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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) REVISION OF EXISTING ANNUAL CAPS FOR CERTAIN CONTINUING CONNECTED TRANSACTIONS; AND (II) CONTINUING CONNECTED TRANSACTIONS – MASTER PROCUREMENT AGREEMENT WITH KOIKE-YA**

#### **(I) REVISION OF EXISTING ANNUAL CAPS**

Reference is made to the 13 December 2022 Announcement in relation to, among others, the renewal of the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement and the Existing Annual Caps.

With the removal of all COVID-19 measures for in-bound travellers to Hong Kong and the full re-opening of all borders between the PRC and Hong Kong, Hong Kong has seen a rebound in the number of inbound travellers since early this year. Alongside the launch of the “Hello Hong Kong” campaign and other initiatives put forward by the Hong Kong Government to boost the local economy, the Company anticipates a stronger consumption sentiment, and it is anticipated that the demand for the Group’s products will continue to increase. At the same time, despite the easing of COVID-19 pandemic, the high procurement and logistics costs of a wide range of raw materials and packaging materials, and soaring energy costs have continued to impact on the production cost of instant noodles products. In 2022, Nissin Japan had already implemented a price revision for shipments effective from 1 June 2022 in view of the sharp increase in raw materials, packaging and other material costs. It has announced on 6 February 2023 that it would implement a further price revision of its instant food products in the range of 10% to 13% above the manufacturer’s suggested retail price effective from 1 June 2023 to respond to recent cost hikes. Nissin Japan has also notified the Company that the retail price of certain raw materials will be increased in 2023. Accordingly, the aggregate value of the continuing connected transactions under the following agreements is expected to be higher than that as envisaged at the time of determining the Existing Annual Caps.

- (I) Master Raw Materials and Products Procurement Agreement made between the Company and Nissin Japan pursuant to which the Group purchases certain raw materials and finished goods from members of Nissin Japan Group (disclosed as transaction item 4 in the 13 December 2022 Announcement); and
- (II) Master Raw Materials and Products Sale Agreement made between the Company and Nissin Japan pursuant to which the Group supplies certain raw materials and finished goods to the Nissin Japan Group (disclosed as transaction item 5 in the 13 December 2022 Announcement).

On 27 March 2023, the Board resolved to revise the Existing Annual Caps for the transactions respectively under the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement, for the years ending 31 December 2023, 2024 and 2025. Save for the revision of the Existing Annual Caps, all terms and conditions of the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement shall remain unchanged.

#### **LISTING RULE IMPLICATIONS**

As at the date of this announcement, Nissin Japan holds approximately 72.05% of the total issued Shares and is therefore the controlling shareholder and a connected person of the Company. Accordingly, the transactions contemplated under the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Revised Annual Caps of each of the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement is 5% or above, the transactions contemplated thereunder (based on the Revised Annual Caps) are subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Revised Annual Caps. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

An ordinary resolution will be put forward at the AGM for the Independent Shareholders to consider and, if thought fit, to approve the Revised Annual Caps.

A circular containing, among other things, (i) the principal terms of, and information relating to the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement; (ii) information relating to the Revised Annual Caps; (iii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Revised Annual Caps; (iv) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to the Revised Annual Caps; and (v) a notice to convene the AGM, is expected to be despatched to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, the Company expects to despatch the circular on or around 26 April 2023.

#### **(II) CONTINUING CONNECTED TRANSACTION – MASTER PROCUREMENT AGREEMENT WITH KOIKE-YA**

On 7 November 2019, the Company and KOIKE-YA entered into the Master Procurement Agreement pursuant to which the Group has agreed to procure the Procurement Products from KOIKE-YA.

#### **LISTING RULE IMPLICATIONS**

As at the date of this announcement, Nissin Japan holds approximately 72.05% of the total issued Shares and is therefore the controlling shareholder and a connected person of the Company and KOIKE-YA is owned as to 45.12% by Nissin Japan. Accordingly, KOIKE-YA is an associate of Nissin Japan and a connected person of the Company under the Listing Rules, and the transactions contemplated under the Master Procurement Agreement constitute continuing connected transactions of the Group under the Listing Rules.

At the time of entering into the Master Procurement Agreement in 2019, the applicable percentage ratios were less than 5% and the annual transaction amount was less than HK\$3,000,000 and the entering into of the Master Procurement Agreement constituted de minimis continuing connected transaction for the Company under the Listing Rules and was not subject to announcement, reporting and Independent Shareholders' approval requirements.

