



Company Code: 603288

Company Abbreviation: Hai Tian

Foshan Haitian Flavouring & Food Co., Ltd.

Stock code: 603288

Summary of 2022 Annual Report



April 2023



Section I Important Information

- 1 This summary is sourced from the Annual Report. Investors may visit the website of www.sse.com.cn for more details so that you can have a full understanding of the Company's operating results, financial conditions and future development plan.
- 2 The Board of Directors, Board of Supervisors and all directors and supervisors and senior management of the Company guarantee that all information stated herein is true, correct and complete, containing no false representation, misleading statement or material omission, and they jointly and separately accept the legal liability for all contents provided herein.
- 3 All directors were present at the meeting of the Board of Directors.
- 4 KPMG China (special general partnership) has issued a standard unqualified auditors' report for the Company.
- 5 Profit distribution proposal for the Reporting Period or proposal for conversion of capital surplus into share capital approved by the Board of Directors.

Based on the Company's total share capital of 4,633,833,787 shares at the end of Year 2022, the Company proposes to distribute cash dividend to all shareholders at 7.00 yuan per 10 shares (including taxes) and 2 bonus shares (including tax) per 10 shares, totaling 3,243,683,650.90 yuan cash dividend and 926,766,757 bonus shares.

After the completion of this distribution, the Company's remaining 6,253,640,542.23 yuan was retained as undistributed profit, and the total share capital increased to 5,560,600,544 shares. (The total share capital of the Company is subject to the final registration result of China Securities Depository and Clearing Co., Ltd. Shanghai Branch, and if there is any difference, it is caused by rounding).

This proposal must be submitted to 2022 annual general meeting of shareholders for deliberation.

Section II Company Profile

1 Company profile

The Company's stocks				
Stock class	Exchange where the stock is listed and traded	Stock name	Stock code	Stock name prior to change
A-share	Shanghai Stock Exchange	Hai Tian	603288	

Contacts	Secretary to the Board of Directors	Representative of Securities Affairs
Name	Zhang Xin	Wu Weiming



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2 Business conditions of the Company during the Reporting Period

(I) Industry development

In 2022, influenced by the external environment and the ripples of the economic cycle, the condiment industry also suffered a certain impact, but as a basic food industry, the condiment industry still maintained a relatively robust development trend. The condiment industry is a highly competitive industry. In recent years, a number of brands have embarked into the condiment development track. On the whole, the industry competition has gradually been underlain by the comprehensive strength and innovation ability of enterprises including brand, technology, marketing, manpower, digitalization and other aspects on the basis of emphasis on standardization. The upgrading of the development quality of the industry will be conducive to providing consumers with more high-quality products and further facilitating the redevelopment of the industry.

China's huge demographic dividend endows the Chinese consumer goods market with tremendous potential and enables it to be the market with the strongest consumption potential. As the economy gradually recovers, the adverse factors of past consumption impact will gradually dwindle, and along with the expansion of catering, consumption upgrading, diversification of consumer demand and other factors, the condiment industry is still expected to continue to maintain the growth momentum.

(II) Industry position of the Company

During the Reporting Period, the Company has maintained its leading position in the condiment industry, with production and sales volume both exceeding 4 million tons and ranking first in the industry.

The 2022C-BPI list of China Brand Power Index shows that Haitian has secured the No. 1 brand of soy sauce (for 12 consecutive years), sauce paste (for 3 consecutive years) and oyster sauce (for 3 consecutive years) in condiment industry.

(III) Major businesses of the Company

We have been working hard on our main business of condiments and insisting on producing every bottle of products with the spirit of craftsmen in order to serve every meal of consumers' daily life. We deliver consumers with a variety of classic condiment products ranging from soy sauce, oyster sauce, sauce paste, vinegar, etc. We also introduce new types of compound condiment products based on consumer interaction, thereby offering consumers more choices with an abundance of the product mix.

During the Reporting Period, there were no material changes in the main businesses of the Company.

