Nissin Foods Company Limited
日 清 食 品 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1475)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Board") of Nissin Foods Company Limited (the "Company") is pleased to announce the consolidated audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 together with the comparative figures for the previous year in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*4*	**3,087,781**	2,998,828
Cost of sales		**(2,074,351)**	(2,065,429)
Gross profit		**1,013,430**	933,399
Other income	*6*	**48,009**	45,285
Selling and distribution costs		**(454,958)**	(448,664)
Administrative expenses		**(221,909)**	(199,930)
Finance costs		**(64)**	–
Impairment losses reversed under expected credit loss model		**457**	645
Other expenses		**(26,488)**	(24,186)
Other gains and losses	*8*	**(5,839)**	(6,541)
Profit before taxation		**352,638**	300,008
Income tax expense	*9*	**(73,720)**	(69,426)
Profit for the year	*10*	**278,918**	230,582

	NOTE	2019 HK$'000	2018 HK$'000
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(42,564)**	(91,618)
Total comprehensive income for the year		**236,354**	138,964
Profit for the year attributable to:			
Owners of the Company		**250,964**	205,448
Non-controlling interests		**27,954**	25,134
		278,918	230,582
Total comprehensive income for the year attributable to:			
Owners of the Company		**210,859**	118,956
Non-controlling interests		**25,495**	20,008
		236,354	138,964
Earnings per share	*12*		
Basic (HK cents)		**23.36**	19.13
Diluted (HK cents)		**23.36**	19.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	2019	2018
	HK$'000	*HK$'000*
Non-current Assets		
Property, plant and equipment	**1,365,671**	1,307,820
Prepaid lease payments for leasehold land	**–**	77,793
Right-of-use assets	**145,621**	–
Goodwill	**40,082**	40,082
Trademark	**25,040**	28,271
Interest in an associate	**116**	116
Financial assets at fair value through profit or loss	**33,239**	31,821
Deferred tax assets	**20,977**	18,806
Loan receivable	**1,916**	2,463
Deposits paid for acquisition of property, plant and equipment	**6,050**	14,454
	1,638,712	1,521,626
Current Assets		
Prepaid lease payments for leasehold land	**–**	2,100
Inventories	**326,593**	294,086
Trade receivables	**421,056**	449,932
Other receivables, prepayments and deposits	**73,187**	81,839
Loan receivable	**547**	547
Amount due from ultimate holding company	**5,760**	1,666
Amounts due from fellow subsidiaries	**3,269**	8,965
Tax recoverable	**93**	4,350
Financial assets at fair value through profit or loss	**397,819**	88,536
Other financial assets	**156,630**	313,260
Time deposits with maturity over three months	**105,003**	292,758
Bank balances and cash	**1,505,261**	1,384,707
	2,995,218	2,922,746
Current Liabilities		
Trade payables	**213,944**	252,540
Other payables and accruals	**586,317**	502,071
Amount due to ultimate holding company	**31,355**	23,961
Amounts due to fellow subsidiaries	**5,327**	4,438
Lease liabilities	**1,660**	–
Tax liabilities	**19,561**	11,812
Deferred income	**1,063**	1,274
	859,227	796,096
Net Current Assets	**2,135,991**	2,126,650
Total Assets less Current Liabilities	**3,774,703**	3,648,276

	2019	2018
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**2,941,441**	2,941,441
Reserves	**648,124**	539,095
Equity attributable to owners of the Company	**3,589,565**	3,480,536
Non-controlling interests	**122,753**	114,637
Total Equity	**3,712,318**	3,595,173
Non-current Liabilities		
Deferred tax liabilities	**42,231**	33,277
Lease liabilities	**131**	–
Deferred income	**20,023**	19,826
	62,385	53,103
	3,774,703	3,648,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Nissin Foods Company Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. Its immediate and ultimate holding company is Nissin Foods Holdings Co., Ltd., a company incorporated in Japan with its shares listed on the Tokyo Stock Exchange.

The addresses of the registered office and principal place of business of the Company are 21-23 Dai Shing Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, and 11-13 Dai Shun Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, respectively.

The Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in the manufacturing and sales of noodles, retort foods, frozen foods, beverage products and snacks, and provision of publicity services.

The consolidated financial statements are presented in Hong Kong Dollar ("HK$"), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

3. BASIS OF PREPARATION

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year.

The Group has applied for the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performances for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition at a lease in accordance with the requirements set out in HKRFS 16 in accessing whether a contract contains a lease.

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease terms ends within 12 months of the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate for the leases in Hong Kong applied is 2.715% and for the leases in the People’s Republic of China (the “PRC”) applied is 4.750%.

