined with the application of AI technology, it showcases the fusion of fashion and sustainable development.





Participate in the China Textile Innovation Annual Conference to Share Industry Innovation Practices

In December, Handa Industries was invited to attend the 2024 China Textile Innovation Annual Conference. Focusing on the theme of "Insight into New Demands, Exploring New Paths", the conference shared Handa's practical experience in product development, management innovation, and environmental empowerment. The conference emphasized that the company explores intelligent manufacturing and green development paths by introducing advanced technologies, focusing on the research and development of functional fabrics such as antibacterial and quick-drying fabrics and new green and environmentally friendly fabrics, and improving market competitiveness through innovative products.





Innovation, Improvement and Concentration

In corporate development, innovation is like a spring of fresh water, stimulating growth momentum, while improvement is like a meticulously carved chisel, polishing the texture of efficiency. Handa Industries deeply understands that true innovation lies not only in the disruption of breakthrough technologies, but also in the continuous improvement of every aspect of production and operations. When innovation and improvement become a mindset that everyone participates in, from optimizing production lines to improving the efficiency of management processes, from detailed breakthroughs in fabric research and development to precise cost control strategies, every subtle improvement converges into a powerful force that propels the company forward. Innovation is no longer a castle in the air, but a growth force rooted in daily operations, charting a pragmatic and far-reaching development trajectory for Handa in the innovation landscape of the textile industry.

Handa Industries officially launched the "Innovation and Improvement Competition" in 2024, focusing on core areas such as management reform, process optimization, and technological innovation, and building an innovation and practice platform covering all departments and positions. According to statistics, since the implementation of the innovation and improvement mechanism, the company has submitted nearly 1,000 proposals annually, of which 66.2% were management-related, 10.1% were technology-related, and 23.7% were process improvement-related.

These innovative achievements have not only driven efficiency improvements and cost optimization within the company but have also sparked a wave of innovation among employees. More and more employees are actively participating in improvement initiatives, fostering a strong atmosphere where everyone contributes suggestions and seeks innovation. Many front line employees have showcased their talents through proposals and secured promotional opportunities. Key technical personnel have also advanced their capabilities through the implementation of their solutions, gradually establishing a comprehensive incentive cycle within the company: "proposal - incubation - recognition - promotion." The Innovation and Improvement Competition has not only become a crucial tool for the company to overcome development bottlenecks but also a two-way empowerment platform for employees to realize their personal value and grow alongside the company.





In terms of patents, the company has We have 11 authorized invention patents, 3 design patents, 6 authorized utility model patents, 20 invention patents under review, and 3 utility model patents under review. These patents cover our core technologies and products, fully demonstrating our innovative capabilities and strength in technology research and development.

To recognize outstanding individuals and teams in innovation competitions and continuously stimulate the company's innovative vitality, Handa Industries regularly holds Innovation and Improvement Commendation Conferences. At these conferences, innovative cases from various departments are showcased. After rigorous review, a group of individuals and teams with outstanding performance in the field of innovation and improvement stand out and receive individual and team awards. This honor encourages and drives a wave of innovation among all employees.





Service Capability Innovation

In-Depth Improvement of the Quality-Oriented Control System

Handa Industries, with "Quality as the Foundation," has established an intelligent quality management system throughout its entire value chain. We establish and continuously refine our closed-loop "prevention-control-improvement" management process, embedding the "zero defect" philosophy in every operational and production process. While continuously improving our intelligent manufacturing system, we foster a quality culture that involves all employees. We are committed to providing global customers with products that combine superior quality with green value, leading a new paradigm in high-quality development within the industry.

Testing Center

To better enhance product quality, strengthen comprehensive quality management, and increase product added value and corporate competitiveness, the company has established a testing center with national laboratory accreditation. The center continues to promote laboratory certification with leading brand clients, continuously enhancing the company's quality self-inspection capabilities. The approximately 800-square-meter facility is equipped with a general office, reception area, grading room, color fastness test room, constant temperature and humidity chamber, chemical testing room, sun room, water washing test room, and sample room. The center boasts over 70 sets of advanced domestic and international testing equipment, including formaldehyde testers, pH meters, flammability testers, pilling testers, bursting strength testers, snagging testers, electronic tensile strength testers, Q-SUN sun room, and wash fastness testers.

Handa Testing Center boasts experienced laboratory management and a professional testing team familiar with domestic and international standards. Our testing capabilities cover international and domestic textile testing standards such as AATCC, ASTM, ISO, JIS, GB, and FZ. We offer over 100 test items, including pH, color fastness to perspiration and water, strength, and pilling.







The company has established a continuous improvement department, which consists of the quality management department, quality system management, and testing center. It is mainly responsible for the company's quality management, production efficiency, cost control, customer service improvement, etc., helping the company achieve continuous improvement, enhance market value and sustainable development.

The company continuously improves the functions of the Continuous Improvement Department, which is independent of production, to ensure that products meet high quality standards. At the same time, it establishes and continuously improves and perfects the quality management system and tracking control system, strengthens pre- and in-process quality control and post-event problem analysis and summary, and strengthens all-staff, full-process, and all-round quality management according to the requirements of design, process technology, quality control procedures, and the global layout of the company's industrial chain. Every activity in the entire production process is standardized and controlled, and strict access standards are implemented. Raw materials that do not meet quality and safety standards will never be stored, and substandard products will never be shipped out, thus ensuring that product quality strictly complies with and meets contractual provisions, national and industry quality and safety laws and policies.

In 2024, the company will begin reviewing and upgrading its quality manual. By improving management practices, technical standards, and operational guidelines, the company will comprehensively update the manual's content. This will not only significantly enhance its professionalism and practicality, but also establish a comprehensive quality management and control mechanism covering the entire process. Simultaneously, the company will complete optimization and iteration of specialized documents such as the "Fabric Quality Management Process." Through standardized process design and refined node management, the company will further strengthen the effectiveness of the quality control system.

At the same time, a regular assessment mechanism has been established, with regular professional skills assessments conducted on relevant personnel to ensure the effective implementation of quality management processes. Targeting key aspects of fabric quality management, the company has introduced the "Munsell Color Chess" assessment system. Through periodic testing, this system strengthens the color recognition capabilities of quality control personnel, ensuring the accuracy and consistency of product colors from the source and building a solid human resource foundation for continuous improvement in product quality.




The company actively organizes quality-related training, quality appraisal and other activities for employees at home and abroad to form a consensus and atmosphere of quality first and joint management, ensuring that product quality and product safety meet the standard line and continue to improve.

During the reporting period, the company did not receive any consumer complaints based on serious product quality and safety issues.



Quality evaluation of the Egyptian factory



Quality evaluation of the Myanmar factory



Perfect Customer-Centric Service System

Reconstructing a Customer-Centric Management System

Handa Industries has established "customer first" as its core service philosophy. Through the restructuring of its business department structure and the reform of its incentive mechanism, it has created a customer service model that integrates the entire "R&D-Production-Marketing" chain. At the management level, the company achieves deep synergy between customer needs and product development, organically integrating business processes and management systems. Customer feedback mechanisms are incorporated from the R&D and design stages to ensure that products meet market demand from concept to launch. For example, at the 2024 TEXWORLD Fabrics & Accessories Show in New York, the company showcased a collection of eco-friendly, fashionable, and functional fabrics. These fabrics were developed based on the growing global demand for sustainable textiles. Through process innovation, the company combined environmentally friendly dyeing and finishing technologies with fashionable design, attracting over 100 international customers to discuss cooperation, embodying its operational philosophy of "customer demand drives product innovation."





Full-cycle Customer Demand Management Mechanism

The company has established a regular customer interaction system: regularly visiting core customers and analyzing demand trends based on market data; conducting customer satisfaction surveys every six months and optimizing service processes based on feedback. At the 2024 Shanghai PD Show, Handa's subsidiary Hengnuo Technology showcased a super-quick-drying series of fabrics that surpassed the national third-level standard. This technological upgrade stems from customers' high-demand demand for functional sports fabrics. Furthermore, at the Intertextile China International Textile Fabrics Expo, the company showcased three themed exhibition areas: "Heng Fashion, Heng Green, and Heng Technology." Through on-site functional testing and experience areas (such as the Heng Wuzhi series fabric lab demonstration), customers were able to directly experience product performance and simultaneously collect feedback from user scenarios, forming a closed loop of "demand insight - product iteration - experience optimization."





Deepening Customer Value in Exhibition Scenarios

We utilize domestic and international exhibitions as core venues for building customer relationships, enhancing the experience and interactivity through innovative display formats. At the "Sustainable Development & Healthy Lifestyle" themed exhibition in Tokyo, Japan, we established a global product display area and an automated process demonstration area, complemented by an interactive "Sustainable Development Tree" installation. Customers were invited to sign an environmental commitment, showcasing our technological prowess while deepening brand recognition through an immersive experience. Furthermore, the entire exhibition process adhered to a green philosophy: all display materials were recyclable, achieving the goal of "zero waste" upon exit.





Full-Chain Quality Control and Service Response

In response to the core concerns of customers, the company has established a "prevention-monitoring-improvement" quality control system: setting up quality monitoring points throughout the entire process from raw material procurement to production delivery, and using intelligent systems to issue real-time warnings for risks.Rigorous response and resolution of feedback Mechanism to ensure closed-loop problem solving.

Handa Industries has always integrated the concept of "creating value for customers" into the entire operation chain. In the future, we We will continue to consolidate the full-cycle customer service system, build a value community with customers with more keen insights into needs, more efficient response mechanisms, and more outstanding quality assurance, and write the answer to the era of "customer needs leading corporate development."



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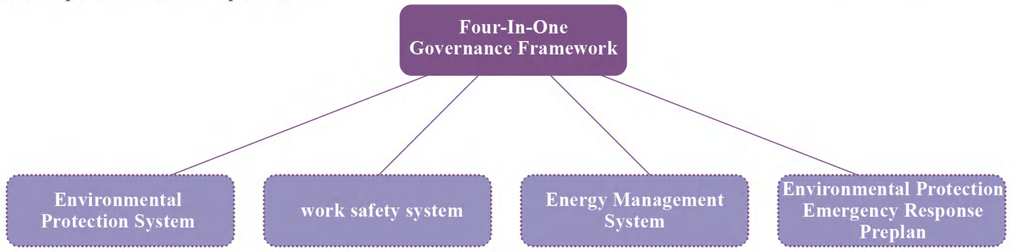
Environmental Leadership

Handa Industries adopts "Green Handa" as its business strategy, adheres to the concept of "coexistence with the environment", and promotes green operations throughout the entire process: improving energy efficiency and reducing emissions through technological innovation, implementing strict environmental management throughout the product life cycle, continuously developing green processes and introducing environmentally friendly equipment, exploring and building a virtuous cycle model of "green production - ecological protection - industrial upgrading", and promoting the sustainable development of the textile industry through practical actions.



Strengthen Environmental Management

Handa Industries strictly adheres to national laws and regulations on ecological and environmental protection. With "upholding the ecological red line" as its core principle, it has established a multi-level, full-process environmental management system. The company deeply integrates its environmental protection system, production safety system, energy management system, and environmental protection emergency response plan to form a four-in-one governance framework. It has also established a cross-departmental environmental management department to achieve closed-loop management from strategic planning to implementation. By incorporating indicators such as environmental protection, energy consumption, and resource recycling into the management team's KPI assessment system, a management mechanism with "personalized responsibility and on-the-job assessment" has been established to ensure standardized operations across all production links and processes.



