

LUSTER 凌云光

Stock Code: 688400

2024

LUSTER LightTech Co., Ltd.

**Corporate Value and
Return Enhancement
Action Plan**

**—“AI+Vision”+Industry,
Enable Intelligent Manufacturing**



Focus on Primary
Business
Development

Focus on
Technology
Improvement

Optimize Business
Management

Strengthen
Standardized
Operations

Enhance the
Investment Value

Focus on
Shareholder
Returns

LUSTER 凌云光

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Action Plan**

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Continuously focus on improving quality and efficiency

Activate growth drivers and emphasize returns

Preface

In response to the initiative of Shanghai Stock Exchange, practice the "investors first" development concept of listed companies, improve investor returns, safeguard the interests of all shareholders of LUSTER LightTech Co., Ltd., the Board of Directors has formulated the "2024 Quality, Efficiency and Returns Improvement Action Plan" based on confidence in the Company's future development prospects, recognition of the Company's value and practical fulfillment of social responsibilities. This Action Plan is intended to improve the management quality of the Company through a series of specific measures, promote the Company's high-quality sustainable development, enhance investor returns, and achieve a win-win situation between the Company and investors.



An aerial view of the "Industrial Artificial Intelligence Taihu Industrial Base" built by the Company in Wuzhong District, Suzhou

I. Focus on Primary Business Development and **Build a Sustainable and High-value Company**

2024—Focus on "AI+Vision"

According to the "Guiding Opinions of Eight Ministries including the Ministry of Industry and Information Technology on Accelerating the Transformation and Upgrading of Traditional Manufacturing Industries" [Gong Xin Bu Lian Gui [2023] No. 258], promoting the transformation and upgrading of traditional manufacturing industries is a strategic choice to actively adapt to and lead a new round of scientific and technological revolution and industrial change. It is related to the overall establishment of a modern industrial system. China's emphasis on and support for the transformation and upgrading of intelligent manufacturing will inevitably further catalyze the demand for "AI+ vision" in the modern industrial system.

Grow after building the base. The high-quality sustainable development of the Company's main business is the basis for enhancing investor returns.

In 2024, the Company will continue to focus on the business development of the main channel, consolidate the value investment foundation, enhance its own investment value, and grow into a high-quality investment entity trusted by investors, and a sustainable and high-value company.

I. Focus on Primary Business Development and Build a Sustainable and High-value Company

In recent years, the Company has continued to focus on the main channel of machine vision, improved the revenue structure, and maintained a high-quality development momentum. With the gradual reduction of the demographic dividend, the enterprises are faced with an increasingly prominent pressure on labor costs, and the global manufacturing industry is met with intensifying competition. Empowering traditional industries and realizing the transformation and upgrading of intelligent manufacturing with the help of artificial intelligence, machine vision, automation and other technologies is the glorious mission given to us by the times.

LUSTER Business

LUSTER continues to focus on the development of the "AI+ vision" main channel business to help customers realize digital and intelligent production.

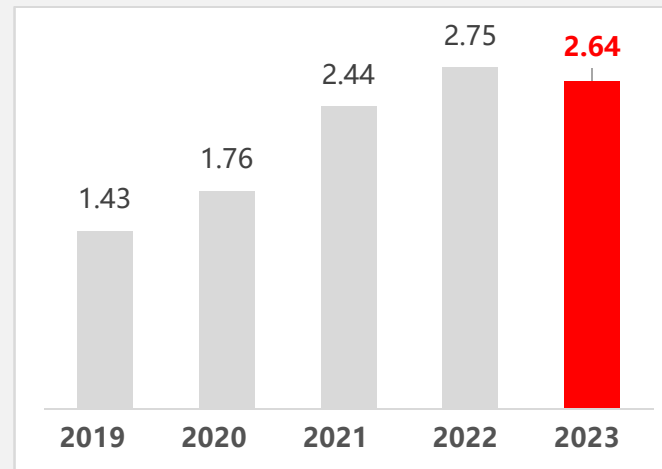
In recent years, the Company has overcome the difficulties of the external environment, adhered to empowering intelligent manufacturing and creative content production with "AI+ vision". The machine vision main channel business has achieved sustained and steady growth; the overall business structure has been further optimized, and the three strategic track businesses have obtained strategic outputs.