	HK$’000
Operating lease commitments disclosed as at 31 December 2018	5,717
Lease liabilities discounted at relevant incremental borrowing rates	5,557
Add: Termination options reasonably certain not to be exercised	654
Less: Recognition exemption – short term leases	(5,147)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and as at 1 January 2019	1,064
Analysed as:	
Current	664
Non-current	400
	1,064

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	1,064
Reclassified from prepaid lease payments for leasehold land	79,893
Reclassified from leasehold lands under property, plant and equipment	8,491
	89,448
By class:	
Leasehold lands	88,384
Leased properties	947
Motor vehicles	117
	89,448

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

4. REVENUE

a) Disaggregation of revenue from contracts with customers

	31 December 2019			31 December 2018		
	HK Operations (as defined in Note 5) *HK$'000*	**PRC Operations (as defined in Note 5)** *HK$'000*	**Total** *HK$'000*	HK Operations *HK$'000*	PRC Operations *HK$'000*	Total *HK$'000*
Types of goods and services						
Sales of goods	**1,299,259**	**1,778,993**	**3,078,252**	1,308,958	1,672,686	2,981,644
Others	**505**	**9,024**	**9,529**	14,609	2,575	17,184
Total	**1,299,764**	**1,788,017**	**3,087,781**	1,323,567	1,675,261	2,998,828
Time of revenue recognition						
A point in time	**1,299,764**	**1,781,139**	**3,080,903**	1,309,525	1,675,261	2,984,786
Over time	–	**6,878**	**6,878**	14,042	–	14,042
Total	**1,299,764**	**1,788,017**	**3,087,781**	1,323,567	1,675,261	2,998,828

Note: Others mainly include revenue from sales of scrap noodle and provision of publicity services.

b) Performance obligations for contracts with customers

Sales of goods (revenue recognised at one point in time)

For sales of goods (including noodles, retort foods, frozen foods, beverage products and snacks), revenue is recognised when control of the goods has transferred, being when (i) the goods have been loaded on board for export sales; or (ii) the goods have been delivered to the customers' specific location for local sales and the Group received acceptance confirmations from customers. Upon the relevant goods are loaded on board for export sales or delivered to the customers' specific location for local sales, the customers have full discretion over the manner of distribution and price to sell the goods, and has the primary responsibility for selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days upon invoice issued.

The amount of consideration the Group receives and revenue the Group recognises varies with changes in sales rebates the Group offers to the customers. The Group estimates the sales rebates based on analysis of historical experience, and adjusts for the most likely amount of consideration to be received. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated rebates which is estimated based on experience. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other payables and accruals) is recognised for expected rebates to customers in relation to sales made at the end of the reporting period. No element of financing is deemed present as the sales rebates are payable on demand from customers.

Under the Group's standard contract terms, customers have a right to exchange for expiry products without limitation of time period. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognise will not occur. Based on accumulated experience, the management considers the amount of goods returned as immaterial due to large volume of revenue with low value of each good sold. Therefore, the probability of significant reversal in revenue in relation to sales return in the future is remote.

Provision of publicity services (revenue recognised over time)

Revenue from provision of publicity services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

With the provision of publicity service is at period of one year or less, as permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

The Group is organised into operating business units according to the major place of operations of the relevant group entities. The Group determines its operating segments based on these business units by reference to their respective major place of operations, for the purpose of reporting to the chief operating decision maker, i.e. the managing director of the Company.

Specifically, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

- HK Operations: Manufacturing and sales of noodles, frozen foods and other products in Hong Kong and overseas, and provision of publicity services.

- PRC Operations: Manufacturing and sales of noodles, frozen foods and other products in the PRC, and provision of publicity services.

There are no aggregation of individual operating segments to derive the reportable segment.

Segment revenue and results

Segment information about these operating and reportable segments is presented below:

For the year ended 31 December 2019

	HK Operations *HK$'000*	**PRC Operations** *HK$'000*	**Reportable Segment Total** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue					
Segment revenue from external customers	**1,299,764**	**1,788,017**	**3,087,781**	**–**	**3,087,781**
Inter-segment revenue	**157,819**	**172,811**	**330,630**	**(330,630)**	**–**
Segment revenue	**1,457,583**	**1,960,828**	**3,418,411**	**(330,630)**	**3,087,781**
Result					
Segment results	**99,974**	**210,558**	**310,532**	**–**	**310,532**
Unallocated income					**8,127**
Unallocated other gains and losses					**415**
Interest income					**39,882**
Fair value changes on financial assets at FVTPL					**(6,905)**
Gain on disposal of property, plant and equipment					**587**
Consolidated profit before taxation					**352,638**

For the year ended 31 December 2018

	HK Operations *HK$'000*	PRC Operations *HK$'000*	Reportable Segment Total *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue					
Segment revenue from external customers	1,323,567	1,675,261	2,998,828	–	2,998,828
Inter-segment revenue	124,800	213,670	338,470	(338,470)	–
Segment revenue	1,448,367	1,888,931	3,337,298	(338,470)	2,998,828
Result					
Segment results	114,068	147,196	261,264	–	261,264
Unallocated income					8,028
Unallocated expenses and other losses					(1,850)
Interest income					37,257
Fair value changes on financial assets at FVTPL					1,204
Impairment loss recognised on property, plant and equipment					(2,426)
Loss on disposal of property, plant and equipment					(3,469)
Consolidated profit before taxation					300,008

Inter-segment revenue are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit earned by each segment without allocation of certain other expenses and other losses, other income, net exchange gain or loss, interest income, fair value changes on financial assets at FVTPL, impairment losses recognised on property, plant and equipment, gain (loss) on disposal of property, plant and equipment. This is measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance. Therefore, only segment revenue and segment results are presented.