In terms of implementing environmental protection policies, Handa Industries has anchored its green development goals and built a comprehensive, multi-level environmental protection system. Through technological innovation and process optimization, it continuously improves energy efficiency and promotes refined energy management; actively explores new models of resource recycling, improves resource utilization, and reduces waste generation. At the same time, the company continuously strengthens its clean production level, controls pollution emissions from the source, and ensures that the entire production process is green and low-carbon. In addition, Handa improves its green manufacturing system, promotes the green and intelligent transformation of all aspects of production and manufacturing, promotes low-carbon development, and helps “Dual Carbon” To achieve the goal, the company also fostered a strong green development atmosphere through training, publicity, and cultural development to foster full employee participation, integrating environmental protection concepts into every detail of its operations.

All of the company's production bases have passed the ISO14001 environmental management system certification, building a management framework based on international standards and integrating core indicators such as safety control, energy conservation and consumption reduction, and waste reduction into daily operating processes.

During the year, the company achieved excellent results in energy conservation and emission reduction, environmental protection, clean production, safe production, and the circular economy. All pollution control facilities operated normally and met environmental protection requirements. There were no environmental pollution accidents, disputes, or environmental complaints, and the company received no administrative penalties or fines for violations of regulations or laws from environmental protection authorities.

Environmental Risks Identified by Handa Industries in 2024

Type	Describe
Wastewater Pollution	Printing, dyeing, bleaching and other processes use dyes and auxiliaries. If the wastewater is not completely treated and discharged harmlessly, it will pollute the water body, endanger the ecosystem and human health.
Exhaust Gas Pollution	• Dust spread during textile and garment processing affects air quality and employee respiratory health • Exhaust emissions from printing and dyeing machines and other equipment do not meet standards, causing air pollution
Resource Consumption	• Excessive use of water resources, especially in dyeing and printing factories • Regions with unstable power supply, such as Myanmar, rely on diesel power generation, increasing carbon emissions
Chemical Risks	• Toxic substances remain in the finished product, causing secondary pollution • Companies’ lax control over the use of chemicals such as additives

In 2024, the company achieved significant results in environmental protection efforts, with all key environmental indicators passing audit and achieving full compliance. To continuously improve environmental management, the company systematically compiled documents such as the "Environmental Risk Assessment Report," "Emergency Plan for Environmental Emergencies," and "Water Resources Feasibility Report for Water Intake Projects." Furthermore, the company improved its "Safety Status Assessment Report," "Production Safety Accident Emergency Rescue Plan," and the "Three Simultaneous" occupational health management system, strengthening its overall environmental safety defenses.

The environmental performance of a printing and dyeing factory is a crucial cornerstone of a company's sustainable development and a key indicator of its core competitiveness. In the new era, Handa Printing and Dyeing Factory continues to increase its environmental protection investment. Relying on technological innovation and management optimization, it further promotes clean production, dynamically tracks progress towards environmental protection goals, and strives to build a green, low-carbon, and energy-efficient modern printing and dyeing factory.

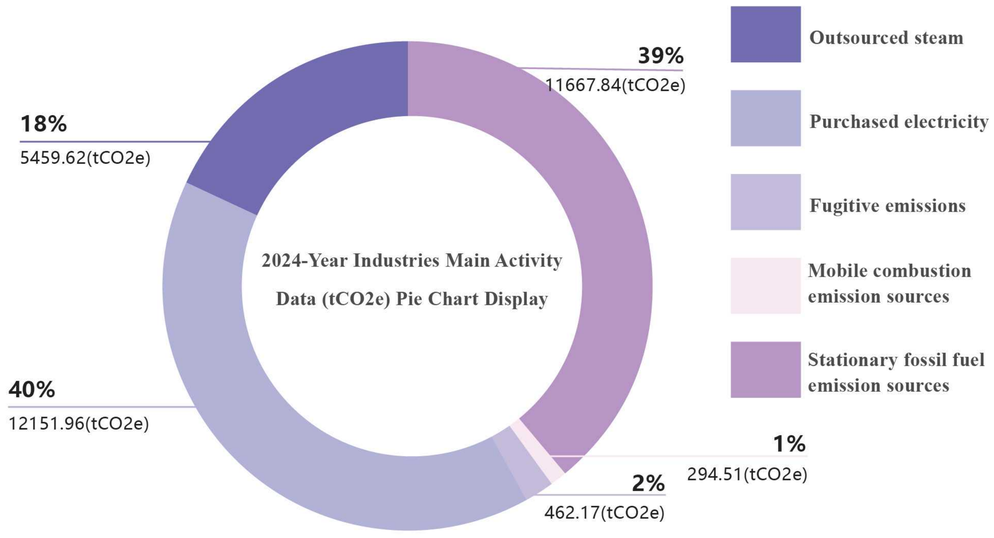
Main Environmental Protection Goals for Printing and Dyeing Factories in 2024

Item Head	Index	Management Plan (Measures)	Progress or Performance
Sewage Discharge Complies With the Urban Sewage Treatment Takeover Indicators	1. Sewage treatment compliance rate 100% 2. COD≦200mg/L, total amountLess than 50 tons 3. Total sewage discharge: 1 millionless than tons	1. Strengthen management and improve sewage treatment regulations and operating procedures 2. Standardize testing and control according to requirements 3. Equipped with sewage flow meter and online detection equipment	1. Sewage treatment facilities and monitoring facilities are complete, with a normal operation rate of 100% and sewage discharge meeting 100% of the standards. 2. COD content does not exceed 200mg/L, and the final total discharge36.1ton 3. Total sewage discharge691496ton
Preventing Chemical Spills	Safe storage and transportation without leakage	1. Classify and store, and make labels 2. Employees are familiar with its performance characteristics and operate according to specifications 3. Take safety and leakage prevention measures during transportation	A chemical leakage emergency plan was developed and protective training was carried out. No chemical leakage accidents occurred during the year.
General Solid Waste Treatment	Comprehensive utilization rate 100%	1. Waste additive barrels and waste packaging bags are recycled by suppliers 2. Domestic waste will be handled uniformly by the local community 3. Wastewater sludge is purchased by qualified environmental protection companies	All waste additive barrels and waste packaging bags are recycled by suppliers at the company, and the community regularly collects domestic garbage at the company; sludge is recycled by the environmental protection company and sent to the power plant for harmless incineration.
Hazardous Waste Disposal	Processing rate 100%	Waste oil generated by the exhaust gas treatment of the setting machine Dye packaging bags	Purchased and processed by qualified waste oil treatment and hazardous waste qualification units

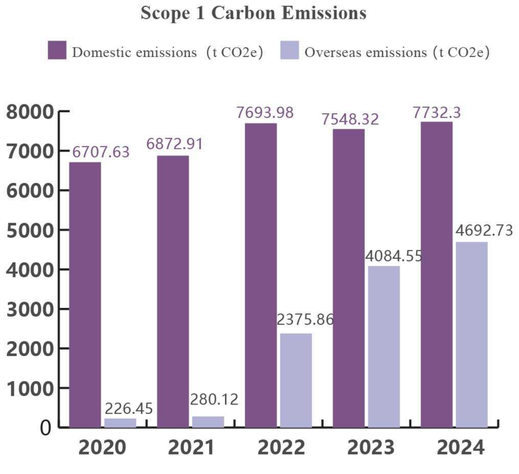
Implementing the "Dual Carbon" Strategy

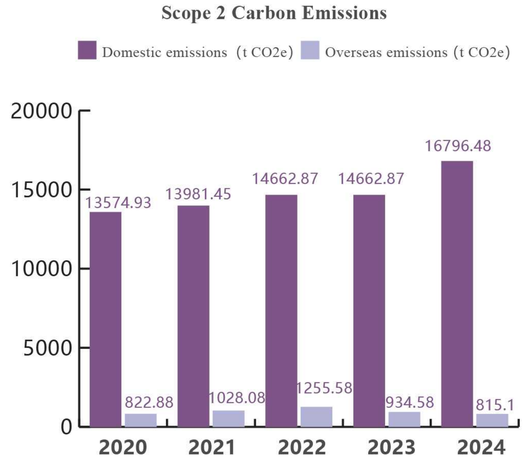
Handa Industries adheres to the "dual carbon" goal to lead green development, integrates the "dual carbon" concept into the entire process of sustainable development, and properly handles the relationship between corporate development and energy conservation and emission reduction.Taking 2017 as the base year, carbon emission data accounting work will be carried out for all the company's factories and sales departments at home and abroad.

After calculation, The total carbon emissions of Handa Group in the past four years are30036.61tCO2e(Excluding Scope 3), of which domestic emissions are24528.78tCO2e, overseas emissions were 5507.83tCO2e.



*Note: The above data includes the company's factories at home and abroad as well as the newly added factory in Bangladesh





Emission Reduction Actions

Reduce energy consumption in office and production processes, improve energy efficiency, and thus reduce carbon emissions.

- Electrification transformation of equipment;
- Identify energy conservation and emission reduction measures, including equipment insulation, steam usage efficiency, and efficiency optimization of the setting machine air compressor;
- Eliminate old and high-energy-consuming production equipment and introduce low-energy, low-power equipment;
- Use new energy vehicles (cars, trucks, etc.) as replacements for fuel vehicles;
- Adopting intelligent typesetting system to reduce fabric loss and increase fabric utilization rate to over 95%;
- Set up classified recycling points, and waste fabrics and yarns will be recycled by professional companies;
- Donate or sell obsolete equipment after repair to reduce resource waste.

Energy Transition

Increase the proportion of green energy in its own energy structure and comprehensively supervise energy usage.

In terms of distributed photovoltaic power generation systems, Handa Industries has established a multi-regional renewable energy utilization system. The distributed photovoltaic power station at the corporate headquarters campus generates 1.09 million kWh of electricity annually, with 930,000 kWh consumed locally, resulting in a self-consumption rate exceeding 85%. The photovoltaic power station at the printing and dyeing park generates 1.22 million kWh of electricity annually, with 100% of the generated electricity consumed. The Yunnan factory, connected to the regional photovoltaic grid, consumes 470,000 kWh of green electricity annually. By generating and consuming energy locally, this system effectively reduces dependence on traditional energy, improves energy self-sufficiency and clean energy, and provides solid support for the company's green transformation of its energy structure.



Headquarters park



Dyeing and printing park

In the process of upgrading its energy management system, Handa Industries has built an intelligent and visual energy management platform based on the Internet of Things, big data and artificial intelligence technologies.

Obtained energy management system certification

Handa Industries has successfully passed the Energy Management System Certification. This certification is a dual recognition of the company's energy management level and sustainable development strategy.

Since launching its energy management system, the company has strictly adhered to national standards and industry norms, established and improved its energy management system and processes, and strengthened its employees' awareness of energy conservation. Through certification, the company has optimized its energy management processes and increased energy efficiency, further shaping its image as a green Industries.


能源管理体系认证证书

证 书 编 号：

无锡恒博纺织有限公司

管 理 体 系 符 合

GB/T 23331-2020/ISO 50001:2018及GB/T 102-2013 标准

证书覆盖的范围

与针织服装的生产相关过程涉及的能源管理活动（物理位置：江苏省无锡市锡山区东北塘街道村（无锡恒巨纺织品有限公司内））1 ***

产品类别及产品组合或代码涉及的其他附件

初证日期：2024 年 3 月 11 日

有效期至本证书：2027 年 2 月 10 日

Won the "Green Factory" certification at both the municipal and provincial levels

Handa Industries has been awarded the title of "Green Factory" by both Wuxi City and Jiangsu Province. The company consistently adheres to the core concept of green development and incorporates it into every aspect of its production and operations, striving to promote sustainable development through technological innovation and industrial upgrading.