Sales Revenue

RMB 2.64 billion

CAGR

16.6%

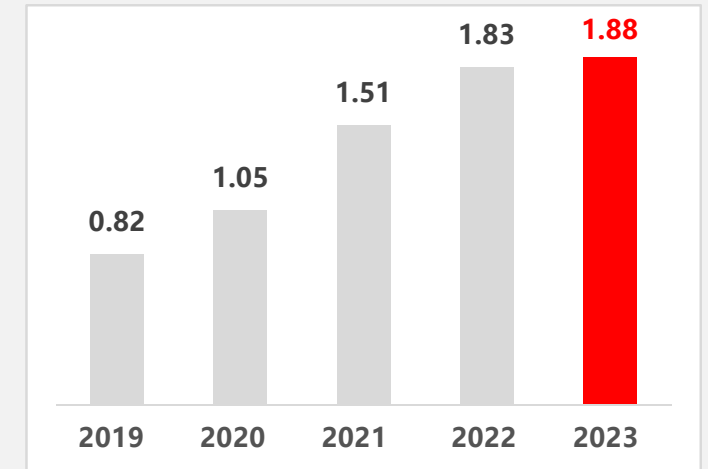


Machine Vision Revenue

RMB 1.88 billion

Revenue Share

71%



II. Focus on Technology Improvement and **Build a Competitive and High-growth Company**

Focus on technology R&D and product applications

Understanding and assessing the current situation, and developing new quality productive forces are the new trend of modern economic development, the key focus of reshaping new competitive advantages, and the decisive force to stimulate new momentum in the new development stage.

The Company will continue to focus on "AI+ vision" business, create new industrialization, forge new quality productivity, and lead industrial transformation and upgrading by empowering intelligent industrial manufacturing and intelligent production of cultural metaverse content.

The Company will continue to increase its strategic research and development investment in the field of AI and vision, and focus on building sustainable technology, product innovation capabilities and talent training systems. Based on the four core underlying technologies of advanced imaging, intelligent algorithms, intelligent software and intelligent automation, we will strengthen the abilities to transform technology into product applications, and continue to launch new products that are deeply integrated with various industries.

Industrial Promotion by Quality Win by Intelligence



II. Focus on Technology Improvement and Build a Competitive and High-growth Company

Committed to growing into a global leader in the field of visual artificial intelligence and optoelectronic information

01

Effective talent innovation
Incentive and training mechanisms

02

Effective R&D management system

03

Continuously improved technologies
Innovative results-based protection mechanism

04

Continuously maintain adequate investment in R&D

05

Actively promote technological exchanges and cooperation in China and abroad

In 2024, the Company will take the above specific measures to further strengthen the technological leadership in advanced imaging, intelligent algorithms, intelligent software and intelligent automation, improve the speed, accuracy and stability in various application scenarios, enhance the intelligent analysis function of industrial software, improve the overall level of machine vision technology, and expand the industrial scenarios that can be applied. According to the needs of customers on the application side, we will also increase the application technology research and development in consumer electronics, new energy, cultural metaverse and other industries, actively study the algorithms in complex scenarios, human eye limit shallow defect detection, all-round body collection system and other industry problems. Moreover, we will continue to provide customers with creative products and solutions with technological innovation, serve more production processes and production processes in various industries and China's intelligent manufacturing.