Other segment information

Amounts included in the measure of segment results:

For the year ended 31 December 2019

	HK Operations *HK$'000*	**PRC Operations** *HK$'000*	**Total** *HK$'000*
Amortisation of trademark	**3,231**	**–**	**3,231**
Depreciation of property, plant and equipment	**7,559**	**11,879**	**19,438**
Depreciation of right-of-use assets	**1,726**	**2,010**	**3,736**

For the year ended 31 December 2018

	HK Operations *HK$'000*	PRC Operations *HK$'000*	Total *HK$'000*
Amortisation of prepaid lease payments for leasehold land	–	2,180	2,180
Amortisation of trademark	3,231	–	3,231
Depreciation of property, plant and equipment	7,203	10,447	17,650

Geographical information

The Group's revenue from external customers is mainly derived from customers located in Hong Kong, the PRC and others, which is determined based on the location of customers, while the Group's non-current assets are located in Hong Kong and the PRC, which is determined based on the geographical location of these assets or place of group entities that hold such assets, where appropriate.

	2019 *HK$'000*	2018 *HK$'000*
External revenue:		
Hong Kong	**1,189,414**	1,216,122
The PRC	**1,788,017**	1,687,527
Others (Canada, Australia, the United States of America, Taiwan, Macau, etc)	**110,350**	95,179
	3,087,781	2,998,828

	2019 *HK$'000*	2018 *HK$'000*
Non-current assets *(Note)*:		
Hong Kong	**604,152**	514,465
The PRC	**978,428**	954,071
	1,582,580	1,468,536

Note: Non-current assets excluded financial assets at FVTPL, deferred tax assets and loan receivable.

Information about major customers

Revenue from customers of corresponding years individually contributing over 10% of the total revenue of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A[1]	**786,140**	800,867
Customer B[2]	**512,262**	436,936
Customer C[2]	**426,267**	427,488

[1] From the PRC operations
[2] From both HK and the PRC operations

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Government grant related to acquisition of assets	**1,813**	1,980
Government grant related to expenses recognised	**–**	939
Interest income from bank deposits	**31,734**	37,257
Interest income from financial assets at FVTPL	**8,148**	–
Miscellaneous income	**3,343**	2,710
Other scrap material sales	**2,971**	2,399
	48,009	45,285

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on lease liabilities	**64**	–

8. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Exchange loss, net	**(13,331)**	(1,850)
Fair value changes on financial assets at FVTPL	**6,905**	1,204
Gain (loss) on disposal of property, plant and equipment	**587**	(3,469)
Impairment loss recognised on property, plant and equipment	**–**	(2,426)
	(5,839)	(6,541)

9. INCOME TAX EXPENSE

	2019 *HK$'000*	2018 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**16,262**	15,809
People's Republic of China ("PRC") Enterprise Income Tax	**47,868**	44,752
PRC Withholding tax	**1,900**	2,246
	66,030	62,807
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(276)**	(356)
PRC Enterprise Income Tax	**1,556**	(2,383)
	1,280	(2,739)
	67,310	60,068
Deferred tax	**6,410**	9,358
	73,720	69,426

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of the estimated accessable profits and at 16.5% on the estimated assesable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The EIT Law requires withholding tax to be levied on distribution of profits earned by the PRC entities for profits generated after 1 January 2008 at rate of 10% for Hong Kong resident companies, which are the beneficial owners of the dividend received.

The income tax expense for the year can be reconciled from the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**352,638**	300,008
Tax at the domestic income tax rate of 16.5%	**58,185**	49,501
Tax effect of expenses not deductible for tax purpose	**4,555**	2,615
Tax effect of income not taxable for tax purpose	**(5,756)**	(6,675)
Tax effect of tax losses not recognised	**–**	4,758
Utilisation of tax losses previously not recognised	**(5,400)**	–
Tax effect of other temporary differences not recognised	**–**	982
Effect of different tax rates of subsidiaries operating in the PRC	**17,655**	19,962
Under(over)provision in prior years	**1,280**	(2,739)
Withholding tax attributable to undistributed profits of the PRC subsidiaries	**2,410**	(4,303)
Income tax at concessionary rate	**(165)**	(165)
Others	**956**	5,490
Income tax expense for the year	**73,720**	69,426

10. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments for leasehold land	**–**	2,180
Amortisation of trademark	**3,231**	3,231
Auditor's remuneration	**5,676**	4,987
Cost of inventories recognised as expense	**2,074,351**	2,065,429
Depreciation of property, plant and equipment	**137,936**	140,983
Less: Amount capitalised in inventories and included in cost of sales upon sales	**(118,498)**	(123,333)
	19,438	17,650
Depreciation of right-of-use assets	**3,736**	–
Total depreciation	**23,174**	17,650
Expenses relating to short-terms lease	**4,801**	–
Minimum lease payments paid under operating leases in respect of rented premises	**–**	8,916
Research and development expenditure	**26,488**	24,186
Staff costs *(Note i)*		
Directors' emoluments		
– fees *(Note 11)*	**733**	800
– other emoluments	**14,340**	13,812
	15,073	14,612
Other staff costs excluding directors' emoluments *(Notes i, ii, and iii)*	**557,997**	549,998
Equity-settled share-based payment	**230**	809
Total staff costs	**573,300**	565,419
Less: Amount capitalised in inventories and included in cost of sales upon sales	**(277,623)**	(271,837)
Less: Amount included as research and development expenditure as shown in above	**(15,052)**	(12,134)
	280,625	281,448

Notes:

i. Operating lease rentals in respect of staff quarters for the year ended 31 December 2018 amounting to HK$1,127,000, was included under minimum lease payments paid under operating leases in respect of rented premises.

ii. Contributions to retirement benefit scheme included in other staff costs for the year ended 31 December 2019 amounted to HK$58,198,000 (2018: HK$49,878,000).

iii. In addition to the employee benefits expense presented above, the group also provides other non-monetary benefits (including depreciation of right of use assets in relation to these non-monetary benefit amounted to HK$390,000) for the year ended 31 December 2019.

11. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2018 Final – 9.5 HK cents (2018: 2017 final – 7.3 HK cents) per share	**102,060**	78,425

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of 11.7 HK cents per ordinary share, in an aggregate amount of HK$125,695,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share *(HK$'000)*	**250,964**	205,448
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,074,144,370**	1,074,091,116
Effect of dilutive potential ordinary shares in respect of outstanding share awards	**156,600**	101,480
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,074,300,970**	1,074,192,596

13. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables – sales of goods	**421,935**	451,292
Less: allowance for credit losses	**(879)**	(1,360)
	421,056	449,932

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**215,436**	261,209
31 to 90 days	**137,280**	157,810
91 to 180 days	**68,340**	30,913
	421,056	449,932

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**118,059**	111,980
31 to 90 days	**94,597**	118,972
91 to 180 days	**1,279**	21,569
Over 180 days	**9**	19
	213,944	252,540

The average credit period on purchases of goods is 60 days.

15. SHARE-BASED PAYMENT TRANSACTIONS

The following table discloses movements of the Company's share award held by employees during the year:

Category of grantees	Date of grant	Vesting period	Number of shares awarded: Balance as at 1 January 2019	Awarded during the year	Cancelled during the year	Balance as at 31 December 2019
Employees	25 May 2018	From 25 May 2018 to 11 December 2020	**159,210**	–	**(7,830)**	**151,380**

Category of grantees	Date of grant	Vesting period	Number of shares awarded: Balance as at 1 January 2018	Awarded during the year	Vested during the year	Balance as at 31 December 2018
Employees	25 May 2018	From 25 May 2018 to 11 June 2018	–	**120,730**	**(120,730)**	–
Employees	25 May 2018	From 25 May 2018 to 11 December 2020	–	**159,210**	–	**159,210**
			–	**279,940**	**(120,730)**	**159,210**

16. CAPITAL COMMITMENTS

	2019	2018
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**82,317**	116,015

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") of Nissin Foods Company Limited (the "Company") is pleased to announce the annual results for the year ended 31 December 2019.

KEEP SERVING THE ENCHANTING WORLD WITH PASSION AND ENTHUSIASM

Year 2019 was the worst of times! From the global perspective, geopolitical tensions were surrounding everywhere. Trade barriers were raised among different countries which ultimately led to a dampened global trade activities. Whilst in our operational market segments, the continual social unrest situation has created a rippling effect across various retail industries and the consumer sector. Thus, we witnessed a deterioration in the Hong Kong economy where the market officially went into recession in the latter part of the year, overturning the already slowing tide in the first half of 2019. In the PRC, the GDP growth was the lowest since 1990 and we also experienced a retail market sentiment where the purchasing power is polarised towards the two extreme ends.

However, year 2019 was also the best of times! The Company has made decent progress on its expansion in the PRC through broadening distribution channels and geographical landscape to bring our innovative and joyful products to a broader customer base. We are also glad to report that the Company has delivered a double-digit revenue growth (in local currency) for our PRC operations for two consecutive years, further reinforcing our commitment to and confidence in serving the PRC market. The profitability of our PRC operations also took off this year with an improved margin amid the sluggish economy, demonstrating our ability in strategic execution and goal accomplishment.