Selected into the "30 · 60 Carbon Neutrality Acceleration Plan" case collection

On May 30, Handa Industries made its debut at the "2024 Climate Innovation and Fashion Summit" in Beijing. The company's low-carbon "Home Office Series" was successfully selected for the "30 · 60 Carbon Neutrality Acceleration Plan Corporate Case Collection", and Chairman Han Chun was selected as a contributor to the progress manual.

This case study showcases the practices of 27 companies in five key areas, including carbon footprint measurement and zero-carbon product pilots, demonstrating their path from carbon reduction to long-term carbon management. Handa, with its "lean production + full-cycle improvement" model, has become a benchmark case study for the textile industry's implementation of the "30·60" goal, continuously promoting green transformation through technological innovation and social responsibility.

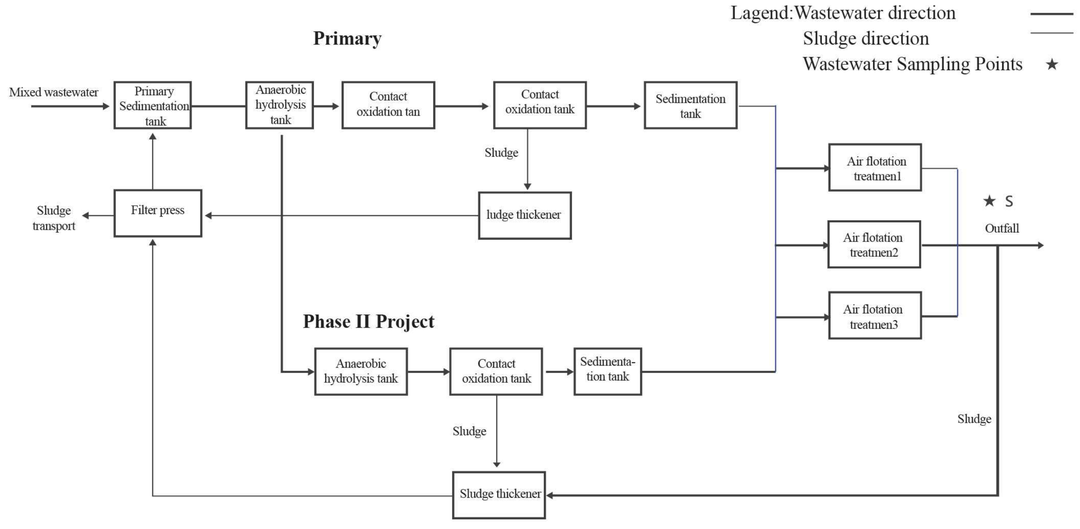


Water Resource Management

As a core component of the company's wastewater treatment, the printing and dyeing plant receives high attention and strict oversight from headquarters. Strictly adhering to environmental protection department requirements, the plant has established an intelligent wastewater discharge monitoring system, equipped with online monitoring systems and flow meters. Professional maintenance and regular calibration are performed by a reputable third-party organization to ensure accurate and reliable data. By 2024, the stable operation rate of environmental protection facilities will reach over 99%, fully ensuring compliance with emission standards.

In addition, the company obtains national pollutant discharge permits in accordance with the law, strictly implements the pollutant discharge permit management system, and submits implementation reports on a regular basis to achieve compliance, standardization, and transparency of environmental management, and continuously improve the level of green production.

Wastewater Treatment Process Flow and Wastewater Direction Diagram



To strengthen environmental monitoring and governance, the company's printing and dyeing plant has established a wastewater treatment monitoring room to ensure strict control of the wastewater treatment process. At the same time, video surveillance systems are installed at key facilities such as sewage outlets to achieve round-the-clock, all-around monitoring.





Annual Pollutant Discharge				
Pollutant Name	2022	2023	2024	Increase/Decrease
Sewage (ton)	865960	786080	691496	-12.03%
COD（ton）	43.29	39.3	36.1	-8.14%

Exhaust gas Management

Waste gas treatment is a crucial step for businesses to achieve green and sustainable development. Handa Printing and Dyeing Factory has established a modern waste gas treatment system combining "intelligent monitoring and digital supervision." All waste gas treatment facilities are equipped with online automatic monitors and high-definition video surveillance systems, enabling real-time data transmission via a networked connection to an environmental monitoring platform, ensuring full traceability and verifiability of emissions.

The factory has also established a comprehensive equipment operation and maintenance management system. Through regular inspections, preventive maintenance, and professional upkeep, it ensures the stable and efficient operation of environmental protection facilities throughout the year, providing a solid guarantee for the company's green production.





In 2024, the total amount of condensed water, process cooling water, recycled water and reused water collected was 237,800 tons, accounting for 30.3% of the total water consumption.%. With 2023 Compared with the previous three years, the energy consumption per unit of output value has decreased by 1.61%.

In 2024, the total annual Industries pollution discharge fee is 4536970 Yuan.

During the reporting period, the company had no environmental pollution accidents, received no complaints about environmental pollution, and was not subject to legal sanctions for violating relevant environmental laws and regulations.

Carry Out Green Actions

Handa Industries adheres to the concept of green development, adheres to the harmonious coexistence of corporate operations and nature, strictly implements environmental protection policies, promotes the green and low-carbon concept through diversified publicity, and advocates that all employees practice environmental protection actions..

Handa Industries actively practices the concept of "low-carbon, environmental protection, and green office", integrates green and low-carbon into its entire operation process, implements actions such as saving electricity, water, and paper in daily office work, and adopts various methods to continuously explore green office and production, cultivate employees' environmental awareness, continuously promote the implementation of green actions, and strive to create a low-carbon, green, healthy, and comfortable working and living environment.

Green Initiatives

Power Saving

1.Replace and use energy-saving lighting, and retrofit voice-activated lights and infrared sensor lights in public areas such as stairs;

2.During lunch and breaks, we encourage people to turn off their computer monitors to save electricity.

3.Regularly clean and maintain production equipment, air conditioners, etc. to reduce energy losses.

Save Paper

1. Comprehensively promote office automation With the use of the system, all process approvals are uploaded and approved electronically, which greatly reduces paper documents and moves towards "paperless office";

2. Strictly control the amount of printing paper used, and advocate measures such as double-sided printing, copying, and recycling of waste paper;

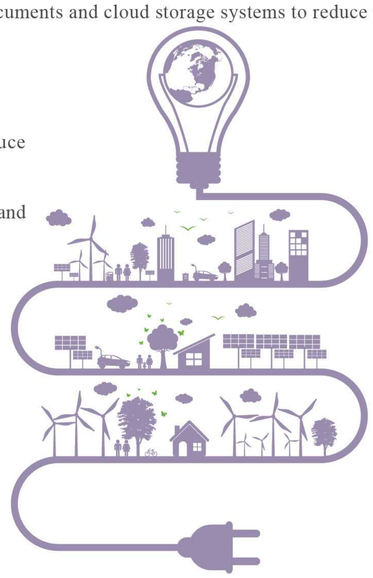
3. Internal archiving and communication advocate the use of electronic documents and cloud storage systems to reduce the use of paper.

Water Saving

1.Install water-saving toilet fixtures in the bathroom to significantly reduce water consumption;

2.Check water pipes and valves regularly to avoid hidden water leakage;

3.Strengthen water use management and publicity, post water-saving signs, and enhance employees' awareness of water conservation.



Green Initiatives Activity: Turn off the lights for an hour and build a sustainable future together

As a practitioner of green transformation in the textile industry, Handa Industries initiated “Turn off the lights for one hour” The environmental protection action calls on all employees, supply chain partners and the general public to practice low carbon for one hour to light up the consensus on sustainable development.

07

Responsibility And Influence

At Responsible Handa, we always uphold the concept of win-win, regard suppliers and others as strategic partners for sustainable development, promote green procurement standards by establishing a collaborative management system for sustainable development, and use the dual-wheel drive of "responsibility audit + capacity building" to help improve the level of sustainable operations throughout the entire supply chain. At the same time, we build a safety management system covering all aspects with the goal of "zero accidents and zero hidden dangers", and build a solid risk protection network for the business through certification, intelligent monitoring and training exercises. We also focus on education empowerment, community development and environmental protection charity, establish a charity fund, and interpret the concept of "shared development" with practical actions, making responsible care a warm bond connecting Industries and society.

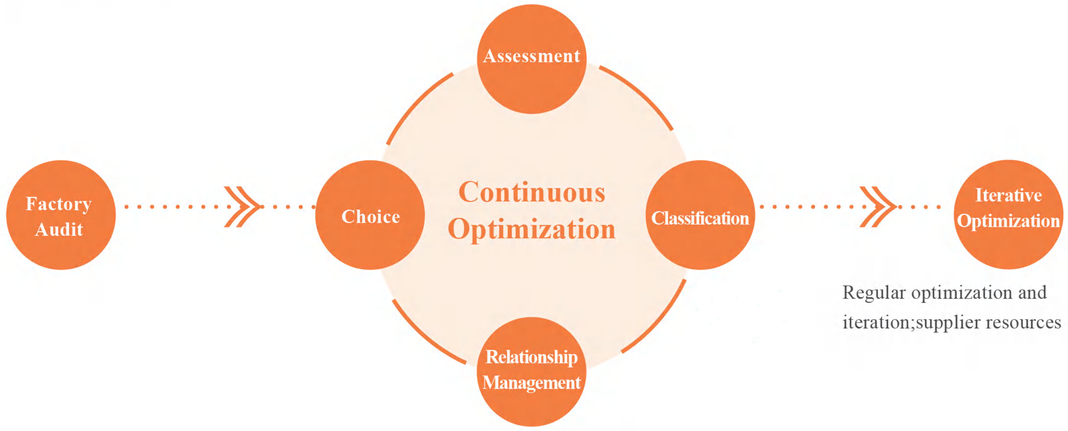


Building a Sustainable Supply Chain

Handa Industries collaborates with supply chain partners to build a transparent and sustainable management system, integrating environmental and social responsibility from the very beginning through full-chain collaboration. Leveraging digital platforms and standardized processes, they establish a transparent management and control mechanism covering the entire supplier life cycle. Through initiatives such as jointly establishing green standards, promoting sustainable certification, and implementing carbon footprint tracking, they embed ESG concepts into every aspect of the supply chain, leveraging supply chain collaboration to support the implementation of sustainable development strategies.

Supplier Management

Handa Industries deeply integrates the concept of sustainable development into the management of the entire life cycle of suppliers, builds a systematic supplier governance system and implements dynamic optimization.Supply Chain Management Department, comprehensively covering core dimensions such as supplier social responsibility implementation, product quality control, delivery cycle compliance, and service responsiveness, and establishing a standardized audit and assessment and tiered management mechanism. Focusing on key ESG areas such as business ethics compliance, occupational health and safety, environmental sustainability, and labor rights protection, through management tools such as qualification certification and periodic performance evaluations, we guide suppliers to standardize their responsible behavior and strive to build a supply chain community of shared responsibility and value.



▲ Supply Chain Management Process

Optimization Mechanism

For stability high quality Supplier team, establish long-term healthy Reciprocity of Supply and demand,Industries hould improve relevant procurement management systems according to actual conditions.Applies to All to Industries supply Production raw materials, flour and auxiliary materials、 Production equipment, office supplies, consulting services, etc.of Suppliers, as well as internal purchasing personnel. For personnel and behaviors that do not strictly follow the system and manual requirements to conduct business, the company will handle them according to the relevant provisions of the "System".The person in charge of purchasing, along with the manufacturing and finance departments, will monitor procurement practices and manage personnel accordingly.

