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**CONNECTED TRANSACTION
ACQUISITION OF 30% INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY**

THE ACQUISITION

The Board is pleased to announce that on 23 December 2021, the Company (as purchaser) and Mitsubishi (as seller) have entered into the Share Sale and Purchase Agreement pursuant to which the Company has agreed to purchase, and Mitsubishi has agreed to sell, the Sale Shares, representing 30% of the total issued shares of MCMS for the Consideration of HK\$13,726,366, which will be paid in cash by the Company to Mitsubishi on the Completion Date.

As of the date of this announcement, MCMS is a non-wholly owned subsidiary of the Company and held as to 51% by the Company and 49% by Mitsubishi. Upon Completion, the Company will hold 81% interest in MCMS and MCMS will remain a non-wholly owned subsidiary of the Company.

LISTING RULE IMPLICATIONS

As Mitsubishi is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of MCMS, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. To the knowledge of the Company based on the information available to it, Mitsubishi holds approximately 0.55% shareholding of the Company as at the date of this announcement and thus Mitsubishi is not a connected person at the Company's level. Since the highest applicable percentage ratios of the Acquisition, will be more than 1% but lower than 5% and Mitsubishi is a connected person at subsidiary level of the Company, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Chapter 14A.76 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 23 December 2021, the Company entered into the Share Sale and Purchase Agreement with Mitsubishi, pursuant to which, the Company has agreed to purchase, and Mitsubishi has agreed to sell, the Sale Shares, representing 30% of all the issued shares of MCMS for the Consideration of HK\$13,726,366. Upon Completion, the Company will hold 81% interest in MCMS and MCMS will remain a non-wholly owned subsidiary of the Company.

THE SHARE SALE AND PURCHASE AGREEMENT

The principal terms of the Share Sale and Purchase Agreement are set out below:

Date	23 December 2021
Parties	(i) Mitsubishi (as seller); and (ii) The Company (as purchaser)
Nature of the transaction	Pursuant to the Share Sale and Purchase Agreement, the Company has agreed to purchase, and Mitsubishi has agreed to sell, the Sale Shares, representing 30% of all issued shares of MCMS.
Consideration and Payment	The Consideration for the Acquisition is HK\$13,726,366, which is determined based on arm's length negotiation between parties and with reference to the (i) historical earnings and financial performance of MCMS and (ii) the future business prospects and financial performance of MCMS. The Consideration shall be paid by the Company in cash by internal resources of the Group on the Completion Date.

INFORMATION ON MCMS

MCMS, currently a 51% owned subsidiary of the Company, is an importer and distributor of beverages and food products. The principal activities of MCMS are importation and distribution of processed foods like beverages and seasoning products as well as providing agency services for certain brands of processed foods like noodles and juices.

The net asset value of MCMS as at 31 December 2020 was approximately HK\$35.4 million. The profit before tax and profit after tax of MCMS by reference to the audited financial information of MCMS for the year ended 31 December 2019 were approximately HK\$10,030,000 and HK\$8,384,000, respectively. The profit before tax and profit after tax of MCMS by reference to the audited financial information of MCMS for the year ended 31 December 2020 were approximately HK\$3,427,000 and HK\$3,099,000, respectively.

The decrease in the profit before tax and profit after tax of MCMS for the year ended 31 December 2020 when compared to the corresponding figures in 2019 was mainly attributable to the significant decline Hong Kong's inbound tourism and the weakening of local economy brought by the spread of the novel coronavirus (COVID-19) since early 2020. Despite the decrease in the profitability last year, the Company has confidence in the core competencies of MCMS, and in light of recent revival of local economic performance and the stable local epidemic situation, the Company is optimistic about the future business and financial prospects of MCMS as a more normalised way of living emerges.

INFORMATION ON THE GROUP

The Group is a renowned food company in Hong Kong and the PRC with a diversified portfolio of well-known and highly popular brands, primarily focusing on the premium instant noodle segment. In addition, the Group also engages in the manufacture and sales of high quality frozen food products, including frozen dim sum and frozen noodles, and sales of other food and beverage products, including retort pouch, snack food, mineral water, sauce and vegetable products.