During the year, the Company has continued our investment journey to further enhance our production capability and expertise in order to prepare for the next stage of expansion. In addition to the investments being made in Granola and Bar Ramen production lines as announced in the first half year, as announced on 2 July 2019, the Company has made strategic equity investment in a company with a view of constructing new production facilities for manufacturing packaging materials in Zhuhai, the PRC, to complement our current packaging production in Dongguan, the PRC. In terms of localisation of business operation, further appointments have been made in Senior Management and management level with local talents who have better local knowledge in the competitive landscape for more efficient decision making.

As reported in the Interim Report 2019, on 14 May 2019, MSCI Inc. had added the Company to the ***MSCI Hong Kong Small Cap Index*** with effect from 28 May 2019 after the market close. The inclusion reflects investors unwavering trust in the Company and signifies the continuous efforts of the Group in enhancing shareholder value.

FINANCIALS

For the year under review, the Group has achieved an outstanding performance in its overall business with a stable result in Hong Kong and a promising accomplishment in the PRC amid the poor economic sentiment. Revenue increased by 3.0% to HK$3,087.8 million (2018: HK$2,998.8 million), primarily attributable to organic growth in sales volume of our premium instant noodles in the PRC throughout the year with expanded geographical coverage, partly offset by the negative impact of foreign exchange rate of Renminbi. Revenue contribution from Hong Kong operations, especially from the instant noodles business, has been prominent in the second half of the year under the turbulent environment, minimising the reduction in revenue in Hong Kong operations from the change in product portfolio in our MC Marketing & Sales (Hong Kong) Limited ("MCMS") distribution business as reported in the Interim Report 2019. Gross profit margin increased by 1.7 percentage point to 32.8% (2018: 31.1%), benefiting from better control in depreciation costs, raw material costs and operating fixed costs.

At Adjusted EBITDA level(Note), the Group grew by 11.7% to HK$455.4 million (2018: HK$407.7 million), representing the Adjusted EBITDA margin of 14.7% for the year (2018: 13.6%). Profit attributable to owners of the Company increased by 22.2% to HK$251.0 million (2018: HK$205.4 million), representing the net profit margin of 8.1% for the year (2018: 6.9%). Profitability has been improved materially this year due to the improvement in operational efficiency in our production as well as the result of localisation. During the year, the selling and distribution costs increased year-on-year as a result of our continual effort in recruiting the salesforce and enhancing our sales activities while the administrative expenses increased owing to the surge in professional related expenses. The Group's basic earnings per share increased to 23.36 HK cents for the year (2018: 19.13 HK cents).

Note: Adjusted EBITDA is a non-HKFRS measurement which is used by the management to assess performance of operating segments, allocate resources and make strategic decisions. The measurement basis of Adjusted EBITDA is defined as net profit before net interest expenses, tax, depreciation of property, plant and equipment, depreciation of right-of-use asset and amortization of trademark. This also excludes share of material gains or losses which are of capital nature or non-operational related and fair value changes on financial assets at fair value through profit or loss.

As disclosed in the Annual Report 2018, the Group has adopted a dividend policy which aims to steadily increase or at least maintain the value of ordinary dividends per share annually in the future, dependent upon the financial performance and future funding needs of the Company. For the fiscal year of 2019, the Board has resolved to propose a final dividend of 11.7 HK cents per share (2018: 9.5 HK cents), representing a dividend payout ratio of 50.1% (2018: 49.7%) for the year.

BUSINESS REVIEW

Hong Kong Operations

The retail sentiment in Hong Kong has been deteriorating since the second half of year 2018 and has shown no sign of recovery in anytime soon. As reported by the Census and Statistics Department of Hong Kong, retail sales value has been negative during the whole year of 2019 and dropped by 11.1% year-on-year. Most discretionary consumption spending, for instance, apparels, alcohols and jewelleries, have witnessed a double-digit decrease year-on-year while supermarket retail sales recorded a slightly positive of 0.7% growth for this year. Amid the likelihood for Hong Kong to slip officially into recession and the political tensions showing no sign of easing in Hong Kong since the second half of the year, the Company has anticipated a difficult environment for our Hong Kong operations for the full year under review.

Revenue from Hong Kong operations minimised the decrease to 1.8% at HK$1,299.8 million (2018: HK$1,323.6 million), as opposed to the 4.9% decrease reported in the first half of year 2019, mainly due to the reduction in revenue attributable to the change in product portfolio from the MCMS business, but offset by the positive growth in revenue from the core instant noodles business. In July 2019, the Company has adjusted its ex-factory price for the first time in the last decade for some of the container-type instant noodles in Hong Kong by a single-digit percentage point, in order to mitigate the mounting pressures from the rising cost of raw materials and other related operating expenses. Performance of the instant noodles business in Hong Kong has been promising subsequent to the price adjustment. Currently, revenue from the Hong Kong operations accounted for 42.1% (2018: 44.1%) of the Group's revenue.