<p>Haitian soy sauce</p>		<p>The production of Haitian soy sauce has exceeded 2.46 million tons and sales have reached over 13.8 billion yuan, topping China for 25 consecutive years (excluding statistics for 2022) and holding a safe lead. The various soy sauce products cover high-end series, classic series and affordable series. Furthermore, based on consumer application scenarios and preferences, various flavours such as high freshness, low salt content and zero additives are available for multiple cooking purposes such as stir-frying, fish steaming and soup making. With continuous quality upgrades, we render truly delicious but affordable products, and have emerged as consumers' favorite brand of soy sauce, earning the No. 1 brand in the C-BPI soy sauce industry for 12 consecutive years.</p>
<p>Haitian oyster sauce</p>		<p>The production of Haitian oyster sauce stands at more than 860,000 tons, with sales volume exceeding RMB 4.4 billion, which leads the industry. The Company persistently pursues the high-quality strategy, keeps diversifying the product mix of oyster sauce. In addition, the oyster sauce category develops fast relying on sophisticated channels and brand appeal, and the comprehensive competitive edge of the Company further improves.</p>

<p>Haitian flavoured sauce</p>		<p>Haitian flavoured sauce comes in a wide variety, each variety with unique feature, covering multiple cooking scenarios, applicable to plenty of cuisines, with creative and varied application methods. The Company pioneered the first classic soybean sauce and other series of products, as well as the ever-innovative signature sauce for rice and chili sauce with soy sauce, which are very popular among consumers.</p>
<p>Haitian cooking wine</p>		<p>Haitian cooking wine is fully attuned to consumers' needs for use and the Company has targeted a series of differentiated products such as cooking wine with ginger and chive made by traditional technique, yellow wine and refined cooking wine, which have quickly positioned Haitian as a highly competitive brand in the cooking wine segment.</p>
<p>Haitian vinegar</p>		<p>Haitian insists on “real material and sufficient fermentation” for vinegar production, and only produces fermented vinegar. The Company has been upgrading the raw material and process and creating a diversified product mix of traditional vinegar + special vinegar.</p>
<p>Others</p>		<p>Other than soy sauce, oyster sauce, flavoured sauce, cooking wine and vinegar, Haitian products also include various product lines such as granulated chicken bouillon, compound seasoning, rice and noodles, etc. We have devoted ourselves to creating high quality products and good experiences for one-stop kitchen for consumers.</p>

(IV) Business model and operation strategy

(1) Procurement model

Currently, the Company mainly adopts a centralized procurement model. The Company persistently attaches importance to the overall risk level of the supply chain, and food safety, material quality and cost control are the focuses of the procurement process. Additionally, the Company holds fast to open and transparent cooperation and mutual growth, and has entered into long-term and stable cooperative relationships with many high-quality partners. Thanks to the digital procurement platform to clear inventory, price flexibly and compete fairly, the Company has improved the efficiency and effectiveness of the supply chain.

(2) Production mode

The core purpose of the production module is to provide high quality and stable products under mass production. At present, the Company has built production bases in Guangdong, Jiangsu and Guangxi, and adheres to constructing intelligent factories where the whole production process is controlled with automation, information technology and other big data to ensure product quality and boost production efficiency. Meanwhile, the Company also places great emphasis on the development of flexible supply and agile response capability, promoting the integration and collaboration of production, supply and sales, and meeting the diverse needs of customers in time.

(3) Sales model

The Company adopts a distributor-based sales model, and there are also a number of forms of self-operated direct supply, pallet operator service, etc. With a wide distribution network and various channels, the Company has built long-term relationships with plenty of high-quality dealers after years of efforts, and achieved a win-win situation in mutual assistance. In recent years, the Company has also actively embraced the new trend of online consumption and accelerated the layout of online sales business to further open up a new course of sales business. The Company adopts the settlement method of “payment before delivery” to effectively guarantee abundant cash flow and prevent bad debts.

(4) Production process

The Company has always sought to produce soy sauce and soybean paste with traditional brewing technique, sufficient sunbathing and natural fermentation. Moreover, the Company constantly innovates technology in terms of stable quality, quality improvement and green manufacturing, and has basically fulfilled automatic and digital production process integrated with information



technology in order to provide consumers with healthy, well-flavoured and safe food. Take Haitian soy sauce as an example, the Company has independently developed and introduced various advanced flexible automatic production lines from raw materials to finished products, inclusive of fully automatic ultra-high temperature sterilization production line, fully automatic closed disc starter propagation production line, fully automatic continuous pressing production line, etc., achieving full process flexible production of products and meeting personalized demands in the market.