Standardized Process

To ensure efficient procurement, mitigate risks, and achieve profitable growth, the company has developed and standardized its Procurement Operations Process, continuously improving the responsibilities and authority for purchasing both production and non-production materials. Furthermore, suppliers are defined and evaluated based on their defined categories in strict accordance with the Supply Chain Management Process System Document. This effectively manages and controls the entire supply chain, mitigating and ultimately eliminating risks in the company's business operations.

Certification Audit

Handa Industries prioritizes "sustainable development + comprehensive excellence" as its core principle for supplier selection, establishing a multi-dimensional evaluation system encompassing ESG performance, quality control, cost advantages, delivery capabilities, and service levels. Within the four benchmark dimensions of quality, cost, delivery time, and service, a progressive screening mechanism is implemented: comparing prices for similar quality, comparing delivery times for similar prices, and comparing quality, price, and service for similar quality, price, and delivery times. This ensures high-quality procurement through optimal resource allocation.

The certification process is carried out by a professional audit team composed of cross-departmental members including supplier management, sales, and production. Based on a standardized audit checklist, they conduct a comprehensive verification of the completeness of the supplier's application materials, the implementation of social responsibilities, and the actual supply capacity, to ensure that the approved suppliers meet the company's strategic requirements in terms of sustainable development management, production technology capabilities, and quality control systems.

Certified suppliers sign a Supplier Social Responsibility Agreement and a Handa Industries Confidentiality Agreement, clarifying the rights, responsibilities, and ESG compliance requirements of both parties. Throughout the partnership, regular certification updates and regular communication and interaction ensure real-time tracking of suppliers' social responsibility performance. If any violation of standards is discovered, the partnership termination process is immediately initiated, ensuring consistent compliance within the supply chain responsibility ecosystem through rigorous management.



▲ Supplier Certification Process

Transparent Cooperation

Industries promote sunshine procurement,We require all suppliers we establish partnerships with to sign an Anti-Commercial Bribery Agreement, which outlines cooperation guidelines and fosters a fair and honest partnership. We also require all internal procurement personnel to sign an Integrity and Self-Discipline Agreement to enhance their professional ethics and self-discipline. During the procurement process, we strictly adhere to the company's Outsourcing Procurement Management System, ISO9001:2015 certification requirements, and the terms of the Supply and Procurement Management Manual, and require suppliers to comply with these regulations. Commercial bribery is strictly prohibited.

Comprehensive Assessment

In 2024, the company conducted a comprehensive assessment and evaluation of suppliers based on relevant systems and processes, and assessed their credit ratings in terms of social responsibility management, quality, delivery time, service, etc.Supplier of Credit rating, implement different management.For the assessment Incompatible The company is determined to be eliminated.

Improve the Platform

The introduction and promotion of the supply chain management platform are carried out. By virtue of the system's powerful data analysis, forecasting, and optimization functions, it helps enterprises better grasp market demand and supply conditions, formulate more accurate procurement plans, and thus improve the standardization, informatization, and collaboration levels of the group's procurement management.

Risk Prevention

Increase Strengthen data analysis and further promote the implementation of statistical analysis of procurement data. By deeply exploring the value of data, we can provide strong data support for procurement decisions. At the same time, we will establish a risk warning mechanism to promptly identify and respond to potential risks, thereby ensuring the stable operation of procurement activities and the sustainable and healthy development of the Industries.

Building a New Ecosystem for Intelligent Supplier Management Based on the SRM System

Handa Industries has launched an SRM project, standardizing the entire supplier management process through the implementation of digital tools. The project focuses on promoting the application of the SRM system in scenarios such as supplier profile management, procurement process collaboration, and dynamic performance ratings. By integrating comprehensive supplier information through a data center platform and establishing a visual management dashboard, Handa ensures that supplier screening, collaboration, and assessment processes meet corporate standardization requirements. Upon completion of this system, Handa will transition supplier management from manual control to digital-driven management, further improving supply chain collaboration efficiency and compliance.

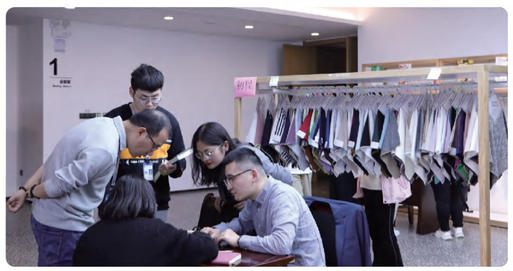


Deepen the Mechanism of Fabric and Auxiliary Materials Proposal Meeting to Normalize and Promote the Coordinated Upgrading of Supply Chain

Handa Industries regularly holds fabric and auxiliary material proposal meetings to build a long-term cooperation platform for precise matching of supply and demand. As a core communication channel between the company and its suppliers, these meetings not only fully demonstrate Handa's production technology strength and quality control system, but also promote the upgrading of supply chain collaboration towards refinement and customization through standardized processes.

During the proposal meeting, supplier representatives visited the company to gain an in-depth understanding of cutting-edge production processes and end-to-end quality inspection standards. The product proposal session focused on material innovation, with suppliers presenting their latest fabric and auxiliary materials for discussion with the Handa technical team. This closed-loop mechanism, encompassing "regular meeting, joint research on needs, and resource integration," fosters two-way empowerment between both parties in product R&D, ultimately achieving the goal of collaborative industry development through resource sharing and win-win cooperation.





Carry out Procurement Management Training to Enhance Supply Chain Professional Capabilities

In May 2024, Handa Industries invited supply chain experts to conduct special training on "Purchasing and Supply Management", with more than 80 backbone members of the procurement team participating.

The training combines the characteristics of the clothing industry and analyzes procurement management methodology in a "theory + case" model, covering modules such as supplier relationships, cost analysis, risk prevention and control, and outputs practical tools.

This training is an important measure for the development of Handa supply chain talents, helping the team to consolidate their professional foundation, upgrade their management thinking, and build a solid talent support for improving the competitiveness of the company's supply chain.





In 2024, the enterprise did not receive any complaints related to bribery or accepting bribes, nor was it subject to any legal sanctions related to commercial bribery.

Business Ethics

Honesty is the core value of Handa, which is deeply rooted in the corporate culture and system. We insist on operating with integrity, law and compliance, emphasize that integrity is the foundation of corporate development, abide by the value of "integrity and win-win", establish a management system with customers, suppliers, employees, society and other stakeholders, and integrate all stakeholders into the management system.Integrate stakeholders' expectations and needs into daily corporate management and operations.Through measures such as corporate culture promotion, daily training, supplier conferences, and employee behavioral guidelines, we continuously guide all parties to abide by ethical standards, ensure the implementation of correct values, and maintain a fair and competitive market.





◆Integrity Management, No Fraud

Do not produce or sell inferior goods or pass them off as good ones, and do not seek personal gain through deception.

Beneficiary groups: Consumers, customers, employees

◆Fair Competition, No Monopoly

Win the market with strength, avoid vicious competition, and maintain market order

Beneficiary group: peer companies

◆Cooperate With Integrity And Do Not Accept Bribes

Oppose corruption, standardize business practices, and refuse commercial bribery

Beneficiary groups: suppliers, customers, consumers

◆Obey The Law And Do Not Violate Regulations Maliciously

Operate in accordance with the law, do not exploit legal loopholes, and fulfill all\ obligations of corporate citizens in accordance with the law

Beneficiary groups: Government, industry, employees, consumers

◆Healthy Development Without Damaging The Environment

Industries development does not come at the cost of environmental damage, and advocates and practices low carbon, low emissions, energy conservation and consumption reduction.

Beneficiary groups: community residents, government, society

◆Fulfill Your Duties And Ao Not Shirk Your Responsibilities

Be responsible to employees, customers, consumers, investors and society

Beneficiary groups: All stakeholders



Build a Solid Security Line

In the textile and apparel industry, safe production is the lifeline for high-quality Industries development. In 2024, Handa Industries, with "Safety First" as its core development philosophy, will implement red line awareness throughout its entire production and operation process, strengthening safety defenses through systematic and refined management. By establishing a "full-staff, full-process, full-cycle" safety production management system, safety responsibilities at all levels will be clearly defined, forming a supervisory network with clear accountability and efficient coordination. Intelligent monitoring and risk warning systems will be used to strengthen on-site production control, establishing a closed-loop mechanism for hazard investigation and resolution ("Discovery-Rectification-Review") to ensure dynamic risk elimination. Furthermore, relying on regular safety training, practical emergency drills, and a digital assessment platform, Handa will continuously enhance the safety literacy and emergency response capabilities of all employees, laying a solid foundation for the company's stable development.

Improve Safety Committee

To strengthen its safety production defenses, Handa Industries has established a professional and international safety management system, with a Safety Committee at its core to oversee safety efforts both domestically and internationally. By 2024, based on the production characteristics of the textile and apparel industry and the demands of a globalized presence, the company will systematically optimize the Safety Committee structure, establishing a three-tiered management system comprised of "strategic decision-making - professional execution - local implementation."

High-Level Leadership And Strengthened Strategic Coordination

The Safety Committee is led by senior corporate leaders, with members including senior executives from global operations, production and manufacturing, functional management and other departments. It is responsible for formulating global safety strategies, approving major safety investments and emergency plans, and ensuring the deep integration of safety management and corporate development strategies.

Professional Empowerment to Build a Global Management Network

As the permanent executive body of the Handa Corporate Safety Committee, the Safety Assurance Department coordinates safety efforts both domestically and internationally, refining the committee's strategic plans into standardized implementation plans and formulating differentiated safety management rules tailored to the specific characteristics of domestic and international production bases. Through a combination of regular inspections, special oversight inspections, and unannounced checks, the department comprehensively monitors the implementation of safety measures. Furthermore, a safety management ledger is maintained at home and abroad to track the progress of rectifications in real time. Furthermore, customized safety solutions are provided to address regulatory and cultural differences in the countries where overseas bases are located. Online and offline training is provided to strengthen employee safety awareness and emergency response capabilities, ensuring the efficient implementation of the entire Industries safety management chain.

Implement Locally And Strengthen The Main Responsibility

Each branch has established a safety management department, directly led by the general manager, to strictly implement the annual goals set by the safety committee. This team includes workshop managers, safety specialists, and employee representatives, forming a comprehensive and comprehensive network of accountability. A tiered management system is implemented for high-risk areas in the textile and apparel industry, such as printing and dyeing chemical management and machinery safety, and regular targeted hazard inspections are conducted. Furthermore, a unified global safety incident reporting system has been established to ensure that overseas incidents are reported within two hours and a cross-border emergency response is initiated within 48 hours.

Mechanism Lnnovation to Improve Management Efficiency

The company implements a "three-dimensional" safety management mechanism: standardized management systems, digitalized inspection processes, and customized training systems. Through regular activities such as Safety Production Month and overseas safety training, the company fosters a safety culture that encourages full employee participation, building a solid safety barrier for its global operations.

Strengthening Production Safety Management

Handa Industries has always prioritized production safety as its core development priority. Adhering to the principle of "safety first, prevention first, and comprehensive management," Handa Industries continuously strengthens its safety foundation through systematic management. By 2024, the company will establish a safety control network covering the entire industry chain through measures such as improving its production safety responsibility system, upgrading workplace safety standards, and strengthening safety management for all employees. This will achieve a dynamic zero-risk environment for both office and production sites.

During the reporting period, all of its production bases and subsidiaries at home and abroad maintained a record of "zero occurrence" of major production safety accidents, and its safety management performance continued to rank among the industry's leading levels.

