



LUSTER

Stock Code: 688400

Knowledge and Reasons are Our Arms to Embrace the World

2023

LUSTER LightTech Co., Ltd.

**Environmental, Social and
Governance Report**

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Consolidate the Power of Ordinary and Create Extraordinary Things

2023 is a year of nurturing, cultivating, laying the foundation, and sowing hope. In the new situation, artificial intelligence large models and spatial computing are emerging, allowing everyone to see the hope and dawn of the future amidst the sustained pressure on the global economy. All LUSTER people have worked hard and achieved remarkable results in various tasks. 2023 is also a year of strategic layout and sowing hope. One stroke creates the universe, where nothing existed before. We started the construction of LUSTER Taihu Industrial Artificial Intelligence Park in Suzhou. It carries the collective dream of all our colleagues for industrial artificial intelligence and lays the foundation for LUSTER's century-old foundation! Over the past year, LUSTER has centered its business around customers and aimed to promote the development of user industries, making significant contributions to various industries. In the 3C electronics, new energy, printing and packaging, and cultural metaverse with stereoscopic vision, which are the strategic focuses of the company, we have gathered our superior resources and worked collectively to achieve breakthroughs and remarkable results in current business.

1. Actively creating value to serve the industry and major clients

In the field of 3C electronics, we have provided a large number of intelligent testing and production process solutions and products such as HyperTrain 8000 to top-tier customers in the industry, greatly improving their production efficiency and liberating hardworking laborers. We have also strategically partnered with top-tier customers in intelligent visual appearance inspection, achieving mass deployment from concept to reality. In the expansion of new display business, we have collaborated with BOE, Sharp, AUO, Tianma, and Lens to test car screens for Tesla, Mercedes-Benz, and BMW. At the same time, we have actively expanded into overseas markets, serving industry major customers with intelligent quality testing and management solutions, building reputation and influence! As a representative of China's machine vision industrial quality inspection, LUSTER appeared in a large-scale documentary series called "Smart Manufacturing in China" on CCTV and was hailed by CCTV as the industrial version of "Li Zhu," bringing positive industry influence to the company!

In the field of new energy, LUSTER's industry-first online burr inspection system has been validated by customers, establishing a positive influence in the industry. The square

appearance inspection equipment has achieved mass delivery. In the photovoltaic field, the newly developed photovoltaic cell inspection system has been validated by customers, solving industry challenges. The company, in collaboration with CATL and Anman Times, strives to overcome multiple technical challenges in intelligent appearance inspection through technological innovation. In the printing and packaging field, LUSTER actively serves the top 10 major customers, achieving rapid growth in performance, and making breakthroughs in international markets. We have partnered with YIYAO PRINTING to create a leading intelligent factory solution in the domestic Carton Packaging Industry, which has been implemented in Zhenjiang. We have also collaborated with Founder Group and GGSC to jointly serve HUNAN XINHUA PRINTING GROUP. Under the guidance of the Printing and Graphic Arts Association, the company has taken the lead in developing industry standards for intelligent visual quality inspection in offset printing.

In the direction of cultural metaverse with stereoscopic vision, LUSTER continues to enhance core capabilities such as motion capture, light field modeling, and XR virtual-physical fusion shooting. We deepen cooperation with major customers such as Migu and CCTV, yielding fruitful results. For three consecutive years, we have provided technical support for the shooting of XR programs for the CCTV Spring Festival Gala. The short film "Wang Bo's Return," created in collaboration with the CCTV National Laboratory for National Defense, made its appearance at the World VR Conference. Leveraging AI hyper-realistic digital human technology, we have achieved highly detailed replication of digital humans at the level of 50-100µm hair thickness, receiving industry acclaim. Additionally, we have established a comprehensive metaverse ecosystem with Tsinghua University and China Mobile's Migu company, as well as established the MAC Metaverse Performance Technology Center at the Beijing Shougang Park Curling Hall. Furthermore, we have established the LUSTER Virtual Production Base in Malanshan and put it into operation. The 2023 China Metaverse Conference, jointly organized with the Metaverse Technology Committee of the Chinese Association for Artificial Intelligence, has achieved a complete success. As a contributing unit to the core technology of XR virtual-physical fusion for the "4K/8K Ultra HD TV Production and Presentation System and Industrial Application" project of the CCTV National Laboratory for National Defense, we collectively won the first prize of the Science and Technology Progress Award from the Chinese Institute of Electronics.

In the fiber optics and optics field, we have provided the industry with the OCS all-optical exchange solution from the Intelligent Computing Center, which has been favored by the industry. In the life sciences field, we have launched the groundbreaking Sminer droplet digital PCR system, which enables absolute quantitative nucleic acid detection, contributing to the fields of life sciences and precision medicine.

2. In products and core technology: Accumulating strength, reaping abundant fruits

LUSTER has achieved significant breakthroughs in multiple fields with its focus on "vision + AI + automation" products and core technologies. In 2023, we released more than 20 software and hardware products, delivering over 50,000 high-end vision devices to more than 3,000 customers worldwide, as well as nearly 20,000 intelligent vision components, systems, and equipment, helping customers improve quality, increase efficiency, and reduce costs and personnel. In 2023, the company obtained 199 new patents, with a total of 709 patents.

In the field of advanced optical computing and imaging, our high-end vision device products have made remarkable progress. The CB1000 short-wave linear array camera has maintained a leading position in fields such as photovoltaics and semiconductors. The CB2000 short-wave infrared array camera has achieved breakthroughs in the laser industry. Intelligent vision systems and equipment have made new breakthroughs, and the VisionGLUE Dispensing & Inspection Integrated Vision Inspection System has been well received in the 3C business market. The FZMotion motion capture system has been upgraded to stably support over 100 smooth live broadcasts of digital humans. The InFision virtual-physical fusion production system has been successfully applied in major events such as the CCTV Spring Festival Gala, the National People's Congress, and the Golden Rooster Film Festival. The LB6000 series 150 million pixel global shutter camera has won the National Instrumentation Gold Medal, becoming a star product in the industry.

In the frontier technology fields of image artificial intelligence and large-scale models, we have utilized deep learning technology to create the F.Brain platform, which has been applied in 15 projects across industries such as printing and packaging, new energy, and 3C. At the same time, we have launched an intelligent equipment cockpit, enabling equipment maintenance prediction and pre-knowledge. LUSTER have also accumulated a database and model base of tens of millions of industrial data. LUSTER's Knowledge and Reason Research Institute and the Metrology Institute's Optoelectronic Imaging and Display Metrology Laboratory have cooperated to tackle industry challenges together. In the field of automation, we have overcome bottleneck processes such as soft wire connection in the 3C manufacturing process and 0.8mm micro screw locking, striving to solve the key technological challenges in the last millimeter of intelligent manufacturing factories.

In 2023, the company was granted 199 authorized patents, including 59 invention patents, and obtained a total of more than 700 authorized patents. We participated in the formulation and release of 4 industry and group standards, accumulating a total of 19 standards. We participated in the writing of three white papers, including the "White Paper on the Development of AI Industrial Quality Inspection Applications," "White Paper on AI Vision Empowering Intelligent Manufacturing," and "2023 Silicon Carbide (SiC) Industry Research White Paper," totaling nine white papers. We have been honored with the

first prize of the Science and Technology Invention Award from the China Graphics and Image Society, the leading service organization in intelligent manufacturing in Jiangsu Province, the 2023 Typical Case of Artificial Intelligence Integration and Security Application - Navigation Type, and the 2023 Beijing Artificial Intelligence Industry Empowerment Typical Case - Large-scale Model Type, among other national and provincial honors. We have also undertaken five key technology projects from the Ministry of Science and Technology and the Ministry of Industry and Information Technology.

LUSTER's Knowledge and Reason Research Institute's vision pre-training large-scale model technology took the lead in accuracy and efficiency in the recognition of industrial images in the IEEE Conference on Computer Vision and Pattern Recognition CVPR 2023 Industrial Quality Inspection Challenge, winning the first place in the VISION Track competition. The lithium battery cylindrical cell appearance inspection equipment and the VisionGLUE Dispensing & Inspection Integrated Vision Inspection System have won the Innovation Gold Award from "Vision Systems Design" magazine.

3. Promoting talent development within the organization while making progress

2023 is a crucial year for the company's human resources development. With the mission of undertaking business strategy implementation and serving major clients, significant improvements have been made in the field of human resources. In terms of IPD2.0 transformation and meeting the organizational capability demands of major clients, further optimization and design have been completed for the business processes and organizational structure of product development. Clarifying the organizational responsibility and power relationship between the front, middle, and back ends has promoted the efficient utilization of human resources. In response to the problems in the process of serving large customers, the key weaknesses that currently affect the improvement of customer satisfaction have been identified; The company has reorganized its job system, established 7 job families, 34 job categories, 210 professional positions, and more than 200 management positions, laying the foundation for the next step of personnel position matching and salary return matching corresponding to job levels. This will effectively support value evaluation and value distribution work, and stimulate organizational vitality.

In terms of cadre development, the company has released the "LUSTER Cadre Management System 4.0", which improves the concept and requirements of cadre management. This will effectively support the development and appointment of more outstanding cadres and high-potential reserve talents. At the beginning of the year, the cadre succession plan was initiated, identifying over 100 key positions and more than 200 high-potential cadre talents. 35 new cadres were boldly promoted and utilized, laying the foundation for cultivating and developing more top talents.

Regarding talent development, opportunities for growth and learning have been provided to 222 cadres through programs such as the Talent Elite Plan, BU/SPDT General Manager's Business Management Series, and grassroots cadre training camps. Training camps for PDT/PM/SE have been completed for 93 individuals. Additionally, over 100 recent graduates were hired, and training programs were implemented for their onboarding and integration into the company. These efforts provide momentum for the company's long-term development. The company continues to deepen its Dajue Temple Trust Program, strictly conducts key business audits, and continuously improves its management and governance capabilities. All employees have been determined to actively implement the organizational bottom line requirements of "Three-self, one criticism, and four commitments", laying a foundation for continuously improving organizational capabilities.

■ 4. In 2024, we will continue to adhere to the principle of promoting industry through quality, and win in intelligence

Those who seek the growth of wood must solidify its foundation; Those who wish to flow far must dredge their springs. 2024 will continue to be a year of quality improvement for LUSTER. We need to cultivate internal skills to enhance the core competitiveness of our products, achieve end-to-end integration of TQRDC, design 5 layers of Quality Assurance products, and launch specialized projects such as reliability, quality, organizational capabilities, and internal GMQM1.0. While addressing symptoms, we can fundamentally solve the core problems of visual problems and product development management, and achieve the SmartPQD strategic demands of customer ODS and intelligent production. In terms of business management, we focus on serving major customers, improving quality and efficiency, and reducing costs and deposits; Developing organizational capabilities to improve efficiency, continuously optimizing organizational design and job responsibilities, implementing IPD business processes and organizational change evolution, and strengthening organizational leadership and management capabilities; Organizational development: Three-self, one criticism, and four commitments, clarifying the business behavior benchmark with bottom line for career growth. In 2024, all colleagues actively face the challenge, walk with giants, and work deeply!

Consolidate the power of ordinary and create extraordinary things. For many years, the company has adhered to the general policy of promoting quality in business development: by continuously improving the value and quality of work, the company can achieve a healthy leap forward in scale. In the context of the overall environment, machine vision is a key element of artificial intelligence! Our work revolves around the continuous strategic investment in product and technology development of intelligent visual devices, systems, and equipment, supporting customers in intelligent production transformation and cultural metaverse business production in multiple industry fields. We see development opportunities behind the great crisis. Together with top industry clients, we aim to overcome various AI application technology challenges in various fields. We are well aware that only organizations with quality can win, and the company's management actively organizes together to carry out product development organizational changes. In 2024, we will strengthen the construction of processes and quality. The management team will assess the situation and make correct decisions. Employees will have benchmarks and plans in their work, and work will be done in one go; Each colleague becomes better, contributing to customers, developing the team, and achieving personal success.



Yao Yi, Chairman of LUSTER



About LUSTER

Company Profile

LUSTER is committed to growing into a global leader in the field of visual artificial intelligence and optoelectronic information. The Company has always adhered to the application innovation of light technology, used AI+ vision to implant the eyes and brain into machines, strategically focused on machine vision business, actively built presence in strategic business segments such as electronic manufacturing, new energy and cultural metaverse, and empowered industrial intelligent manufacturing and intelligent production of cultural metaverse content.

Mission | Implant the eyes and brain into machines, empower light speed interconnection, create and realize customer dreams.

Vision | Grow into a global leader in the field of visual artificial intelligence and optoelectronic information.

Core Values | Promote the development of the industry as the responsibility and work hard together. Turn knowledge into wealth, and attribute wealth to its true creators.



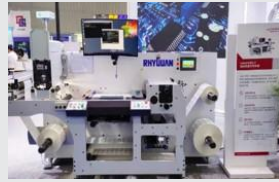
2023 Remarkable Achievements

Annual Events in Vision and Artificial Intelligence



2023.01

The Co-edited "White Paper on Industrial Intelligence" has been Officially Released



2023.03

LabelHERO-F Offline Quality Inspection System New Product Appeared at China International Label Exhibition



2023.03

Cigarette Packet Offline Quality Inspection System and Printing Intelligent Factory Solution Newly Unveiled



2023.05

Ranked first in the CVPR 2023 Industrial Quality Assurance Challenge



2023.06

The Taihu Industrial Artificial Intelligence Park Foundation Laying Ceremony and Innovation and Development Summit



2023.06

Product Release of 3D Camera and VisionGlue Glue Spot Checker Inspection System



2023.06

Product Release of Lithium Cell Product Appearance Inspection Equipment and Pole Piece Burr All-in-one Inspection System



2023.07

LUSTER Signs Strategic Cooperation Agreement with HBIS Digital



2023.07

The New HyperTrain Product has Achieved Bulk Delivery



2023.08

LUSTER Appeared in CCTV "Smart Manufacturing in China" with Mobile Phone Middle Frame Appearance Inspection Equipment Known As the Artificial Intelligence Version of "Li Zhu"



2023.06

Important International Customer Communication



2023.06

Key Technologies and System Integration Applications in the Quality Inspection of Lithium Battery Industry won the First Scientific Award in Fujian Province

Memorabilia of the Cultural Metaverse



2023.01

InFisionXR Intelligent Virtual Real Fusion Technology Created a Digital Creative Stage for the Spring Festival Gala at the Main Station



2023.03

InFisionXR Virtual Broadcasting System Appeared on Charming Beijing Stage



2023.03

Joined Hands with CCTV Digital Virtual Anchor C to Empower the Live Broadcast of the Two Sessions



2023.04

InFisionXR Assisted the Completion of the Central Radio and Television Station XR Virtual Real Integration Production and Broadcasting Demonstration Platform



2023.06

4K/8K Ultra HD TV Production and Presentation System and Industrial Application Won the First Prize of the Science and Technology Progress Award from the Chinese Institute of Electronics



2023.07

Joined the China Mobile Metaverse Industry Alliance



2023.10

LUSTER Virtual Production Base in Malanshan was Launched



2023.11

"Reproduced" the Grand View of Tengwang Pavilion with Digital Technology



2023.12

Joined Hands with the Thayer Systems Laboratory of the Chinese Academy of Information and Communications Technology to Assist in the Standardization Process of Humanoid Robots



2023.12

The MAC Metaverse Studio Production and Broadcasting Technology Center, China's First Demonstration Base of Optical Field Generic Technology Platform, Officially Established Knowledge and Reasons are Our Arms to Embrace the World!

2023 Honors

In the 2023 IEEE Conference on Computer Vision and Pattern Recognition (CVPR2023) **Industrial Quality Inspection Challenge**, the company stood out and **won first place in the VISION Track 1 competition**, demonstrating the high-precision, low-cost, and high flexibility of industrial quality inspection "gatekeepers" in the new intelligent manufacturing scene to global peers.



The full name of CVPR is "IEEE Conference on Computer Vision and Pattern Recognition". As a top conference in the field of computer vision and pattern recognition worldwide, CVPR attracts a large number of top enterprises, research institutions, universities, and others to participate every year. It is not only a touchstone for global AI research teams to demonstrate their scientific and technological innovation capabilities and test their basic research achievements, but also known as the "Oscar" in the field of computer vision.

Based on years of practical experience in the field of AI industrial quality inspection, LUSTER participated in the "Industrial Visual Inspection Seminar" data challenge and **won the first place in the "VISION Track 1" competition** with the **"Data Efficient Industrial Defect Detection" project**. The **"Data Efficient Industrial Defect Detection" project** is a technological innovation and application direction that LUSTER has been deeply cultivating in the industrial field for a long time. This award not only demonstrates that LUSTER's theoretical research and technological application in the field of industrial quality inspection have reached an international leading level; At the same time, it also demonstrates LUSTER's attention to the "quality inspection" challenges in the digital transformation process of traditional industrial manufacturing.



China Information Technology Industry Federation

Comprehensive Strength-based Brand-name Enterprise of Intelligent Empowerment

2023 Global Digital Economy Conference

Typical Cases of Artificial Intelligence Industry Empowerment in Beijing



Ministry of Industry and Information Technology

"Intelligence Empowers All Industries" 2023 Typical Case of Integrated Development and Security Application of Artificial Intelligence Pilot

The Chinese Institute of Electronics

First Prize for Science and Technology Progress



"Vision Systems Design"

2023 Innovation Award Gold
Award



iiMedia Research

2023 China's Most Popular Virtual Human Full
Stack Service Provider Award



Gaogong Robotics

2023 Machine Vision Industry
Chain TOP30



Yiou

Pioneer List Intelligent
Manufacturing TOP10



Hangjiashuosandaiban

2023 Hangjia Aurora Award
Outstanding Product of the Year



China Securities Journal

ESG Golden Bull Awards Top
50 Technology Leaders



**Chinese Society of Optical
Engineering**

China Photoelectric Instrument Brand
List Gold Sui Awards—Silver Award



Comein Finance

Best Innovation Practice
IR Team

Sustainable Development



Adhere to both business
development and sustainable
development

Take sustainable development as a
key core competency





Sustainable Development Analysis and Actions

The Company is committed to integrating ESG sustainability concepts into its operations and management. By identifying key ESG objectives in each operation process, such as supply chain, products, employees, production, and research and development, the Company drives the realization of the overall ESG objective with objectives and key implementation measures.



Subject Content

Sustainable Development Goals

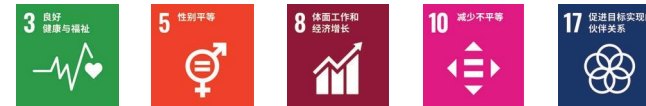
Regulating Governance

Continuous improvement of the governance structure and enhancement of the overall governance level
Compliance with laws, regulations, and professional code of ethics
Focus on information security network construction to protect customer privacy



Talent Training

Full respect for and protection of human rights
Common growth of employees and the enterprise, and attribution of wealth to the real endeavors
Creation of a harmonious office environment and attention to the physical and mental health of employees



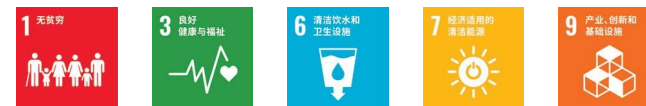
Organizational Contribution

Advocating and leading a responsible industrial ecosystem
Building a responsible supply chain, products and brands



Environmental Protection


Technology and product innovation as the driving force of enterprise development
Implementing low-carbon green operations
Giving back to the community with love





Sustainable Development Goals

Scope of Goal	LUSTER Sustainability Risks	Key Actions and Measures
Products	<ul style="list-style-type: none"> Leakage of key innovation technology 	<ul style="list-style-type: none"> Raise awareness of patent protection and establish closed-loop measures for patent requirement clarification, patent mining patent application and patent protection
	<ul style="list-style-type: none"> Inadequate market competitiveness of products 	<ul style="list-style-type: none"> Conduct IPD consulting, establish an IPD management system and process, carry out IPD training, and strengthen the IPD team's ability to undertake the strategic intent of the products Regularize project management and efficiency, and strengthen the pull of incentives on project quality and results
	<ul style="list-style-type: none"> Nonconformance of product quality to customer requirements 	<ul style="list-style-type: none"> Obtain the certification of ISO9001 Quality Management System, and develop a number of ex-factory key link testing standards and quality improvement closed-loop processes Establish a complete after-sales management system to strengthen product delivery and service quality
Supply Chain	<ul style="list-style-type: none"> Instability of supply of core materials in the supply chain 	<ul style="list-style-type: none"> Formulate unified standards and processes to standardize the management of procurement, production and delivery, and strengthen supervision and management Extend to the upstream industry chain through investment + independent R&D, ensure the stability of the supply of core components through investment in the Gpixel and CHIOPT and independent R&D of industrial cameras and light sources
	<ul style="list-style-type: none"> Poor quality of supply chain materials 	<ul style="list-style-type: none"> Conduct regular supplier audits such as incoming material quality assessment, improvement, audit closure. Regularly visit suppliers and organize supplier training sessions
	<ul style="list-style-type: none"> Non-compliance with environmental and safety management requirements during delivery and installation of products 	<ul style="list-style-type: none"> Sign the Safety and Environment Agreement with suppliers to regulate the quality of services and production safety
	<ul style="list-style-type: none"> Bribery of the buyer and the seller in the supply chain 	<ul style="list-style-type: none"> Require both the purchaser and supplier in the supply chain to sign the Transparent Procurement Agreement, and establish relationships of mutual management, mutual supervision, common development, mutual benefits and win-win cooperation
Employees	<ul style="list-style-type: none"> Loss of backbone and core employees 	<ul style="list-style-type: none"> Establish a culture of respect for the individuality of employees and fully respect and safeguard human rights Establish market-competitive remuneration + long-term and short-term incentive programs Value corporate culture, strengthen cultural cohesion and the overall centripetal force of the Company
	<ul style="list-style-type: none"> Insufficient growth of employee competence, and breakage in key positions 	<ul style="list-style-type: none"> Establish diversified promotion channels and unified promotion standards Establish targeted and effective training plans for employees at the grassroots, middle and senior levels, and strengthen core competence training for key positions
	<ul style="list-style-type: none"> No guarantee for employees' physical and mental health 	<ul style="list-style-type: none"> Build a diversified, inclusive and equal workplace environment, improve the channels for employees to express their opinions and complaints, and carry out regular employee communication Conduct regular checkups and provide gratuitous consultation for occupational diseases prevalent among employees Eliminate hidden hazards regarding fire and office and work safety, constantly improve the safety hidden hazard training system, and expand training personnel Organize team building, holiday activities, and regular club activities to combine work and play