The production process of soy sauce:

Raw material test – raw material cooking – starter propagation – natural fermentation – physical squeezing – sterilization & clarification – production – inspection – packaging – inspection – packing and storage

The production process of oyster sauce:

Raw material test – raw material treatment – cooking of accessory materials – inspection – packaging – inspection – packing and storage

The production process of soybean paste:

Raw material test – raw material cooking – starter propagation – natural fermentation – cooking of accessory materials – production – inspection – packaging – inspection – packing and storage

(5) Brand strategy

Through years of continuous efforts, the brand appeal of Haitian outperforms peers in the industry. With the support of high-quality products, the Company puts unremitting effort into branding based on a holistic view. Capitalizing on conventional media and new media platforms, the Company widely conveys a healthy, safe, professional and trustworthy brand image to consumers, continuously bridging the gap with consumers and enhancing brand influence.

3 Major accounting data and financial indicators

3.1 Major accounting data and financial indicators for recent 3 years

Unit: Yuan Currency: CNY

	Year 2022	Year 2021	Increase/decrease of current year compared with previous year (%)	Year 2020
Total assets	34,059,175,850.30	33,337,724,549.58	2.16	29,533,620,038.66
Net assets attributable to	26,397,676,525.41	23,401,517,470.83	12.80	20,068,416,163.35



shareholders of the listed company				
Operating income	25,609,651,543.29	25,004,031,043.49	2.42	22,791,873,936.49
Net profit attributable to shareholders of the listed company	6,197,716,943.78	6,670,757,811.72	-7.09	6,402,859,991.91
Net profit excluding non-recurring profit or loss attributable to shareholders of listed company	5,965,755,875.29	6,429,852,856.56	-7.22	6,177,209,312.74
Net cash flows from operating activities	3,830,314,321.72	6,323,508,784.06	-39.43	6,950,432,014.98
Weighted average return on net asset (%)	25.52	31.63	Decrease by 6.11 pps	36.13
Basic earnings per share (yuan/share)	1.34	1.44	-6.94	1.38
Diluted earnings per share (yuan/share)	1.34	1.44	-6.94	1.38

3.2 Major accounting data of the Reporting Period (By quarter)

Unit: Yuan Currency: CNY

	Q1 (Jan.-Mar.)	Q2 (Apr.-Jun.)	Q3 (Jul.-Sep.)	Q4 (Oct.-Dec.)
Operating income	7,209,680,841.70	6,322,472,000.97	5,562,145,426.53	6,515,353,274.09
Net profit attributable to shareholders of the listed company	1,829,044,728.66	1,564,275,354.61	1,273,777,239.48	1,530,619,621.03
Net profit excluding non-recurring profit or loss attributable to shareholders of the listed company	1,791,395,849.71	1,501,609,984.34	1,204,047,995.29	1,468,702,045.95
Net cash flows from operating activities	-1,082,217,188.57	2,329,188,473.38	171,883,976.42	2,411,459,060.49

Explanation of the differences between quarterly data and data from the disclosed regular reports.

Applicable Not applicable



4 Shareholders

4.1 The total number of common shareholders, the total number of preferred shareholders with reinstated voting rights, the total number of shareholders holding special voting shares, and shareholdings of the top 10 shareholders as of the end of the Reporting Period and the end of the month before the disclosure of the annual report

Unit: Share

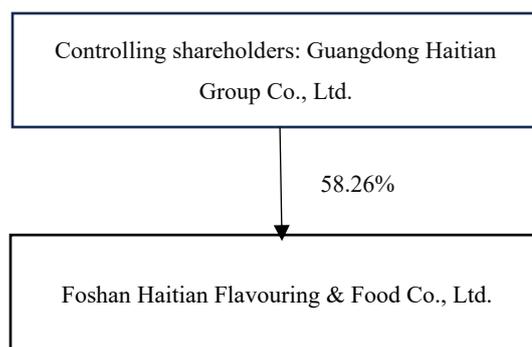
Total number of common shareholders as of the end of the Reporting Period (account)		156,565					
Total number of common shareholders at the end of the previous month before the disclosure date of the annual report (account)		164,568					
Total number of preferred shareholders with reinstated voting rights as of the end of the Reporting Period (account)							
Total number of preferred shareholders with reinstated voting rights at the end of the previous month before the disclosure date of the annual report (account)							
Shareholdings of top 10 shareholders							
Name of shareholder (Full name)	Increase /decrease during the Reporting Period	Shares held at the end of the period	Proportion (%)	Number of restricted shares held	Whether subject to pledge, marking or freezing		Nature of Shareholder
					Share state	Quantity	
Guangdong Haitian Group Co., Ltd.	245,417,362	2,699,590,986	58.26	0	N/A	0	Domestic non-state corporation
Pang Kang	40,311,756	443,429,314	9.57	0	N/A	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	27,529,416	308,678,550	6.66	0	N/A	0	Overseas legal person
Cheng Xue	13,361,021	146,971,232	3.17	0	N/A	0	Domestic natural person
Li Xuhui	3,725,856	74,999,422	1.62	0	N/A	0	Domestic natural person
Pan Laican	6,248,952	71,275,073	1.54	0	N/A	0	Domestic natural person