INFORMATION ON MITSUBISHI

Mitsubishi was incorporated under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange with the stock code 8058. It is a global integrated business enterprise that develops and operates businesses together with its offices and subsidiaries in approximately 90 countries and regions worldwide, as well as a global network of around 1,700 group companies. Mitsubishi has 10 business groups that operate across virtually every industry: natural gas, industrial materials, petroleum and chemicals solution, mineral resources, industrial infrastructure, automotive and mobility, food industry, consumer industry, power solution and urban development.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

MCMS, currently a 51% owned subsidiary of the Company, has a well-established and extensive sales and distribution network. Since the Company's acquisition of 51% interest of MCMS in March 2017, MCMS has equipped the Group with a strong distribution network and downstream capability to facilitate logistics and inventory control, providing an effective sale channel for the products of the Group. Further, leveraging on the supplier network of MCMS, the Group has formed a joint venture with Kagome Co., Ltd. in April 2018 to engage in the sales and distribution of vegetable juice and other beverages and condiments, and further expanded the Group's distribution business in Hong Kong and in the PRC.

Going forward, by acquiring a larger stake in MCMS through the Acquisition, the Company intends to continue to grow the distribution business and accumulate know-how in the wholesale business network in Hong Kong and Macau, thereby creating further synergy with the instant noodles and non-noodles category which will in turn enhance the overall income and profitability of the Group. The Group will continue to work in partnership with Mitsubishi, which will retain 19% shareholding interest in MCMS upon completion of the Acquisition, with the aim of developing the distribution business of MCMS. The Board is of the view that the Acquisition is beneficial to the business growth and development of the Group in the long term.

All Directors (including all independent non-executive Directors) are of the opinion that the Acquisition is on normal commercial terms and the terms of the Share Sale and Purchase Agreement are fair, reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As Mitsubishi is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of MCMS, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. To the knowledge of the Company based on the information available to it, Mitsubishi holds approximately 0.55% shareholding of the Company as at the date of this announcement and thus Mitsubishi is not a connected person at the Company's level. Since the highest applicable percentage ratios of the Acquisition, will be more than 1% but lower than 5% and Mitsubishi is a connected person at a subsidiary level of the Company, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular, independent financial advice and independent shareholders' approval requirements by the virtue of Chapter 14A.76 of the Listing Rules.

None of the Directors has any material interest in the connected transaction herein announced so no Director was required to abstain from voting on the Board resolutions of the Company approving the Acquisition. The Board has considered and approved the resolution on the Acquisition.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Acquisition”	the proposed acquisition of Sale Shares by the Company in accordance with the provisions of the Share Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Company”	Nissin Foods Company Limited, a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board
“Completion”	completion of the Acquisition in accordance with the Share Sale and Purchase Agreement
“Completion Date”	6 January 2022 (or such other date as may be agreed between the Company and Mitsubishi in writing, provided that such date shall not be later than the Long Stop Date)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2022 (or such later date as the parties in the Share Sale and Purchase Agreement may otherwise agree in writing)
“Main Board”	the main board of the Stock Exchange
“MCMS”	MC Marketing & Sales (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with limited liability and owned as to 51% and 49% by the Company and Mitsubishi, respectively as at the date of this announcement
“Mitsubishi”	Mitsubishi Corporation, a company established under the laws of Japan and a substantial shareholder of MCMS
“percentage ratios”	refers to the percentage ratios under rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Shares”	300 ordinary shares of MCMS, representing 30% of the total issued shares of MCMS
“Share Sale and Purchase Agreement”	the agreement dated 23 December 2021 entered into between the Company and Mitsubishi relating to the sale and purchase of Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 23 December 2021

As at the date of this announcement, Executive Directors are Mr. Kiyotaka Ando, Mr. Toshimichi Fujinawa, Mr. Shinji Tatsutani, Mr. Kazuo Kawasaki and Mr. Yasuhiro Yamada; and Independent Non-executive Directors are Dr. Sumio Matsumoto, Mr. Masaru Takahashi, Professor Lynne Yukie Nakano and Mr. Toshiaki Sakai.