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Nissin Foods Company Limited

日清食品有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1475)

**(I) UNAUDITED CONSOLIDATED
FINANCIAL INFORMATION OF THE COMPANY
FOR THE THREE MONTHS ENDED 31 MARCH 2021
AND**

**(II) INSIDE INFORMATION – UNAUDITED FINANCIAL RESULTS OF
THE CONTROLLING SHAREHOLDER, NISSIN FOODS HOLDINGS CO., LTD.
FOR THE FISCAL YEAR ENDED 31 MARCH 2021**

The Board of the Company is pleased to announce that on 11 May 2021, it has resolved to approve the unaudited consolidated financial information of the Group for the three months ended 31 March 2021. The publication of the aforesaid financial information, which is set out in Section (I) of this announcement, is made in the pursuit of the Appendix 14 of the Listing Rules.

On the same day (around 12:15 p.m. Hong Kong time), the Company's controlling shareholder, Nissin Japan, which is listed on the Tokyo Stock Exchange, Inc. in Japan and beneficially owns approximately 70.05% of the total issued shares of the Company as at the date of this announcement, published its unaudited financial results for the fiscal year ended 31 March 2021 (i.e. Nissin Japan Financial Results). Such results contain certain financial information relating to Nissin Japan's performance for its China segment, which comprises the financial performance of the Group for the same period. Pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Company would like to disclose in Section (II) of this announcement the China segment information being extracted from the announcement of Nissin Japan in respect of Nissin Japan Financial Results.

Shareholders of the Company and potential investors are advised not to place undue reliance on the contents of Nissin Japan's FY Disclosures and to exercise caution when dealing in the securities of the Company.

(I) UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY FOR THE THREE MONTHS ENDED 31 MARCH 2021

In the pursuit of the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the board of directors (the “Board”) of Nissin Foods Company Limited (the “Company”) is pleased to announce that on 11 May 2021, it has resolved to approve the unaudited consolidated financial information of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2021 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2021

| | NOTES | Three months ended 31 March | |
|--|-------|---------------------------------|---------------------------------|
| | | 2021 HK\$'000 (unaudited) | 2020 HK\$'000 (unaudited) |
| Revenue | | 964,475 | 884,564 |
| Cost of sales | | <u>(654,529)</u> | <u>(600,341)</u> |
| Gross profit | | 309,946 | 284,223 |
| Other income | | 11,861 | 12,643 |
| Selling and distribution costs | | (116,034) | (100,062) |
| Administrative expenses | | (66,974) | (52,605) |
| Finance costs | | (29) | (45) |
| Other expenses | | (7,423) | (5,811) |
| Other gains and losses | | <u>3,291</u> | <u>(852)</u> |
| Profit before taxation | | 134,638 | 137,491 |
| Income tax expense | 3 | <u>(30,203)</u> | <u>(30,029)</u> |
| Profit for the Period | | <u>104,435</u> | <u>107,462</u> |
| Profit for the Period attributable to: | | | |
| Owners of the Company | | 93,195 | 98,966 |
| Non-controlling interests | | <u>11,240</u> | <u>8,496</u> |
| | | <u>104,435</u> | <u>107,462</u> |
| Earnings per share | | | |
| – Basic and diluted (HK cents) | 4 | <u>8.7</u> | <u>9.2</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2021

| | 31 March 2021 HK\$'000 (unaudited) | 31 December 2020 HK\$'000 (audited) |
|--|---|--|
| Non-current Assets | | |
| Property, plant and equipment | 1,511,105 | 1,515,848 |
| Right-of-use assets | 163,116 | 165,265 |
| Goodwill | 64,418 | 64,520 |
| Intangible assets | 46,432 | 48,219 |
| Interest in an associate | 116 | 116 |
| Financial assets at fair value through profit or loss | 34,432 | 32,828 |
| Deferred tax assets | 33,942 | 33,523 |
| Loan receivable | 1,231 | 1,368 |
| Deposits paid for acquisition of property, plant and equipment | 30,616 | 23,288 |
| Rental deposits | 2,307 | 2,307 |
| | <u>1,887,715</u> | <u>1,887,282</u> |
| Current Assets | | |
| Inventories | 323,729 | 363,144 |
| Trade receivables | 491,559 | 508,545 |
| Other receivables, prepayments and deposits | 83,120 | 92,877 |
| Loan receivable | 547 | 547 |
| Amount due from ultimate holding company | 3,658 | 3,766 |
| Amounts due from fellow subsidiaries | 21,198 | 15,640 |
| Financial assets at fair value through profit or loss | 197,750 | 197,069 |
| Time deposits with maturity over three months | 120,615 | 507,758 |
| Bank balances and cash | 2,078,173 | 1,607,247 |
| | <u>3,320,349</u> | <u>3,296,593</u> |