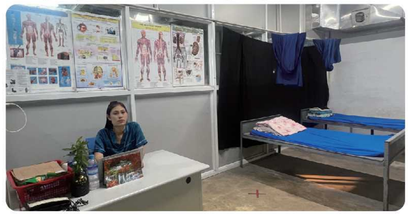
Environmental Safety Management

Working Environment Safety Assurance System

Handa Industries takes "employee health and safety first" as its principle and builds a full-process occupational safety protection network:

Hardware Facility Upgrade

Each production base is equipped with a high-efficiency ventilation and cooling system to ensure that the air quality in dyeing, finishing, garment making and other workshops meets the standards; the Myanmar factory has set up a professional nursing station and water purification equipment, and simultaneously deployed standardized medical corners in each workshop, equipped with emergency medicine kits and first aid supplies.



▲ Factory nurse station in Myanmar



▲ First aid kit

Standardization of Protective Equipment

Accurately equip protective equipment according to the risk level of the job:

- ☑ Employees in the dyeing and finishing workshop are equipped with insulating gloves, chemical-resistant masks, non-slip rubber shoes and other chemical-resistant equipment;
- ☑ Garment cutting and sewing positions are equipped with steel wire protective gloves, eye shields, etc. to reduce the hazards of mechanical operation and noise from the source.
- ☑ Compliance management of special equipment: Special equipment such as boilers and pressure vessels strictly implement the national management and annual inspection system. Special workers such as electricians, forklift operators, and hazardous chemical custodians are 100% certified before they can take up their posts.

▲ Special Work Permit



Occupational Health and Environmental Risk Management Practices

Dynamic Monitoring of Hazard Factors

We commissioned Guotong Testing Center to conduct annual testing of production areas. The results showed that:

- ☑ The detection values of chemical harmful factors (dye volatiles, auxiliary agent residues, etc.) and physical factors (noise, light) all comply with the "Occupational Exposure Limits for Harmful Factors in the Workplace" standards.
- ☑ The lighting intensity in the workplace meets the requirements of GB50034-2013 "Architectural Lighting Design Standard", ensuring safety and control lability in all scenarios.

Water Quality Safety Monitoring

We conduct regular testing of employees' drinking water sources and entrust a third-party agency to monitor water quality indicators. The results show that all parameters meet the requirements of the "National Drinking Water Quality Standard" (GB5749), ensuring drinking water safety.



Compliance Management Of Three Waste Discharges:

- Wastewater testing: After treatment, the various indicators (COD, BOD, heavy metals, etc.) of the Industries's wastewater meet the requirements of the "Comprehensive Wastewater Discharge Standard" and the "Water Quality Standard for Wastewater Discharge into Urban Sewers", ensuring safe discharge into pipes;
- Waste gas testing: The company's production waste gas and living area waste gas emissions are in compliance with relevant standards. Among them, after treatment, the various indicators of the production waste gas meet the national and local emission standards, and the oil fume emissions in the living area meet the "Catering Industry Oil Fume Emission Standards." Overall waste gas emissions are compliant and controllable.
- Factory boundary noise detection: The factory boundary noise value complies with the corresponding functional area limit requirements of the "Environmental Noise Emission Standards for Factory Boundaries of Industrial Industries" and has no impact on the surrounding environment.

The company has obtained the pollutant discharge permit required by the state, and its three waste treatment facilities and monitoring capabilities meet the requirements of laws and regulations, and all test results are qualified.

Occupational Health Examination Mechanism

Occupational health examinations are carried out for typical positions in the company. The results of sampled employee examinations show that there are no occupational contraindications or suspected occupational diseases, confirming the safety of the working environment and production materials.





▲ Water Quality Monitoring Report



▲ Three Wastes Testing Report



▲ Employee Physical Examination Report

Passed Occupational Health And Safety Management System Certification

Handa Industries successfully passed its occupational health and safety management system certification in March 2024, marking a significant breakthrough in the systematic and standardized development of employee occupational health and safety management. This certification is an authoritative affirmation of the company's long-term efforts in risk prevention and control, workplace optimization, and employee health protection, and demonstrates its "safety first, prevention first" management philosophy.





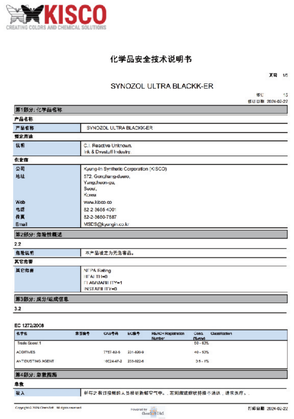
▲ Certificate of Occupational Health and Safety Management System Certification

Environmental Material Management and Compliance

All dyes and auxiliaries are equipped with MSDS (Material Safety Data Sheet) to control the safety of ingredients from the source of procurement; third-party testing and verification show that production materials meet environmental standards and have no risk of toxic substance release, ensuring employee safety and environmental friendliness.


Transfar
Safety Data Sheet(SDS)
TRANSOIL TF-101N


化学品安全技术说明书
HUNTSMAN
ULTRAFILL® 防污型 TC-01 防沉淀水泥砂浆


KISCO
化学品安全技术说明书
SYNOZOL ULTRA BLACKK-ER

Through the three-in-one mechanism of "hardware protection + dynamic monitoring + health management", Handa Industries has achieved full-chain coverage of occupational health and safety management, building a safe and healthy working environment for employees while simultaneously consolidating the compliance foundation of green production.

Chemical Management

The company implements whole-process management of chemical procurement, transportation, storage, use and disposal, establish a "Chemical Hazardous Materials Management System" and a "Chemical Control Procedure", clarify the responsibilities of relevant departments, strengthen the construction of the chemical hazardous materials system, effectively manage chemicals, and prevent their impact on the environment and safety.

In 2024, the enterprise improved the emergency plan for hazardous chemicals according to the actual situation, clarified the potential accident hidden dangers, emergency situations as well as the possible adverse impacts and losses in the process of enterprise activities, products or services, and conducted emergency drills for hazardous chemical emergencies. These measures have improved the scientificity and effectiveness of the emergency plan and further enhanced the enterprise's capability and level in handling emergencies.



▲ Chemical leak drill

The company insists on using safe and healthy chemicals and is committed to developing green and sustainable products. When purchasing, suppliers are required to provide MSDS Chemicals are strictly inspected upon arrival and stored according to their properties after passing the inspection. Professionals also conduct regular inspections of chemical sites. Through efficient chemical management and good process control, we reduce pollutant levels and work with stakeholders, including the supply chain, to minimize the impact of chemicals on the environment.

Cultivating a Safe Production Culture

Handa Industries has established a safety education system oriented toward practical application and regularization, comprehensively promoting the development of safety capabilities among all employees. During this period, a series of activities were systematically implemented, including the "100-Day Safety Campaign," safety knowledge training (theoretical learning + written assessment), full-scenario emergency drills (emergency evacuation and firefighting exercises), on-the-job safety skills training, and on-site hazard inspections. This has formed a four-in-one education model of "learning, testing, practice, and inspection." By continuously strengthening the inculcation of a safety culture and consolidating skills, a fully engaged protective barrier for safe production has been established.

Regular Safety Skills and Education Training

The company regularly conducts safety training at its production bases both domestically and internationally. For example, its China Garment Division conducted training sessions themed "Everyone Talks About Safety, Everyone Knows Emergency Response." Through case analysis and cautionary education, the training strengthened employees' safety awareness and detailed workplace hazard prevention and control measures. The Myanmar Garment Division also conducted first responder training, where employees received systematic training from a professional medical team, mastered cardiopulmonary resuscitation (CPR) and trauma first aid, and were awarded certificates. The company promotes full employee participation through a combination of theory and practice, continuously deepening its safety training mechanism and strengthening the foundation of safe production.

Regular Safety Skills and Education Training



▲ Fire safety training



▲ Emergency safety training

Fire Emergency Response Capability Improvement Drill

Handa Industries regards fire safety as a core control element of global operations, and has established a "standardized + localized" fire drill system at its production bases at home and abroad, forming an emergency response network covering China, Myanmar, Bangladesh, Egypt and other regions. Each base regularly conducts full-process fire drills, covering core links such as fire warning, emergency evacuation, initial fire fighting, and first aid for the wounded. By 2024, the global production bases have conducted a total of 10,000 fire drills, participating employees More than 12,000 people, and strengthen the global fire safety line through practical exercises.



▲ Fire drill in the headquarters park



▲ Myanmar factory



▲ Egypt factory



▲ Bangladesh factory

In the future, companies will adopt the management mindset of "safety is productivity" and continue to iterate the integration mechanism of "localized scenarios + standardized processes", so that every drill becomes a scale of safety awareness, and every skill becomes a brick and tile of the life line of defense, building a safety Great Wall with both humanistic warmth and technological hardness on the global manufacturing landscape.

Practice Responsibility

In the pursuit of harmony and happiness, Handa Industries trans forms social responsibility into tangible charitable practices—through systematic public welfare planning and regular charitable actions, allowing the fruits of development to seep into the social fabric like a trickle of water. Based in the communities servicing its production bases at home and abroad, the company conducts charitable activities based on the principles of "demand-driven, targeted implementation," demonstrating its enduring warmth and strength, writing a story of symbiosis and prosperity between the company and society.

Public Welfare Strategy

Charity And Public Welfare Philosophy	Contribute to solving global social issues and become a beloved and friendly enterprise.
Casic Principles	● Leveraging Hengtian's industrial and technological strengths ● Giving full play to the overall strength of the enterprise ● Contributing to solving social issues ● Persisting in and carrying out such efforts for the long term
Activity Themes	● Cultivating future talents ● Participating in community development ● Charitable public welfare assistance ● Advocating environmental protection

Actively Participate In The "One-Day Charity Donation" Event

Handa Industries actively participated in the "One-Day Charity Donation" public welfare project of Wuxi Charity Federation.

Funds from the "One-Day Charity Donation" will be used for four major projects: poverty alleviation, education assistance, disability assistance, and the construction of beautiful rural housing. These funds will cover subsistence allowance families, people with disabilities, and children in difficult circumstances. As a key Industries in Xishan District, Handa has long been committed to diverse public welfare undertakings, continuously contributing to areas such as material donations, poverty alleviation and education assistance, and rural revitalization.



▲ One-Day Charity Donation

The Company's Myanmar Factory Donated Money To Help With Flood Relief Efforts

In early September 2024, tropical storms caused floods and landslides in many parts of Myanmar. Handa Industries' Myanmar factory quickly launched a disaster relief response, raising a total of over 70 million Myanmar Kyats in supplies and donations.

To ensure targeted aid delivery, the Handa Myanmar factory collaborated with local charities and government agencies to procure drinking water, food, and other supplies based on the needs of the affected areas. The HR and administrative team and volunteers traveled overnight over weekends to deliver supplies to affected areas, including Dongnu City, Yunhe Road District 2, and the Golden Eagle Temple.

This rescue operation not only demonstrated the cohesion and sense of responsibility of Handa employees, but also conveyed its deep friendship with the Myanmar community through the "multinational company + local employees" linkage model.









Caring For Students And Fostering a Better Future

Handa Industries generously donated RMB 61,800 to Beijing Chengying Charity Foundation to support the educational innovation of the Muli Education Project in Sichuan - the inheritance of Naxi culture and the OFS junior high school entrance scholarship project.

As an integral part of the diverse Chinese culture, the inheritance and development of Naxi culture is crucial for maintaining cultural diversity and promoting cultural exchange. The OFS Junior High School Scholarship Program is dedicated to helping impoverished students overcome financial difficulties, successfully complete their studies, and realize their dreams.

Through home visits, we delve into the families of each student receiving aid and gain a detailed understanding of their current living conditions. These home visits not only convey warmth and hope, but also pave a bright path towards their dreams and futures.