II. Focus on Technology Improvement and **Build a Competitive and High-growth Company**

R&D Results

As of December 31, 2023



Cumulative number of patent applications

1,435



Cumulative number of patents awarded

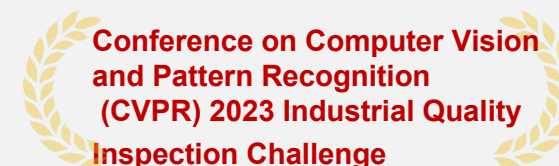
709



Cumulative number of national, industry and group standards issued by the Company

19

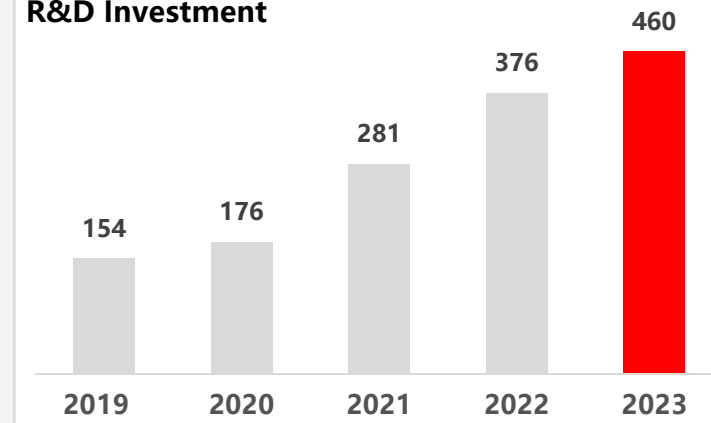
Major awards received in 2023



R&D Investment

The Company continues to increase investment in research and development, working for long-term strategic development.

R&D Investment



R&D Investment

RMB 460 million

CAGR

31%

R&D Expense Ratio

16.3%

Year-on-year Increase of the Ratio

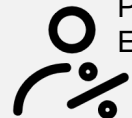
2.7PCT

R&D Team



R&D Personnel

777



Percentage in Corporate Employees

39%



Percentage of Postgraduates and Doctors

about 50%

II. Focus on Technology Improvement and Build a Competitive and High-growth Company

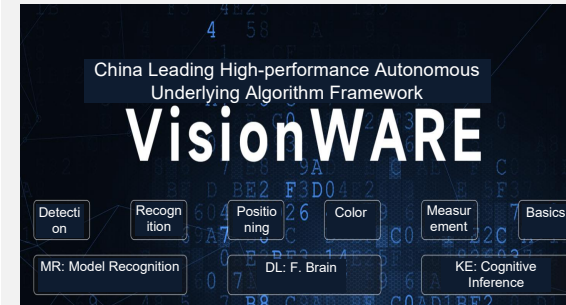
The Company is based on the four major underlying technologies, realizing technological upgrades and new product applications, and effectively enhancing market competitiveness.

Advanced Imaging



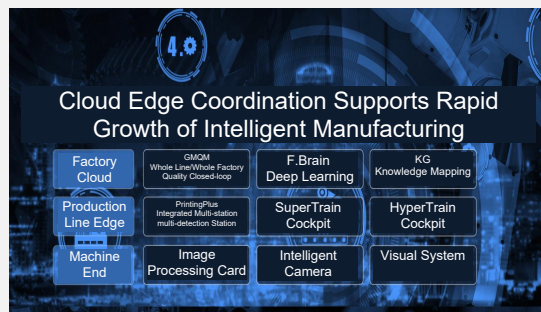
In 2023, the Company enhanced its product capabilities of 3D structured light imaging, multi-spectral imaging, infrared imaging and other technologies in advanced imaging technology, and launched a series of self-developed cameras as breakthrough solutions to the detection problems of multi-pixel imaging, 3D imaging, and internal defect imaging. Widely used in consumer electronics, semiconductors, new energy, automobiles and other scenarios, these products have further improved the self-developed supply ratio of cameras.

