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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)

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF TARGET EQUITY INTEREST THROUGH THE PUBLIC SALE**

#### **EQUITY TRANSFER AGREEMENT**

Reference is made to the announcement of the Company dated 7 November 2022 in relation to inter alia, the Acquisition.

The Board is pleased to announce that on 10 November 2022, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor have entered into the Equity Transfer Agreement, in relation to the acquisition of 29.55% equity interest in Zhuhai Winner through the Public Sale on GUAEX. The Consideration for the Acquisition was RMB352,440,500, representing the successful bid price submitted by the Purchaser at the Public Sale.

As of the date of this announcement, Zhuhai Winner is an indirect non-wholly owned subsidiary of the Company and is held as to 70.45% by Winner Food, a wholly-owned subsidiary of the Company, and as to 29.55% by the Vendor. Upon completion of the Acquisition, the entire equity interest in Zhuhai Winner will be held by the Group and Zhuhai Winner will become an indirect wholly-owned subsidiary of the Company.

#### **LISTING RULE IMPLICATIONS**

As one or more of the applicable percentage ratios of the Acquisition is more than 5% but lower than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of Zhuhai Winner, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level of the Company; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 7 November 2022 in relation to inter alia, the Acquisition.

On 3 November 2022, the Purchaser (a wholly-owned subsidiary of the Company) participated in a bidding on GUAEX for the acquisition of the Target Equity Interest at a bid price of RMB352,440,500, being the minimum bid price set by the Vendor. The Group was the sole bidder for the Target Equity Interest, and the Purchaser received notice from GUAEX on 7 November 2022 confirming that it was selected as the successful bidder for the Acquisition.

The Board is pleased to announce that on 10 November 2022, the Purchaser and the Vendor entered into the Equity Transfer Agreement in relation to the acquisition of Target Equity Interest. The Consideration for the Acquisition was RMB 352,440,500, representing the successful bid price submitted by the Purchaser at the Public Sale. Upon completion of the Acquisition, Zhuhai Winner will become an indirect wholly-owned subsidiary of the Company.

## EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

<b>Date</b>	10 November 2022
<b>Parties</b>	(i) Zhuhai Western Development Co (as seller); and (ii) Nissin Foods (China) Holding Co., Ltd. (as purchaser)
<b>Nature of the transaction</b>	Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to purchase, and the Vendor has agreed to sell, 29.55% equity interest in Zhuhai Winner.
<b>Consideration</b>	<p>The Consideration for the Acquisition is RMB352,440,500, which represents the successful bid price submitted by the Purchaser at the Public Sale on GUAEX. The Target Equity Interest was offered for sale by way of tender on GUAEX at a minimum bid price of RMB352,440,500.</p> <p>The Consideration was determined by the Purchaser with reference to, among other things, (i) the Consideration being the minimum bid price, (ii) a valuation of the entire equity interest of Zhuhai Winner as at 30 April 2022 of approximately RMB1,184.7 million by an independent valuer commissioned by the Vendor for the purpose of the Public Sale process, (iii) the historical financial performance of Zhuhai Winner, and (iv) the future prospect of Zhuhai Winner. The Consideration shall be paid by the Purchaser in cash by internal resources of the Group.</p>
<b>Payment terms</b>	A deposit of RMB70,000,000 which was already paid by the Purchaser to GUAEX shall be applied to settle part of the Consideration. The remaining balance of the Consideration, being RMB282,440,500, shall be paid by the Purchaser to the designated settlement accounts of GUAEX within 5 working days after the Equity Transfer Agreement is entered into and becomes effective.

## Completion

The Purchaser and the Vendor shall jointly complete the procedures regarding the changes to the registration for industry and commerce for the Acquisition where the Target Equity Interest shall be registered under the name of the Purchaser within 30 days after obtaining the proof from GUAEX that the Consideration for the transfer of the Target Equity Interest is fully settled.

Prior to completion of the Acquisition and as at the date of this announcement, Zhuhai Winner is held as to 70.45% by the Group, and as to 29.55% by the Vendor. Upon completion of the Acquisition, the entire equity interest of Zhuhai Winner will be held by the Group.