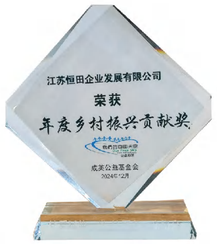
Caring For Students And Fostering a Better Future





Won the 2024 Rural Revitalization Contribution Award

Handa Industries has been awarded the "2024 Rural Revitalization Contribution Award" by the Chengying Charity Foundation for its outstanding contributions to rural revitalization. Since its establishment in 1995, Handa Industries has consistently embedded the concept of sustainable development in its corporate management and daily operations, actively participating in various charitable activities. This award is a high recognition of Handa Industries' long-term support for rural development.



▲ 2024 Rural Revitalization Contribution Award



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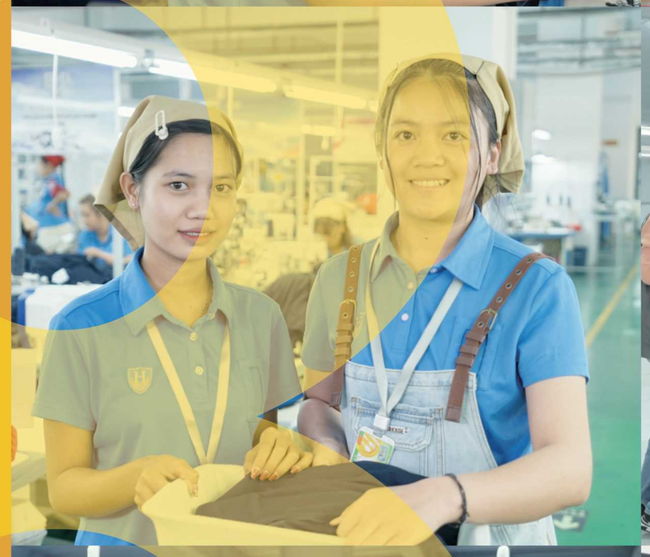
Talent Development Capabilities

Handa Industries always views its employees as the core engine driving its development. Guided by the "talent-driven Industries" strategy, it has built a comprehensive talent development ecosystem. By improving systems to protect employee rights and interests and broadening channels to promote democratic management, Handa Industries fosters employee growth through personalized planning and professional training. It also integrates caring care into daily life, comprehensively safeguarding employee development and fostering a harmonious atmosphere of "happy work, dedicated life," inspiring unlimited momentum for both employees and the company to forge ahead into the future.





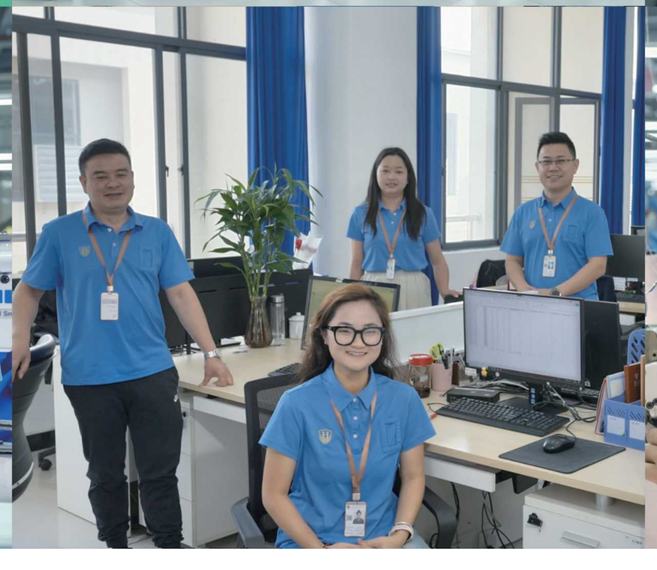














Rights and Interests Protection System

Handa Industries always upholds a "people-oriented" philosophy, respecting and safeguarding the legitimate rights and interests of its employees. By improving its systems and strengthening its oversight mechanisms, it comprehensively safeguards employee compensation, benefits, labor safety, and other rights, building a solid barrier to protect these rights. At the same time, the company strives to create a fair and equal working environment, resolutely eliminating any form of discrimination and prejudice, and ensuring that every employee can thrive in a fair and orderly atmosphere. The company respects the diverse development needs of its employees, actively listens to their voices, and encourages them to take ownership and deeply participate in corporate management. Handa Industries takes concrete actions to build and share a happy Industries with its employees, ensuring that every contribution is valued and every dream has a stage to blossom.

Standardized Employment Management

The company strictly abides by and implements the Labor Law of the People's Republic of China, the Labor Contract Law, and local labor laws and regulations overseas, establishing a labor management system that is highly consistent with national laws. The company adheres to the principles of equal employment and equal pay for equal work. Throughout the employee recruitment and appointment process, it resolutely eliminates discrimination based on gender, nationality, ethnicity, skin color, and religious beliefs. It strictly prohibits the recruitment of child labor and eliminates all forms of employee harassment, effectively maintaining a fair and just labor environment.

During the reporting period, the company achieved a 100% labor contract signing rate by leveraging its sound management mechanism, and did not receive any complaints of discrimination against employees in terms of salary, benefits, career development, etc. due to differences in ethnicity, race, gender, or religious beliefs. There were also no negative incidents of employees being harassed or subjected to corporal punishment.

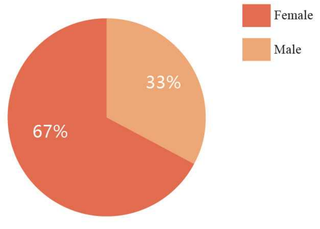
Diversified Workforce

In 2024, Handa Industries had a total of 12,872 on-the-job employees, among whom 87% were overseas employees, and all were full-time employees. There were 4,213 male employees, accounting for 33% of the total number of employees; and 8,659 female employees, accounting for 67% of the total.

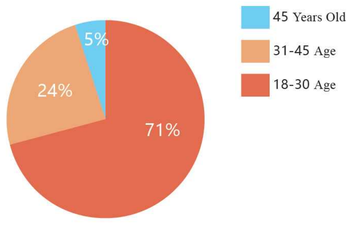
The enterprise has a total of 1,012 ethnic minority employees (including those in overseas factories), mainly from ethnic groups such as the Dai, Rakhine, Karen, and Chin.For ethnic minority employees, the enterprise treats them equally in job arrangements without any differential treatment; in terms of daily life, it provides them with more care and fully respects their traditional customs and living habits. For example, the Hani people celebrate their New Year in October every year, and the company will specially give these employees a holiday to go home and reunite with their families.

It is worth mentioning that the enterprise actively promotes the professional development of women. At present, the proportion of female managers has reached 51%, which fully demonstrates the effectiveness of diversified talent management and injects diverse vitality into the sustainable development of the enterprise.

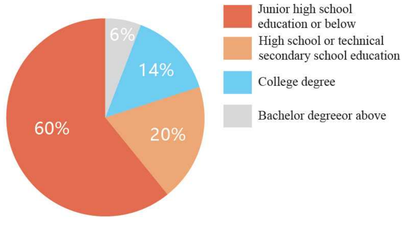
Gender structure of employees (%)



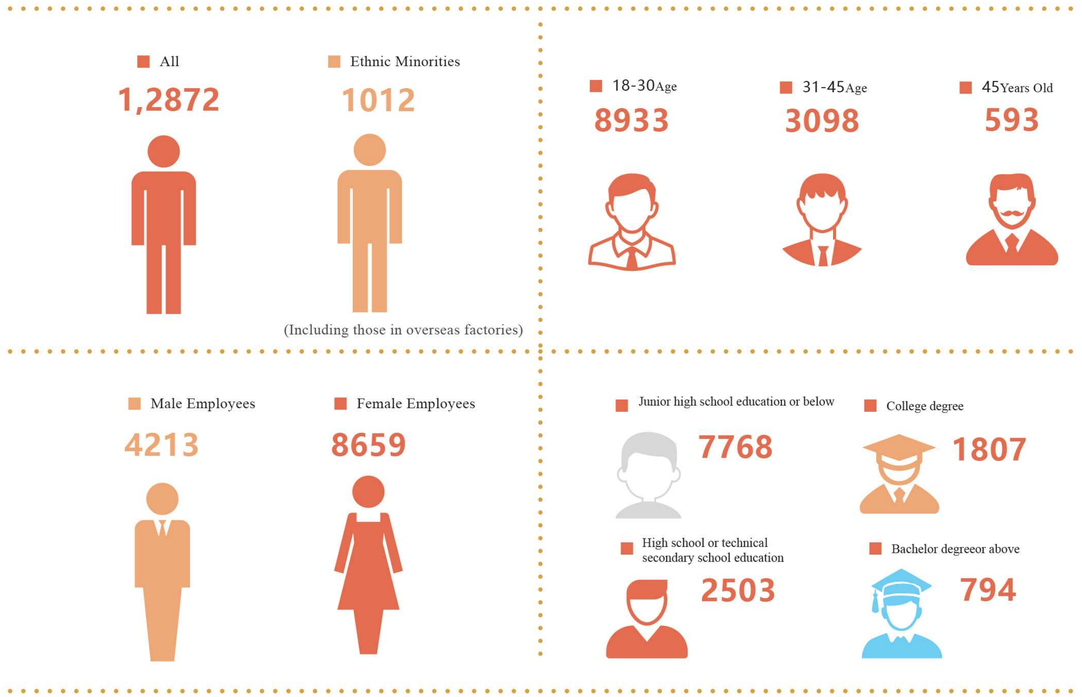
Age structure of employees (%)



Employee educational background (%)



Note: Those with junior high school education or below are mainly from overseas factories



Improve Salary and Benefits

The company adheres to the principles of legality, scientific research, incentives, and fairness, establishing a comprehensive and standardized compensation and benefits management system and performance evaluation standards. Through scientific and rational system design, it provides employees with compensation packages that match their job value and work contributions. It strictly adheres to labor laws and regulations, paying wages on time and in full each month. Since its establishment, the company has maintained a zero-arrears record, and its average employee income is significantly higher than the local minimum wage, effectively protecting employees' labor rights and interests.

To further enhance employees' sense of achievement and belonging, the company has established a dynamic wage increase mechanism. Annually, based on comprehensive reference to the social price index and fluctuations in industry salary levels, it scientifically adjusts salary increases to achieve a virtuous interaction between corporate development and employee income growth. In recent years, the company's total employee wages have continued to grow steadily, fully demonstrating the company's development philosophy of shared growth with its employees.

Taking the company's Myanmar factory as an example, in order to motivate employees' work enthusiasm, an overproduction reward mechanism has been established, and generous cash rewards are given to employees who meet the reward standards. At the same time, the company actively implements national laws and regulations, and sets up a veteran employee award, providing employees who have been employed for one year with 10 days of paid annual leave or a corresponding number of days of salary subsidies. Employees can flexibly choose according to their own circumstances to fully protect their rights and interests.

Working Hours

In response to the unique work characteristics of the textile, garment, and printing and dyeing industries, the company implements a comprehensive hourly work system for workshop employees and a standard hourly work system for office staff. Working hours comply with relevant national and local regulations. All employees enjoy paid leave, including statutory holidays and annual leave, as well as sick leave, maternity leave, and leave for marriages and funerals. Overseas factories also strictly adhere to local regulations.202In the past four years, the company has had no incidents of forced labor or forced overtime, nor has it received any complaints, reports or penalties regarding labor relations.

Employee Benefits

Pay insurance

The company pays social insurance such as pension, medical, work injury, childbirth, and unemployment for its employees in accordance with local laws and regulations at home and abroad.