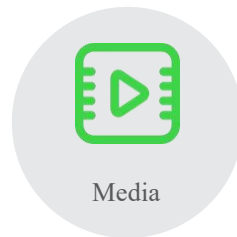
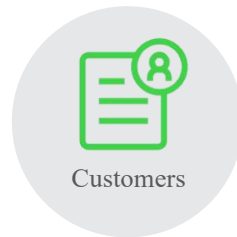
Scope of Goal	LUSTER Sustainability Risks	Key Actions and Measures
Compliance Operation	<ul style="list-style-type: none"> Inadequate or deficient operational and decision-making systems that provide no guarantee for independence 	<ul style="list-style-type: none"> Improve the internal control management system and establish a two-way line of defense between internal controls and operations for risk management
	<ul style="list-style-type: none"> Enhance the professional diversity and independence of Board members 	<ul style="list-style-type: none"> Ensure the professionalism of internal and external performing directors at the business, legal, accounting, technical levels Strengthen the norms and roles of independent directors in the Three Mechanisms of the Company and in the proceedings of major events
	<ul style="list-style-type: none"> Untimely disclosure of information and leakage of insider information 	<ul style="list-style-type: none"> Establish information disclosure and inside information management systems and norms, and strengthen monitoring and consolidation
	<ul style="list-style-type: none"> Inadequate communication of corporate value and communication with investors 	<ul style="list-style-type: none"> Improve the Company's ability to mine and deliver value, and continue to communicate with small and medium-sized investors through a variety of channels
	<ul style="list-style-type: none"> Leakage of important information 	<ul style="list-style-type: none"> Enhance the level of information system security operations to prevent major information leakage and major information security faults
	<ul style="list-style-type: none"> Corruption of employees and internal related parties 	<ul style="list-style-type: none"> Strengthen the anti-corruption awareness of the Company's personnel, strengthen anti-corruption publicity, improve anti-corruption means and anti-corruption system, and regularly carry out special anti-corruption activities
Society	<ul style="list-style-type: none"> Lack of attention and assistance to vulnerable groups in the society 	<ul style="list-style-type: none"> Make donations to widows and orphans, and fund the establishment of nursing homes
	<ul style="list-style-type: none"> Corporate business lack of value guidance to the society 	<ul style="list-style-type: none"> Give play to the role of machine vision in assisting the upgrading of intelligent manufacturing, contribute to the main theme of Industry 4.0 The cultural meta-universe enriches the AR/VR/XR content presentation, adding luster to human life
	<ul style="list-style-type: none"> Corporate business lack of value guidance to the industry 	<ul style="list-style-type: none"> Actively advocate the establishment of industry standards, and build an industry ecosystem with influential enterprises
Environment	<ul style="list-style-type: none"> Uncontrolled use of nonrenewable energy 	<ul style="list-style-type: none"> Deepen the role of machine vision products in energy conservation and cost reduction for production intelligence in industrial downstream industries
		<ul style="list-style-type: none"> Reduce energy consumption for production and work through water, energy and power conservation measures
		<ul style="list-style-type: none"> Strengthen the publicity of energy conservation and environmental protection, and develop the employees' habit of green life and green office operation





Stakeholder Communication

LUSTER is deeply aware of the significance of each stakeholder to the Company. Through the identification of the existing and potential impact of each stakeholder on the Company, we have identified the government and regulatory agencies, shareholders and investors, customers, suppliers, society, the media and other major stakeholders. Through the establishment of open communication channels with each stakeholder, we understand the expectations of the stakeholders, and then make targeted responses.



Stakeholders	Issues of Concern	Communication Channel
Government and Regulatory Agencies	Corporate Governance Compliance Operation Innovation Driven Green Development Employee Health and Safety	Regulation Regular Reports Directed Research Relevant Meetings
Shareholders and Investors	Innovation Driven Green Development Talent Attraction and Retention Brand Building	Regular/Provisional Announcements Field Survey Telephone Communication Performance Briefing
Customers	Product Quality Management Innovation Driven Green Development Supply Chain Management	On-site Visit Online Communication Customer Exchange Satisfaction Survey
Suppliers	Product Quality Management Supply Chain Management Compliance Operation	Supplier Inspection Open Tendering Supplier Training and Communication
Society	Innovation Driven Green Development Product Quality Management Brand Building Giving back to the Society	Disclosure of Information Hotline Public Benefit Activities
Media	Innovation Driven Green Development Establishment of Harmonious Workplace Human Rights Protection Giving back to the Society	Disclosure of Information Public Opinion Information Surveys and Interviews



Analysis of Material Issues

In order to select ESG issues and assess the importance of the issues, the Company has adopted various communication methods such as interviews and emails to understand the needs and expectations of each stakeholder, and identified 15 issues by referring to third-party consulting opinions in the light of internal operations, the overall situation of the industry, and the needs of each business segment. The ESG issues have been evaluated, ranked, and confirmed on this basis.

1 Identification of Issues

We identified 15 issues that reflect economic development and business substance by referring to the ESG Guidelines and analyzing benchmarks in the same industry.

2 Assessment of Issues

On the basis of the established stakeholder communication plan, we have contacted and communicated with the relevant parties to rank the importance of the selected issues, and finally drawn the issue matrix.

3 Confirmation of Issues

The Company's management is responsible for reviewing and confirming the results of the issue matrix and reflecting the importance of the Company's issues in this Report.



Importance to LUSTER's Sustainable Development

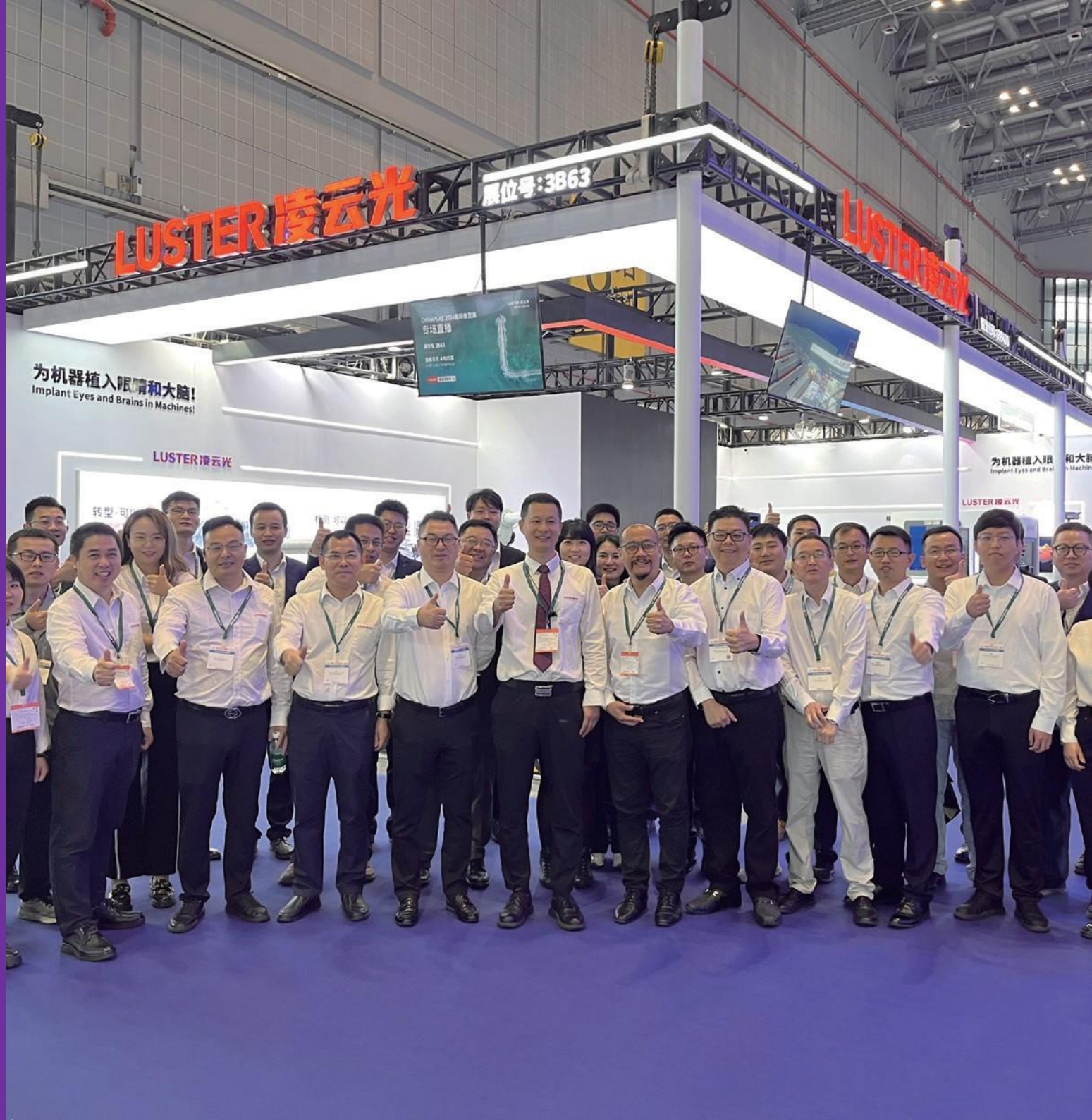
High Importance	Moderate Importance	Low Importance
Data Security and Privacy Protection Human Rights Protection Talent Attraction and Retention Talent Training and Development Employee Health and Safety Supply Chain Management Innovation Driven Green Development Compliance Operation	Product Quality Management Brand Building Corporate Governance Giving back to the Society Establishment of Harmonious Workplace	Emissions Management Energy Management

Organizational Contribution



Continuous optimization and construction of corporate responsibility and value system

Realization of responsible products, a responsible supply chain and responsible brands





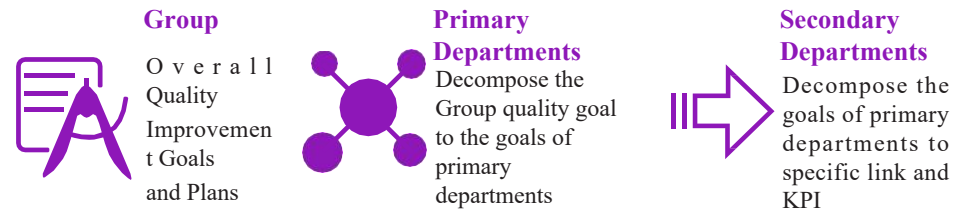
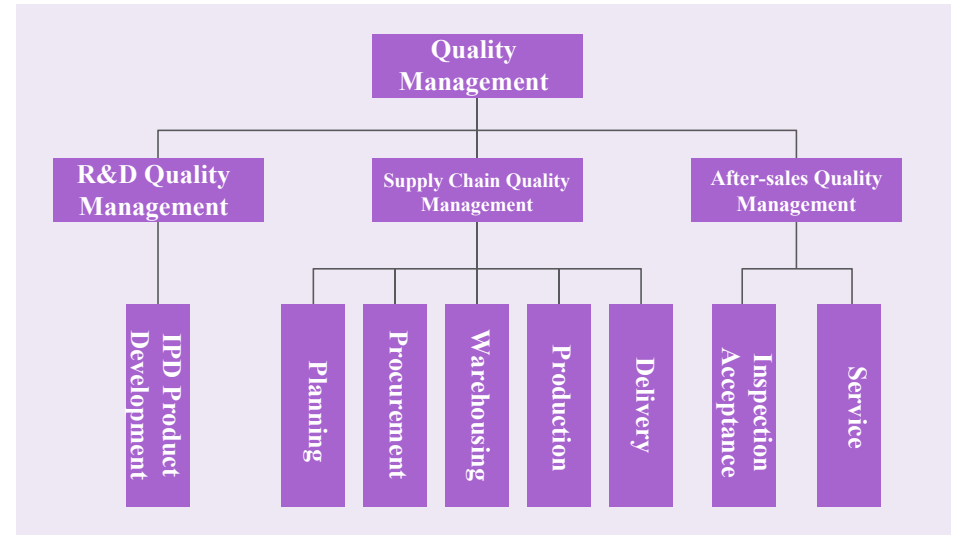
Responsible Products

Quality is the foundation of the Company's products, and is the most important part of the Company's attention and efforts to improvement. The Company adheres to the quality policy of "benchmark optimization by scientific measurement, continuous improvement by seeking truth from facts, leading by leadership and responsibility by all, creating and realizing customers' dreams", constantly strengthening the quality system and improving the quality awareness of all employees. During the reporting period of 2023, the main production bases under the Company were certified by the ISO9001 Quality Management System.

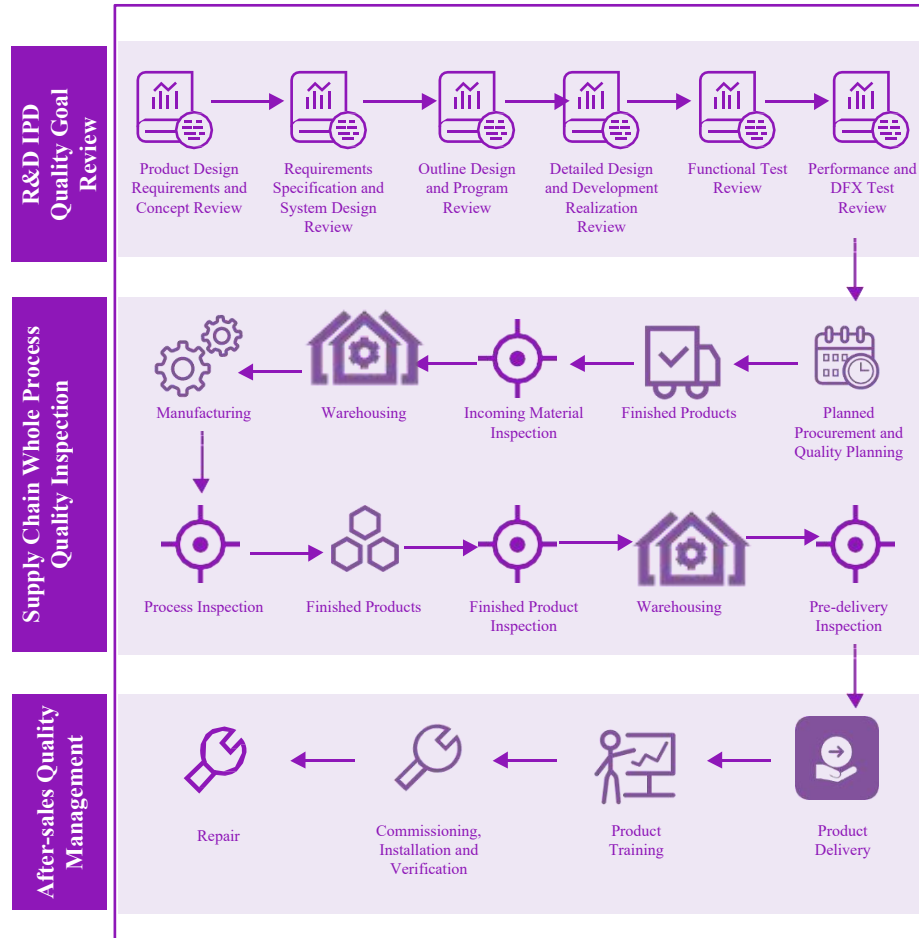


Quality Management System

The Company's quality management extends to the whole process of research and development, procurement, warehousing, production and delivery, with quality control for each link and key process related to product quality, and quality control work decomposed to and implemented in each link. The person in charge of each link further decomposes the granularity of the work to different scenarios and products, and the quality responsibility to the specific person in charge, so as to build the overall quality control performance management system from the big goals to the small details.



In order to manage quality management standards uniformly and improve quality management efficiency, the Company has established a unified information platform to connect the key links of quality management from research and development, procurement to production and delivery. It can assist with systematic management of business flow and production flow, and make quality management more streamlined and transparent.




Complaint Closure Rate: **100%**
 Number of Product Quality Improvements: **1,462**
 Closure Rate for Product Quality Problems: **92%**

Handling of Nonconforming Products

The Company takes product quality as its lifeblood, strictly controls the quality of each stage, traces back the causes and degree of impact of the nonconforming products in different stages and chooses different solutions accordingly, and handles the nonconforming products with the attitude of being responsible for the customers. Meanwhile, the Company summarizes and reviews the nonconformities caused by scale, improves and repairs the original quality process, so as to achieve the effect of reducing quality defects and process vulnerabilities, and deliver satisfactory results to customers to the greatest extent.

- Nonconforming Raw Materials** The feedback of detected nonconforming products will be notified to the warehouse, and the warehouse will check the replacement of the same batch of products, or contact the supplier for rework. If necessary, the R&D and Process Departments can be organized to review the nonconforming products and decide the disposal method of the nonconforming products.
- Nonconforming Processes** The Quality Inspection Department is responsible for determining the development of nonconforming products in the production process. If it is determined that the nonconformity is caused by poor engineering technology, the change management process will be triggered for rework. If it is determined that the nonconformity is caused by material quality, the scrapping or replacement procedures will be selected according to the degree of impact of the materials.
- Nonconforming Finished Products** If the finished products are found to be nonconforming, the Manufacturing Department shall conduct a self-inspection of the equipment and submit it to the Quality Inspection Department for inspection. The Quality Inspection Department shall determine the nonconforming finished products. If the nonconforming finished product cannot be determined, the project manager shall be notified to organize the relevant departments to review the finished products, and the review conclusion report shall be formed for implementation by the responsible departments.

Quality Promotion

The Company has carried out IPD consulting project since 2022, and during the project period, the quality management concept, process and awareness of IPD have been publicized in LUSTER official account for 21 issues. Contents involve R&D demand management, IPD structured process, IPD team operation, IPD review, etc. This has systematically publicized the overview of IPD and the idea of quality control, and strengthened the thinking of quality management of all employees.

Developer Conference 2023

On March 15, 2023, LUSTER Developer Conference was held in Beijing, Suzhou, Shenzhen, Wuhan, Xi'an, Shanghai. The conference aimed to improve the Company's IPD-driven R&D development and demand, carry out the establishment and improvement of product quality zero defect quality system, and guide and release the key work measures of the Company's R&D and the key work tasks of each product line to achieve quality improvement, efficiency reduction and cost reduction. The Outstanding Individuals and Projects of the IPD Program for 2022 were also commended.

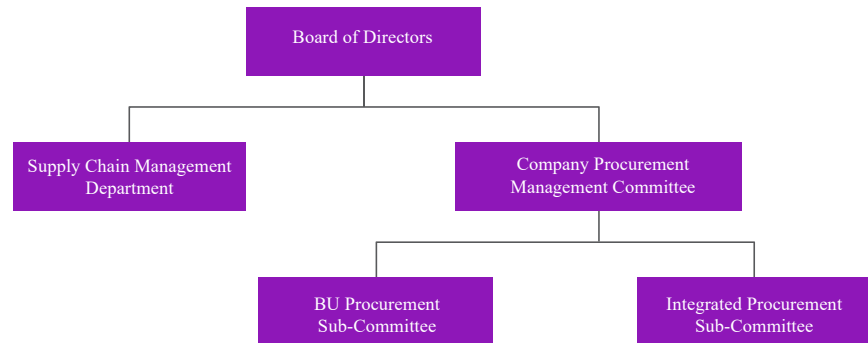


A Responsible Supply Chain

Establishing a Supply Chain System

In order to meet the long-term development and take into account the current needs, the Company has issued a series of supplier management systems and processes, such as "Supplier Strategy Management Process", "Production Supplier Development and Certification Process", "Supplier Performance Management Process", "Supplier Continuous Improvement Process" and "Supplier Claims Process". We have set up a unified supplier management system within the Company to control the key links such as supplier development, access, evaluation, grading and auditing.

In order to enhance the procurement management capability and guarantee the quality of procurement decision, the Company has established the Procurement Management Committee for proper management of procurement strategy, procurement tactics and supplier selection, so as to realize the success of procurement of strategic materials, strategic suppliers and key projects, and enhance the competitiveness of the products in a sustained manner.



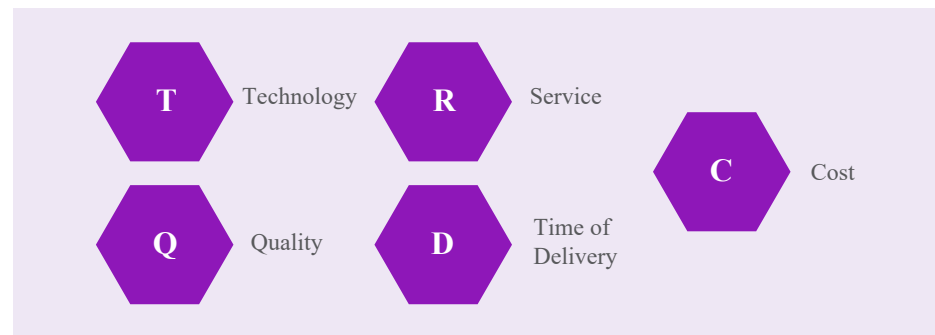
Supplier Introduction

The Company inspects suppliers from aspects such as supplier company qualification, product quality and production capacity, conducts qualification certification and sample certification for suppliers, and signs the Procurement Confidentiality Agreement, Environment and Safety Agreement and Integrity Agreement with suppliers. Integrity, environmental and safety impacts of suppliers are also considered.



Supplier Assessment

The Company conducts regular assessment of suppliers. The TOP suppliers in terms of supply quantity and supply amount and the suppliers rated C and below in the previous assessment cycle will be comprehensively assessed from the five dimensions of T, Q, R, D and C. Excellent suppliers are thus compared, identified and consolidated, and the improvement direction of suppliers is identified; the supply quality is improved through effective incentive measures.