## INFORMATION ON ZHUHAI WINNER

Zhuhai Winner is a manufacturer and distributor of instant noodles for the Company. Its principal activities include production and sale of instant noodles, seasonings, paper food containers and plastic packaging containers. As at the date of this announcement, it is currently owned as to 70.45% and 29.55% by Winner Food, a wholly-owned subsidiary of the Company, and the Vendor, respectively. Upon completion of the Acquisition, Zhuhai Winner will become an indirect wholly-owned subsidiary of the Company.

As at 31 December 2021, the audited net asset value of Zhuhai Winner was approximately RMB347.5 million. In addition, the independently appraised valuation of the entire equity interest of Zhuhai Winner as at 30 April 2022 as commissioned by the Vendor for the purpose of the Public Sale process on GUAEX was RMB1,184.7 million. The net profit (both before and after tax) of Zhuhai Winner for the two years ended 31 December 2020 and 2021, which were prepared in accordance with the China Accounting Standards for Business Enterprises, were as follows:

	Year ended 31 December	
	2020	2021
	(Audited)	(Audited)
	(RMB million)	(RMB million)
Net profits before tax	103.7	120.8
Net profits after tax	72.0	91.5

The original cost of investment incurred by the Vendor in respect of the Target Equity Interest amounted to approximately HK\$24.8 million, representing the Vendor's aggregate capital contribution to Zhuhai Winner.

## 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 THE VENDOR**

Zhuhai Western Development Co is a company established in the PRC with limited liability and is principally engaged in real estate brokerage; social and economic consulting services; sales of electronic products; sales of agricultural by products and import and export of goods. Zhuhai Western Development Co is a wholly-owned subsidiary of Zhuhai San Zao Management District, a state-owned enterprise under the supervision and management of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Zhuhai Winner is a sino-foreign joint venture company established in the PRC on 3 July 1993 approved by the Zhuhai Foreign Investment Office, and is primarily engaged in the manufacturing, sale and distribution of instant noodles.

As the consumption upgrade trend remains in progress in the PRC, there will be ample opportunities for expansion of the premium instant noodles market. Riding on the satisfactory financial performance of Zhuhai Winner during the year ended 31 December 2021 as compared to the same period in 2020, the Directors believe that the Acquisition allows the Company to consolidate its control over Zhuhai Winner which is an integral part of the Group's operation in the PRC, and allows greater flexibility to deploy the Group's production capabilities in China to respond to market demand and the changing business environment. The Acquisition also presents a good opportunity to enhance the Group's instant noodles production, sale and distribution capability in the PRC and Hong Kong, and capitalise on the long-term growth trends in China's instant noodles market, which will in turn increase the overall income and profitability of the Group. Further, the Acquisition reflects the Company's long-term commitment to achieve a leading position in the premium instant noodles business in the PRC, and to increase the Group's market share in the PRC which is in line with the Company's strategic direction.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and are on normal commercial terms, and the Acquisition is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios of the Acquisition is more than 5% but lower than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of Zhuhai Winner, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level of the Company; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Equity Transfer Agreement 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 acquisition of the Target Equity Interest pursuant to Equity Transfer 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 10 November 2022 entered into between the Purchaser and the Vendor in relation to the acquisition of the Target Equity Interest by the Purchaser from the Vendor
“Group”	the Company and its subsidiaries
“GUAEX”	Guangdong United Asset and Equity Exchange
“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
“Main Board”	the main board of the Stock Exchange
“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
“Public Sale”	the sale of the Target Equity Interest through a public tender process conducted by GUAEX in accordance with the relevant laws and regulations of the PRC in respect of the disposal of state-owned assets
“Purchaser”	Nissin Foods (China) Holding Co., Ltd.* (日清食品(中國)投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Equity Interest”	29.55% equity interest in Zhuhai Winner
“Vendor”	Zhuhai Western Development Co* (珠海西部發展有限公司), a company established in the PRC and wholly owned subsidiary of Zhuhai San Zao Management District* (珠海市三灶管理區), a state-owned enterprise under the supervision and management of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and a substantial shareholder of Zhuhai Winner
“Winner Food”	Winner Food Products Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Zhuhai Winner”	Zhuhai Golden Coast Winner Food Products Limited* (珠海市金海岸永南食品有限公司), a company established in the PRC with limited liability and is owned as to 70.45% and 29.55% by Winner Food and the Vendor, respectively as at the date of this announcement
“%”	per cent

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.*

\* *For identification purpose only*