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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 NINE MONTHS ENDED 30 SEPTEMBER 2021
AND
(II) INSIDE INFORMATION — UNAUDITED FINANCIAL RESULTS OF THE
CONTROLLING SHAREHOLDER, NISSIN FOODS HOLDINGS CO., LTD.
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

The Board of the Company is pleased to announce that on 5 November 2021, it has resolved to approve the unaudited consolidated financial information of the Group for the nine months ended 30 September 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 70.84% of the total issued shares of the Company as at the date of this announcement, published its unaudited financial results for the six months ended 30 September 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 Quarterly Disclosures and to exercise caution when dealing in the securities of the Company.

(I) UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 5 November 2021, it has resolved to approve the unaudited consolidated financial information of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2021 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	NOTES	Nine months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue		2,858,556	2,685,555
Cost of sales and services		<u>(1,959,164)</u>	<u>(1,789,672)</u>
Gross profit		899,392	895,883
Other income		28,707	47,924
Selling and distribution costs		(374,827)	(354,014)
Administrative expenses		(208,487)	(174,583)
Finance costs		(396)	(164)
Other expenses		(24,603)	(40,181)
Other gains and losses		<u>(10,292)</u>	<u>(10,099)</u>
Profit before taxation		309,494	364,766
Income tax expense	3	<u>(51,633)</u>	<u>(73,619)</u>
Profit for the period		<u>257,861</u>	<u>291,147</u>
Profit for the period attributable to:			
– Owners of the Company		231,373	263,997
– Non-controlling interests		<u>26,488</u>	<u>27,150</u>
		<u>257,861</u>	<u>291,147</u>
Earnings per share			
– Basic and diluted (<i>HK cents</i>)	4	<u>21.59</u>	<u>24.58</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

	30 September 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-current Assets		
Property, plant and equipment	1,565,147	1,515,848
Right-of-use assets	200,395	165,265
Goodwill	64,772	64,520
Intangible assets	43,422	48,219
Interest in an associate	116	116
Financial assets at fair value through profit or loss	43,341	32,828
Deferred tax assets	62,478	33,523
Loan receivable	958	1,368
Deposits paid for acquisition of property, plant and equipment	30,903	23,288
Time deposits with maturity over one year	108,035	–
Rental deposits	1,444	2,307
	<u>2,121,011</u>	<u>1,887,282</u>
Current Assets		
Inventories	348,236	363,144
Trade receivables	493,359	508,545
Other receivables, prepayments and deposits	82,682	92,877
Bond receivables	36,168	–
Loan receivable	547	547
Amount due from ultimate holding company	3,802	3,766
Amounts due from fellow subsidiaries	35,514	15,640
Tax recoverable	1,782	–
Financial assets at fair value through profit or loss	198,477	197,069
Time deposits with maturity over three months but not exceeding one year	73,855	507,758
Bank balances and cash	1,791,984	1,607,247
	<u>3,066,406</u>	<u>3,296,593</u>

	30 September 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Current Liabilities		
Trade payables	233,678	234,540
Other payables and accruals	737,212	742,962
Amount due to ultimate holding company	28,470	36,712
Amounts due to fellow subsidiaries	6,742	3,715
Lease liabilities	7,122	7,278
Tax liabilities	48,491	39,713
Deferred income	416	411
	<u>1,062,131</u>	<u>1,065,331</u>
Net Current Assets	<u>2,004,275</u>	<u>2,231,262</u>
Total Assets less Current Liabilities	<u>4,125,286</u>	<u>4,118,544</u>
Capital and Reserves		
Share capital	2,941,441	2,941,441
Reserves	957,713	954,238
	<u>3,899,154</u>	<u>3,895,679</u>
Equity attributable to owners of the Company	3,899,154	3,895,679
Non-controlling interests	154,403	147,504
	<u>4,053,557</u>	<u>4,043,183</u>
Total Equity	<u>4,053,557</u>	<u>4,043,183</u>
Non-current Liabilities		
Deferred tax liabilities	45,995	46,311
Lease liabilities	6,598	9,396
Deferred income	19,136	19,654
	<u>71,729</u>	<u>75,361</u>
	<u>4,125,286</u>	<u>4,118,544</u>

NOTES:

1. GENERAL INFORMATION

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 place of operation are located in Hong Kong and People’s Republic of China (the “PRC”).

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPAL 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 is as follows:

The Company has delivered the 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 those financial statements. 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 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 additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited consolidated financial information for the nine months ended 30 September 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 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:

	Nine months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share (<i>HK\$'000</i>)	<u>231,373</u>	<u>263,997</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,071,710,799</u>	1,074,139,280
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<u>42,110</u>	<u>151,380</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,071,752,909</u>	<u>1,074,290,660</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. DIVIDEND

The Board does not recommend the payment of any dividend for the Period (Nine months ended 30 September 2020: Nil).