Intelligent Algorithms



The Company has further advanced the capability of deep learning modules through its intelligent algorithm software platform VisionWARE, and establishes the deep learning algorithm platform F.Rain for the industrial field. It builds large visual models on the basis of millions of industrial data sets and fills the gap of large visual models in the industrial field. Through the AIGC defect generation model, the problem of small samples of industrial defect detection is solved.

Intelligent Software



In the face of different downstream processes and management processes of industrial manufacturing, the Company has established a 5-layer software technology architecture for the end, edge and cloud respectively, and has combined production data and industry expertise with knowledge graph and intelligent analysis. A closed loop of big data quality management is thus realized, further improving the ability of data analysis and management.

Intelligent Automation



In terms of intelligent automation capabilities, the Company relies on the addition of vision and AI algorithms, breaking through the difficulties of flexible manufacturing, small and precise internal structure, and high precision requirements, and first achieved a 99% success rate of wire fastening and micro screw locking in the industry, solving the "bottleneck" problem of the traditional automation industry, and achieving a high degree of coordination of hand, eye, force and brain.

III. Optimize Business Management and Build a Steady Growth and High-quality Company

We will optimize management in terms of operational efficiency, talent incentives, corporate culture, and managerial responsibility.

Improve operational efficiency management

In 2024, the Company will continue to deepen the IPD transformation, effectively integrate the IPD process with its various business scenarios, and form an IPD process and integrated management system that matches its business model and current development stage. The Company will also further promote the upgrading of information technology, comprehensively upgrade information technology on the financial FSSC fee control system, marketing CRM system optimization, supply chain SRM system, human attendance management system and business organization performance management, and constantly improve internal operating efficiency.

Strengthen corporate management culture

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.

In 2024, the Company will continue to implement the core values, so that employees can gain a deeper understanding of its long-term vision, stimulate the internal power of corporate development, and help the team make efficient decisions. This will also enhance the overall image of the Company, attract more customers and partners, and bring more market opportunities and higher operating efficiency to the Company.

Optimize talent incentive mechanism

The Company will continue to vigorously advance the existing employee training plan, deepen the establishment of talent management system, and establish special training and development channels for core talents.

In the future, the Company will continue to implement restricted stock incentive plans or employee stock ownership plans. This will fully motivate the core backbones and produce corresponding constraints, unify the interests of employees, the Company and shareholders, and thus inject strong impetus into the long-term and steady development of the Company.

Strengthen the responsibilities of critical minority

The Company has put in place an incentive and restraint mechanism in line with the requirements of modern enterprise management system, clarified the responsibilities of the management team, included business performance and compliance management into the scope of compensation performance assessment, and encouraged them to perform their duties efficiently. The Company will also further strengthen close communication with the "critical minority" personnel, track the implementation of the commitments of relevant parties, constantly improve their risk awareness and compliance awareness, and effectively promote high-quality corporate development.

III. Optimize Business Management and Build a Steady Growth and High-quality Company

We will give play to the leading role of key minority personnel and independent directors.

"Critical Minority"

In response to the leading and backbone role of the "key minority" personnel in the Company, the Company will take the following measures in 2024:

1-Regularized training to ensure compliance in execution of duties

The Company will strengthen the compliance training for the directors, supervisors and executives, provide regular and long-term training, and urge directors, supervisors and executives to participate in the special training organized by CSRC, Shanghai Stock Exchange, China Association for Public Companies, Beijing Association for Public Companies, law firms and continuous supervision institutions. Such training is to ensure that the directors, supervisors and executives can effectively identify and manage potential compliance risks while leading the development of the Company, and provide a solid guarantee for sustainable corporate development.

2-Clarified responsibilities and powers to improve the quality of decision-making

The Company has further clarified the individual functions and responsibilities of the management, established an internal system that connects and constrains each other, and put in place a well-defined accountability mechanism to track and evaluate the results of decisions, ensure that the directors, supervisors and executives take responsibility for their decisions, and encourage them to make high-quality decisions.