| | 31 March 2021 HK\$'000 (unaudited) | 31 December 2020 HK\$'000 (audited) |
|--|---|--|
| Current Liabilities | | |
| Trade payables | 208,906 | 234,540 |
| Other payables and accruals | 703,518 | 742,962 |
| Amount due to ultimate holding company | 35,553 | 36,712 |
| Amounts due to fellow subsidiaries | 5,964 | 3,715 |
| Lease liabilities | 8,048 | 7,278 |
| Tax liabilities | 57,637 | 39,713 |
| Deferred income | 410 | 411 |
| | <u>1,020,036</u> | <u>1,065,331</u> |
| Net Current Assets | <u>2,300,313</u> | <u>2,231,262</u> |
| Total Assets less Current Liabilities | <u>4,188,028</u> | <u>4,118,544</u> |
| Capital and Reserves | | |
| Share capital | 2,941,441 | 2,941,441 |
| Reserves | 1,033,315 | 954,238 |
| | <u>3,974,756</u> | <u>3,895,679</u> |
| Equity attributable to owners of the Company | 3,974,756 | 3,895,679 |
| Non-controlling interests | 137,114 | 147,504 |
| | <u>4,111,870</u> | <u>4,043,183</u> |
| Total Equity | <u>4,111,870</u> | <u>4,043,183</u> |
| Non-current Liabilities | | |
| Deferred tax liabilities | 45,255 | 46,311 |
| Lease liabilities | 8,646 | 9,396 |
| Deferred income | 22,257 | 19,654 |
| | <u>76,158</u> | <u>75,361</u> |
| | <u>4,188,028</u> | <u>4,118,544</u> |

NOTES:

1. GENERAL

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. (“Nissin Japan”), a company incorporated in Japan with its shares listed on the Tokyo Stock Exchange, Inc..

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, snacks and vegetable products, and provision of research and publicity services.

The unaudited consolidated financial information are presented in Hong Kong Dollar (“HK\$”), which is also the functional currency of the Company.

2. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The financial information relating to the year ended 31 December 2020 that is included in this unaudited consolidated financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is set out below.

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditor has reported on the consolidated financial statements for the year ended 31 December 2020.

The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The unaudited condensed consolidated financial information have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and the application of accounting policies in relation to intangible assets, the accounting policies and methods of computation used in the condensed consolidated financial information for the three months ended 31 March 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

3. TAXATION

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for both periods.

The People’s Republic of China (“PRC”) Enterprise Income Tax represents the income tax in the PRC which is calculated at 25% on the taxable income of the PRC Subsidiaries for both periods.

4. 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:

| | Three months ended 31 March | |
|--|------------------------------------|----------------------|
| | 2021 | 2020 |
| | (unaudited) | (unaudited) |
| Earnings figures are calculated as follows: | | |
| Profit for the Period attributable to owners of the Company for the purpose of basic and diluted earnings per share (HK\$'000) | <u>93,195</u> | <u>98,966</u> |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 1,074,319,480 | 1,074,144,370 |
| Effect of dilutive potential ordinary shares in respect of outstanding share awards | <u>–</u> | <u>151,380</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>1,074,319,480</u> | <u>1,074,295,750</u> |

5. REVIEW OF UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The unaudited consolidated financial information for the Period has been reviewed by the Audit Committee of the Company.

6. INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the Period (Three months ended 31 March 2020: Nil).

7. FINANCIAL PERFORMANCE REVIEW

The revenue for the Period amounted to HK\$964.5 million, representing an increase of 9.0% from HK\$884.6 million of the corresponding period of 2020. Revenue from Hong Kong operations decreased by 6.3% due to decrease in sales of bag-type instant noodles. Revenue from the PRC operations increased by 19.5% (in local currency: 11.4%) due to the organic growth in instant noodles business and the contribution from distribution business. Segment information about the operations is presented below:

For the three months ended 31 March 2021

| | HK Operations | PRC Operations | Reportable segment total | Elimination | Total |
|---|--------------------------|---------------------------|---|--------------------|--------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | | | | | |
| Segment revenue from external customers | 335,633 | 628,842 | 964,475 | – | 964,475 |
| Inter-segment revenue | <u>44,159</u> | <u>39,080</u> | <u>83,239</u> | <u>(83,239)</u> | <u>–</u> |
| Segment revenue | <u>379,792</u> | <u>667,922</u> | <u>1,047,714</u> | <u>(83,239)</u> | <u>964,475</u> |
| Result | | | | | |
| Segment results | <u>25,296</u> | <u>94,191</u> | <u>119,487</u> | <u>–</u> | <u>119,487</u> |

For the three months ended 31 March 2020

| | HK Operations HK\$'000 (unaudited) | PRC Operations HK\$'000 (unaudited) | Reportable segment total HK\$'000 (unaudited) | Elimination HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
|---|---|--|---|--|----------------------------------|
| Revenue | | | | | |
| Segment revenue from external customers | 358,372 | 526,192 | 884,564 | – | 884,564 |
| Inter-segment revenue | 50,217 | 40,702 | 90,919 | (90,919) | – |
| Segment revenue | <u>408,589</u> | <u>566,894</u> | <u>975,483</u> | <u>(90,919)</u> | <u>844,564</u> |
| Result | | | | | |
| Segment results | <u>45,486</u> | <u>80,214</u> | <u>125,700</u> | <u>–</u> | <u>125,700</u> |

Gross profit and gross profit margin

The gross profit for the Period was HK\$309.9 million, representing an increase of 9.1% from HK\$284.2 million of the corresponding period of 2020. The gross profit margin for the Period was 32.1%, same level as the corresponding period of 2020, as the increase in revenue in the PRC offsetted the increase in price of raw materials and other production cost .