7. FINANCIAL PERFORMANCE REVIEW

The revenue for the Period amounted to HK\$2,858.6 million, representing an increase of 6.4% from HK\$2,685.6 million of the corresponding period of 2020. Revenue from Hong Kong operation decreased by 3.2% due to the absence of sudden surge in demand especially in the bag-type instant noodles and frozen foods under the pandemic last year. Revenue from the PRC operations increased by 12.9% (in local currency 4.3%) due to the growth in sales volume for the cup-type instant noodles. Segment information about the operation is presented below:

For the nine months ended 30 September 2021 (unaudited):

	HK	PRC	Reportable		
	Operations	Operations	segment	Elimination	Total
	HK\$'000	HK\$'000	total	HK\$'000	HK\$'000
			HK\$'000		
Revenue					
Segment revenue from external customers	1,036,498	1,822,058	2,858,556	–	2,858,556
Inter-segment revenue	<u>143,725</u>	<u>135,153</u>	<u>278,878</u>	<u>(278,878)</u>	<u>–</u>
Segment revenue	<u>1,180,223</u>	<u>1,957,211</u>	<u>3,137,434</u>	<u>(278,878)</u>	<u>2,858,556</u>
Result					
Segment results	<u>68,400</u>	<u>222,679</u>	<u>291,079</u>	<u>–</u>	<u>291,079</u>

For the nine months ended 30 September 2020 (unaudited):

	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	1,071,252	1,614,303	2,685,555	–	2,685,555
Inter-segment revenue	168,407	134,121	302,528	(302,528)	–
Segment revenue	<u>1,239,659</u>	<u>1,748,424</u>	<u>2,988,083</u>	<u>(302,528)</u>	<u>2,685,555</u>
Result					
Segment results	<u>137,435</u>	<u>209,506</u>	<u>346,941</u>	<u>–</u>	<u>346,941</u>

Gross profit and gross profit margin

The consolidated gross profit for the Period was HK\$899.4 million, representing an increase of 0.4% from HK\$895.9 million for the corresponding period of 2020. The gross profit margin for the Period was 31.5% (2020: 33.4%), mainly impacted by the increase in price of key raw materials year-on-year and the decrease in revenue from the Hong Kong operations.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK\$231.4 million, compared with HK\$264.0 million for 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 SIX MONTHS ENDED 30 SEPTEMBER 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 70.84% 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 six months ended 30 September 2021 (the “Nissin Japan Financial Results”) on 5 November 2021 (around 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 “Quarterly Disclosures”) on its website. The Quarterly Disclosures have been prepared by Nissin Japan in accordance with the International Financial Reporting Standards (“IFRS”). If you wish to review the Quarterly Disclosures, please visit https://www.nissin.com/en_jp/ir/library/materials/.

Nissin Japan’s 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 Quarterly 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 three months ended 30 September (July to September)		For the six months ended 30 September (April to September)	
	2021 JPY million (unaudited)	2020 JPY million (unaudited)	2021 JPY million (unaudited)	2020 JPY million (unaudited)
Net sales				
Sales to third Party	13,633	12,769	25,880	24,281
Intersegment Sales	590	266	883	572
Total	14,223	13,035	26,763	24,853
Segment income	1,273	1,479	2,346	3,087

Qualitative Information Concerning Consolidated Business Results

China

In China, as 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. Despite negative repercussions after increased demand from the COVID-19 outbreak in the same period of last year, the increase in sales volume of the *CUP NOODLES* brands in mainland China and the currency translation effect by local currencies appreciation against Japanese Yen contributed to the increase in revenue, compared to the same period of last year. In terms of profit, significant increase in costs incurred by surge in raw material costs resulted in a decrease in profit over the same period of last year.

Consequently, revenue was JPY25,880 million (+6.6%), core operating profit was JPY2,420 million (-20.7%) and operating profit was JPY2,346 million (-24.0%) in this reportable segment. Excluding the impact of currency translation, revenue was JPY23,950 million (-1.4%), core operating profit was JPY2,210 million (-27.6%).

Nissin Japan's Quarterly 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 Quarterly Disclosures. In light of the risks and uncertainties, the inclusion of forward-looking information in the Quarterly 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 Quarterly 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, 5 November 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. Yasuhiro Yamada; and Independent Non-executive Directors are Dr. Sumio Matsumoto, Mr. Masaru Takahashi, Professor Lynne Yukie Nakano and Mr. Toshiaki Sakai.