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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 2022
AND
(II) INSIDE INFORMATION — UNAUDITED FINANCIAL RESULTS OF THE
CONTROLLING SHAREHOLDER, NISSIN FOODS HOLDINGS CO., LTD.
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The Board of the Company is pleased to announce that on 10 November 2022, it has resolved to approve the unaudited consolidated financial information of the Group for the nine months ended 30 September 2022. 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 72.05% 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 2022 (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 2022**

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 10 November 2022, 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 2022 (the “Period”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

	NOTES	Nine months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue		3,081,863	2,858,556
Cost of sales and services		<u>(2,108,401)</u>	<u>(1,959,164)</u>
Gross profit		973,462	899,392
Other income		49,169	28,707
Selling and distribution costs		(416,832)	(374,827)
Administrative expenses		(211,764)	(208,487)
Finance costs		(250)	(396)
Other expenses		(23,430)	(24,603)
Other gains and losses		<u>(16,091)</u>	<u>(10,292)</u>
Profit before taxation		354,264	309,494
Income tax expense	3	<u>(89,668)</u>	<u>(51,633)</u>
Profit for the period		<u>264,596</u>	<u>257,861</u>
Profit for the period attributable to:			
– Owners of the Company		237,271	231,373
– Non-controlling interests		<u>27,325</u>	<u>26,488</u>
		<u>264,596</u>	<u>257,861</u>
Earnings per share			
– Basic and diluted (<i>HK cents</i>)	4	<u>22.73</u>	<u>21.59</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022

	30 September 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current Assets		
Property, plant and equipment	1,537,216	1,625,369
Right-of-use assets	195,405	207,510
Goodwill	62,824	65,239
Intangible assets	40,840	42,170
Interest in an associate	116	116
Financial assets at fair value through profit or loss	32,840	37,210
Deferred tax assets	56,217	62,511
Loan receivable	410	821
Deposits paid for acquisition of property, plant and equipment	18,504	22,057
Time deposits with maturity over one year	77,396	85,616
Rental deposits	1,789	2,051
	<u>2,023,557</u>	<u>2,150,670</u>
Current Assets		
Inventories	393,378	464,999
Trade receivables	501,564	475,382
Other receivables, prepayments and deposits	75,625	87,288
Bond receivables	–	37,087
Loan receivable	547	547
Amount due from ultimate holding company	4,089	3,511
Amounts due from fellow subsidiaries	29,290	32,504
Tax recoverable	683	–
Financial assets at fair value through profit or loss	202,462	198,985
Time deposits with maturity over three months but not exceeding one year	17,660	17,642
Bank balances and cash	1,594,695	1,790,954
	<u>2,819,993</u>	<u>3,108,899</u>

	30 September 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Current Liabilities		
Trade payables	187,430	270,227
Other payables and accruals	663,256	712,383
Amount due to ultimate holding company	28,793	35,144
Amounts due to fellow subsidiaries	5,103	7,199
Lease liabilities	7,475	5,576
Tax liabilities	37,463	29,482
Deferred income	2,962	423
	<u>932,482</u>	<u>1,060,434</u>
Net Current Assets	<u>1,887,511</u>	<u>2,048,465</u>
Total Assets less Current Liabilities	<u>3,911,068</u>	<u>4,199,135</u>
Capital and Reserves		
Share capital	2,941,441	2,941,441
Reserves	809,775	1,009,198
	<u>3,751,216</u>	<u>3,950,639</u>
Equity attributable to owners of the Company	3,751,216	3,950,639
Non-controlling interests	84,452	165,622
	<u>3,835,668</u>	<u>4,116,261</u>
Non-current Liabilities		
Deferred tax liabilities	55,380	56,270
Lease liabilities	1,966	5,636
Deferred income	18,054	20,968
	<u>75,400</u>	<u>82,874</u>
	<u>3,911,068</u>	<u>4,199,135</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.