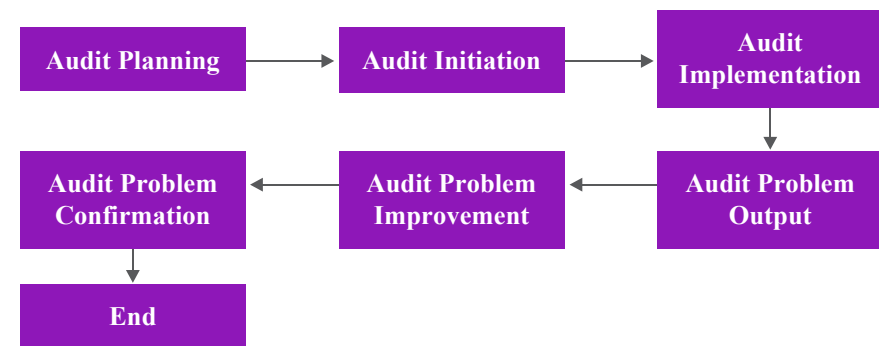


Supplier Classification

LUSTER classifies suppliers into Level S, A, B, C, D suppliers according to their industry leadership, market competition, cost leadership, and previous cooperation ratings. A Level S supplier is a strategic supplier with a leading position in the industry in a specific field, and an important unique value and relative competitive advantage, limited to strategic categories of materials; A Level A supplier is a preferred supplier with good performance in business, quality, technology and delivery, offering a large cooperation space with the Company, and a high comprehensive score; A Level B is a basic supplier, generally newly certified by the Company and able to meet the basic requirements and expectations of the Company; A Level C supplier is a limited optional supplier with a low score, a small cooperation amount or major problems and pending for improvement; a Level D supplier is an eliminated supplier with a low score, significant negative critical events exerting a serious impact, considered to be removed from the Company's list of suppliers.

Supplier Audit


The Company formulates a supplier audit plan based on the quality performance of suppliers in the previous year and the supplier management strategy for the current year, and in principle, suppliers are audited annually. A special audit team is set up for the audit work, and during the audit process, the audit team records the audit problems and confirms the corresponding problems with the suppliers, and specifies the responsible parties for the problems and the confirmers.



Supplier Training



Delivery Requirements Quality Standard Problem Improvement



22
Number of Supplier Audits in 2023



28
Number of Supplier Training Sessions in 2023

Integrity and Transparent Procurement

The Company adheres to the business rules of equality, openness and fairness in its transactions with suppliers, and both parties have signed the Transparent Procurement Agreement, committing themselves to maintaining an open and cooperative attitude, and a mutually supervising, mutually restraining, jointly developing and mutually beneficial relationship with the partners, so as to establish a clean, open and healthy business environment.

- Undertake not to arrange jobs for the Company's purchasing personnel, establish joint ventures for profit, or engage in any other acts that would enable the purchasing staff to profit from the procurement process.
- Undertake not to accept business meetings or trading activities related to material supply, outsourcing subcontracting and other businesses introduced by the Company's purchasing personnel and their relations.
- Undertake not to provide money, securities, gifts, food, entertainment and other disguised financial transmission and improper benefits to the procurement personnel in any form.



Signing Rate of Transparent Procurement Agreement: **66.3%**
Signing Rate of Safety Agreement: **81.3%**

Environmental Protection and Safety

The Company has signed the Safety and Environment Agreement with its suppliers, specifying that the suppliers have two-way responsibilities and obligations to maintain their own safety and protect the environment during the supply period. The Company has formulated HSE management plans for key construction or high-risk operation projects, taken effective measures to eliminate potential safety hazards, and actively participated in professional training and obtained qualification certificates for special operations. In the supply and construction process, suppliers also actively comply with the production, transportation, storage and disposal of waste, set up dust removal measures for large dust operation projects, and observe the Company's unified safety and environmental protection system.



Responsible Brands

The Company insists on safeguarding the rights and interests of customers, creating value for customers as long-term growth and value enhancement, and winning the support and trust of customers with excellent and high-level service quality. To this end, the Company has formulated the "Pre-sales Sample Making Process", "Sales & Delivery Specifications", "After-sales Service Processing Process", "Delivery and After-sales Service Control" and other sales services around a series of systems and norms to ensure the timeliness and effectiveness of the response to customer needs in the pre-sales, sales and after-sales links. In order to meet the needs of customers, the Company has set up offices and service outlets in dozens of cities such as Beijing, Shanghai, Shenzhen, Chengdu, Suzhou, Wuhan, Hong Kong, and established 21 global branches in overseas markets such as the United States, Vietnam, India, so as to provide customers with mindful service and ultimate customer experience.



Efficiency

- If a problem occurs during equipment commissioning, it should be solved quickly and ended after confirming that the commissioning results meet the expectations.
- If an exception occurs during the operation of the equipment, the field service personnel shall solve it within 30 minutes, and the exception shall be submitted to the project leader if it cannot be solved.
- Work progress summary and problem summary on the day



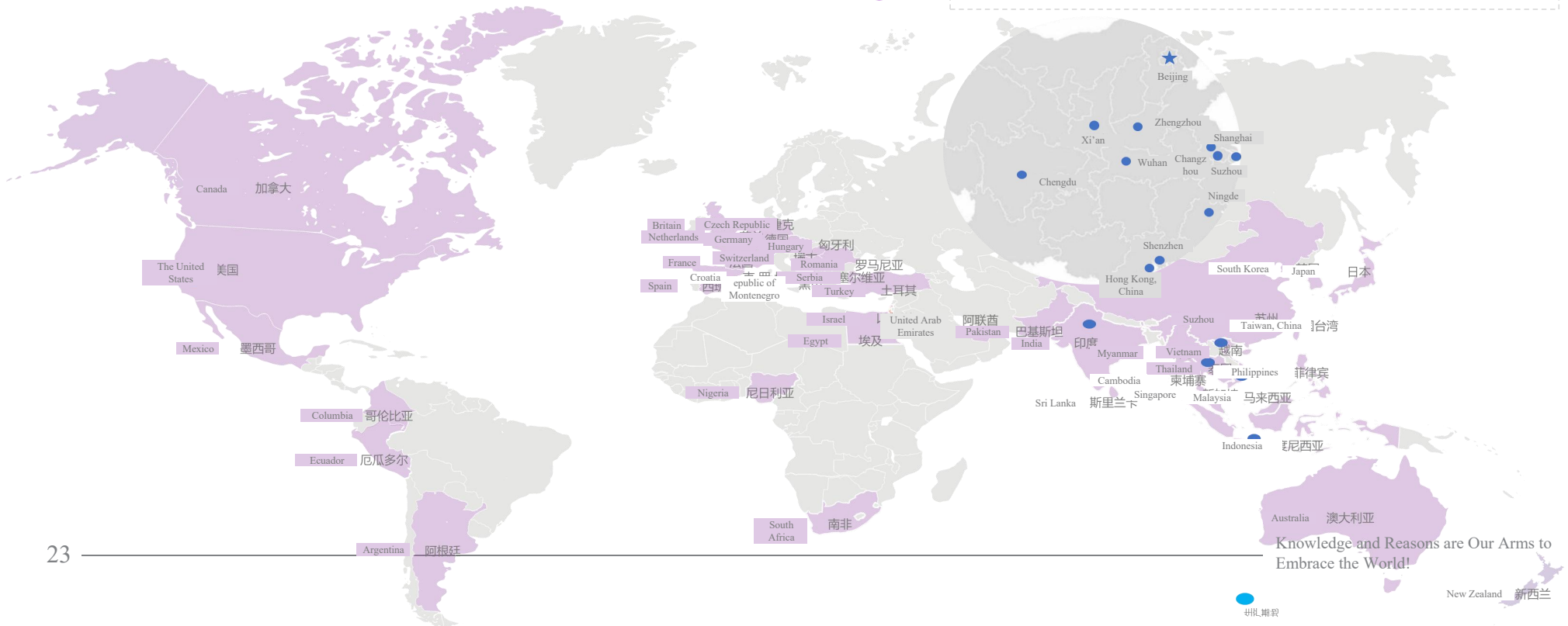
Standardization

- Standardize the basic requirements for dress code, scope of activities, prohibited items in customer service plants
- Standardize regulations and standards related to the management of customer sanitation during the service period
- Standardize attendance and work output during the customer service period



Safety

- Regularly organize and take inventory of equipment, tools, and materials and conduct potential safety hazard investigation
- Wear appropriate safety gear such as goggles and helmet as required when entering special workplaces
- Establish factory rules and regulations and red line behaviors, and conduct pre-operation training



Customer Service Training

The Company offers targeted training courses for the customer service team according to the requirements of customers in various industries, business types and product types, involving the popularization of the underlying technology of the product composition, equipment debugging training, common equipment problem solving tools and methods, and equipment maintenance. The Company provides basic training on the underlying imaging, algorithm modeling and operation of machine vision products and other basic technologies to improve the professional ability of customer service personnel, learn the main points in commissioning and maintenance through product composition and main process analysis, and learn project operation norms and disciplines in combination with specific project customer requirements and factory specifications.



Number of Annual Customer Service Training Courses: **66**
Annual Cumulative Number of Trainees: **1176**
(The same trainees may take different courses)

Customer Service Training

According to the different training content, the Company carries out training in two ways: online and on-site. The Company's introduction, technology and product popularization courses are held online, and equipment maintenance and equipment troubleshooting are held on-site in combination with physical teaching.



Customer Satisfaction

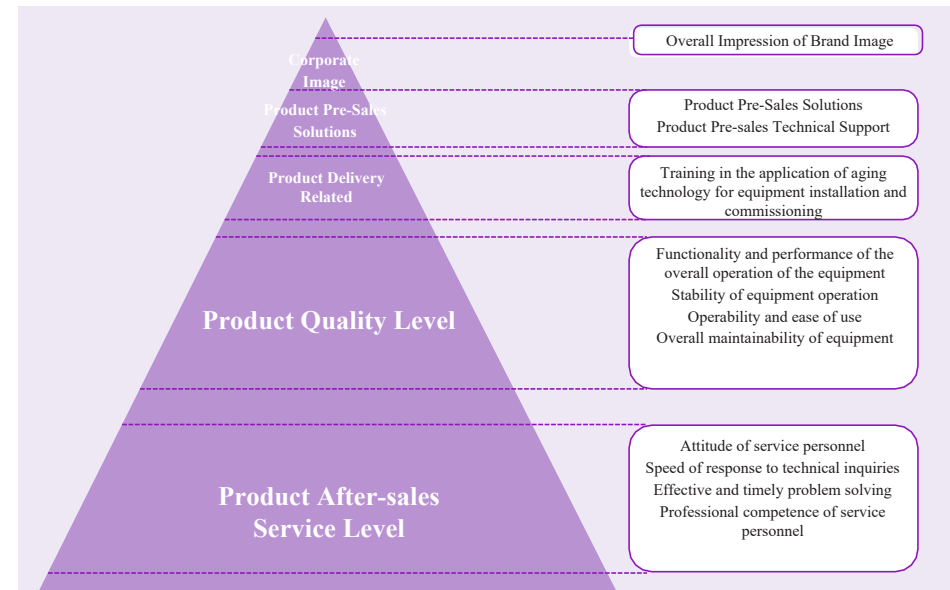
In order to continuously improve customer satisfaction and quality management system according to the survey results, the Company has developed the "Customer Satisfaction Survey and Evaluation" system for a understanding whether the current and future needs and expectations of customers have been correctly understood and met. Through understanding customer needs and expectations, reflection on quality/delivery/service, customer complaints and complaints, review of customer service processes and quality management processes, the existing processes and systems can be gradually improved, so as to continuously strengthen the loyalty with customers and improve customer experience.

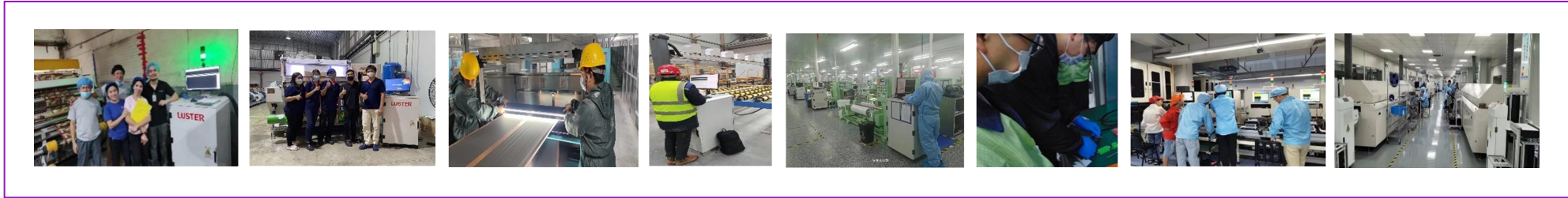


Satisfaction Rate in 2023:
90%
Satisfaction Rate in 2022:
89%



An Increase of **1%**
in Satisfaction Rate



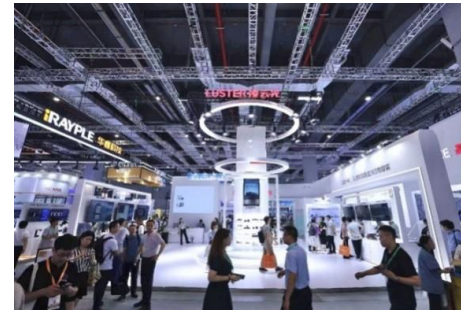


Brand Publicity

To allow customers better experience the use of products and feel the use of products on the spot, the Company has participated in a series of industry and industry exhibitions and activities. At the exhibitions, the star products and newly released products and innovative solutions that LUSTER has been serving customers and benefiting the industry were displayed, promoting the transformation of industrial intelligent manufacturing with innovation and supporting the upgrade of Industry 4.0.



The 7th International Summit Forum
for Motion Picture Special Effects



VisionChina 2023



China Vision
Conference



CHINAPLAS 2023



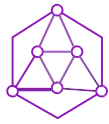
ZGC Forum



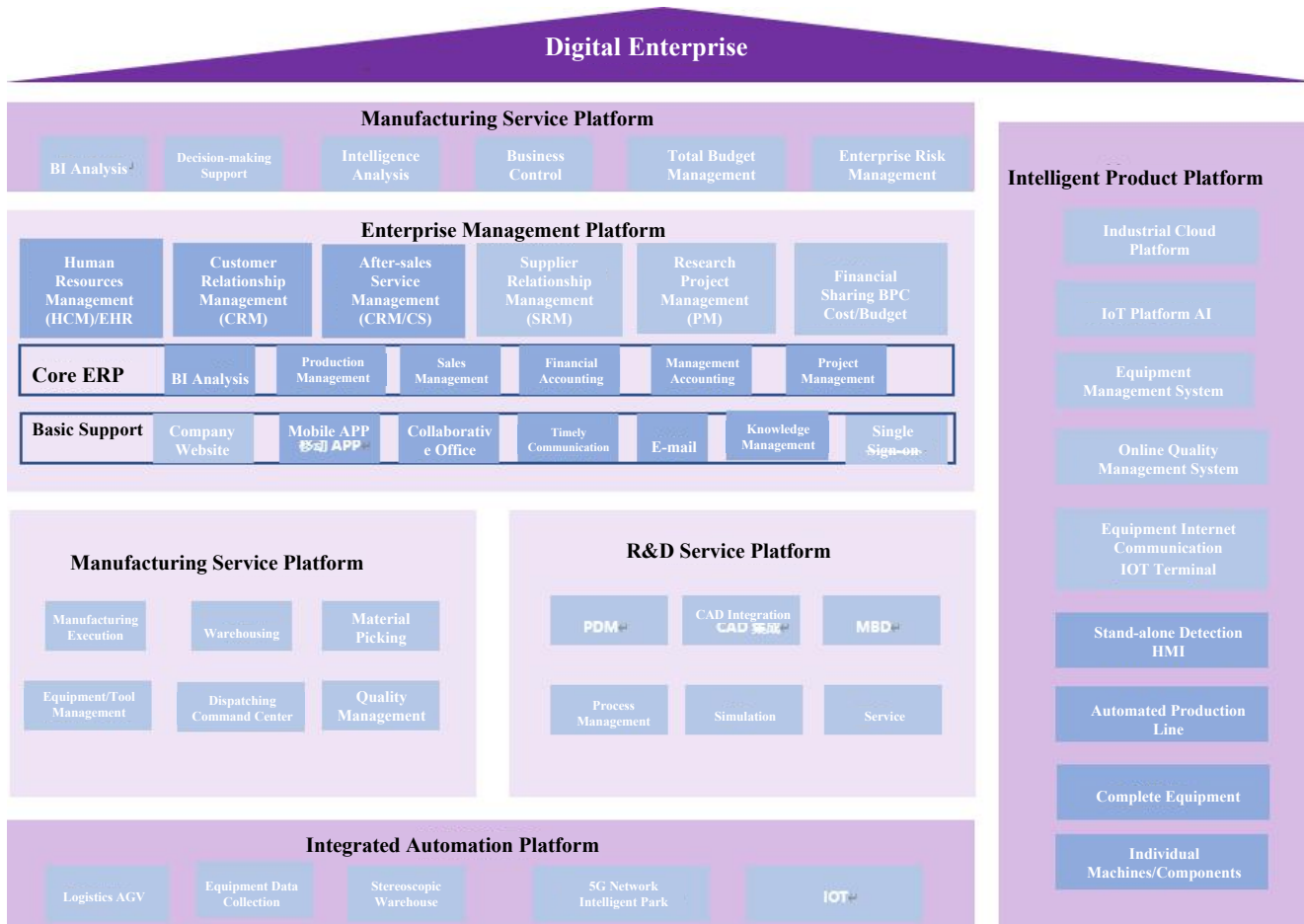
International Computational
Imaging Industry Forum



China International
Audiovisual Conference



Digital Operations



IT and Digital System Establishment

- The enterprise management platform centered on SAP realizes the synchronization and connection of business flow, data flow and management.
- Various IT systems such as marketing CRM, supply chain SRM, WMS, financial sharing FSSC, capital management, tax control management, research and development PLM, attendance, business travel, project four-calculation, OA and mobile office have been built to fully support the management reform, upgrading and efficiency improvement of the Company's various businesses.

Big Data and Autonomous Platform Building

- Through independent development and construction of big data and BI, low code agile implementation of dual platforms, we support the reform of digital enterprise management and intelligent decision-making support.
- Based on big data and BI platform, we realize the accumulation and decision support of data assets in various aspects such as enterprise operation management, financial analysis, marketing analysis, and human resources, and build an intelligent cockpit that can support the core business of business management.

Regulating Governance



Take compliance operation as the bottom line for a business that goes far

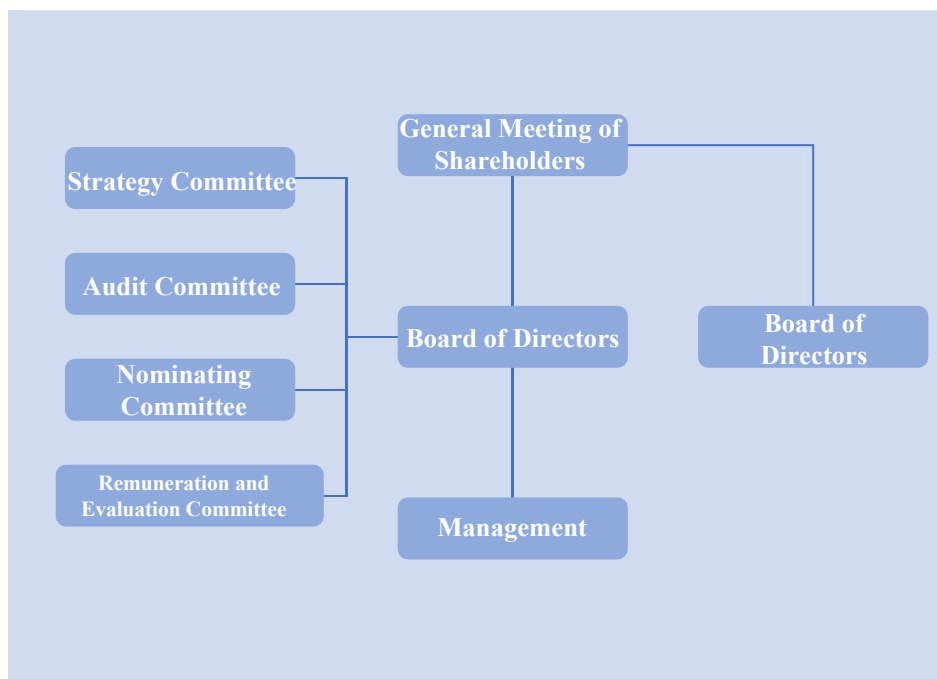
Take legal compliance as a code of conduct for LUSTER members





Corporate Governance

The Company is committed to continuously improving its corporate governance structure. In compliance with the requirements of The Company Law of the People's Republic of China, The Securities Law of the People's Republic of China, Guidelines on the Articles of Association of Listed Companies and other laws and regulations, the Company has continuously improved and implemented the "Articles of Association", "Rules of Procedure for the General Meeting of Shareholders", "Rules of Procedure for the Board of Directors", "Rules of Procedure for the Board of Supervisors" to improve its corporate governance, and perfect its internal control system and ensure the effective operation of its corporate governance structure.



Held **4** **General Meetings of Shareholders** and deliberated **34 proposals**



Held **4** meetings of the **Board of Directors** and deliberated **58 proposals**



Held **9** meetings of the **Board of Supervisors** and deliberated **39 proposals**



Held **13** meetings of **Specialized Committees** and deliberated **46 proposals**

General Meeting of Shareholders: The General Meeting of Shareholders is the supreme authority of the Company, exercising its powers according to law. The Company has continuously improved the provisions related to shareholders' rights in the Articles of Association and relevant internal systems to ensure that shareholders, especially small and medium-sized shareholders, fully exercise their rights, and to safeguard the equal status of shareholders.