Based on the information currently available to the Company, the Board anticipates that the amount of procurement under the Master Procurement Agreement for the financial year ending 31 December 2023 would exceed the above-mentioned exemption threshold. The Company is therefore required to re-comply with the requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Annual Caps exceed 0.1% but do not exceed 5%, the transactions under the Master Procurement Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **(I) REVISION OF EXISTING ANNUAL CAPS FOR CERTAIN CONTINUING CONNECTED TRANSACTIONS**

With the removal of all COVID-19 measures for in-bound travellers to Hong Kong and the full re-opening of all borders between the PRC and Hong Kong, Hong Kong has seen a rebound in the number of inbound travellers since early this year. Alongside the launch of the "Hello Hong Kong" campaign and other initiatives put forward by the Hong Kong Government to boost the local economy, the Company anticipates a stronger consumption sentiment, and it is anticipated that the demand of the Group's products will continue to increase. At the same time, despite the easing of COVID-19 pandemic, the high procurement and logistics costs of a wide range of raw materials and packaging materials, and soaring energy costs have continued to impact on production cost of instant noodles products. In 2022, Nissin Japan had already implemented a price revision for shipments effective from 1 June 2022 in view of the sharp increase in raw materials, packaging and other material costs. It has announced on 6 February 2023 that it would implement a further price revision of its instant food products in the range of 10% to 13% above the manufacturer's suggested retail price effective from 1 June 2023 to respond to recent cost hikes. Nissin Japan has also notified the Company that the retail price of certain raw materials will be increased in 2023. Accordingly, the aggregate value of the continuing connected transactions under the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement is expected to be higher than that as envisaged at the time of determining the Existing Annual Caps.

To accommodate the business and operational needs of the Group, on 27 March 2023, the Board resolved to revise the Existing Annual Caps for the continuing connected transactions under the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement. Save for the revision of the Existing Annual Caps, all terms and conditions of the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement shall remain unchanged.

### **(A) Master Raw Materials and Products Procurement Agreement**

#### **1. Background**

The Company (for itself and on behalf of its subsidiaries) entered into the Master Raw Materials and Products Procurement Agreement with Nissin Japan (for itself and on behalf of its subsidiaries) on 21 November 2017 with a term of three years commencing from 1 January 2017. As disclosed in the 13 December 2022 Announcement, the Master Raw Materials and Products Procurement Agreement has been renewed for a further term of three years from 1 January 2023 to 31 December 2025.

## 2. *Principal Terms*

The principal terms of the Master Raw Materials and Products Procurement Agreement are summarised below:

<b>Date</b>	21 November 2017
<b>Parties</b>	(a) the Company (on behalf of the Group) (b) Nissin Japan (on behalf of Nissin Japan Group)
<b>Duration</b>	A term of three years commencing from 1 January 2023, which will be automatically renewed for successive periods of three years upon its expiry unless otherwise agreed between the parties or until terminated by either party forthwith by written notice.
<b>Continuing transactions</b>	Members of the Group would purchase certain raw materials and finished goods from members of the Nissin Japan Group.
<b>Pricing guideline</b>	The purchase price of the raw materials and finished goods supplied by Nissin Japan Group and payable by the Group would be calculated with reference to the total cost of such raw materials and finished goods plus a profit margin agreed at arm's length negotiation between the parties. The Directors confirmed that the purchase price charged by Nissin Japan Group under the Master Raw Materials and Products Procurement Agreement is fair and reasonable and on normal commercial terms or better.
<b>Historical transaction amounts</b>	For the three years ended 31 December 2020, 2021 and 2022, the total transaction amounts of the Group's purchase of raw materials and finished goods from Nissin Japan Group under the Master Raw Materials and Products Procurement Agreement were approximately HK\$168.4 million, HK\$167.1 million and HK\$166.3 million, respectively.

## 3. *Revision of the Existing Annual Caps*

The Board has resolved to increase the Existing Annual Caps for the transactions contemplated under the Master Raw Materials and Products Procurement Agreement as follows:

	For the year ending 31 December		
	2023	2024	2025
Existing Annual Caps	186.0	190.0	193.0
Revised Annual Caps	228.0	289.0	354.0

The Revised Annual Caps for the transactions contemplated under the Master Raw Materials and Products Procurement Agreement were determined with reference to the Group's revised forecast of purchases from Nissin Japan Group in the three years ending 31 December 2023, 2024 and 2025, the basis of which has taken into consideration (i) the historical transaction amounts; (ii) the historical growth rate in the purchases from Nissin Japan Group adjusted for the impact from exchange rate fluctuations; (iii) Nissin Japan implemented price revisions of its instant food products and raw materials effective from 2023; (iv) the prevailing market conditions, including but not limited to, the expected recovery in local economy with the re-opening of borders with the PRC and relaxation of COVID-19 control measures in Hong Kong; and (v) an additional 10% buffer to factor in fluctuation in prices and foreign exchange rates in respect of raw materials or finished goods products to be purchased from Nissin Japan Group.