As a result of the surge in administrative expenses, segment results for Hong Kong operations decreased by 12.4% to HK$100.0 million (2018: HK$114.1 million). Excluding the surge in professional fees in the administrative expenses this year, the segment results for ordinary business in Hong Kong operations would have exhibited positive growth.

This year, the Company has been focusing on upgrading product mix with the purpose to improve product offerings to customers who demand innovative and better quality products. We tried to broaden our product portfolio by speeding up the product roll-out in various categories with novel products so as to delight our customers.

In terms of instant noodles category, we have been passionate in enhancing and enriching our container type instant noodles offerings to various clientele. During the year, our product development team has been working vigorously in inventing original and authentic products to the market. Both our ***Cup Noodles*** and ***Cup Noodles BIG*** product lines have achieved satisfactory results with extended offerings to western flavours. In order to enhance customers' experience in enjoying restaurant-quality instant noodles at home, we have brought to you the famous, authentic and high-quality ***Nissin RAOH*** brand with four classic flavours of Black Garlic Oil Tonkotsu Flavour, Spicy Tonkotsu Flavour, Rick Chicken Soup Flavour and Dandan Mian Flavour in bowl type in Hong Kong.

Continual effort has also been made to enhance package noodles' portfolio. During the year, the Company has already commenced the production of ***Bar Ramen*** and ***Bar Udon*** with our enhanced ramen production line as announced in March 2019, offering a total of 8 SKUs in 2019. With our excellence in product development and advancement, ***Nissin Frozen Ramen*** and ***Nissin Frozen Udon*** have been launched to cater to customers who prefer home-made quality products.

In terms of non-instant noodles category, the Company has made decent progress in offering healthier products to health-conscious customers. In January 2019, the Company has commenced the production and sale of made-in-Hong Kong granola products in Hong Kong. With closer proximity to the local market and an increasing customers' demand for healthy products, we recorded a revenue growth in the granola products this year.

Kagome brand has also contributed meaningfully in year 2019, thanks to the broader channel exposure in convenience stores and supermarkets, as well as selected channels in bakery shops and kiosks. The Company sees future potential of the ***Kagome*** fruit and vegetable juices products in the local market as customers begin to consider natural and healthy diet for regular consumption.

The PRC Operations

The retail consumption has been fragmented in the PRC for the year under review. While the retail sales continued to grow by 8.0% for the year 2019, as reported by the National Bureau of Statistics of the PRC, the instant noodles market demonstrated a diverse growth pattern during the year. Competition has been benign in the premium instant noodles market where market players continued to upgrade their brand and product quality whilst in the affordable noodles market, we observed a relatively fierce competition in the market.

For the year under review, the Company continued to maintain its double-digit revenue growth pace (in local currency basis) for two consecutive years. Revenue increased by 6.7% (in local currency: 10.9%) from HK$1,675.3 million to HK$1,788.0 million, thanks to the continual consumption upgrade into the premium instant noodles segment as customers began to grasp the added-value in the premium products. ***Cup Noodles*** has been particularly successful in the Eastern region while we achieved a bright exposure for our ***Cup Noodles BIG*** in the Southern China. During the year, the Company continued to focus on channel expansion in the Southern, Northern and Western regions of the PRC. The Company has witnessed organic growth for our signature brands with a broader reach in our key operating regions. In particular, in Eastern China, we have successfully expanded our business activities and territory to the broader market of Shanghai and further extension to nearby provinces such as Zhejiang and Jiangsu. Currently, revenue from the PRC operations accounted for 57.9% (2018: 55.9%) of the Group's revenue.

The profitability of our PRC operations maintained similar growth momentum compared to the first half of the year. Segment result increased by 43.0% to HK$210.6 million (2018: HK$147.2 million), representing a segment margin improvement by 3.0 percentage point from 8.8% to 11.8%. The improvement in segment results can be attributable to the efficiency enhancement in relation to the increment in sales volume, the stringent control in production costs as well as benefits associated with the governmental stimulus measures introduced in year 2019.

As announced in July 2019, the Company has entered into an equity transfer agreement with Grandview China Holdings Limited (the "Seller") and its ultimate controlling shareholders, pursuant to which, Nissin Foods (China) Holding Company Limited, a wholly owned subsidiary of the Company, agreed to conditionally acquire the entire equity interest in 珠海聯智科技有限公司 (UNI-INTEC (Zhuhai) Scientific Technology Co., Ltd.*) (the "Target Company") (the "Acquisition"). All conditions to closing for the Acquisition have been satisfied and the transaction was completed on 30 December 2019. The Group intends to invest approximately RMB180 million to construct a new production plant on the site for the purpose of manufacturing packaging materials, which targets to complete the construction by year 2021. We expect the new production plant would enable the Group to better mitigate production costs and generate synergies with the Group's existing production facilities, as well as to capture the possibilities to collaborate with and achieve synergy with our controlling shareholder, Nissin Foods Holdings Co., Ltd..