Distribute holiday/birthday gifts

Handa Industries is committed to creating a warm and loving corporate culture. During traditional Chinese festivals such as the Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival, the company will carefully prepare holiday gifts and send holiday greetings to all employees. On International Women's Day, not only will the company customize exclusive benefits for female employees, but it will also plan and carry out various themed activities to help female employees shine. At the same time,Every employee will receive birthday gifts and birthday wishes from the company on his birthday..

Handa Industries also prioritizes cultural integration and employee care overseas. Each of our overseas subsidiaries actively integrates into local culture, distributes special gifts to employees, and organizes celebrations on important local holidays, allowing overseas Handa employees to feel the warmth of the corporate family.



▲ Distribution of gifts for Women's Day



▲ Distribution of gifts for the Mid-Autumn Festival



▲ The Myanmar factory distributes rice to employees





▲ Distribution of "ping'an guo" for Christmas



▲ Distribution of New Year gifts for the Spring Festival

Provide free working meals

During their working hours, the company provides free meals to employees. In 2024, the Wuxi campus renovated and upgraded the employee cafeteria to enhance the dining experience. This included the introduction of a series of advanced equipment, improved food and environmental management, and a clean, hygienic dining environment for employees to dine in peace and comfort. This demonstrates the company's commitment to employee health and quality of life.



▲ Canteen

Provide housing subsidies

The company prioritizes employee living experience and continuously improves the accommodation environment. Not only are dormitories equipped with basic amenities like air conditioning and private bathrooms, but they also regularly renovate and upgrade their intelligent management systems. Furthermore, housing subsidies are provided to eligible employees to effectively alleviate their housing burden.



▲ Employee DCormitories



▲ Talent Apartments

Veteran Employee Award

Handa Industries regards veteran employees as valuable assets for the company's development. To this end, it has established and continuously improved a veteran employee welfare system, expressing sincere gratitude to veteran employees who have long-term and dedicated service to their posts in an institutionalized and standardized manner.

This system follows standardized and systematic design principles, constructing a tiered honor incentive system with employee tenure as the core dimension. It clearly stipulates that employees with 10, 15, and 20 years of service will be awarded corresponding levels of honorary awards.



▲ 15-year employee awards



▲ 20-year employee awards

High temperature subsidies

During the high temperature season in summer, high temperature subsidies are given to front-line employees for four consecutive months. At the same time, heat-preventing and cooling mosquito repellent supplies such as Ren Dan, Fengyoujing, towels, mosquito coils, and floral water are distributed, and refreshing drinks such as salt soda, barley tea, and mung bean soup are provided every day.





▲ Provide mung bean soup

Respect for Faith

Adhering to the philosophy of diversity and inclusion, the company prioritizes respecting the religious beliefs and cultural customs of its employees, both domestically and internationally, as a key component of building harmonious labor relations. In its global operations, the company takes practical measures to safeguard employees' freedom of belief.

A Buddhist temple has been set up in the Myanmar factory, equipped with complete facilities to meet the local employees' needs for worship. Prayer rooms have been set up in the Egyptian and Bangladesh factories, and work and prayer times have been reasonably coordinated to help employees participate in religious celebrations with peace of mind.



▲ Myanmar Factory



▲ Egypt Factory

Democratic Management Mechanism

Handa Industries prioritizes democratic management, democratic participation, and democratic supervision among its employees. The company established a labor union in June 2004. Under the leadership of the company's general party branch and higher-level labor unions, as well as the strong support of company leaders at all levels, the union conscientiously performs its duties, safeguards employee rights, collaborates with the administration in organizing various employee-oriented activities, and organizes employee participation in external learning and training. This fosters a healthy, positive, and progressive atmosphere for employees, helping them improve their skills and overall quality of life, and enriching their extracurricular cultural life. The union also serves as the "mother family" of the company's employees, attentively listening to their concerns and enthusiastically helping them resolve practical difficulties such as their children's schooling and family employment, alleviating their worries. For employees facing difficulties due to serious illness, or those of their family members, or for other reasons, the union immediately lends a helping hand, providing all possible assistance. The union plays a positive and powerful role in caring for employees, promoting their growth, maintaining a stable workforce, and collaboratively building a new cooperative relationship between the company and its employees in the new era.

Handa Industries has established a comprehensive communication and feedback mechanism at all its domestic and overseas branches. The union and employee representatives are free to communicate with employees at any time and in any location, and regularly hold representative meetings. The union chair and employee representatives are elected by employees themselves, and all employees have the right to vote and be elected. All representatives must serve voluntarily. Employees can provide feedback at any time through email, suggestion boxes, text messages, and forums. The union and the company will promptly investigate employee opinions, suggestions, and complaints, formulate corrective measures, and provide feedback to employees to continuously meet their reasonable needs.

202At the beginning of 2014, the company union signed four agreements with the company on behalf of all employees, including the "Wage Collective Bargaining Agreement", the "Labor Safety and Health Agreement", the "Special Rights Protection Agreement for Female Employees", and the "Occupational Disease Prevention and Control Agreement". At the end of the year, the implementation of the four agreements was reviewed and no violations were found.

Staff Forum

On the occasion of the 10th anniversary of the establishment of the Myanmar factory, the Myanmar Garment Department held an employee symposium to pay tribute to the contributions of veteran employees to the company's development in Myanmar over the past decade. Employees shared their growth stories from grassroots to management and put forward suggestions on production efficiency, employee training, localized management, etc. The management promised to follow up and implement them, and use the wisdom of employees to promote the development of the company.





▲ Employee Discussion Meeting for the 10th Anniversary of the Myanmar Factory

High-Temperature Care

In the hottest days of summer, the Handa Industries Union responded to the call for labor protection in high temperatures. Led by the union chairman, the union went to the front line to express condolences to employees who stayed at their posts in the high temperatures, provided them with cooling supplies such as toiletries, and reminded them to pay attention to the balance between work and rest and self-protection, and thanked them for their dedication.

This activity strengthened the emotional connection between the company and its employees, enhanced team cohesion, and at the same time encouraged employees to enhance their safety awareness and spend a safe summer.



▲ Heatwave condolences



▲ Distribution of heatwave gift packs



Employee Growth Empowerment

Talent is a valuable asset for a company's sustainable development. Handa Industries has always adhered to the talent philosophy of "Handa is like the sea, embracing all rivers." We recruit and cultivate talent with a unique "five-point" approach: no consideration of academic qualifications, no consideration of personal connections, no consideration of work experience, no consideration of gender or age, and no consideration of local or international origin. This approach breaks down traditional talent selection barriers.

To help employees unleash their potential, Handa has established a comprehensive "recruitment, training, employment, and retention" mechanism to create a diversified growth platform: it has established a training procedure for new employees and accelerated the accumulation of capabilities through a "veteran mentoring new" system; it also provides skills training and management empowerment in conjunction with employee career development plans to promote mutual benefit and win-win results for individuals and Industries.

With a scientific training system and smooth promotion channels, we support employee career development and build a high-quality international talent team. Handa also takes a long-term perspective, stimulating talent vitality through a systematic training mechanism, allowing employees from all backgrounds to realize their own value in the company's development and jointly build a sustainable talent ecosystem.

Scientific Training System

Handa Industries has built a scientific training system to empower talents and established a systematic cultivation platform by relying on Hengtian Business School. By deeply integrating corporate strategies with job requirements, it has established a closed-loop training mechanism of "needs research - program customization - implementation tracking - optimization and iteration", which accurately matches employees' career development paths. In this process, Hengtian attaches particular importance to the construction of the internal trainer team. Through strict selection, systematic training and certification assessment, it has built a team of internal trainers consisting of corporate executives, technical backbones and excellent managers. Moreover, it has formulated a full-process internal trainer management system covering curriculum development, teaching evaluation, and incentive promotion. Hierarchical training courses are designed from the dimensions of professional skills, comprehensive quality, and professional literacy, helping employees upgrade their knowledge structure and release their potential, and achieving the two-way success of personal value and corporate development.

In view of the characteristics of localized operation of overseas factories, Handa has innovatively implemented the training model of "standardized system + localized implementation". Considering the skill foundation of employees in regions such as Myanmar, Egypt, and Bangladesh, it has adopted a dual-track model of "mentor-apprentice practical teaching + scenario-based on-site training", set up a stepped training cycle according to the difficulty of positions, and developed supporting multilingual standardized teaching materials to ensure that local employees can quickly master job skills and integrate into the corporate culture. This system not only ensures the consistency of global production standards but also accelerates the construction of local talent echelons through customized cultivation, laying a solid talent foundation for the enterprise's global strategy.

In 2024, the training courses carried out by the enterprise included induction training, job skills, professional knowledge, general management, work safety, legal education, occupational health, and quality improvement. The enterprise conducted 685 training sessions of various types, with approximately 28,122 person-times participating in the training.



▲ Graduation Ceremony for Key Employee Training



▲ Recognition Meeting for Corporate Internal Trainers

Business communication training

Handa Industries organizes special training on business communication to enhance employees' business negotiation and communication skills in order to cope with market competition.

The one-day training systematically taught business communication strategies, negotiation techniques, and teamwork methods through face-to-face lectures, practical exercises, case studies, and role-playing. The participants actively participated, and the training effectively improved the employees' professional skills and team execution, earning widespread praise.



▲ Business Communication Training

Consolidation of team leader training results

After the training of workshop team leaders was completed, Handa Industries quickly promoted the subsequent empowerment plan and carried out return-to-factory training, with the core focus on testing the improvement results of each department and consolidating the management optimization results, and commending the departments with outstanding performance.

The heads of each department reported on their work results and improvement measures, and the training teachers made specific optimization suggestions based on the content of the reports.

Through the closed-loop mechanism of "results review - problem diagnosis - solution iteration", this training promotes various departments to transform management tools into normalized operational capabilities.



▲ Team Leader Training

Business capability improvement training

Han Chun, Chairman of Handa Industries, gave a lecture on improving business capabilities, focusing on the core scenarios of business reception. He systematically explained the logic of presenting the company's introduction methods, R&D results, production scale, etc., and simultaneously emphasized the etiquette standards and communication points in high-end business receptions. He also strengthened practical capabilities through interactive scenario simulations.

This training adopts a dual-track approach of "strategic perspective + practical methodology" to empower employees. It not only improves the professional level of the business team, but also deepens the company's digital marketing capabilities through 3D technology application training, promotes the synchronous upgrading of personal skills and corporate marketing strategies, and broadens the path for employees' career development.





Sales elite training

Handa Industries held a comprehensive skills training for sales elites, with senior executives from all lines participating in the whole process, demonstrating the company's high attention to talent development.

The training is practical-oriented, deeply integrating theoretical knowledge with business scenarios.,Through various interactive forms such as ice-breaking games, role-playing, case studies, and points competitions, the students' potential is stimulated.



Smooth Promotion Channels

Handa consistently adheres to a robust career development path, providing employees with a dual-track development platform for executive and management positions. We continuously refine our promotion mechanisms and practices such as job transfers and rotations, designing a multi-tiered, comprehensive talent development system based on job competencies. Adhering to the principle of appointing people based on merit and promoting the most capable, we promote highly capable and driven individuals to appropriate positions. This fosters a fair and just environment of healthy competition within the company, providing reliable institutional support and sound guidance for the healthy growth of more employees. During the year, a total of 208 employees were promoted.

To fully stimulate employee enthusiasm and creativity, the company has always prioritized employee growth and development. To this end, the company consistently conducts monthly, quarterly, and annual performance evaluations. These awards recognize outstanding employees, set examples, and inspire a sense of ambition and belonging among all employees. These evaluations serve not only as a testament to employees' hard work but also as a recognition of their professional skills and teamwork.

These selection activities not only allow outstanding employees to receive the honor and rewards they deserve, but also allow all employees to see the direction and goals of their efforts.