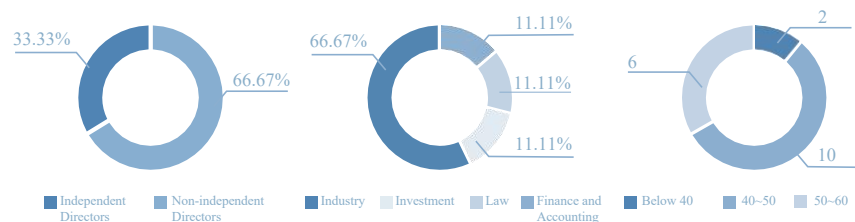
Board of Directors: The Board of Directors is a standing body of the Company, responsible to the General Meeting of Shareholders, established to implement the resolutions of the General Meeting of Shareholders, to safeguard the interests of the Company and all shareholders, and to take charge of decision-making on the development objectives and business activities of the Company. In order to support the decision-making of the Board of Directors, four specialized committees have been established under the Board of Directors, proposing recommendations for the improvement of corporate governance.

Board of Supervisors: The Board of Supervisors is responsible to the General Meeting of Shareholders for supervising the finances of the Company as well as the lawfulness and compliance of the performance of duties by the directors and senior management of the Company.

Members of the Board of Directors

The Company currently has 9 members on the Board of Directors, including 4 internal directors and 5 external directors (including 3 independent directors). The Company follows the principles of pragmatism and diversity to ensure the independence of independent directors and to provide efficient and high-quality support for the work of external directors. The diversity and differentiation of the Company's directors in terms of profession, age, educational background and skills are conducive to effective and scientific decision-making by the Board of Directors.

Independence and Diversity of Directors



Name	Position Held	Audit Committee	Nominating Committee	Remuneration and Evaluation Committee	Strategy Committee
Yao Yi	Internal Director				√
Wang Wentao	Internal Director		√	√	
Yang Yi	Internal Director				√
Zhao Yan	Internal Director				
Wu Xi	External Director	√			
Xu Xingren	External Director				
Xi Xiaohong	Independent Directors	√	√	√	
Wang Kun	Independent Directors	√	√	√	
Sun Fuchun	Independent Directors				√

Disclosure of Information

The Company actively fulfills its information disclosure obligations and discloses relevant information in a timely and complete manner to all shareholders, investors and public groups in accordance with the principles of openness, fairness and equity. The Company has established a variety of channels for communication with investors, including meetings, telephone calls, e-mails, and responses to questions, in an effort to improve the communication channels with small and medium-sized shareholders.



2023 Annual Investor Exchange Meeting

In May 2023, LUSTER held its Annual Investor Exchange Meeting. The Chairman, Vice Chairman and Secretary of the Board of Directors of the Company participated in the reception of the Exchange Meeting. The meeting introduced the Company's development history, annual operating results and future development, and exchanged with and responded to investors on the development of the industry, operating highlights, the competitive environment, strategic development, etc.

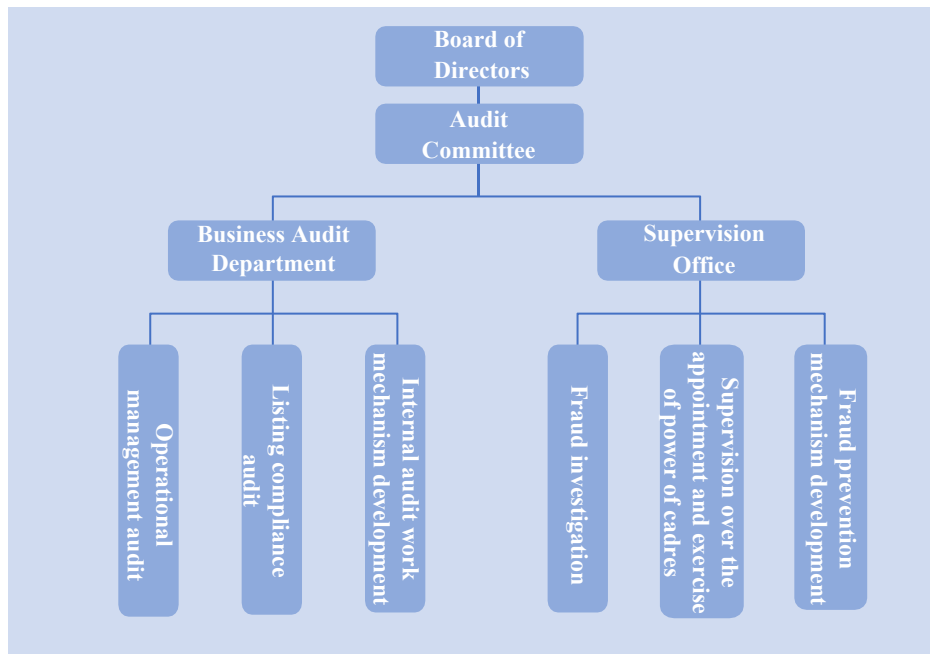




Compliance Operation

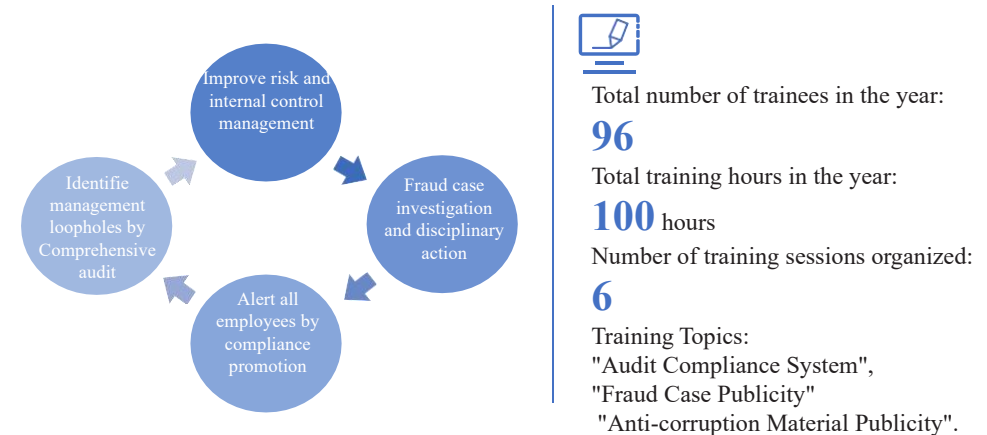
Integrity and In-corruption Development

With the basic principle of "making the business big based on the bottom line, keeping the bottom line and promoting the high line", LUSTER has set up an internal audit department to carry out internal audit and fraud supervision. Through the audit and evaluation on the Company's business and internal controls in combination with the special investigation of fraud cases, we have achieved anti-corruption, anti-fraud, anti-waste, and promotion of the improvement of internal controls, operational efficiency improvement and integrity and self-discipline of all employees. These efforts have guaranteed the sound and compliance development and long-term value realization of the Company.



In-corruption Risk Prevention

In order to prevent the occurrence of corruption, the Company has issued a series of systems to regulate the behavior of all employees, such as the "LUSTER Employee Business Code of Conduct", "LUSTER (BSG) Compliance in the Economic Issues of Accountability", "Transparent Value Procurement Code of Conduct", "Provisions on Employees' Illegal Acceptance of Financial Resources to the Company". These systems are intended for standardization, constraint and alert from various aspects such as employee behavior, clean procurement, punishment for violations.



The Company's online platform has offered the courses such as "LUSTER Employee Business Code of Conduct" and "LUSTER (BCG) Compliance in the Economic Issues of Accountability" for employees to learn online.



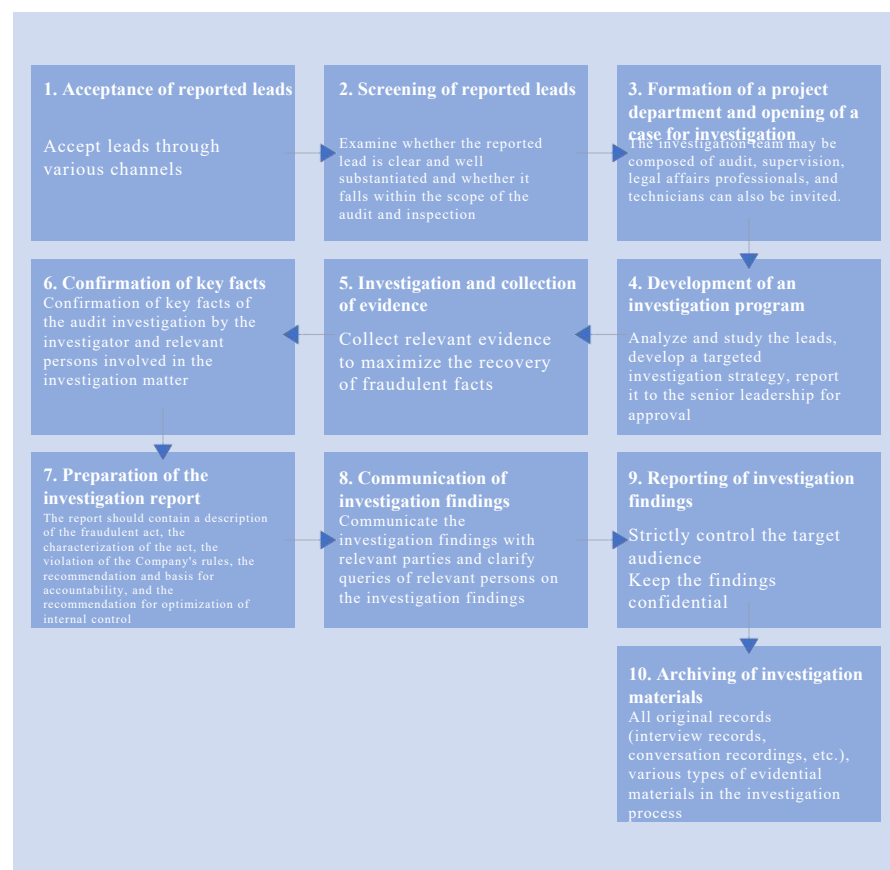
"LUSTER Employee Business Code of Conduct (BCG)"



"LUSTER (BCG) Compliance in the Economic Issues of Accountability"

Anti-Corruption Reporting

In order to further standardize the business behavior of all employees and enhance the ability of integrity and self-discipline, encourage employees to follow the code of conduct "seek truth from facts, all for the purpose of business development of LUSTER", the Company has issued "Notice on the Company Accepting Reports on Related Matters". This Notice encourages employees to be honest and upright, fight against the evildoers and wrongdoings, and report non-compliant behaviors based on facts.



Methods of Reporting

Whistleblowers can report by phone, e-mail, letter, etc.

Whistleblowing hotline: 1781XXX2285

Mailing Address: Audit and Supervision Department, Knowledge and Rationality Building, Building 7, 13 Cuihu South Ring Road, Haidian District, Beijing, China

Whistleblower Protection

1. The Company shall keep confidential the information of the whistleblower and the information provided, and shall not disclose it to the person reported or any unrelated third party.
2. It is strictly prohibited for anyone to retaliate against whistleblowers in any form, and the Company will deal with retaliatory acts strictly and seriously.
3. If an employee voluntarily and truthfully confesses his/her behavior suspected of violation to the Company, he/she may be dealt with in a lighter or mitigated manner.

Whistle-blowing Reward

The whistle-blower will be given relevant rewards according to the nature of the report, the importance of the report leads if the violation facts, key leads and relevant evidence of the person reported are found true after investigation.

Integrity and In-corruption Development

Before going public, the company established the self regulatory principle of "Three-self, one criticism, and four commitments" applicable to all employees, continuously built and improved the supervision system within the group, and further established the basic concept of "enabling those who do things to achieve great things, make no or fewer mistakes, have an organization and mechanism to correct errors, and ensure the final result is correct" in 2023. A series of key positions were promoted and trained accordingly.

Three-self, one criticism, and four commitments

- Consciously abide by rules and regulations
- Self reflection and proactive reporting of violations
- Voluntarily accept investigations and audits
- Unity, criticism, solidarity
- Commitment to there shall be no defects in the delivery of products and services
- Commitment to avoid business and financial fraud
- Commitment to all employees to avoid corruption



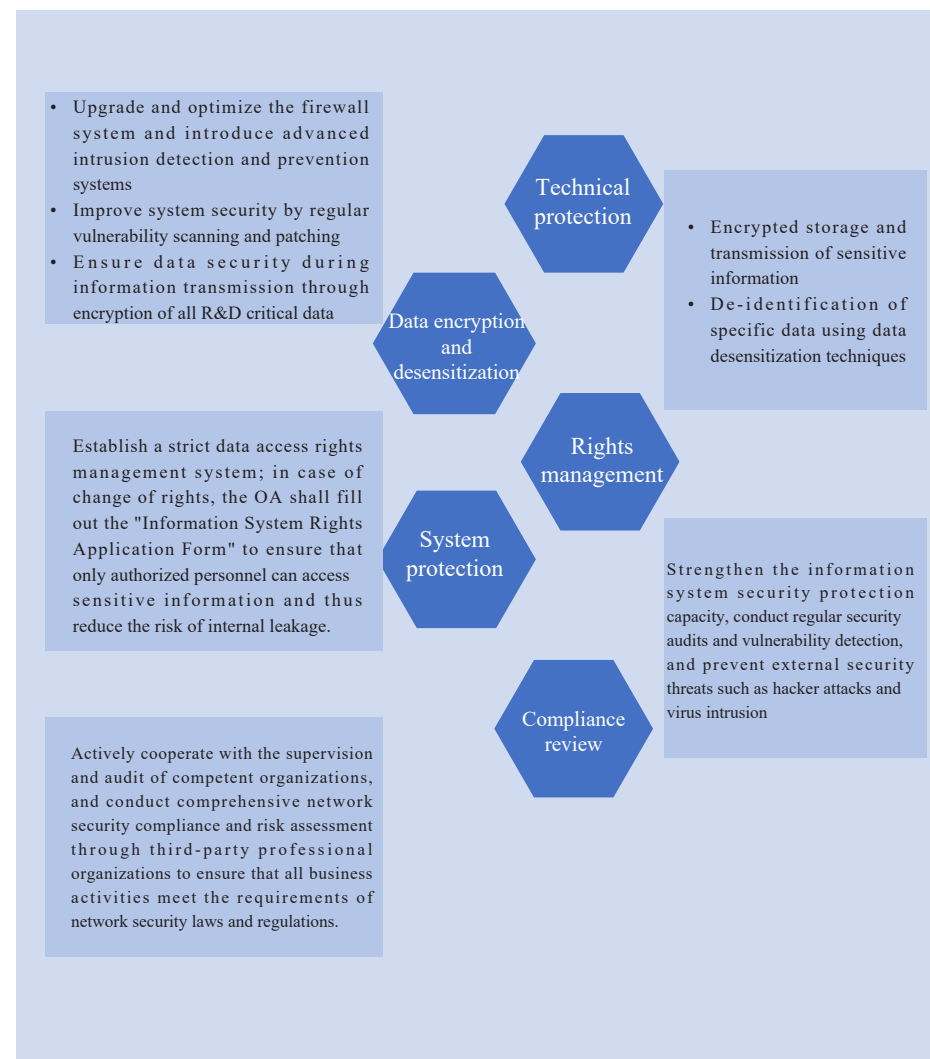
Information Security Protection

As the Company is a technology company with high R&D investment, information security is the foundation of corporate survival and development, and continuously strengthening the protection of network security and data security is one of the Company's important initiatives. Thus far, the Company has issued such systems and norms for network security protection as "Informationization Manual", "Administrative Regulations on Computer and Network Use", "Computer Room Administrative Regulations", "Network Policy Adjustment", forming the information security protection system of LUSTER.

Data Security Guarantee

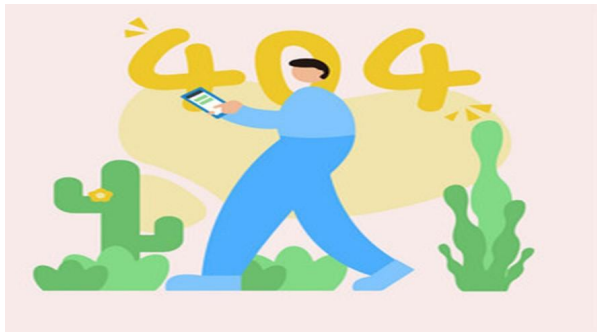
Key links of data security	Administrative measures
Data manipulation	<ul style="list-style-type: none"> Clarify operator responsibilities Manage accounts separately Strictly control the account audit
Data use	<ul style="list-style-type: none"> Enhance day-to-day management of general operating users Disable the account in case of departure from the workstation Regulate the scope and channels of data use
User password management	<ul style="list-style-type: none"> Password confidentiality management Password complexity setting Maximum password usage management
System password management	<ul style="list-style-type: none"> Segregated management of operating system passwords and application system passwords Password user rights management System settings disabling management Special password combinations and timeliness

Network Security System Establishment



Network Security Emergency Plan

Type of Incident	Description of Incident	Cause of Incident	Emergency Measures
Category I incident	Serious damage to servers, damage to optical fibers, application systems not starting (not working) due to force majeure or natural factors	<ol style="list-style-type: none"> 1. Power supply fault 2. Fire 3. Water seepage fault 4. Natural disasters 	<ol style="list-style-type: none"> 1. Power supply fault: Check whether the power supply is faulty due to short circuit, open circuit, lightning and power protection equipment fault, UPS fault, and take corresponding measures to repair the damaged equipment and restore the power supply. 2. Fire: Cut off the power supply, use gas extinguishers to extinguish the fire; report the fire to the 119 command center for support; save people first if there are people in danger. 3. Water seepage fault: Cut off the power supply, take seepage prevention measures and replace the water-soaked equipment
Category II incident	Loss of server data, damage to hard disk, deletion or modification of data caused by human factors	<ol style="list-style-type: none"> 1. Virus outbreaks 2. Illegal alteration of web pages 3. Illegal intrusion 4. Denial of service attacks 5. Network line fault 6. Data fault 	<ol style="list-style-type: none"> 1. Human or virus damage incidents: Disconnect the affected device - disconnect the physical connection to the network - determine the source and nature - track the source of damage to the IP - restore the information system 2. Illegal invasion: Isolate the attacked server from the network - analyze the attack site and trace the attack source - analyze operation logs - check data - restore the system 3. Denial of service provisioning: Keep proper records and logs -analyze the attack site and trace the attack source, and modify the security configurations 4. Network line fault: distinguish whether there are loops or redundant lines, whether there is a need for emergency repair and the line cannot be modified, and make differentiated responses 5. Data fault: Extract data from the data backup server, recover as soon as possible to ensure the fastest system operation
Category III incident	Major information systems not working	<ol style="list-style-type: none"> 1. Information system down 2. Abnormal hardware 	<ol style="list-style-type: none"> 1. Find the problem, restart the application system in a timely manner, and reboot the server if necessary 2. Troubleshoot the hardware system and repair or replace it in time



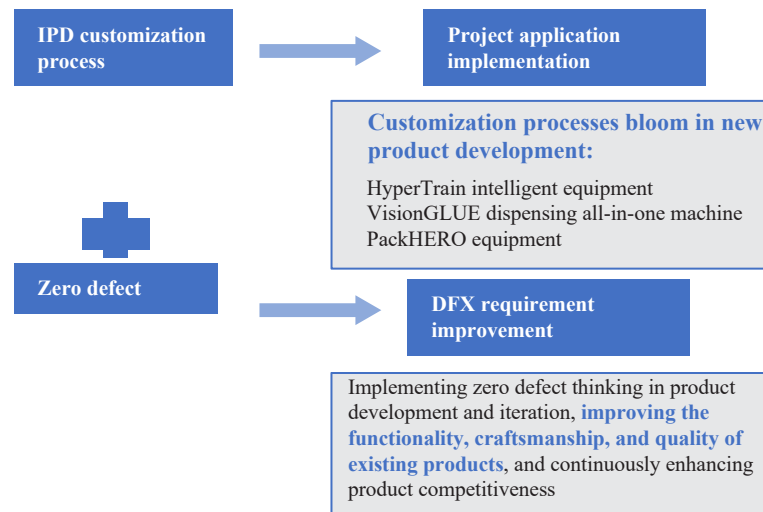


Management Change

In order to support the achievement of the company's strategy and business goals, and better serve and meet customer needs, the company further deepened the implementation of the "R&D System IPD2.0" and "Organizational Change" projects to promote and support organizational capacity building through management change in 2023, and made important progress in related work.

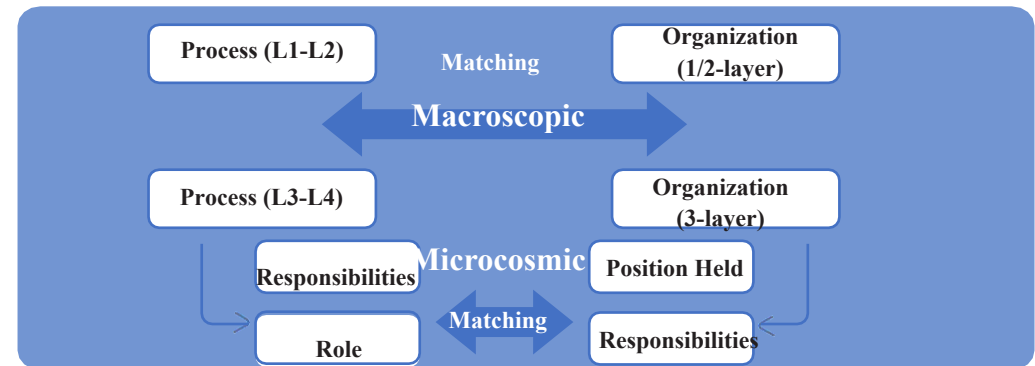
IPD Change

In 2022, the company launched the PD2.0 transformation project, which established standard and non-standard product development processes and specifications based on the company's research and development business characteristics, and established SPDT/PDT organizations. In 2023, based on this, the company further deepened its process transformation in the implementation of projects. Through the HyperTrain8000 project, it successfully delivered intelligent equipment to major clients, greatly strengthened its strategic cooperation with major clients, demonstrated outstanding technical strength, and established a first-class position as a full line supplier; Through the VisionGLUEV1R1 and PackHEROV1R2 projects, a four layer architecture design was implemented to ensure product reliability, achieving industry-leading adhesive inspection capabilities with an accuracy of 0.03mm; By implementing the zero defect concept, focusing on improving DFX quality, R&D process quality and IPQC, as well as improving TOPN and CIP, the customer complaint density has decreased by 25%.