3—Coupling compensation with performance for efficient decision-making

The Company has introduced a compensation policy that is closely linked with performance assessment and annual business performance to encourage the "key minority" personnel to actively improve the corporate performance and pay attention to the shareholders' returns. This is conducive to promoting their efficient decision-making, realizing the risk sharing and benefit sharing between the "key minority" personnel and the Company and shareholders, and contributing to efficient corporate development.

Effectively Give Play to the

The three independent directors appointed by the Company are all senior professionals in various fields. With their profound professional knowledge, they help the Company make more scientific and standardized decisions, and play an important role in participating in decision-making, supervising and balancing, and providing professional consultation, and give full play to the role of independent directors in guaranteeing the interests of minority shareholders.

Ms. Wang Kun, Accounting Professional

Tenured Associate Professor at the School of Economics and Management, Tsinghua University, with more than 20 years of teaching experience, a doctorate degree and associate professor qualification

Provide professional advice for the Company's financial strategic planning, internal control, investment decision-making, cost control and revenue analysis, and help the Company optimize its financial management and improve the efficiency and quality of auditing.

Mr. Xi Xiaohong, Legal Professional

Senior Consultant of DOCVIT Law Firm, Master of Law from Cambridge University, concurrently serving as Director and Supervisor for multiple companies.

Provide professional advice on risk assessment and review in corporate governance, compliance management, intellectual property protection, making major decisions, etc.

Mr. Sun Fuchun, Artificial Intelligence Professional

Professor at the Department of Computer Science and Technology, Tsinghua University, with more than 20 years of teaching experience, a doctorate degree and professor qualification

Guide LUSTER on the direction of AI technology and product development, and provide professional advice and recommendations regarding technology investment, product development and market expansion of the Company.

IV. Strengthen Standardized Operations and **Build a Trustworthy and Highly Reputable Company**

We will adopt multiple measures to strengthen the normative operation capacity.

Light the People Light the World

World Class Vision Inspection and Quality Management
Solutions and Products

01

**Standardize internal
systems
Improve corporate
governance**

The Company will further refine and implement the relevant requirements in its internal governance mechanism and standardize its internal systems in combination with the latest regulations on independent directors and shareholders' returns in the higher-level laws.

The Company attaches great importance to the important role of ESG work for enterprises, actively assumes social responsibility, incorporates ESG requirements into its medium and long-term development strategic goals, and continuously improves the corporate governance system centered on sustainable development.

02

**Strengthen internal
training
Enhance compliance
awareness**

LUSTER will strengthen the training of directors, supervisors, executives and business leaders, implement its information disclosure responsibility matrix, enhance the risk awareness and compliance awareness of department heads involved in information disclosure and risk matters, and ensure the standardized and compliant operation of internal processes.

03

**Strengthen risk control
Realize sound
operation**

The Company will further strengthen internal risk management, normalize the inspection and supervision at the business process level, strictly investigate the problems of dereliction of duty, violation of rules and discipline, promote more standardized and efficient business operation, and effectively improve the level of corporate governance.

04

**Optimize quality of
information disclosure
Enhance investor
relations management**

LUSTER will strictly follow the requirements of laws and regulations, put the interests of investors in a more prominent position on the basis of compliance with information disclosure and investment, conduct more adequate multi-directional and multi-dimensional two-way communication with investors, and better achieve value transmission of the Company.

IV. Strengthen Standardized Operations and **Build a Trustworthy and Highly Reputable Company**

We will prioritize strengthening the management of information disclosure and investor relations management, and improving the standard operation level.

Optimize quality of information disclosure

In 2024, the Company will complete the disclosure of information with higher quality standards to enhance investors' trust in LUSTER and better realize our value transmission. Measures are as follows:

1 - Adhere to orientation to investor needs, highlight the importance and relevance of information disclosure, disclose information that is useful for investors to make value decisions, and pay particular attention to the disclosure of key information such as the Company's business development, the situation of the industry in which it operates, and risk factors.