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 2021 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 2021 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

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	
	2022 (unaudited)	2021 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share (HK\$'000)	<u>237,271</u>	<u>231,373</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,043,822,188	1,071,710,799
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<u>97,163</u>	<u>42,110</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,043,919,351</u>	<u>1,071,752,909</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 2021: Nil).

7. FINANCIAL PERFORMANCE REVIEW

The revenue for the Period amounted to HK\$3,081.9 million, representing an increase of 7.8% from HK\$2,858.6 million of the corresponding period of 2021. Revenue from the Hong Kong operations increased solidly by 11.6% due to the good demand for instant noodles and frozen foods as well as the implementation of price adjustment. Revenue from the Mainland China operations increased by 5.7% (in local currency 7.5%) due to the growth in sales volume for the cup-type instant noodles coupled with the implementation of price adjustment, and partly offset by the depreciation of Renminbi to Hong Kong Dollar. Segment information about the operation is presented below:

For the nine months ended 30 September 2022 (unaudited):

	Hong Kong HK\$'000	Mainland China HK\$'000	Reportable segment total HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue					
Segment revenue from external customers	1,156,630	1,925,233	3,081,863	–	3,081,863
Inter-segment revenue	<u>150,332</u>	<u>164,662</u>	<u>314,994</u>	<u>(314,994)</u>	<u>–</u>
Segment revenue	<u>1,306,962</u>	<u>2,089,895</u>	<u>3,396,857</u>	<u>(314,994)</u>	<u>3,081,863</u>
Result					
Segment results	<u>83,188</u>	<u>237,998</u>	<u>321,186</u>	<u>–</u>	<u>321,186</u>

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

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
Segment revenue from external customers	1,036,498	1,822,058	2,858,556	–	2,858,556
Inter-segment revenue	143,725	135,153	278,878	(278,878)	–
	<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	68,400	222,679	291,079	–	291,079
	<u>68,400</u>	<u>222,679</u>	<u>291,079</u>	<u>–</u>	<u>291,079</u>

Gross profit and gross profit margin

The consolidated gross profit for the Period was HK\$973.5 million, representing an increase of 8.2% from HK\$899.4 million for the corresponding period of 2021. The gross profit margin for the Period was 31.6%, representing a slight increase of 0.1 percentage point from 31.5% of the corresponding period of 2021, mainly attributable to the implementation of price adjustments in Hong Kong and Mainland China during the period offsetting the surge in raw material costs.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK\$237.3 million, compared with HK\$231.4 million for the corresponding period of 2021.

(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 2022

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 72.05% 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 six months ended 30 September 2022 (the “Nissin Japan Financial Results”) on 10 November 2022 (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		For the six months ended	
	30 September		30 September	
	(July to September)		(April to September)	
	2022	2021	2022	2021
	<i>JPY million</i>	<i>JPY million</i>	<i>JPY million</i>	<i>JPY million</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales				
Sales to third Party	17,836	13,633	33,330	25,880
Intersegment Sales	609	590	1,152	883
Total	18,445	14,223	34,482	26,763
Segment income	2,006	1,273	3,897	2,346

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. In addition, its sales volume has continued to increase after implementing its revamp in June 2021. Revenue expanded year-on-year due to increased sales volume of the main products such as *Demae Iccho* brand in mainland China and Hong Kong, even after the implementation of the price revisions. Profit also increased year-on-year with the effect of the price revisions and increased sales volume offsetting the surge in raw material costs. Furthermore, the appreciation of the local currency against the Japanese Yen also had more positive impacts on revenue and profit.

Consequently, revenue was JPY33,330 million (+28.8%), core operating profit was JPY3,382 million (+39.7%) and operating profit was JPY3,897 million (+66.1%) in this reportable segment. Excluding the impact of currency translation, revenue was JPY28,153 million (+8.8%), core operating profit was JPY2,864 million (+18.4%).

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, 10 November 2022

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.