Organizational Change

- The achievement of strategic goals requires strong organizational support. **Faced with the rapid development of the industry, high performance goals, the need for capability transformation, and the need for organizational efficiency**, the company launched an organizational change project in 2022, clarifying the decision-making mechanism of the construction group committee and the direction of transformation for the middle platform organization.
- In 2023, the company strengthened the division of labor and collaborative construction principles among the front-end, midstream, and back-end organizations by further adapting business processes and organizational design at the macro and micro levels. The company established a dual wheel driven combat organization positioning for research and development product lines and market SBU to meet the company's needs for product reuse and horizontal and vertical expansion in segmented markets. By establishing the Group's Product and Solution Department and Customer Service Management Department, the resource coordination and allocation ability of the middle platform organization has been strengthened, effectively ensuring that high-quality business is equipped with high-quality resources and high-quality customers are equipped with high-quality services; The backend organization has strengthened its responsibilities in three aspects: internal control supervision, quality operation, and human resource development. It has strengthened the blood transfusion and coaching capabilities of the frontend business units, **achieved effective collaboration in the division of labor between the main building and main battle specialties, greatly improved business collaboration and operational efficiency among various business units/BU, and ensured the resources for expanding into new industries.**



Knowledge and Reasons are Our Arms to Embrace the World!

Talent Training



Talent is the scarcest resource for sustainable development of enterprises.

Attracting, training and developing talent is a permanent issue for the Company.





Human Rights Protection

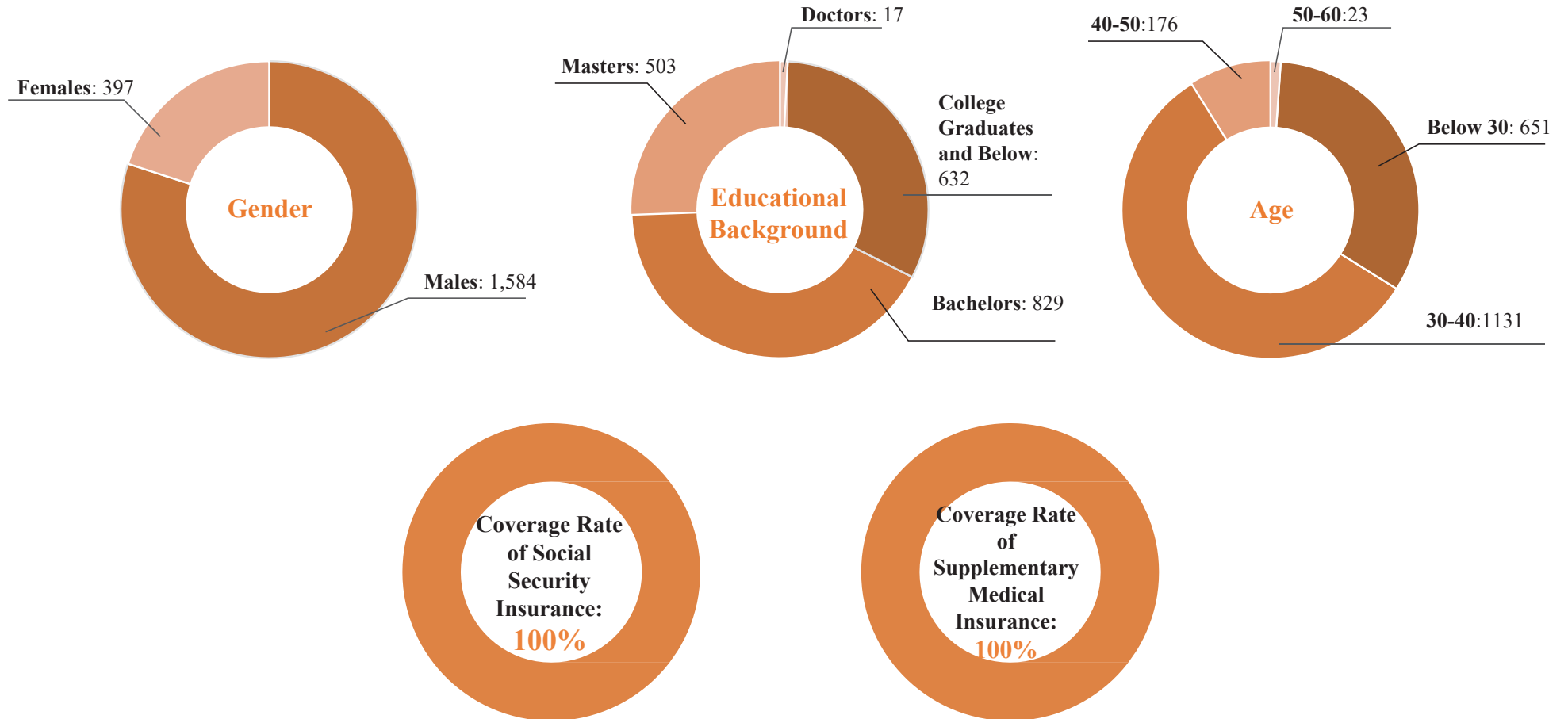
The Company attaches full importance to and respects the rights and interests of its employees, strictly abides by The Labor Law of the People's Republic of China and The Law of the People's Republic of China on Labor Contracts, and is committed to following the strict requirements and regulating its conduct in accordance with international conventions such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. The Company has formulated the "Employee Handbook", "Anti-Discrimination, Anti-Harassment and Anti-Forced Management System", "Measures for the Administration on Recruitment", "Attendance and Vacation Management System", and "Employee Welfare System" to protect the rights and interests of the employees in terms of recruitment, promotion, and remuneration and benefits, prevent forced labor, child labor, gender discrimination and workplace harassment. These systems can also fully protect the rights of the employees in all aspects, and create a fair, equal, diversified, inclusive, and harmonious working environment.



Measures to Protect Human Rights

- **Fair Competition:** Fair Competition: Recruitment opportunities are open, and the recruitment criteria are based on merit. There is no differentiation based on race, nationality, class, religion, gender, marital status, etc.
- **Anti-discrimination against women:** Anti-discrimination against women: the Company does not discriminate against or prevent the employment of married or pregnant women, makes reasonable adjustments to the work of pregnant women, and prevent pregnant women from engaging in work harmful to their health; special maternity rooms for new mothers who are still on breastfeeding leave are also provided.
- **Company benefits:** Company benefits: Company benefits consist of state policy benefits and benefits provide the Company. In addition to the basic conditions required by laws and regulations to be provided to employees, the Company also offers supplementary medical insurance, accident insurance, overseas travel allowance and other insurance and subsidies for employees and their related relatives, and provides birthday/marriage/childbirth gift money and serious illness/family visit funds.
- **Working hours:** The Company implements the flexible working system of eight hours a day and five days a week.
- **Learning and growth:** The Company's training is provided for employees at all levels with a coverage rate of 100%.
- **Vacation management:** The Company's vacations consist of statutory and public vacations, annual leave, marriage leave, maternity leave, bereavement leave and other paid leaves.
- **Overtime compensation:** Overtime on holidays will be paid in accordance with national regulations after approval of overtime orders.

A Diverse Team





Talent Attraction and Retention

Talent Recruitment

In accordance with the principle of "two-way selection, two-way responsibility, fair competition and merit-based recruitment", the Company's talent recruitment takes the job matching and growth of talent as the main assessment focus, and the internal management mode of dual responsibility system for the selection, introduction and training of talents is adopted by the human resources department and the employing department to ensure talent sustainability.

Planning Principle

Based on the Company's strategic development plan as the basis of talent planning, the talent strategy is decomposed to each year. Recruitment Planning

Principle of Responsibility Decomposition

The employing department and the recruiting department work together to complete the recruitment process, examining candidates from different dimensions to ensure the comprehensiveness and accuracy of the selection process.

Two-way Selection Two-way Responsibility

Establish a two-way choice of the modern concept of talent flow, and candidates for equal and considerable exchanges for two-way inspection and selection

Qualifications Principle of Access

Clarify the responsibilities and qualifications of each position and conduct interviews based on the recruitment criteria.

Person-post Matching Principal

Let the right person do the right thing in the right position, and assign the right person to the right position

Interviewer Selection Criteria

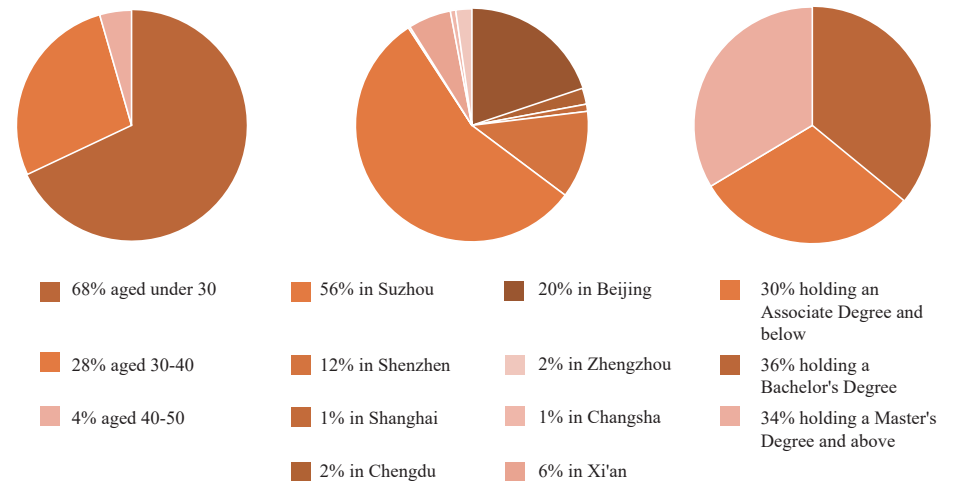
Value Recognition: Highly recognize the Company's corporate culture and values.

Professional Qualifications: more than 5 years of continuous service and more than 2 years in specialized positions

Performance Requirements: B or better on previous year's performance appraisal



The Company recruited a total of **403** employees during the 2023 reporting period.



Establishment of Talent Training Base for School-enterprise Cooperation

The Company has established close partnerships with colleges and universities all over the country, put in place a talent training mechanism through school-enterprise cooperation, taught undergraduate and postgraduate courses, and conducted directed training of talents needed by the industry and enterprises. On the one hand, it has shortened the adaptation time for fresh graduates to fit into the workplace and strengthen professional ability; on the other hand, it has helped enterprises train a group of corresponding talents in response to the current social needs. Education in learning and integration of learning in practice effectively improve the efficiency and quality of personnel training.

Xidian University Unfolded Enterprise Visit, Position Expansion and Employment Promotion Activity

On the afternoon of April 13, Du Guoshe, secretary of Party Committee, Zheng Xiaodong, department level organization member, Li Jie, deputy secretary of Party Committee and Qin Hanlin, deputy dean of School of Optoelectronic Engineering, **Xidian University** led a delegation to LUSTER LightTech Co., Ltd. This study tour & enterprise visit and position expansion themed with Light of Hope was joined by the **counselors of all grades and 15 undergraduate, postgraduate and doctoral student representatives of the School.**



After Ren Xiaowei, General Manager of Xi'an Branch of LUSTER and Wang Haoyu, R&D Director of Xi'an Branch of LUSTER Intellectual Rationality Research Institute, introduced the employment situation and R&D results of the enterprise to the teachers and students of Xidian University respectively, **the inauguration ceremony of "College Student Social Practice Base"** jointly established by LUSTER and Xidian University was held. Du Guoshe, secretary of Party Committee of Optoelectronic Engineering, Xidian University, granted the license to General Manager Ren Xiaowei.



Practical Training for Intelligent Science and Technology Program of Beijing Institute of Graphic Communication

Mr. Wang Jia of the Intelligent Science and Technology Program at **the Beijing Institute of Graphic Communication** led the students to the Beijing Headquarters of LUSTER and completed a **5-day practical training course** from May 29 to June 2. Despite of a short period of only five days, the students gained a lot, not only theoretical and practical knowledge outside of books, but also reflections on their current learning and the idea of the future. Lastly, the students expressed their hope of future opportunities to come back to LUSTER for a longer, more practical and more in-depth practical training course.



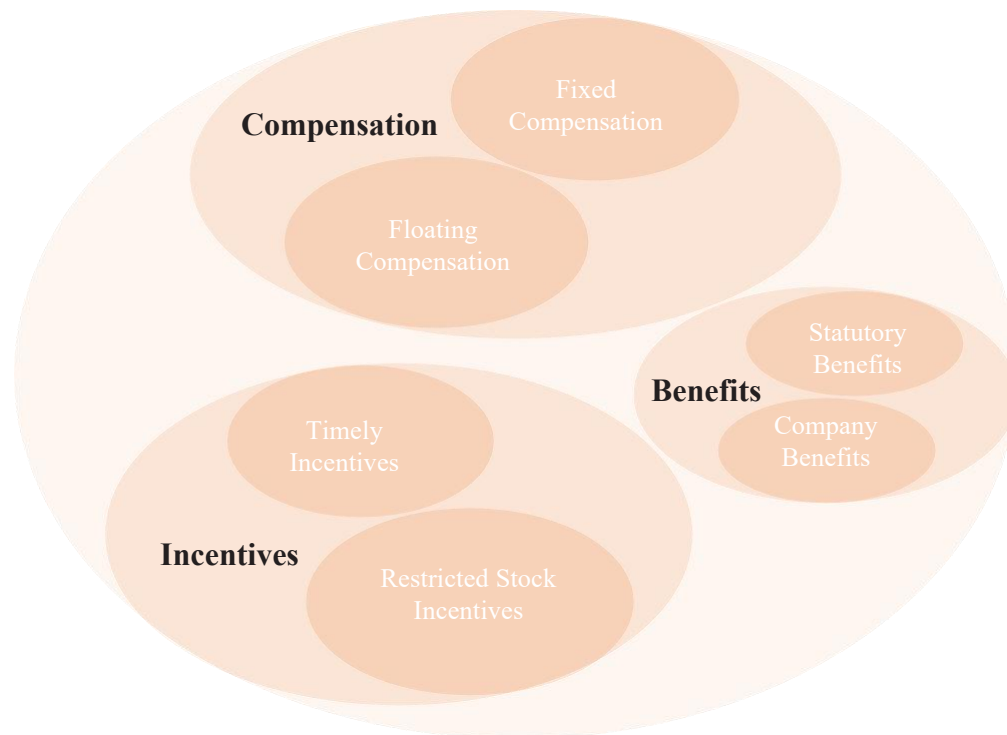
Beijing Institute of Technology Meta-space Exploration Trip for Teachers and Students

At 9:00 am on May 23, 2023, the students of the School of Optoelectronics, Beijing Institute of Technology, led by associate professors Wang Qing and Zhang Jinying, visited LUSTER Yuanke Vision. With the theme of **"Integration of production and education—Starting the Journey of Meta-universe Exploration"**, this visit led the teachers and students of Beijing Institute of Technology to a further understanding of the background, development status and future prospects of the meta-universe.

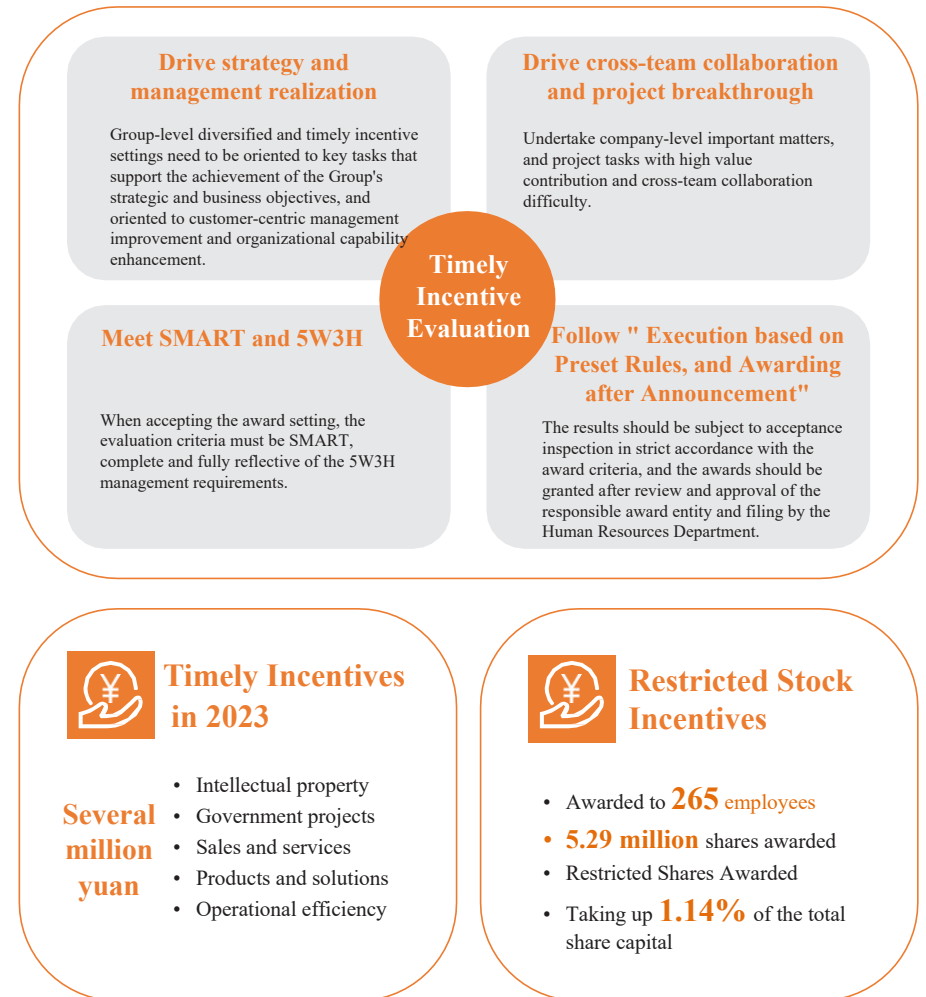


Remuneration Management

In order to establish a core team that can support the long-term development strategic goals, the Company has formulated the "Salary Management System", "Diversified and Timely Incentives" and "Employee welfare System" in combination of the long-term incentives and short-term incentives with the market and other factors such as the compensation level, post value, employee's personal contribution and development potential under the principle of value contribution as distribution. These systems are to attract, retain, motivate and achieve talents.



Establish a timely incentive system to drive the achievement of organizational strategic and business objectives



Timely Incentives in 2023

Several million yuan

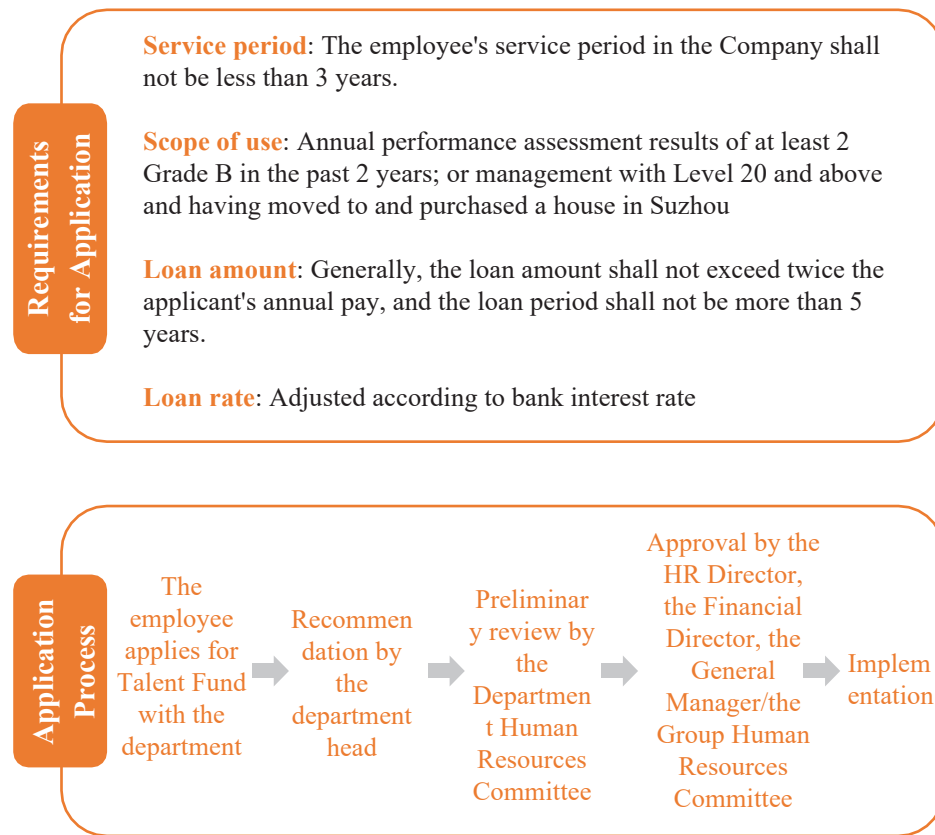
- Intellectual property
- Government projects
- Sales and services
- Products and solutions
- Operational efficiency

Restricted Stock Incentives

- Awarded to **265** employees
- **5.29 million** shares awarded
- Restricted Shares Awarded
- Taking up **1.14%** of the total share capital

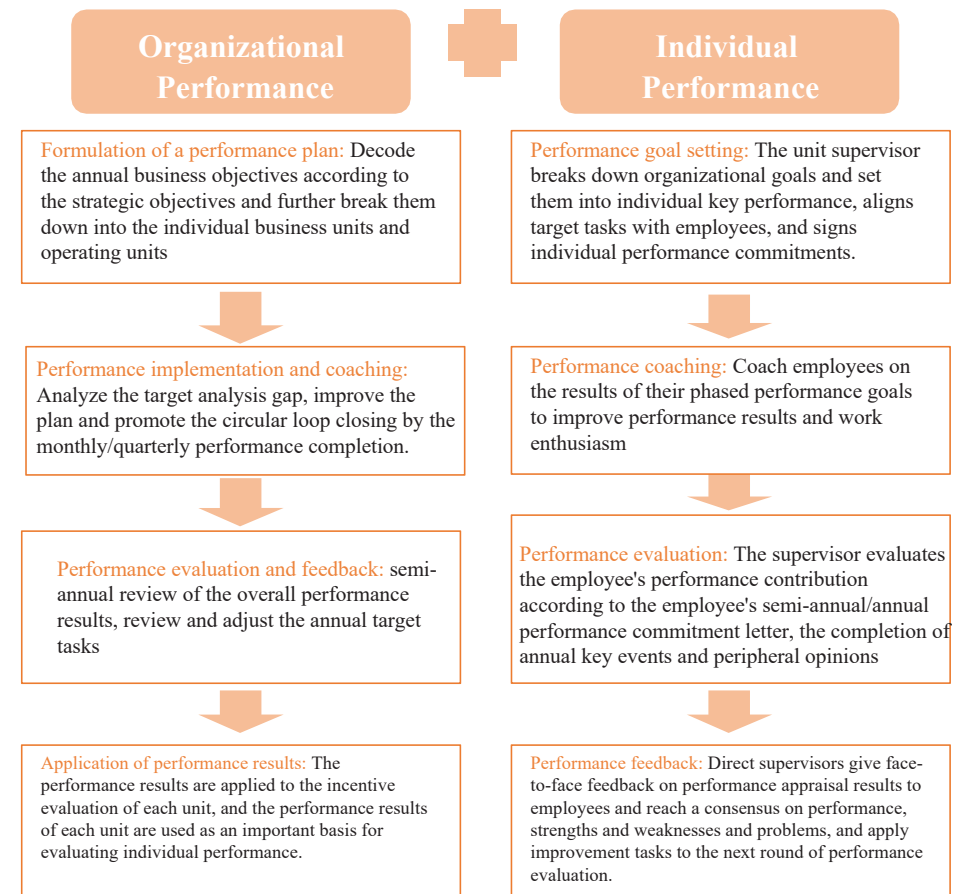
Elite Program

In order to ensure the stability of the high-level talent team, improve the employee welfare system, effectively attract outstanding talents, retain key talents, and continuously stimulate the vitality of talents and organizations, the Company provides low-interest loans with its own funds for the backbone employees with excellent performance to buy houses or help families with temporary difficulties.