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK\$93.2 million, compared with HK\$99.0 million of the corresponding period of 2020.

(II) INSIDE INFORMATION – UNAUDITED FINANCIAL RESULTS OF THE CONTROLLING SHAREHOLDER OF THE COMPANY, NISSIN FOODS HOLDINGS CO., LTD. FOR THE FISCAL YEAR ENDED 31 MARCH 2021

This section in this announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company's controlling shareholder, Nissin Japan, is listed on the Tokyo Stock Exchange, Inc. in Japan. As at the date of this announcement, Nissin Japan beneficially owns approximately 70.05% of the total issued shares of the Company.

Nissin Japan publishes unaudited quarterly and annual financial results announcements including periodic financial results and explanatory statements released pursuant to the requirements under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended). Such filing contains financial information and certain operating statistics about the operation of the Group. Nissin Japan's financial reports are available in the public domain.

Nissin Japan has announced and filed its unaudited financial results for the fiscal year ended 31 March 2021 (the "Nissin Japan Financial Results") on 11 May 2021 (at about 12:15 p.m. Hong Kong time). On the same day, Nissin Japan has also posted supplemental data for the Nissin Japan Financial Results (the "Supplemental Data") and the presentation materials in respect of such financial results (the "Presentation Materials", and together with the Nissin Japan Financial Results and the Supplemental Data are collectively known as "FY Disclosures") on its website. The FY Disclosures have been prepared by Nissin Japan in accordance with the International Financial Reporting Standards ("IFRS"). If you wish to review the FY Disclosures, please visit https://www.nissin.com/en_jp/ir/library/materials/.

The Nissin Japan Financial Results were prepared in accordance with the IFRS on a consolidated basis without taking into account the impact or effect of any intra-group transactions that are otherwise relevant for the purpose of the Group's reporting and disclosure under HKFRS and the Listing Rules. Furthermore, the financial year end of Nissin Japan and that of the Group are also different. Nissin Japan's financial year end falls on 31 March and the financial year end of the Group falls on 31 December. As such, while the financial results and related information set forth in the FY Disclosures contain financial results of Nissin Japan's China segment, such financial information are not directly comparable to the financial results and related financial information that the Company will disclose as a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Extract of Nissin Japan Financial Results

– Released by Nissin Japan and prepared under IFRS

NOTES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment information

The following is a summary of the selected financial information relating to Nissin Japan's performance for its China segment, which comprises the whole financial performance of the Group for the same period, extracted from the Nissin Japan Financial Results:

| | For the fiscal year ended 31 March | |
|----------------------|---|--------------------|
| | 2021 | 2020 |
| | JPY million | JPY million |
| | (unaudited) | (unaudited) |
| Net sales | | |
| Sales to third Party | 48,177 | 43,083 |
| Intersegment Sales | 1,145 | 1,079 |
| Total | 49,323 | 44,162 |
| Segment income | 5,763 | 4,865 |

Qualitative Information Concerning Consolidated Business Results

China

In China, the market for high value-added products is expanding in mainland China. The Group has taken steps to expand its geographical sales areas and strengthen its *CUP NOODLES* brand. In addition, due to the influence of COVID-19, the stay-at-home economy has increased higher demand for premium instant noodles. In this environment, sales increased year on year, thanks to strong volume in the *CUP NOODLES* brand in mainland China. Profit increased year on year due to increase in sales volume in mainland China and Hong Kong, and cost reduction associated with increase in volume.

Consequently, revenue was JPY48,177 million (+11.8%) and operating profit was JPY5,763 million (+18.4%) in this reportable segment.

Nissin Japan's FY Disclosures contain forward-looking financial estimates and/or management targets relating to the China segment. Nissin Japan has full and independent discretion as to the determination of such forward-looking information by considering factors which Nissin Japan considers appropriate and relevant for its reporting and disclosure purposes. Forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, the Company's financial results may differ from those expressed in any forward-looking statements made by Nissin Japan, including the FY Disclosures. In light of the risks and uncertainties, the inclusion of forward-looking information in the FY Disclosures should not be regarded as representation by the Board or the Company that the plans and objectives will be achieved.

Shareholders of the Company and potential investors are advised not to place undue reliance on the contents of Nissin Japan's FY Disclosures and to exercise caution when dealing in the securities of the Company.

By order of the Board

Kiyotaka Ando

Chief Executive Officer and Executive Director

Hong Kong, 11 May 2021

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, Professor Lynne Yukie Nakano and Mr. Toshiaki Sakai.