2 - Adhere to a starting point from investor needs, enhance the visualization of information disclosure and improve the readability and effectiveness of information disclosure with the help of charts and other forms of key information, thus help investors gain a more intuitive and vivid understanding of the Company's operating results, financial status and development strategy.

Enhance investor relations management

In 2024, LUSTER will continue to enrich the means of investor communication, broaden the channels of communication with investors, improve corporate transparency, and enhance the recognition of the value of the Company in the capital market by the following measures:

1- Actively carry out investor exchange activities. In addition to the performance presentation held during the regular performance disclosure, the Company will also establish two-way and effective communication with investors through multiple means and channels such as on-site visits, Comein Finance, Shanghai E interaction, investor hotline, and investor public mailbox.

2- Continuously optimize the communication strategy, promptly and accurately convey the phrased results of business operation and research and development to investors, achieve a deeper level of understanding and trust, and regularly report to the Board of Directors and management of the capital market consultation and feedback information, to ensure that the Board of Directors and management promptly understand the market changes and concerns, improve the scientificity and rationality of management decisions.

V. Enhance the Investment Value and Build a Deeply Responsible and High-return Company

We will coordinate endogenous and exogenous development.

The Company continues to actively expand the Chinese and overseas markets to match customer needs, and has set up 21 global branches in major provinces and cities across China, the United States, Vietnam, India and other overseas markets. Since its listing, the Company has actively allocated upstream and downstream investment in the industrial chain, improved the integration ability of the industrial chain, and achieved high-quality collaborative development of various business sectors. As of the date of disclosure of this Report, the Company has made equity investments in 14 companies.

In 2024, the Company will continue to pay attention to potential market opportunities, carry out investment work around the established strategic development plan, develop intensively and steadily, actively explore the integration and improvement of industrial layout through capitalization operation mode, and steadily improve its innovation ability, comprehensive competitiveness and long-term growth potential.

The Company will comply with laws and regulations, fully utilize various tools of the capital market, and practice the development strategy of combining business and capital. Through strategic investment, mergers and acquisitions and other diversified means, we will focus on the core links and technical fields of the industrial chain, make precise investments, effectively promote the quality and efficiency of the primary business, and inject new impetus and growth potential for sustainable corporate development.

VI. Focus on Shareholder Returns and Build a Profit-sharing and High-return Company

Cash dividends

The Company has always attached great importance to investor returns, and has continued to pay cash dividends since its listing. The proportion of cash dividends has exceeded 30%, and the Company has substantially returned investors with practical actions.

In 2024, the Company will continue to establish a scientific, continuous and stable returns planning and mechanism for investors, support the guiding spirit of "active capital market", and evaluate ways to return investors such as medium-term dividends and dividends before the Spring Festival to enhance investors' sense of gain.

Stock repurchase

The Company initiated two stock repurchase programs in October 2023 and in February 2024, respectively.

As a basic institutional arrangement of the capital market, stock repurchase is a good way for the Company to reward investors. In the future, the Company will take multiple measures to enrich the means of investor returns, uphold the sense of responsibility of the public companies, share profits with investors, and actively return investors.