Performance Assessment

The Company takes "educating talents in performance management" and "creating value for internal and external customers" as the purpose of performance management, integrates individual performance into organizational performance, inspires employees at all levels to work together and contribute to the overall strategic goal, and thus achieves the purpose of motivating and training organizational cadres and continuously improving performance management.



Promotion System

The Company has put in place a unified employee promotion management process, linking individual ranks with performance assessment and promotion, and implementing them in accordance with the principle of fairness and justice, guided by responsibility results and ability improvement.

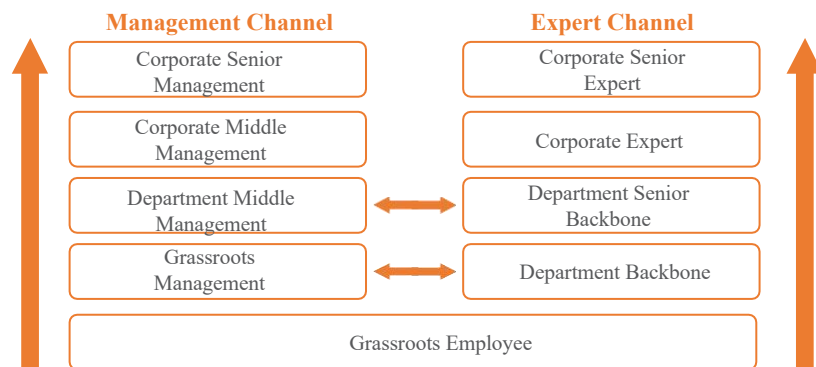
Conditions for Rank Promotion

Individual performance contribution: Review the employee's work achievement with reference to the past two performance results. An individual performance rating of C or above is a necessary condition for reviewing the employee's promotion.

Key competencies and qualifications: Before the Company implements qualifications, the assessment is mainly based on the ability shown in the performance contribution process of the employee, and the professional contribution of the employee to the organization.

Individual rank and level review: In addition to assessing the individual rank of each employee, it is also necessary to assess the level of the employee; according to the level of competency, it can be rated as fully competent, basically competent, temporarily incompetent.

Employee Development Channels



Annual Appraisal and Commendation

In order to effectively motivate all employees to keep fighting and stay energetic, and lead all employees in such values as "customer oriented, strategy oriented, responsibility results orientated, high quality work, unity, criticism and progress", the Company annually commends excellent teams and individuals. The commendation is to select the best out of the best and promote excellence.

Category of Award	Name of Award	Award Value
President's Special Award	Company Level Business/Technology Breakthrough Award	The Group's highest honor, leading innovation and breakthrough, with great value contribution and strategic significance
Gold Team Award	Best Trailblazer Award	Expanding the scale of operations
	R&D Excellence Award	Enhancing product value
	Best Operations Award	Improving organizational effectiveness
Golden Medal Individual Award	Golden Medal Employee	Excellent responsibility results, solid professional competence, and setting a benchmark for employees
	Golden Medal Manager	Compliant with corporate values, practicing what one preaches, excellent responsibility results, and setting a benchmark for employees
Newcomer Award	LUSTER New Star	Recognized by the team for excellent overall performance within one year of joining the Company and setting benchmark for new employees
Special Contribution Award	Annual Special Contribution Award	An unconventional award to be given for significant events in a special period of time and for significant contribution to the Company as a whole

Talent Training and Development

Establishment of a Comprehensive Training System

The Company provides targeted training for senior, middle and grassroots managers and employees in line with the characteristics and relevance of their respective groups, with the intention of rapidly improving the integration and starting ability of new employees, the vertical expansion ability of existing grassroots in their positions, and the comprehensive management ability of management at all levels. Through the different levels of course system and a variety of training programs, we provide employees and managers with differentiated training to help each employee's growth and progress.

In order to activate internal resources and build a learning organization, the Company has established a mentor training and certification system, aiming to improve the teaching ability and skills of mentors through mentor training, help mentors transform experience into knowledge and knowledge into wealth, and realize knowledge accumulation, sharing and dissemination.



23,946 hours

Total training hours
in 2023

26,984 hours

Total training hours
in 2022



2,068 rainees

Total number of trainees
in 2023

1,443 rainees

Total number of trainees
in 2022

Employee type	Training direction	Core courses
 New employees	<ul style="list-style-type: none"> Corporate Culture Basic Systems and Processes Functional Knowledge 	LUSTER in Development The Seven Requirements on LUSTER Employees Become the Best You Can Be The First Lesson in Quality
 Grassroots Employee	<ul style="list-style-type: none"> Enhancement of Professional Competence and Quality Effective Office Tools and Techniques Promoting Employee Growth 	Professional Development Project Management Practice Enhancement How to Communicate Effectively Nine Steps to Better Execution
 Grassroots Management	<ul style="list-style-type: none"> Management Tools and Skills Professional Management Skills Management Mindset Transformation 	Role Transformation Execution and Motivation Task Plan Performance Assessment
 Middle Management	<ul style="list-style-type: none"> Leadership Development Time Management and Efficiency Problem Solving Skills and Thinking 	Talent Planning and Development Organizational Performance Management Organizational Design and Capability Business Analysis and Management
 Senior Management	<ul style="list-style-type: none"> Strategy Management Business Operations 	Entrepreneurship Strategic Leadership Organizational Leadership Transformational Leadership

2023 New Employee Training

The Seed Program is aimed at **fresh graduates** who joined the Company in 2023. Through a series of training actions during the probationary period, the Seed Program will help school recruits to successfully **transform from students to workers**, and stimulate their creative vitality, thereby tapping the potential of newcomers. Therefore, the design of the training program focuses on the newcomers' **career development path, sense of accomplishment and recognition**, so that the newcomers can be better integrated into and more dedicated to the organization.

The program is divided into three stages: the first stage is the learning of what new employees are expected to know. The rich courses involve systems, processes and culture, primarily in the form of online micro-courses, intended to improve learning efficiency and ensure learning results. The second stage is the new employee intensive training in the Company. The three-day intensive face-to-face training consists of corporate culture, human resources management, development history and other contents. Executives of the Company are invited to work as lecturers, in order to achieve the most efficient and accurate transfer of information and ideas. The third stage is work practice, learning during training, and supplemented by mentoring by mentors to help new employees quickly fit into the job and start working. In the first half of 2023, the Company held manager training on customer satisfaction management concept and practice and solution in Beijing, Suzhou and Shenzhen simultaneously, and the Company's marketing system and R&D system related senior leaders participated in the training, covering 157 trainees, and generating a participation rate of more than 70%. During the reporting period, the Company conducted both online self-study and on-site intensive training and teaching for the grassroots management, and effectively improved the management skills and abilities of grassroots managers through learning performance management, team management, etc. The 24 grassroots cadres who participated in the training and learning will be a strong support team for the Company's sustainable growth.



Specialized System Training

In the first half of 2023, the Company held manager training on customer satisfaction management concept and practice and solution in Beijing, Suzhou and Shenzhen simultaneously, and the Company's marketing system and R&D system related senior leaders participated in the training, covering 157 trainees, and generating a participation rate of more than 70%.



Grassroots Management Training

During the reporting period, the Company conducted both **online self-study and on-site intensive training** and teaching for the grassroots management, and effectively improved the management skills and abilities of grassroots managers through learning performance management, team management, etc. The 24 grassroots cadres who participated in the training and learning will be a strong support team for the Company's sustainable growth.



Learning Seminar for Middle and Senior Management

On March 4, 2023, the Company held a seminar on the operation and value distribution of the delivery company with the theme of "focusing on management, improving performance, gathering vitality and earning bonuses". This seminar invited external experts to work as corporate mentors, guide the discussion and deliver the 23-year Management and Compensation Incentive Goals through the presentation of the course. The results of this seminar will serve as important organizational wealth for the Company.



Mentor Selection and Training

LUSTER Academy

- Management of lecturer selection, certification, assessment and motivation, etc.
- Training and development of lecturers
- Regular update of information in the archives

Business Departments

- Responsible for recommending lecturers
- Assisting in instructor selection, certification, etc.

Lecturer Review Committee

- Accreditation Review of Course Lecturers

1 Course Lecturer Certification Application: The training department publicizes the information of the certified courses in the course library, and the employee will fill out the "Course Lecturer Certification Application Form" and submit it to the training department.

2 Preliminary Qualification Review of Course Lecturer: The training department develops the course content according to the requirements and applications of the lecturers, and preliminarily evaluates the qualification of the lecturers.

3 Trial Lecturing: The lecturer receives the proposed certification course package and starts trial lecturing after lesson preparation.

4 Lecturer Certification: The expert jury grades the lecturer according to the performance of the trial lecture and a lecturer with a score ≥ 80 is considered certified.

5 Certificate Issuance: after preliminary certification, the training department will issue a Letter of Appointment as per the level of the lecturer determined according to the rank of the applicant. The appointment period is 1 year.



8

Number of new mentors in 2023

7

Number of new mentors in 2022



RMB 1.88 million

Total training costs in 2023



591 courses

Total training courses in 2023



Employee Health and Safety

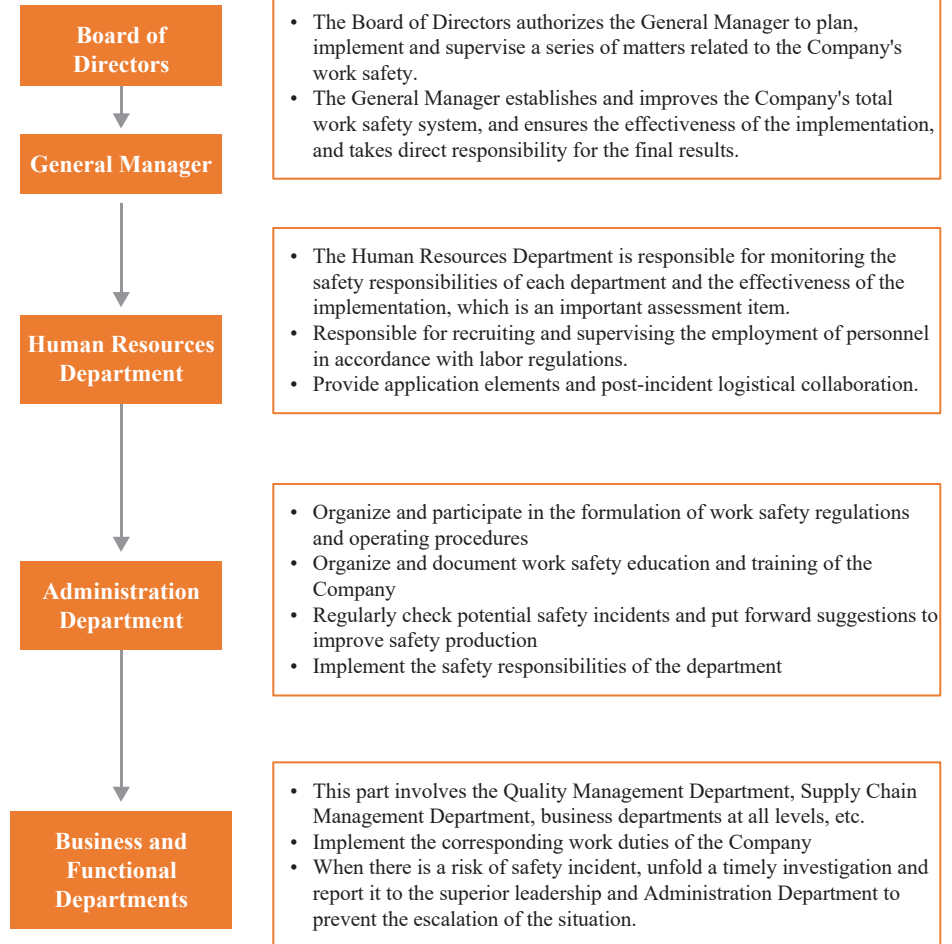
Safeguarding Employee Safety

The Company is committed to continuously improving the occupational health and safety management system, and has been certified by the ISO45001 Occupational Health Management System in accordance with The Law of the People's Republic of China on Production Safety, The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and norms. On the basis of the original EHS system, the Company has further improved the system and standardized the rules, revised and released the "Safety Goal Assessment System", "Accident Investigation and Punishment System", "Work Safety Responsibility System", "Management System for Extension Cords and Mobile Electrical Equipment", etc.

The Company regulates all kinds of health hazards in production and office operation from production process, security, chemical management, special equipment management, special operation management, safety and emergency management and occupational health to eliminate hidden hazards.



Work Safety Accountability System





Safety Responsibility Goals for 2023

Major equipment accidents and major liability accidents: **0**

Acute poisoning affairs: **0**

Workplace health examination rate: **100%**

Regular inspection and maintenance rate of equipment and instruments: **100%**

Work safety cost input guarantee rate: **100%**

Accident Investigation and Punishment Process

Accident Occurrence and Reporting

The Company divides the accidents into three categories according to the accident injury and accident grade. After occurrence of the accident, the relevant departments shall report it to the Administration Department within the prescribed time and report it to the Company in the form of written materials.

Accident Occurrence and Reporting

The investigation team shall be formed on the basis of the required expertise and disinterest in the accident investigation.

Accident Analysis

The cause of occurrence/escalation is identified through investigation and analysis, and then the responsible person is determined.

Accident Reporting

The responsible unit and the investigation team summarizes the cause, responsibility and summary report of the accident.

Accident Handling

The accident is handled according to the "four principles" that the cause of the accident should be identified, the responsibility for the accident should be seriously handled, the employees should be educated, and the normative measures to prevent the accident should be implemented.

Safety Training

Employee safety and safety awareness is an important part of the Company has always attached importance to and invested in. The Company has launched a series of training programs around safety, and offered online courses such as "Fire Safety Knowledge", "Hazard Source Identification and Risk Control", "Safety Education and Training for New Employees" and "Company Traffic Safety Knowledge Training" for all employees. The number of visitors and learners in 2023 reached 2,147. According to the safety risk level, the Company takes the training programs with high risk registration as the mandatory courses for the relevant departments and personnel, and arranges simulation exercises according to the training content.



Forklift Safety Education and Training

Forklift safety education and training is to cultivate the safety awareness and operation ability of operators by introducing the types of vehicles in the field, clarifying the requirements before forklift operation, and emphasizing the safe driving rules of forklift trucks, and consolidate the learning effect through typical case study.



Daily Safety Training for External Construction Workers

The Company requires all external construction workers to receive daily safety training for external construction workers on work permits, sources of hazards, emergency handling methods, protective measures during labor and regulations on rewards and punishments.



Safety Training for Working at Heights

Through typical accident cases of working at height, the training is to illustrate the common dangerous practices and correct operation norms of working at heights for the purpose of advance prevention and intervention of high altitude risk matters.



Hazard Source Identification and Risk Control Safety Training

By understanding the classification of hazard sources, the trainees can further understand the spread, causes and effects of hazard sources, and further clarify the risk management norms and processes of hazard sources to prevent the possibility of extraordinary hazard sources from the root.



Fire Safety Knowledge Training

Trainees can learn about the common cases of fire accidents, the basic measures of fire prevention and the common sense of fire prevention in houses and factories and other scenarios, and further analyze the fire extinguishing measures and prevention and control measures in different scenarios to eliminate fire safety hazards.

Fire Lecture/Evacuation Drill

In order to ensure the safety of the Company's property and personnel, and improve the response ability of the fire brigade personnel in the event of an emergency, LUSTER unfolded the fire lecture and evacuation drill according to the annual fire training plan on November 14, 2023. The Company hired professional lecturers to explain the **basic theoretical knowledge of fire fighting** to the fire marshals of various departments and the support team marshals. Under the guidance of professional lecturers, the Company conducted **actual fire fighting training with fire extinguishers** and outdoor fire hydrants outside the factory hall. Through this lecture and drill, employees have gained an in-depth understanding of fire safety knowledge, **improved the actual fire rescue ability, and helped strengthen the fire warning and fire safety awareness.**



Major Injury and In-plant Motor Vehicle Anomaly Drill

In order to prevent the occurrence of major injuries during transportation and unloading of motor vehicles, the Company **launched a major injury and in-plant motor vehicle anomaly drill program** in Suzhou Warehouse Area. The drill was participated by the relevant personnel of supply chain warehousing and plant management. Through this complete drill simulating the emergency and rescue measures when major injuries occur in motor vehicles, the Company has strengthened the awareness of protection and rescue capabilities for major injuries. Fire Lecture/Evacuation Drill.



Heatstroke Drill

On July 27, 2023, We unfolded the **employee heatstroke simulation exercise** in the warehouse's shipment area. After the warehouse employee suffered from the heatstroke, the warehouse cadres immediately contacted the factory rescue personnel and notified the factory EHS to transfer the simulation employee to the hospital after emergency treatment by the first aid personnel. The Administration Department notified the accident by email after the accident investigation as a warning and reported it to the supervisor of the Management Office.



Employee Health

Human resources are one of the most valuable resources of an organization, and the safety of employees has always been the Company's top priority. To this end, the Company has formulated a series of systems and norms such as the "Occupational Disease Prevention and Management System", the "Occupational Disease Hazard Prevention and Control Responsibility System", the "Occupational Disease Hazard Declaration System", the "Occupational Health Monitoring and file Management System", the "Occupational Hazard Protection and File Management System", and the "Maintenance and Repair System of Occupational Hazard Protection Facilities", and obtained the ISO14001 Certificate.



Prevention of
Occupational
Hazards

1. The construction projects that may cause occupational hazards shall be entrusted to a qualified third party organization for pre-assessment of occupational hazards and confirmation of protective measures.
2. The Human Resources Department shall clarify occupational hazards, consequences and preventive measures with employees when they sign labor contracts and engage in work that endangers health.
3. The site, equipment and packaging with occupational hazards shall be provided with warning signs.



Reduction of
Occupational
Hazards

1. The production process shall be mechanized, automated, closed and remotely controlled as far as possible.
2. Ventilation, detoxification and dust removal facilities shall be installed.
3. The maintenance of equipment shall be strengthened to reduce air leakage, bubbling, dripping and water leakage of the equipment.
4. Personal protective measures should be implemented according to the hazard factors, such as wearing protective earplugs for employees in noise areas during noise prevention and control.



Occupational
Health
Monitoring

1. The Administration Department shall provide corresponding occupational health examination according to the occupational hazard factors of each department.
2. Employees in toxic and harmful positions are required to undergo occupational health examination before taking the job and after leaving the job.
3. The Company provides physical examination for workers working in welding smoke and noisy places, and on-the-job physical examination for all other employees.
4. The Human Resources Department establishes an occupational health record for every employee exposed to occupational hazards.

In addition to the establishment of various systems and norms for the protection of employees, the Company regularly organizes medical checkups and gratuitous consultation for employees, and sets up a variety of sports clubs in order to protect the physical and mental health of employees.

2023 Health Responsibility Goals

Occupational disease incidence rate: **0**

Employee occupational health examination rate: **100%**

Workplace occupational hazard test rate: **100%**

Certified work rate: **100%**



Stomatology Gratuitous Consultation



Yuanke Vision and Shougang Fund Badminton Friendship Match



Establishment of Harmonious Workplace

Creating a Harmonious Environment

A clean and comfortable office and production environment is essential to improvement of productivity. The Company implements 6S management norms in all office spaces, requiring the implementation of the six standards of "organization, rectification, sweeping, cleaning, literacy and safety" on all occasions to provide employees with a cozy environment and comfort.

Office Environment



Production Environment



Dormitory Environment



Library Environment



Advocacy of Combining Work and rest

In order to enrich the employees' life and strengthen the team cohesion, the Company and various departments organize team building activities, holiday activities and employee benefit activities in various forms, so that the employees can feel warmth and happiness.