To further enrich the brand equity of and extend the product offerings of ***Cup Noodles*** brand, ***Cup Noodles*** has utilised the online platform with collaboration with Sword Art Online, a popular Japanese animation, during the year on a series of crossover products and online animations that target the youth market in the PRC. Viewers of the animations can experience the characteristics of ***Cup Noodles*** products, i.e., without time limitation and space boundaries, and an enjoyable delicacy that can be consumed in one hand. In the second half of the year, we have also made available the production of ***Bar Ramen*** under ***Demae Iccho*** brand in the PRC for health conscious customers.

In terms of non-instant noodles category, the Company has commenced the production and selling of made-in-Hong Kong granola products in the PRC in the second quarter of 2019. As well, ***Kagome*** vegetable and fruit juices were also introduced into some parts of the PRC since the start of the year with satisfactory results.

SUBSEQUENT EVENT AFTER THE PERIOD

As set out in our announcement dated 23 January 2020, the Company and Ms. Liu Feng have entered into a shareholders' and cooperation agreement pursuant to which the said parties will form a joint venture company (the "JV Company"), which in turn will establish a wholly foreign-owned enterprise in Shanghai, the PRC (the "PRC WFOE").

The Company commenced the operation of its distribution business in Hong Kong with the acquisition of 51% stake of the MCMS in March 2017. Since the acquisition, MCMS distribution business has been servicing us in different forefront, including the enhanced business scale with the distribution of a variety of products in Hong Kong, as well as a training platform for improving our overall distribution capacity.

The JV Company and the PRC WFOE represent expansion of our distribution reach into the PRC where the PRC WFOE will engage in import and sale of Japanese brand food and beverage products in the PRC to satisfy the increasing customers' demand for those products, and target to commence the business in Shanghai by the second quarter of 2020. The Board believes that the strategic cooperation will enable the Group to further strengthen its business foundations in Shanghai, which is beneficial to the further growth and business development of the Group.

The Group is confident that the strategic partnership will offer a good opportunity to diversify its products and seek new revenue streams in the long run.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2019, total assets of the Group amounted to HK$4,633.9 million (31 December 2018: HK$4,444.4 million) and the total equity was HK$3,712.3 million (31 December 2018: HK$3,595.2 million). The Group's working capital was HK$2,136.0 million (31 December 2018: HK$2,126.7 million), represented by the difference between the total current assets of HK$2,995.2 million (31 December 2018: HK$2,922.7 million) and the total current liabilities of HK$859.2 million (31 December 2018: HK$796.1 million). The current ratio was 3.5 as at 31 December 2019 (31 December 2018: 3.7).

The financial position of the Group remained healthy with net cash of approximately HK$1,610.3 million (31 December 2018: HK$1,677.5 million) and HK$180.8 million (31 December 2018: HK$180.8 million) in available banking facilities as at 31 December 2019. The Group had no external borrowing and the gearing ratio was nil as at 31 December 2019 (31 December 2018: Nil).

Capital expenditure

The Group's capital expenditure was HK$283.6 million during the year under review (2018: HK$215.3 million), which was mainly due to the capital investments on the production plants in Hong Kong and the PRC and the net assets recognised of right-of-use assets in the acquisition of a subsidiary in the PRC.

Capital commitment

The Group had capital commitment in respect of acquisition of property, plant and equipment contracted for but not provided of HK$82.3 million as at 31 December 2019 (31 December 2018: HK$116.0 million).

Financial Risk Management

The Group had not entered into or trade in derivative financial instruments either for hedging or speculative purposes. The Company and its several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. As HK Dollar is currently pegged to US Dollar, the Company considered that the Group's exposure to fluctuation in HK Dollar against US Dollar is limited. The currencies giving rise to this risk are primarily Japanese Yen and Renminbi against HK Dollar.

Contingent Liability

For the year under review, there has been no material development to the legal proceedings against the Company in respect of an alleged wrongful termination of distributorship of a former sub-distributor of our "Damae Iccho" instant noodles products (the "Proceedings") as disclosed in the prospectus of the Company issued on 29 November 2017 (the "Prospectus"). No provision for the claim in respect of the Proceedings was made by the Group and as at 31 December 2019, the Group had no material contingent liability (2018: Nil). For more details of the Proceedings, please refer to the section headed "Business – Legal proceedings and regulatory compliance – Particulars of claims against the Company as at the Latest Practicable Date" in the Prospectus.

Pledge of Assets

The Group did not have pledged assets as at 31 December 2019 (31 December 2018: Nil).