▲ Quarterly Excellence Recognition



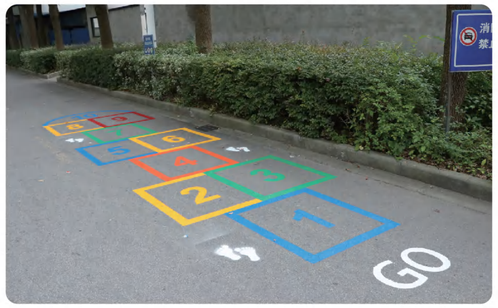
▲ Annual Excellence Recognition



Employee Care Action

Handa Industries adheres to the humanistic management philosophy of "Happy Work, Serious Life" and integrates employee care into the construction of a comprehensive ecosystem. By creating a safe and healthy working environment and a comfortable and pleasant living space, it has formed a unique corporate culture core.

In terms of hardware facilities, the company is equipped with amenities such as a medical clinic, a nursing room, and a gym. The company also implements 6S lean management to ensure a clean and safe work environment. Annual activities such as sports meets and skills competitions are regularly held to deeply integrate team building with employee interests. From the continuous optimization of the daily work environment to customized welfare care during traditional holidays, Handa's management philosophy of "environment retains people, culture gathers people" allows employees to enjoy a warm and high-quality workplace life while working efficiently, achieving a harmonious connection between personal growth and corporate development.



▲ Hopscotch Mural



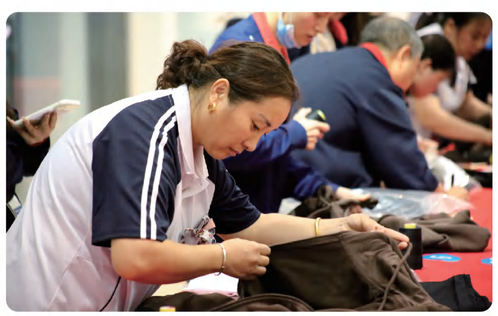
▲ Maze Mural

Frontline Staff Skills Competition

The company held a knitwear skills competition, featuring three major events: craft templates, garment sewing, and garment inspection. Contestants demonstrated their superb skills in all aspects of the operation. The garment sewing process showcased meticulous craftsmanship, while the inspection stage showcased meticulous quality control. After rigorous scoring by the judges, the winners were awarded honors. The competition ignited employees' passion for skills, and Handa will continue to build a platform for growth.



▲ Sewing Contest



▲ Inspection Contest

Dragon Boat Festival activities

On the eve of the Dragon Boat Festival, Handa Industries's Yunnan factory organized a zongzi (rice dumplings) making activity for its employees. Chinese and Burmese employees gathered in the cafeteria, wrapping the zongzi with leaves and filling it with glutinous rice, enjoying the fragrance of mugwort and the charm of Dragon Boat Festival culture. First-time Burmese employees like Wen Wensen and Mamomokai quickly mastered the art with guidance from their colleagues. Mamomokai even plans to bring this delicious Chinese delicacy back to Myanmar.

This event uses culture as a bond to promote exchanges between Chinese and foreign employees, further enhance team cohesion, and create a warm and happy working home.





▲ Make Zongzi on Dragon Boat Festival

Yixing Bamboo Sea Team Building

In July, the company organized its employees to go to Yixing Bamboo Sea for team-building activities, allowing employees to temporarily escape the hustle and bustle of work and enjoy the natural greenery.

During the event, employees walked in groups of three or five through the bamboo forest, breathing in the fresh air, and took bamboo rafts on the tranquil lake, enjoying a relaxed atmosphere of conversation. The company hopes that through this team-building activity, employees will face work challenges with the fortitude of a climber and seize opportunities through teamwork.



▲ Group photo of the team building in Yixing



▲ Mountain and countryside sightseeing

Family Open Day

During the summer vacation, Handa Industries held a Family Open Day, inviting over 60 employees and their families to experience the work environment and corporate culture up close. During the event, the children visited their parents' workplaces and modern textile and garment production lines, learned about Handa's achievements in intelligent and green development through a company history exhibition, and experienced the real-life working environment of their families.

At the same time, there were wonderful activities such as cupcake DIY, ring tossing games, and lacquer fan making: children decorated cakes by themselves, won happy prizes in ring tossing, and used lacquer as a pen to create intangible cultural heritage lacquer fans, feeling the charm of traditional culture.

This activity deepens the emotional connection between family and Industries in the form of "small family integrating into the big family", which not only enriches the summer life of employees' families, but also enhances corporate cohesion through immersive experience.



Honors

On August 20, Handa Industries held a commendation ceremony for the 2024 class of employees' children who were admitted to prestigious universities. 21 employees' children who were admitted to prestigious universities were commended.At the commendation meeting, company leaders presented customized trophies and cash awards to students. Student representatives and parent representatives spoke in turn, thanking the company for its care and expressing their determination to strive for progress.

This event highlights Handa’ s “people-oriented” corporate culture and encourages more employees’ children to pursue their dreams by recognizing their educational achievements.



Employee overseas travel

The company organized outstanding employees and old employees to embark on a 6-day cultural tour of Japan in two groups, aiming to reward the advanced and reward the persistence, so that employees can feel the company's care in the exotic scenery.

The company carefully arranges travel routes, high-end food and accommodation, and special activities, taking into account both the fulfillment of the itinerary and the comfort of the experience, allowing employees to strengthen teamwork and friendship while relaxing.

"Excellent employees and veteran employees are the backbone of the company." This trip is not only a recognition of employees' contributions, but also deepens team cohesion through immersive cultural exchanges.



Staff Sports Meet

To enrich employees' spare time and enhance team cohesion, the company holds employee sports games at its production bases at home and abroad, using diverse sports activities to promote cross-cultural integration and team building.

During the Myanmar factory's 10th anniversary celebration, the company organized more than 10 competitive and fun sports, including women's football, tug-of-war, and sprint relay. Chinese and Myanmar employees participated together, deepening cultural exchanges through collaborative events. The Bangladesh factory focused on a cricket championship. Eight departmental teams went through multiple rounds of elimination. In the end, the HTC Kings Eleven team won the championship with their teamwork. The entire event was integrated into the local national sports culture. The Wuxi headquarters focused on traditional sports and held a tug-of-war competition for employees. Departments competed for strength using a round-robin points system, creating a team atmosphere of "using competition to promote integration" on site.

The organization of employee sports events, combined with local cultural characteristics at home and abroad, effectively enhances the cohesion of multinational teams and corporate identity, and provides cultural support for the implementation of globalization strategies.



▲ Bangladesh cricket match



▲ Tug-of-war match at Wuxi headquarters

In 2024, the total welfare expenses spent by the enterprise on employee benefits, training fees, meal subsidies, etc., amounted to 49.4719 million yuan.

Outlook for the Future

Amidst the global awakening of sustainable development awareness, Handa Industries is embracing challenges and opportunities with strategic foresight. Sustainable development has become not only the foundation of survival but also the core engine driving breakthroughs and innovation. Going forward, Handa will establish a more resilient industrial ecosystem on the path of sustainable development, centered on four pillars: green production, digital transformation, fashion innovation, and shared responsibility.

1.Green production: driving sustainable development through environmental innovation

Environmental protection and green production are the core driving forces of Handa's sustainable development. The company will make efforts in both energy substitution and process innovation. Based on the existing photovoltaic projects, the company will systematically expand the application scenarios of renewable energy.project By means of various methods, we will gradually build a green energy system of "clean energy + smart energy storage", with the goal of achieving more than 30% of the energy consumption of the production base coming from renewable energy. At the same time, for key energy-consuming links such as weaving, dyeing and finishing, Handa will continued We are promoting equipment energy conservation and emission reduction renovations: introducing low-temperature dyeing technology, intelligent heat recovery systems, and high-efficiency, energy-saving motors. This combination of "clean energy substitution and process efficiency improvement" will propel Handa's comprehensive upgrade from "manufacturing" to "green manufacturing."

2.Digital Transformation: Reconstructing the Industrial Value Chain with Technology

Intelligent and digital transformation will become the key to breaking through the boundaries of traditional manufacturing. The company will deepen the construction of smart workshops, using the "automated equipment + digital twin + AI decision-making" architecture to deploy modular automatic sewing units, AGV intelligent logistics systems and full-process hanging production lines in the garment sewing process to improve production efficiency. At the same time,Business, planning, production and other systems A closed data loop will be created, shortening product delivery cycles through real-time capacity analysis and intelligent order scheduling. More importantly, Handa will leverage the consumer data and market insights accumulated by its digital systems to build an agile response mechanism of "trend prediction - rapid prototyping - flexible production." This will allow digita lization to not only contribute to production efficiency but also become the "smart brain" driving product innovation and market expansion.

3.Fashion innovation: integrating sustainability into design genes

Handa is promoting the deep integration of fashion design and sustainable development, creating product competitiveness that combines "environmental attributes with fashionable expression." On the material side, the company is expanding the use of environmentally friendly materials such as recycled polypropylene and biodegradable polyester, and incorporating recycled materials like discarded lunch boxes and plastic bottles into the development of sports fabrics and casual wear. On the design side, the company is establishing a "life cycle assessment" design principle, considering environmental indicators throughout the entire supply chain, from fiber selection to garment disposal. At the same time, innovative designs such as modular tailoring and interchangeable accessories are used to extend product life cycles. This comprehensive approach, from material innovation to design innovation, will ensure that Handa's products not only meet Generation Z's pursuit of fashion but also respond to the global call for low-carbon consumption, achieving a win-win situation for both environmental protection and commercial value.

4.Shared Responsibility: Fulfilling Social Mission with a Systematic Strategy

Handa deeply integrates social responsibility with sustainable development strategy and builds a three-in-one responsibility system of "employees-community-environment". In terms of employee development, it upgrades the "dual-channel growth" mechanism and investsfunds which are used for skills training and career planning, ensuring a local workforce rate of over 90% for overseas factories. In the public welfare sector, the company leverages the Handa Charity Foundation to conduct diversified charitable activities, extending its public welfare care beyond China to the regions where its overseas production bases are located. Funds are

continuously invested in charitable projects such as supporting basic education and improving community well-being. Regarding environmental responsibility, the company fully aligns with the United Nations' 17 Sustainable Development Goals, breaking down its "3060 Carbon Neutrality Plan" into annual emission reduction targets and accepting public scrutiny through public reporting. This practice of integrating responsibility into strategy will not only enhance the company's social value but also open up access to the European and American sustainable fashion markets, creating new business growth.

From its first overseas factory in Yangon, Myanmar, to its smart production base in Cairo, Egypt, and from its recycled fabric technology featured in Science to its charitable foundations expanding across Asia and Africa, Handa's 30-year trajectory has been deeply intertwined with the concept of sustainable development. Looking ahead, Handa will continue to use its needle as a pen and its thread as ink to write a more compassionate chapter of sustainable development in the textile industry. We firmly believe that only by coexisting with the times and shouldering responsibility can we enable the ingenuity of manufacturing to transcend national boundaries and allow the value of fashion to benefit the world.



Chief Sustainability Officer, Handa Industries



Reader Response Feedback Form

Thank you for your attention to this report. The 2024Corporate Sustainable Development Report of Handa Industries Co., Ltd. is our 15th report and is based on the analysis of the 2024 Annual Report and the feedback received. In order to continuously improve the quality of our report, and to provide more valuable information to you and all stakeholders in the future, and thus to promote better fulfillment of social responsibility and sustainable development, we sincerely welcome your valuable comments and suggestions.

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3、What do you think are the shortcomings of this report (in terms of content, layout, appearance, etc.)?

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