Employee Benefit Activities



Holiday Activities



Department Team Building and Democratic Life Meeting



Environmental Protection



Science and technology innovation products
lead the new ecology

Green and low-carbon operations practice
new concept of environmental protection



Innovation Driven Green Development

China is a global manufacturing power, and is at a critical moment of manufacturing reform. How to improve quality, increase efficiency and reduce waste in the manufacturing process is an important part of the reform and upgrading. The Company adheres to the principle and concept of "promoting the development of the industry as the responsibility". It's one of the first batch of machine vision enterprises in China taking the lead in introducing and learning advanced optical imaging, algorithm software, information acquisition, digital network, big data analysis and other technologies. Integrating "light, machine, electricity, computing and software" through the use of industrial machines, the Company applies the advanced optical imaging technology, software algorithms, precision automation and other technologies to the field of industrial manufacturing, adapts to the development trend of precision manufacturing, flexible manufacturing, intelligent manufacturing, so as to help realize the transformation from traditional manufacturing to intelligent manufacturing, improve production efficiency and reduce production waste.



Supporting the Reduction of Production Waste

With the goal of helping customers realize zero defects in manufacturing, the Company's vision systems and intelligent equipment and other machine vision products are used in consumer electronics, new energy, new display, printing and packaging, transportation, science and other downstream areas. Through the detection efficiency of up to 99% of defects in raw materials, manufacturing and factory testing, we have helped many customers solve the problem of serious waste of manufacturing resources.



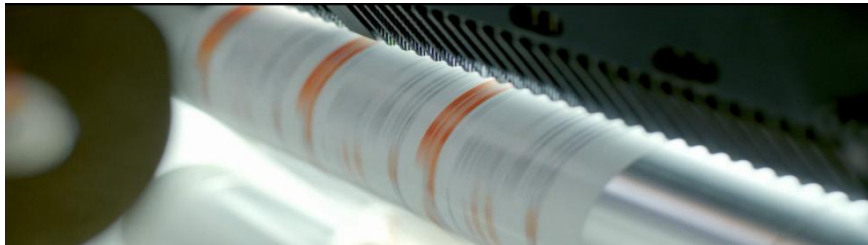
New Products in 2023: **20+**

High-end Vision Components Supplied: **50,000**

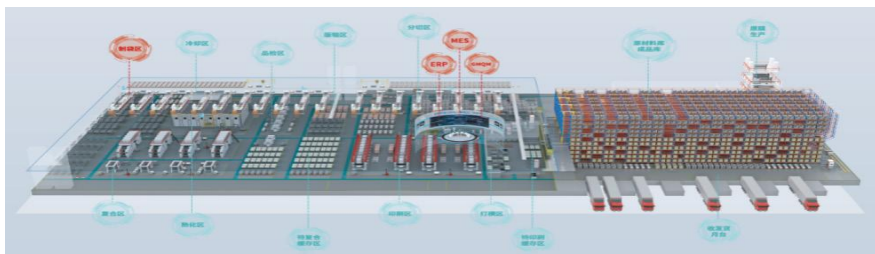
Vision Components, Systems and Equipment: **20,000**

Saving RMB 200 Million for A Flexible Packaging Customer a Year

A Chinese flexible packaging leading enterprise relies on extensive materials and human resources to support the high-frequency delivery of a large number of business orders of the Company, and has maintained a 10% performance growth for three consecutive years. It is generally recognized in the printing and packaging industry that **a 3% waste rate will cause enterprises to lose 30% of their profits**. According to incomplete statistics, **there are 900 kilometers of wasted materials on the production line every day**. Although the volume of orders and the number of employees are increasing, the lack of systematic quality management, reliance on traditional labor, false alarms, omissions, concealing and other problems continue to erode corporate profits.



Based on years of practical experience, LUSTER applies the core requirements of automated labor reporting, loss reduction and quality management to all aspects of the printing plant. The project combines a variety of data acquisition technologies with 48 single-machine online monitoring system to achieve the closed loop of 156 equipment and MES system and quality management system in the customer workshop. With the help of intelligent algorithms, functional automatic labor reporting is realized, and the data accuracy rate is 99%, **which in a real sense puts an end to the "omission, concealing and misreporting" of traditional reporting, realizes "0" error and leakage in material mixing, and helps customers recover the "wasted" profit.**

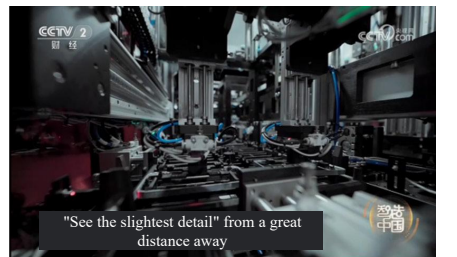


Artificial Intelligence Version of "Li Zhu" Supports Intelligent Manufacturing

The middle frame of the mobile phone is called the "backbone" of the mobile phone, which is the frame that carries the various parts of the mobile phone, and its appearance accuracy affects the quality of the finished product to a large extent. In the past, the appearance inspection of the middle frame relied on manual visual inspection, resulting in a high missed detection rate, and a difficult guarantee in product yield. According to the calculation of back-end product yield, **the missed detection rate of manual visual inspection is as high as more than 10%**, resulting in huge waste.



There are about 88 test items for the middle frame of the mobile phone, and **the smallest defect is only 0.5 microns in diameter**, which exceeds the limit of manual visual inspection. LUSTER launched the innovative mobile phone middle frame appearance inspection device which can **complete 88 tests in 5.5 seconds** and detect defects as small as 0.5 microns. One device can complete the original workload of **40-50 workers**. Compared with the original manual visual inspection, the device **reduces the defect detection time by 97%**, and lowers the missed detection rate to 5%, which greatly improves the efficiency of the product and the utilization rate of the material.



Discussing China's Path to the Lighthouse Factory Together

As an ecological partner of FII, Yao Yi, Chairman and President of LUSTER, was invited to attend the Summit Roundtable Forum, and **discussed China's Path to the Lighthouse Factory together** with Huang Pei, CEO of E-works Digital Enterprise Network, Wu Tong, Head of Advanced Manufacturing in Greater China of the World Economic Forum (WEF), Liu Zongchang, Chief Data Officer of FII, and Zhao Yuekai, co-founder of Agile Robots. Yao Yi, Chairman and President of LUSTER, said that LUSTER has set up a joint venture with FII and developed more than **300** pieces of equipment together. If we want to build 100% unmanned chemical plants in the future, advanced optical imaging, software and algorithms, and automation are essential. Deeply engaged in the industry for more than 20 years, LUSTER machine vision has begun to move towards various applications in large quantities. **Over the past five years**, LUSTER has provided **300,000 sets** of vision equipment and **100,000 sets** of vision systems for various industries, helping enterprises liberate the hard-working and dexterous front-line workers. **Together with 20 ecological partners such as LUSTER, FII has launched the Lighthouse Pilot Program**, committed to incubating new business models and new industrial ecology, and realizing sustainable lighthouse piloting benchmarking demonstration.



Photovoltaic Glass Leader Realizes Energy Conservation and Efficiency

Under the great pressure of quality and efficiency improvement, the leading photovoltaic glass enterprise (hereinafter referred to as Company A) has worked with LUSTER to **build an intelligent factory**, successfully realizing capacity upgrading and **releasing 83% of the workload of visual inspection workers**. The intelligent factory has been in stable operation for more than one year, **with no relevant quality complaints**. LUSTER has developed the photovoltaic glass original detection and deep processing detection solution. Through real-time detection and data analysis with the help of the quality management system, automated defect detection and classification has been achieved. Meanwhile, quality big data has been collected, and the digital model of defect scale and the probability of busting correlation has been built, minimizing the operating costs of enterprises in the premise of ensuring the yield rate. Now 16 production lines have been installed on the customer site, and each production line can **reduce the manpower from 3 employees/shift to 1 employee/shift**.



Sustainable Innovation and Development

The Company regards product innovation as its core competitiveness. In the face of the development trend of "multi-mode integration, embedded, and high precision", the Company continues to invest in underlying technologies such as "advanced imaging, software algorithm, automation" and application products in the industry, launches many new products in consumer electronics, new energy, meta-universe and other industries. Efforts have also been made to continuously optimize products and solutions, enhance the competitiveness of the industry, and meet the requirements of diversity and differentiation of customers.



RMB **460** million
R&D Investment



770
number of R&D personnel

The Company regards intellectual property rights as one of the driving forces for innovation and development, attaches importance to intellectual property protection and R&D innovation, and encourages employees to be creative and creative. The Measures for the Administration of Intellectual Property have been formulated to clarify the scope of intellectual property management, power ownership, management requirements and incentive policies and issuance standards, stimulate employees' awareness of innovation, and lead employees in practice innovation.



Cumulative Total of Patents: **709**

Cumulative Patents for Inventions: **311**

Cumulative Patents for Utility Models: **344**

Cumulative Design Patents: **54**

Cumulative Software Copyrights: **263**

Cumulative Trademarks: **219**



Total Patents of the Year: **199**

Patents for Inventions of the Year: **59**

Patents for Utility Models of the Year: **126**

Design Patents of the Year: **14**

Software Copyrights of the Year: **31**

Trademarks of the Year: **29**

Technology Innovation Achievements in 2023



Cameras & Components

- **3D camera:** The 3D camera based on surface structured optical codec technology and triangulation principle for 3D point cloud reconstruction offers a depth measurement range of ± 6 mm, a Z repeatability of 0.5 μ m, 5M pixels under the frame rate of 3fps, widely used in the 3C electronics industry, semiconductor industry, automotive industry, as well as various types of small and medium-sized parts.
- **Wide spectrum short-wave infrared camera:** the camera adopts Sony IMX990 chip and TEC2 refrigeration, offers a product resolution of 1280x1024, a small pixel size of 5 μ m and wide spectral range of 0.4~1.7 μ m and supports a variety of image processing algorithms, widely used in university scientific research, space optical communication, brain science and spectral imaging and other fields.
- **Solar cell PL detection module:** Based on the principle of photoluminescence, the module provides a non-destructive and contact-free innovative detection scheme for solar cells. The detection accuracy rate is 99% and the misjudgment rate is < 1% for defects such as hidden cracks, dirt, fog blackness, suction disc mark and belt mark of solar cells.



Visual System

- **Glue spot check integrated detection system:** easy to install and easy to check: quick installation within 10 minutes and imaging debugging within 10 minutes, this is a great improvement compared to installation in dozens of hours or even days in the past. Meanwhile, the system also provides 999 kinds of scenario formulas, covering 70% of the glue inspection application scenarios.
- **The whole plant production management system of loading paper:** In view of the untimely and inefficient loading paper management, the system is launched to realize four closed loops of order, production, quality and defect control. It can display the production process in real time, realize the digitization and transparency of the production process, and fundamentally unblock the process.
- **A new generation of offline quality inspection system:** after installing the new software VisionPrint7, the software upgrades have led to a significant increase in hardware performance, realizing the efficacy of one-key resolution switching and non-stop modification of template parameters.



Intelligent Equipment

- **Lithium electrode burr full inspection equipment:** The self-developed optical focus tracking technology and AI high-precision image processing are used for inspection, realizing 2 micron defect detection under 150m/min high-speed production.
- **Lithium battery appearance inspection equipment:** Through high-precision optical calibration and AI algorithm support, the common depression defects in the industry are divided into 10 levels, and the accuracy is greater than 95%, the detection accuracy can reach 0.01 square millimetre, and the efficiency is increased by 50% and the quality traceability is achieved by AI judgment.

Green and Low-carbon Operations

The Company strictly abides by The Law of the People's Republic of China on Prevention and Control of Water Pollution, The Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, The Law of the People's Republic of China on Prevention and Control of Environmental Air Pollution, The Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes, The New Environmental Protection Law and other laws and regulations. The Company has further established a system and control measures on the main contents of the EHS in categories and grades. In terms of environmental protection, we have established a series of systems and norms for internal environmental control and effective utilization of resources, such as the Resource and Energy Management System, the Garbage Classification Management System, the Administrative Regulations on Exhaust Gas, Wastewater and Noise, the Administrative Regulations on Waste, and the Administrative Regulations on Chemicals. In 2023, five enterprises with production qualification under LUSTER have been certified by the ISO14001 Environmental Management System.



Emissions Management

The Company's industry does not fall into high-emissions and resource-consuming industries. Within the existing business scope, the Company makes every effort to reduce the impact on the environment by standardizing the emissions of noise, wastewater, waste, chemicals and garbage generated by production.



Waste Gas Emissions

Sources of Waste Gas

- Fume from welding in the spot welding process in the clean room
- Unorganized waste gas emissions from the workshop

Preventive Measures

- The fume generated by electric welding is absorbed by the gas collecting device through the activated carbon for adsorption and filtration, and the filtered waste activated carbon is sent to a qualified processor for treatment.
- Strengthened workshop ventilation and air exchange measures by the Company
- The hazardous factors of the waste gas emission port outside the workshop and the exhaust gas inside the workshop are monitored every year, and when the emission concentration is found to exceed the standard, the relevant departments will be called together to analyze and deal with it until the emission standard is met.

Emission Standards

The Integrated Emission Standard of Air Pollutants, and The Emission Standard for Malodorous Pollutants





Total Volume of Waste Gas in 2023: **240,000** cubic meters
 Total Domestic Wastewater in 2023: **6,206** tons
 Total Waste in 2023: **3.75** tons



Wastewater Discharge

Sources of Wastewater

- Domestic wastewater such as toilet water and cleaning wastewater

Preventive Measures

- The relevant departments avoid or reduce the use of facilities and installations that generate wastewater as far as possible.
- Qualified third-party testing is organized every year.
- Signs must be posted at all final discharge outlets.

Emission Standards

- Pollutant Discharge Standards for Urban Sewage Treatment Plants and Water Quality Standards for Sewage Discharge into Urban Sewers



Noise Emissions

Sources of Noise

- Drilling machines, lathes, grinders, air compressors, welding exhaust purifiers, etc.

Preventive Measures

- Use low-noise equipment as much as possible, and install soundproof enclosures for equipment that generates a lot of noise.
- The control manufacturing department is responsible for the daily operations and regular maintenance of the equipment; when the equipment breaks down, it should be repaired as soon as possible.
- Close the windows and doors of the equipment as much as possible when the equipment is in operation.

Emission Standards

- Noise Emission Standards for Factory Boundaries of Industrial Enterprises



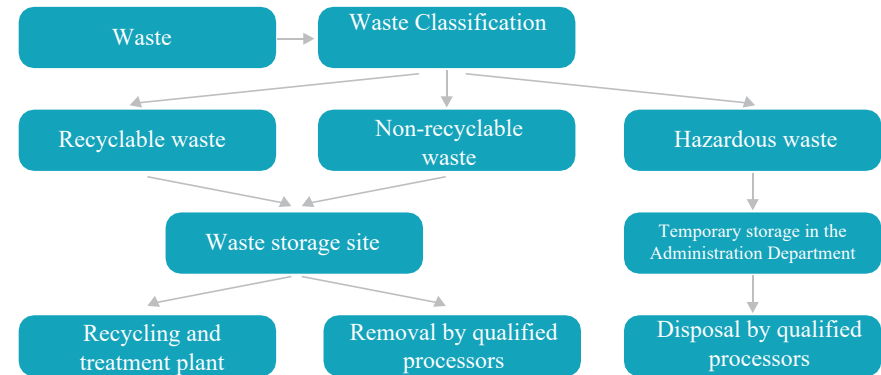
Waste Management

Corporate waste is categorized into non-recyclable waste, hazardous waste, and recyclable waste according to the method of disposal and use.

Non-recyclable waste: household garbage or other solid or liquid waste that does not pollute the environment

Hazardous waste: waste generated by business activities that is toxic, hazardous, and in concentrations or quantities sufficient to affect human health or pollute the environment

Recyclable waste: waste that can be recycled after treatment



Chemical Management

The Company regulates the management of hazardous chemicals in accordance with the Regulations on the Safe Management of Hazardous Chemicals and the Regulations on the Administration of Precursor Chemicals, in order to prevent and reduce safety and environmental accidents of hazardous chemicals and to protect the health and safety of employees.



Establishment of List of Chemicals

- The Administration Department investigates the chemicals used by the Company and establishes the List of Chemicals.
- Hazardous chemicals in the List of Chemicals shall be registered on the local environmental authority website as required by the Regulations.



Procurement

- Requests for chemicals shall be based on actual usage, and containers of purchased hazardous chemicals must be clearly labeled in accordance with national regulations.
- For new chemicals, information on Material Safety Data Sheets (MSDS) should be requested from the supplier at the time of purchase.



Transportation

- Delivery to the Company by the supplier; the Company needs to sign the Environmental Safety Agreement with the supplier to affect its environmental safety in the transportation process.



Storage

- The warehouse keeper shall check and verify packaging and labeling before warehousing.
- Chemical supplies shall be stored in storage areas and explosion-proof cabinets, in which adsorbent cotton, rags and sand for emergency use should be placed.



Use

- Safety precautions and specialized equipment are required, and good ventilation equipment should be provided.
- Individual users must strictly observe all safety systems and operating procedures.



Disposal

- Disposal in accordance with the Waste Management System
- Chemical-contaminated items (cloth, gloves, containers, etc.) should be treated in the same way as chemical waste when discarded.

LUSTER
EHS Knowledge

What is EHS?
EHS is short for Environment, Health and Safety. EHS is the integration of ISO14001 (Environmental Management System) and ISO45001 (Occupational Health and Safety Management System). The Environmental & Occupational Health and Safety Management System is referred to as the EHS management system.
环境健康安全管理体系:

What are the EHS policies of the Company?
Safety Policy: Safety First, Prevention Foremost, Effective Monitoring, Cyclic Improvement; Environmental Policy: Pollution Elimination and Energy Conservation; Occupational Health Policy: Safety First, Accident Prevention, Giving back to Employees and the Society, Compliance with Laws and Regulations, and Continuous Improvement.

What are the EHS goals of the Company?
Safety Goal: Zero Safety Accident; Environmental Goal: Zero Environmental Pollution; Occupational Health Goal: Zero Occupational Health and Safety Accident.

By the Administration Department



**EHS Environmental Basics
Training**

Trainees in 2023: **440**

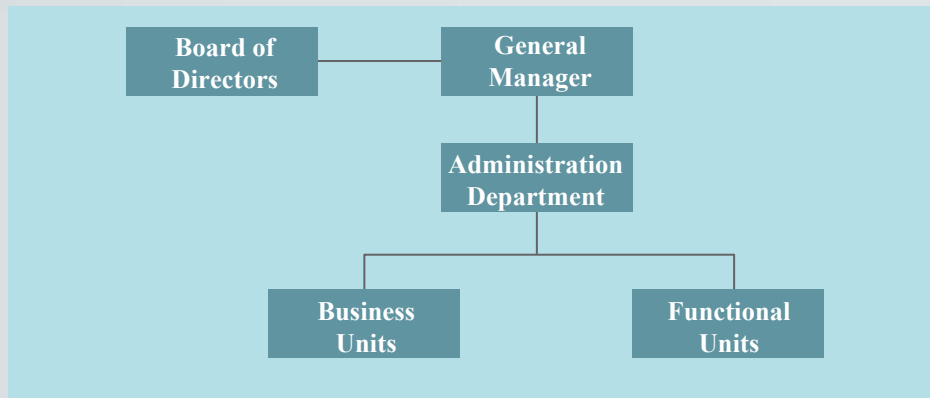
Chemical Leak Exercise




At 13:50 PM on June 20, 2023, a simulated chemical packing leak exercise was conducted at Wuzhong Machining Room in Suzhou. The early warning exercise involved chemical operators wearing gloves, masks and goggles, using adsorption cotton to adsorb the leaked solvent, prevent diffusion, and restore the scene.



Energy Management

The Company promotes energy-saving measures and concepts at all levels of the office operation, production and employees' daily lives. In corporate operations, we actively practice green environmental protection, and follow the principle of "use less, frugally and efficiently" when using various types of consumable energy such as water resources, paper, electricity and fuel, so as to minimize the consumption of energy. The General Manager of the Company is responsible for approving and leading the overall energy-saving and consumption-reduction goals; the Administration Department is responsible for coordinating the use and management of energy and resources, and each department sets energy-saving indicators for energy and resources used in the department and supervises the implementation.



Resource Type	Energy Conservation Measures	Monitoring Measures
	<ul style="list-style-type: none"> Departments and related personnel should pay attention to the proper amount of water consumption to avoid waste. When water can be used intermittently, the valve should be closed or turned off. The water valve must be closed after using water. If a department notices water pipe breakage or infiltration, it shall immediately notify the Administration Department for repair. 	<ul style="list-style-type: none"> The Administration Department shall conduct a monthly inspection of water pipes. We conduct weekly inspections of all areas to address water wastage in a timely manner.
	<ul style="list-style-type: none"> Before printing or copying, documents should be previewed to prevent printing or copying errors that could result in waste. Reduce consumption of paper resources by using telephones, computers, etc. as much as possible. Used paper instead of blank A4 paper should be used as draft paper. Temporary documents should be printed double-sided on recycled paper. 	<ul style="list-style-type: none"> The Administration Department counts the Company's paper usage once a month.
	<ul style="list-style-type: none"> The air conditioner in the area should be turned off in time during the noon break or before getting off work. The lights should be turned off when employees leave, and local lighting should be used for local work. Promptly turn off power to equipment and appliances not in use The indoor temperature should not be lower than 26° C in summer or higher than 20° C in winter. 	<ul style="list-style-type: none"> Enhanced maintenance of equipment and electrical circuits The Administration Department verifies the power consumption once a month.



Energy Conservation Promotion

In order to publicize the awareness of energy conservation and emphasize the concept of energy conservation, the Company played the "Proposal on Diligence and Frugality" on the propaganda screen on a loop on each floor in 2023, calling for "energy conservation and emission reduction, energy consumption reduction, total involvement, and opposing waste", classifying daily life and office operation according to the use of energy scenarios and listing energy conservation measures. Meanwhile, the Company posted energy conservation signs in various places such as air conditioners, light switches, water dispensers, hand wash sinks, and printers, and installed Bull timing sockets on each floor to lead energy conservation, popularize energy conservation measures, and minimize the consumption of resources.



Total corporate water consumption of the year:

19,018 tons

Total gas consumption of the year: **81,632** m3

Total corporate power consumption of the year:

4.06 million kWh



Giving back to the Community with Love

Building Industrial Ecology

Promoting the development of the industry as the responsibility has always been one of the business principles of the Company. The Company actively participates in the construction of the industry, builds industry standards and industry ecology through joint collaboration, promotes the construction, co-prosperity and sharing of the industry as a whole, and creates a better society through science and technology.