China Securities Finance Corporation Limited	3,980,297	43,783,278	0.94	0	N/A	0	Country
Lai Jianping	2,858,299	37,639,799	0.81	0	N/A	0	Domestic natural person
Huang Wenbiao	2,195,827	24,154,101	0.52	0	N/A	0	Domestic natural person
Wu Zhenxing	2,037,726	22,414,983	0.48	0	N/A	0	Domestic natural person
Notes on connected relations or concerted actions of the above shareholders.	1. Pang Kang, Cheng Xue, Huang Wenbiao, Wu Zhenxing and the other natural person shareholder of the Company are persons acting in concert; 2. Pang Kang, Cheng Xue, Pan Laican, Lai Jianping, Huang Wenbiao, Wu Zhenxing among the top ten shareholders are shareholders of Hai Tian Group, of which, Pang Kang and Cheng Xue are directors of Hai Tian Group; 3. Save for the above, the Company is not aware of any other connected relation or concerted action between the other shareholders.						
Notes on preferred shareholders with reinstated voting rights and their shareholdings.							

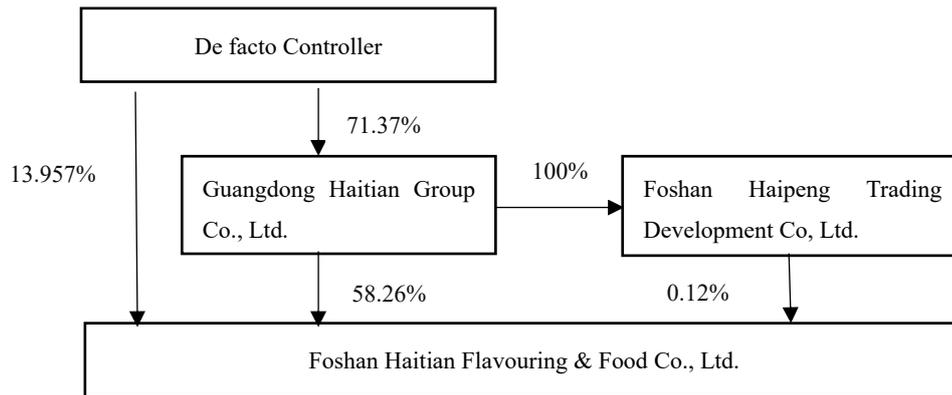
4.2 Chart of the shareholding structure and controlling relationship between the Company and its controlling shareholders

√ Applicable □ Not applicable



4.3 Chart of the shareholding structure and controlling relationship between the Company and its de facto controller

√ Applicable □ Not applicable



4.4 Total number of preferred shareholders and shareholdings of top 10 shareholders at the end of the period

Applicable Not applicable

5 Debt securities of the Company

Applicable Not applicable

Section III Important Matters

1 The Company shall, based on the principle of materiality, disclose significant changes in the Company's operations during the Reporting Period, as well as events that have a significant impact on the Company's business during the Reporting Period and are expected to have a significant impact in the future.

During the Reporting Period, the operating income reached 25.610 billion yuan, 2.42% higher than the previous year; the net profit attributable to shareholders of the listed company reached 6.198 billion yuan, which decreased by 7.09% year on year; the net asset attributable to shareholders of the listed company reached 26.398 billion yuan, up by 12.80% year on year; the overall net profit margin was 24.22%, which decreased 2.46 percentage points compared with the same period of the previous year.

2 If there is a delisting risk warning or risk of termination of listing after the disclosure of the Company's annual report, the reasons for the delisting risk warning or termination of listing shall be disclosed.

Applicable Not applicable

Chairman: Pang Kang
Foshan Haitian Flavouring & Food Co., Ltd.
April 25, 2023