Cumulative repurchase
amount of the above
repurchase plan
As of March 31, 2024

RMB87.0 million

Cumulative repurchase
volume
As of March 31, 2024

3.86 million Shares

Cash Dividend Amount
for the Year 2022

RMB57.9 million

Proposed Cash Dividend
Amount for the Year 2023

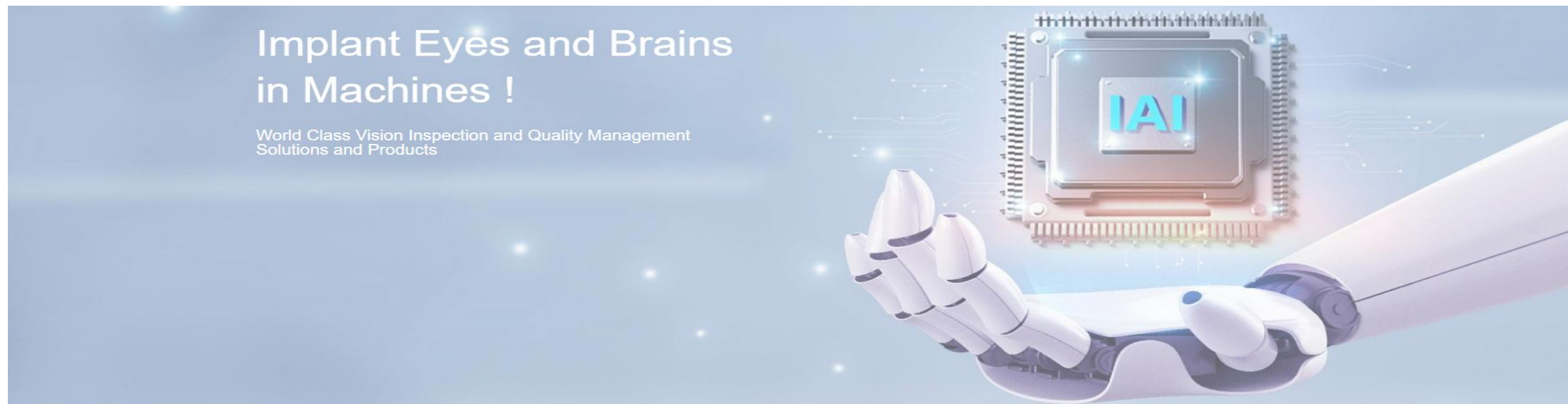
RMB50.4 million

In 2024, the Company will firmly establish a sense of return to shareholders, assume the entity responsibility of enhancing its own investment value, effectively return investors, and grow into a profit-sharing high-return company. Measures are as follows:

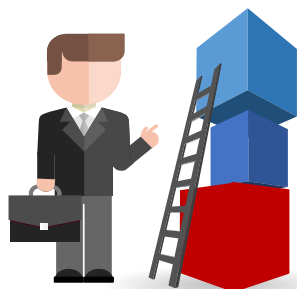
1- Attach great importance to improving the Company's own investment value, consolidate the ability of scientific and technological innovation, pay attention to the market's reflection of the Company's value, that is, the health of the market value, conduct in-depth analysis of the reasons for abnormal fluctuations in the market value, promptly adopt stable measures such as buyback, not reducing holdings or actively increasing holdings to maintain the Company's market value.

2- Establish an internal long-term mechanism to maintain investment value. The Company carries out market value management centered on the theme of **"Building a respected high market value and growth company through market value management and taking value as the main line"**. While ensuring the high-quality and sustainable development of the primary business, the Company is determined to pursue sound and sustained high market value growth.

Note: The profit distribution plan for the proposed cash dividend amount for the year 2023 still needs to be reviewed and approved by the shareholders' meeting of 2023 before it can be implemented.



Continuously focus on improving quality and efficiency, activate growth drivers and emphasize returns



The Company will continue to evaluate the specific measures of the "Quality, Efficiency and Returns Improvement" Action Plan and fulfill its disclosure obligation in a timely manner. In the future, LUSTER will continue to focus on its primary business and enhance its core competitiveness, profitability and risk management capabilities. Through good performance and standardized corporate governance, we will actively return investors, earnestly fulfill the responsibilities and obligations of listed companies, return investors' trust, and maintain a good market image of the Company.

The Company's planning, development strategy and other forward-looking statements involved in this Report are not fait accompli, and do not constitute a substantial commitment of the Company to investors.

**The Board of Directors, LUSTER LightTech Co., Ltd.
April 30, 2024**