Formulation of Industry Standards

"White Paper on Industrial Intelligence"

The preparation of "White Paper on Industrial Intelligence" is led by the China Academy of Information and Communications Technology and participated by a number of organizations, including LUSTER LightTech Co., Ltd.(stock code: 688400). The "White Paper on Industrial Intelligence" focuses on the latest progress and development trend of industrial intelligence application, and provides a detailed introduction to the scenarios of machine vision industrial inspection, intelligent factory management, robot-assisted manufacturing, etc. It conducts an in-depth research on the integration and innovation application of industrial intelligence in the industry from the dimensions of system connotation, technology, application, and industry, which will guide the direction of the industry to realize the leap in the effectiveness of intellectual manufacturing.



"2023 Research Report on Metaverse Industry Mapping"

On September 22, 2023, "Trusted Metaverse Development Conference" was successfully held in Beijing. It was hosted by the Cloud Computing and Big Data Research Institute of the China Academy of Information and Communications Technology, and organized by Metaverse Innovation Exploration Matrix and TC602 of the China Communications Standards Association. At the conference, Wei Kai, deputy director of the Cloud Computing and Big Data Research Institute of the China Academy of Information and Communications Technology, released the "2023 Research Report on Metaverse Industry Mapping", and LUSTER was one of the participating units.

Industry Sharing Activities

The Company's business spans the two directions of machine vision and cultural metaverse. In these two fields, the Company led the "Industrial Artificial Intelligence Innovation and Development Summit" and "2023 China metaverse Conference" and other industry conferences in 2023, sharing the path and key technologies of the development of China's artificial intelligence and metaverse, and promoting the common development and progress of the industry.

2023 Global Artificial Intelligence Technology Conference

In June 2023, LUSTER Industrial Artificial Intelligence Innovation and Development Summit was successfully concluded in Wuzhong, Suzhou. Industry pioneers, partner customers and business elites from the manufacturing field gathered to talk about the new ecological prospects of intelligent manufacturing industry and draw a new chapter of intelligent manufacturing.

At the summit, Yao Yi, Chairman of LUSTER, Zhao Yan, CTO of LUSTER, Lou Yangbing, Chief Scientist of AIMS, and Shi Zhe, Chief Digital Officer of Foxconn, respectively made a keynote speech on the development of artificial intelligence. They talked about the new trend of intelligent manufacturing, discussed the development status, main problems and solutions of intelligent manufacturing, conducted an in-depth analysis on the importance of digitization of the whole process elements such as high-quality data, zero defects and man, machine, material, method, and environment in intelligent manufacturing, and explored the development possibilities and future application directions of artificial intelligence technology.



2023 China metaverse Conference

On December 23, CMC 2023 China metaverse Conference, part of the 2023 ZGC Forum activities, was successfully held in the Curling Hall of Shougang Park. This conference was guided by the ZGC Forum Office, co-sponsored by the Chinese Association for Artificial Intelligence and the People's Government of Shijingshan District, Beijing, and co-organized by CAAI Meta-universe Technology Specialized Committee, China Mobile Migu, LUSTER, Yuanke Fangzhou, and Shoujian Investment. In the spirit of open and diversified communication and cooperation, this conference gathered resources from all walks of life to talk about new insights and trends of meta-universe industry, share the latest academic researches on meta-universe and practice of cutting-edge application scenarios. It provided useful reference for the promotion of future industrial technological innovation and integration development, and made positive contributions to promoting the steady development of China's metaverse industry and accelerating the integration of digital economy and real economy. Next efforts will be made to further strengthen cooperation and linkage, implement cooperation results, and fully promote the construction of metaverse industrial clusters.



Science and Technology Benefit the Society

Since 2023, the company has helped create a large number of programs, film and television works and other typical works through cooperation with CCTV Headquarters, Migu, film and television producers, and successfully "reproduced" the grand view of Tengwang Pavilion with digital technology to create a number of lifelike images. Through cooperation with China Media Group, Migu, film and television producers, the Company has created a large number of programs, film and television works and other typical works since 2023, and successfully "reproduced" the grand view of Tengwang Pavilion with digital technology, and presented a number of lifelike images.

Built a Digital Intelligence Creative Stage for the Spring Festival Gala



In the program "Mountains, Rivers and Poems of Chang'an" at the Spring Festival Gala, Yuanke Vision, a wholly-owned subsidiary of LUSTER, utilized the FZmotion optical motion capture system to provide stable and accurate motion data support for the animated performance of "Li Bai" in the AR scene of the mobile terminal. The combination of motion capture technology and real-time animation rehearsal can promptly adjust the performance status of action capture actors to meet the requirements of animation roles, achieve "what you see is what you get", and improve the quality and efficiency of the overall project delivery of the Spring Festival Gala!



In the creative dance "Koi", the real-time rendering virtual system provided by Yuanke Vision, a wholly-owned subsidiary of LUSTER, brought the audience a fabulous visual feast combining human and scenery, vividly restored the graceful posture of koi in the water, and perfectly presented the good wishes of richer and richer and good luck.

Joined Hands with Virtual Anchor C to Empower the Live Broadcast of the Two Sessions

During the Two Sessions in 2023, the special pioneer dialogue program "Wonders of China" hosted by C launched three live broadcasts, talking about the Milky Way of the universe and the rapid development of science and technology, analyzing the increasingly vigorous national instruments, and interpreting the hot artificial intelligence ChatGPT. CCTV network virtual anchor C worked with LUSTER and brought a hardcore interview live experience of XR virtual reality fusion.



The New Technology of Virtual Shooting in the Golden Rooster Venture Capital Science Fiction Film

Yuanke Vision, a wholly-owned subsidiary of LUSTER, was invited to participate in the Golden Rooster Venture Capital Conference in 2023 as a virtual shooting technical supporter for the Top 5 Science fiction Film Projects.



The production of this pilot concept film is supported by the virtual shooting technology of Yuanke Vision, which allows the director to give the rein to his unique science fiction creativity and imagination in the project, and is realized by virtual shooting, providing the creator with greater creative freedom and greatly improving the production efficiency.



High-quality Belt and Road Cooperation

On the afternoon of November 25, 2023, the opening ceremony of the Cultural Festival of the Republic of Kazakhstan and the launch ceremony of the China-Kazakhstan Youth Friendship Digital Figures were held in Beijing. During the event, the short video film "Just like You" was officially released, marking the debut of China-Kazakhstan Youth Friendship Digital Figures. The technical support of digital figure construction is provided by the optical field common technology platform under the guidance of Beijing Municipal Science and Technology Commission and Zhongguancun Administrative Committee. The platform construction is led by LUSTER and Migu.

In the debut video, the two digital young people show their indomitable spirit in the face of setbacks and confidence on their hobbies, bravery to break traditions and seek innovative thinking modes. The image of China-Kazakhstan youth friendship figures symbolizes the profound friendship between the young people of the two countries, and the two young figures will also start their own digital life.



"Reproduced" the Grand View of Tengwang Pavilion with Digital Technology

Produced by the State Key Laboratory of the China Media Group in cooperation with LUSTER Yuanke Vision, the cultural tourism metaverse promotional film with Wang Bo as the main character story—"Return of Wang Bo" was released at the 2023 World Conference on VR Industry. The three-minute short film reproduced the style of Wang Bo, the head of the Four Great Poets in the Early Tang Dynasty. With the help of large-scene intelligent light field reconstruction technology, the magnificent vigor of the ancient building—Tengwang Pavilion was reproduced on a scale of 1:1. People were amazed at the beauty of the architecture featuring "cornices and brackets towering in the clouds, carved beams and painted buildings throughout the ages"!

In the short film, LUSTER Yuanke Vision vividly reproduced the poet "Wang Bo" who was amazed at the beautiful view in the pavilion based on UE5.2+Rivermax ST2110 new XR&VP architecture.



Care for the Elderly

Dr. Yao Yi, Chairman of LUSTER, donated to the nursing home for two consecutive years, showing his care and blessings for the elderly. The donation of RMB 1.5 million made in his personal name was intended to rebuild the nursing home in 2023, so that the lonely elderly could have a home and embrace love.

Cornerstone Laying Ceremony of the Nursing Home

In order to start the Nursing Home Reconstruction Project, the cornerstone laying ceremony of the Nursing Home led by the local government was held. The President Office of the Company attended the cornerstone laying ceremony of Xichong County Qingshi Town Nursing Home on behalf of the Chairman.



Appendix I Key Performance Data

Sub-item	Indicator	Unit	2023	2022
Economic Performance	Direct economic value	RMB million	2,641	2,749
	Total assets	RMB million	5,085	5,014
	Cash dividends	RMB million	50	58
	Basic earnings per share	RMB/share	0.35	0.46
Governance Performance	Number of training sessions on anti-corruption	session	6	\
	Number of employees participating in anti-corruption training	person	96	\
	Total hours of anti-corruption training received by employees	hour	100	\
	Number of internal corruption reports received	session	3	\
	Anti-Corruption projects	project	2	\
	Total number of confirmed incidents of corruption	incident	1	\
	Legal proceedings for confirmed incidents of corruption	proceeding	1	\
Environmental Performance	Emissions			
	Total greenhouse gas emissions	Ton	0	0
	Scope 1 greenhouse gas emissions	Ton	0	0
	Scope 2 greenhouse gas emissions	Ton	0	0
	Total amount of exhaust gases	10,000 m ³	24	24
	Tin and its compounds (ND)	mg/m ³	1.7*10-5	1.8*10-5
	Non-methane hydrocarbon	mg/m ³	0.35	1.2
	Total domestic wastewater	Tons	6,206	5,187
	PH	Dimensionless	7.4-7.5	7.4-7.5
	Suspended solids	mg/L	38	24
	CODcr	mg/L	299	85
	Ammonia nitrogen	mg/L	24.6	30.9

Sub-item	Indicator	Unit	2023	2022
Environmental Performance	Total phosphorus	mg/L	3.61	3.14
	Total waste generated	Ton	3.747	1.503
	Total non-hazardous production waste	Ton	3.56	1.5
	Cardboards	Ton	1.30	0.3
	Plastics	Ton	0.76	0.4
	Pallets	Ton	1.50	0.8
	Density of non-hazardous production waste	T/RMB 100 million of revenue	0.13	0.55
	Total hazardous solid waste produced	Ton	0.187	0.003
	Waste activated carbon filters	Ton	0.006	0.003
	Waste packaging drums	Ton	0.01	\
	Waste rags and circuit boards	Ton	0.171	\
	Intensity of hazardous solid waste	T/RMB 10,000 of revenue	0.007	0.0001
	Use of resources			
	Total electricity consumption	KWh	406	394
	Power density	kWh/RMB 100 million of revenue	15.37	14.33
	Total natural gas consumption	m ³	81,632	102,040
	Density of natural gas consumption	m ³ /RMB 100 million of revenue	3090.95	3711.90
Total water consumption	m ³	19,018	17,103	
Density of total water consumption	m ³ /RMB 100 million of revenue	720.11	622.15	
Employment				
Number of employees hired	person	1,981	2,060	
Classification by gender				

Sub-item	Indicator	Unit	2023	2022
Social Performance	Male	person	1,584	1,628
	Female	person	397	432
	Classification by type of employment			
	R&D personnel	person	777	829
	Production personnel	person	150	147
	Sales personnel	person	322	321
	Financial personnel	person	39	46
	Procurement personnel	person	81	85
	Administrative personnel	person	222	240
	Technical support personnel	person	390	392
	Classification by age			
	30 and below	person	651	843
	31-40	person	1,131	1,069
	Above 40	person	199	148
	Classification by educational background			
	Associate Degree and below	person	632	634
	Bachelor's Degree	person	829	932
	Master's Degree	person	503	474
	Doctorate Degree	person	17	20
	Employee turnover rate	%	22.17%	20.83%
	Turnover rate by gender			
	Turnover rate of males	%	22.79%	21.83%
	Turnover rate of females	%	19.78%	17.11%

Sub-item	Indicator	Unit	2023	2022
Social Performance	Turnover rate by age			
	30 and below	%	26.64%	22.60%
	31-40	%	19.27%	20.80%
	Above 40	%	21.33%	11.76%
	Talent Training and Development			
	Amount of training investment	RMB10,000	188	131
	Total training hours	hour	22,946	26,984
	Annual training hours	hour	22,946	26,985
	Total number of trainees	person	2,068	2,534
	Number of online participants	person	1,443	2,016
	Number of offline participants	person	625	518
	Number of trainees by employee rank			
	Senior management	person	12	5
	Middle management	person	70	70
	Ordinary employees	person	1,500+	1,100+
	Number of new trainers during the year	person	8	7
	New trainers by gender			
	Male	person	6	5
	Female	person	5	2
	Total number of training courses	course	591	500
	Employee Health and Safety			
	Percentage of employee social security	%	100%	100%
	Percentage of employees with supplementary medical care	%	100%	100%

Sub-item	Indicator	Unit	2023	2022	
Social Performance	Number of occupational disease cases	Case	0	0	
	Work-related deaths	Case	0	0	
	Management of industry chain related parties				
	Percentage of suppliers signing anti-corruption agreements	%	66.3%	47.8%	
	Supplier Training	supplier	28	16	
	Customer Complaint Density	Complaint/Unit	0.07	0.09	
	Complaint Closure Rate	%	100%	100%	
	Customer Satisfaction	%	90	89	
	Number of Product Quality Improvements	improvement	1,462	1,650	
	Number of Product Quality Closed-loops	closed-loop	1,345	1,435	
	Closure Rate for Product Quality Problems	%	92%	87%	
	R &D Innovation				
	Amount of R&D Investment	RMBmillion	460	376	
	R&D Expense Ratio	%	22.33%	13.67%	
	R&D Headcount	persons	777	829	
	Proportion of R&D Headcount	%	39%	40%	
	Proportion of R&D Headcount by Educational Level				
	Proportion of Undergraduates and Below	%	52.90%	58.62%	
	Proportion of Postgraduates	%	45.69%	39.32%	
	Proportion of Doctors	%	1.42%	1.57%	
	Number of New Patents	patent	199	115	
	Total Number of Patents	patent	709	510	

Sub-item	Indicator	Unit	2023	2022
Social Performance	by Patent Type			
	Patents for Inventions	patent	311	252
	Patents for Utility Models	patent	344	218
	Design Patents	patent	54	40
	Software Copyrights	copyright	263	232
	Trademarks	trademark	219	190

Appendix II Index of GRI Indicators

Instructions for Use The information cited in this GRI Content Index is reported by LUSTER with reference to the GRI Standards from January 1, 2023 to December 31, 2023

GRI1 Used GRI 1: Foundation 2021

GRI Standards	Disclosed Item	Index Section	Index Page
GRI2: General Disclosures 2021			
2-1	Organizational Details	About LUSTER	6
2-2	Entities included in the organization's Sustainable Development Report	About LUSTER	6
2-3	Reporting Period, Frequency of Reporting and Contact Person	About This Report	75
2-4	Restatement	Key Performance Data	67-69
2-6	Activities, Value Chains and Other Business Relationships	A Responsible Supply Chain Responsible Products Responsible Brands	18-26
2-7	Employees	Talent Training	24-39
2-9	Governance Structure and Composition	Corporate Governance	28-29
2-10	Nomination and Selection of the Highest Governing Body	Corporate Governance	28-29
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance	28-29
2-13	Delegation of responsibility for managing impacts	Corporate Governance	28-29
2-14	Role of the highest governance body in sustainability reporting	About This Report	75
2-17	Collective knowledge of the highest governance body	Corporate Governance	28-29
2-22	Statement on Sustainable Development Strategies	Sustainable Development Analysis and Actions Sustainable Development Goals	12-13

GRI Standards	Disclosed Item	Index Section	Index Page
2-23	Policy commitments	Organizational Contribution Regulating Governance Talent Training Environmental Protection	18-65
2-24	Integration policy commitments	Organizational Contribution Regulating Governance Talent Training Environmental Protection	18-65
2-25	Procedures for remedying negative impacts	Stakeholder Communication	15
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Communication	15
2-27	Compliance with laws and regulations	Corporate Governance Compliance Operation	28-31
2-29	Approach to stakeholder engagement	Stakeholder Communication	15
GRI3: Material Issues 2021			
3-1	Process for Identifying Material Issues	Analysis of Material Issues	16
3-2	List of of Material Issues	Analysis of Material Issues	16
GRI201: Economic Performance 2016			
3-3	Management of Material Issues	Key Performance Data	67-69
201-1	Direct Economic Value Generated And Distributed	Key Performance Data	67
201-2	Defined Benefit Plan Obligations and Other Retirement Plans	Human Rights Protection	36
GRI202: Market Performance 2016			
3-3	Management of Material Issues	Talent Attraction and Retention Responsible Products Responsible Brands	67 18-25

GRI Standards	Disclosed Item	Index Section	Index Page
GRI205: Anti-Corruption 2016			
3-3	Management of Material Issues	Compliance Operation	30-31
205-1	Operations Assessed for Risks Related to Corruption	In-corruption Risk Prevention	30-31
205-2	Communication and Training about Anti-corruption Policies and Procedures	Anti-Corruption Reporting	31
205-3	Confirmed Incidents of Corruption and Actions Taken	Anti-Corruption Reporting	31
GRI 206: Anti-competitive Practices 2016			
3-3	Management of Material Issues	Building Industrial Ecology	63-64
GRI302: Energy 2016			
3-3	Management of Material Issues	Energy Management	61-62
302-1	Energy Consumption within the Organization	Energy Management	61-62
302-3	Energy Intensity	Key Performance Data	67
302-4	Reduction of Energy Consumption	Energy Management	61-62
GRI303: Water Resources and Wastewater 2018			
3-3	Management of Material Issues	Green and Low-carbon Operations	58-60
303-1	Interactions with water as a shared resource	Emissions Management	58-60
303-2	Management of water discharge-related impacts	Emissions Management	58-60
303-4	Water discharge	Wastewater Discharge	59
303-5	Water consumption	Emissions Management	58-59
GRI306: Waste 2020			
3-3	Management of Material Issues	Green and Low-carbon Operations	58-60
306-1	Waste generation and significant waste-related impacts	Waste Management	59
306-2	Management of significant waste-related impacts	Waste Management	59
306-3	Waste generated	Green and Low-carbon Operations	59
306-5	Waste diverted from disposal	Green and Low-carbon Operations	59

GRI Standards	Disclosed Item	Index Section	Index Page
GRI308: Supplier Environmental Assessment 2016			
3-3	Management of Material Issues	A Responsible Supply Chain	20-22
308-2	Negative environmental impacts in the supply chain and actions taken	A Responsible Supply Chain	20-22
GRI 401: Employment 2016			
3-3	Management of Material Issues	Talent Attraction and Retention	38-42
401-1	New employee hires and employee turnover	Talent Recruitment Key Performance Data	38 67-68
401-2	Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees	Human Rights Protection	36
401-3	Parental Leave	Human Rights Protection	36
GRI 402: Labor/Management Relations 2016			
3-3	Management of Material Issues	Human Rights Protection	36
GRI403: Occupational Health and Safety			
3-3	Management of Material Issues	Employee Health and Safety	46-50
403-1	Occupational Health and Safety Management System	Safeguarding Employee Safety Work Safety Accountability System	46
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Accident Investigation and Punishment Process	47
403-3	Occupational Health Services	Employee Health	49-50
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Employee Health	49-50
403-5	Worker Training on Occupational Health and Safety	Employee Health	49-50
403-6	Promotion of Worker Health	Employee Health	49-50
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	Employee Health	49-50
403-9	Work-Related Injuries	Employee Health	50
GRI 404: Training and Education 2016			
3-3	Management of Material Issues	Talent Training and Development	43-45

GRI Standards	Disclosed Item	Index Section	Index Page
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Establishment of a Comprehensive Training System	43-45
GRI405: Diversity and Equal Opportunity 2016			
3-3	Management of Material Issues	A Diverse Team Talent Recruitment	37 38
405-1	Diversity of Governance Bodies and Employees	A Diverse Team	37
GRI 406: Anti-Discrimination 2016			
3-3	Management of Material Issues	Human Rights Protection	36
GRI 408: Child Labor 2016			
3-3	Management of Material Issues	Human Rights Protection	36
GRI409: Forced or Compulsory Labor 2016			
3-3	Management of Material Issues	Human Rights Protection	36
GRI413: Local Communities			
3-3	Management of Material Issues	Giving back to the Community with Love	63-66
413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	Giving back to the Community with Love	63-66
GRI414: Supplier Social Assessment 2016			
3-3	Management of Material Issues	A Responsible Supply Chain	20-22
414-1	New Suppliers that were Screened Using Social Criteria	A Responsible Supply Chain	20-22
414-2	Negative Social Impacts in the Supply Chain and Actions Taken	A Responsible Supply Chain	20-22
GRI416: Customer Health and Safety 2016			
3-3	Management of Material Issues	A Responsible Supply Chain Responsible Products	18-22
416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	Responsible Products	18-22
416-2	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	Quality Management System	18-19
GRI418: Customer Privacy 2016			
3-3	Management of Material Issues	Information Security Protection	32-33

About This Report

Report Statement

This is the Environmental, Social and Governance ("ESG") Report of LUSTER LightTech Co., Ltd. (hereinafter referred to as "LUSTER" and the "Company"), which provides a comprehensive overview of the Company's sustainable development concept, work plan and practice progress in 2023.

Scope of Report

The scope of the Report covers LUSTER and its subsidiaries for the period from January 1, 2023 to December 31, 2023.

Reference Standards

This Report has been prepared with reference to the United Nations Sustainable Development Goals and the GRI Sustainability Reporting Standards, and in conjunction with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange STAR Market.

Data Source

The information and data used in this Report are obtained from relevant internal documents, statistical reports and financial reports. The data of the Financial Report is consistent with the data of Audited 2023 Annual Report.

Review and Approval

This Report was reviewed and approved by the Board of Directors on April 26, 2024.

Release of Report

The electronic version of this Report is available on the LUSTER Investor Relations official account and the website of Shanghai Stock Exchange (www.sse.com.cn).

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