Use of Proceeds from Global Offering

The shares of the Company have been listed on the Main Board of the Stock Exchange since 11 December 2017 (the "Listing"). The total proceeds from the Global Offering involving the issue of 268,580,000 ordinary shares of the Company amounted to approximately HK$950.8 million. As at 31 December 2019, the Group held the unutilised net proceeds as deposit with licensed institutions in Hong Kong.

According to the proposed applications of the proceeds set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the utilisation of the net proceeds from the Listing to 31 December 2019 was shown on the below table:

Usage disclosed in the Prospectus		**Planned use of the net proceeds**	**Utilised net proceeds up to 31 December 2019**	**Unutilised net proceeds up to 31 December 2019**
		HK$ million	*HK$ million*	*HK$ million*
Further expanding and upgrading production plants and facilities	45%	409.8	409.8	–
Further expanding sales and distribution network	10%	91.1	91.1	–
Enhancing research and development capabilities	5%	45.5	45.5	–
Partnerships and/or acquisitions	30%	273.2	69.7	203.6
Working capital	10%	91.1	66.0	25.1
Net Proceeds		**910.8**	**682.1**	**228.7**

FUTURE PROSPECTS

We anticipate that the surge in unemployment rate due to shop closure, the decrease in number of tourists and the reduction in purchasing power attributable to the decrease in salary would continue to surround the community and pose increasing pressure for business operations for the Year of Rat in Hong Kong. In this challenging environment, the Company would always remember the spirit of our founder, Mr. Momofuku Ando, which says "Peace will come to the world when there is enough Food", to ensure stable food supply to the community.

For the PRC operations, the outbreak of the novel coronavirus covering substantially all provinces and municipalities since January 2020 exerts downward pressure towards most travel, entertainment and retail industries as a whole. Economic growth in the PRC might be dragged severely as a result of the suspension in industrial production and trade disputes disruption. Nonetheless, the Company expects a generally upward trend towards consumption upgrade into the premium instant noodles segment and the appealing of ***Nissin Brands***, and in particular ***Cup Noodles***, would enable us to expand further into different geographical coverage in the PRC. The Company would maintain our progressive approach towards expanding into the PRC, keeping a close eye on enhancing the brand equity and maintaining a premium pricing strategy. Additional efforts would be made to further localise our Company so as to become more responsive to the rapidly changing environment.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2019, the total number of staff of the Group was approximately 3,450 (31 December 2018: 3,420) with staff costs (excluding directors' remuneration) amounting to HK$558.2 million for the year. Remuneration package is determined with reference to the individual performance, qualification and experience of employees concerned and prevailing industry practice. The Group provides mandatory provident fund entitlement to Hong Kong's employees.

CORPORATE GOVERNANCE

The Group is committed to the maintenance of good corporate governance practices as set out in the Code Provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with code provisions as set out in the CG Code for the year ended 31 December 2019 except the following:

Pursuant to Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Kiyotaka Ando is currently the Chairman of the Board and the Chief Executive Officer, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Ando has been responsible for overall management of the Group since 2009. The Board believes that the current structure enables the Company to make and implement business decision swiftly and effectively which promotes the Group's development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired because of the diverse background and experience of the non-executive director and independent non-executive directors. Further, the Audit Committee, which consists exclusively of independent non-executive directors, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee comprises three Independent Non-executive Directors of the Company. The principal duties of the audit committe include the review of the Group's financial reporting procedures, risk management and internal control and financial results. Disclosure of financial information in this announcement complies with Appendix 16 to the Lisitng Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019, including the accounting principles and practices adopted by the Group and discussed auditing, financial reporting matters and results announcement in conjunction with the Company's external auditor.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Company's external auditor, Messers. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messers. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messers. Deloitte Touche Tohmatsu on this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all Directors confirming that they have complied with the Model Code for the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

FINAL DIVIDEND

The Board recommends payment of a final dividend of 11.7 HK cents per share for the year ended 31 December 2019 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 17 June 2020. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 5 June 2020 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 29 June 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 2 June 2020 to 5 June 2020 both days inclusive during which no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 1 June 2020.

For the purpose of determination of entitlement to final dividend, the register of members of the Company will be closed from 15 June 2020 to 17 June 2020 both days inclusive during which no transfer of shares will be registered. In order to qualify for final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 12 June 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.nissingroup.com.hk. The 2019 Annual Report of the Company will be available on the above websites and be despatched to shareholders of the Company in April 2020.

By order of the Board
Kiyotaka Ando
Chief Executive Officer and Executive Director

Hong Kong, 19 March 2020

As at the date of this announcement, Executive Directors are Mr. Kiyotaka Ando, Mr. Toshimichi Fujinawa, Mr. Shinji Tatsutani, Mr. Kazuo Kawasaka and Mr. Munehiko Ono; and Independent Non-executive Directors are Dr. Sumio Matsumoto, Mr. Junichi Honda and Professor Lynne Yukie Nakano.

* *For identification purpose only*