## **(B) Master Raw Materials and Products Sale Agreement**

### **1. Background**

The Company (for itself and on behalf of its subsidiaries) entered into the Master Raw Materials and Products Sale Agreement with Nissin Japan (for itself and on behalf of its subsidiaries) on 21 November 2017 with a term of three years commencing from 1 January 2017. As disclosed in the 13 December 2022 Announcement, the Master Raw Materials and Products Sale Agreement has been renewed for a further term of three years from 1 January 2023 to 31 December 2025.

### **2. Principal Terms**

The principal terms of the Master Raw Materials and Products Sale Agreement are summarised below:

<b>Date</b>	21 November 2017
<b>Parties</b>	(a) the Company (on behalf of the Group) (b) Nissin Japan (on behalf of Nissin Japan Group)
<b>Duration</b>	A term of three years commencing from 1 January 2023, which will be automatically renewed for successive periods of three years upon its expiry unless otherwise agreed between the parties or until terminated by either party forthwith by written notice.
<b>Continuing transactions</b>	Members of the Group would supply certain raw materials and finished goods to members of the Nissin Japan Group.
<b>Pricing guideline</b>	The purchase price of the raw materials and finished goods payable by Nissin Japan Group to the Group would be calculated with reference to the cost of such raw materials and finished goods plus a profit margin agreed at arm's length negotiation between the parties. The Directors confirmed that the purchase price payable by Nissin Japan Group under the Master Raw Materials and Products Sale Agreement is fair and reasonable and on normal commercial terms or better.
<b>Historical transaction amounts</b>	For the three years ended 31 December 2020, 2021 and 2022, the total transaction amounts of Nissin Japan Group's purchase of raw materials and finished goods from the Group under the Master Raw Materials and Products Sale Agreement were approximately HK\$93.0 million, HK\$116.9 million and HK\$150.4 million, respectively.



### 3. *Revision of the Existing Annual Caps*

The Board has resolved to increase the Existing Annual Caps for the transactions contemplated under the Master Raw Materials and Products Sale Agreement as follows:

	<b>For the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(HK\$ million)</i>		
Existing Annual Caps	184.0	188.0	192.0
Revised Annual Caps	266.0	342.0	405.0

The Revised Annual Caps for the transactions contemplated under the Master Raw Materials and Products Sale Agreement were determined with reference to the Group's revised forecast of sales to Nissin Japan Group in the three years ending 31 December 2023, 2024 and 2025, the basis of which has taken into consideration (i) the historical transaction amounts; (ii) the historical growth rate in the sales of products (including finished goods and packaging materials) to Nissin Japan Group adjusted for the impact from exchange rate fluctuations; (iii) anticipated additional sales of instant noodles to subsidiaries of Nissin Japan in the European market; (iv) anticipated additional sales of packaging materials following the commencement of mass production in Zhuhai Nissin Packaging's production plant; (v) prevailing market conditions in light of a rebound in global economy in the wake of recovery from COVID-19; and (vi) an additional 10% buffer to factor in fluctuation in prices and foreign exchange rates in respect of the raw materials or finished goods products to be supplied to Nissin Japan Group.

#### **REASONS FOR AND BENEFITS OF REVISING THE EXISTING ANNUAL CAPS**

In view of recent re-opening of the border with the PRC and a relaxation of COVID-19 related measures in both Hong Kong and the PRC, the Board anticipates a return to normalcy and a strong rebound in economy which will bring about strong consumption sentiment calling for greater demand in instant noodles and confectionery items. This will in turn increase the Group's demand for (i) raw materials such as condiments and seasonings from Nissin Japan Group which will be used in the production of the Group's instant noodle products, as well as (ii) finished goods (including but not limited to made-in-Japan instant noodles and snacks) from Nissin Japan Group to satisfy the demand for such products in the local and the PRC markets. At the same time, in view of increasing cost pressures arising from soaring raw materials, packaging materials and energy costs, in addition to a product price revision on 1 June 2022, Nissin Japan has on 6 February 2023 announced a further product price revision in the range of 10% to 13% above the manufacturer's suggested retail price for shipments effective from 1 June 2023 to respond to recent cost hikes. Nissin Japan has also notified the Company that the retail price of certain raw materials will be increased in 2023. Accordingly, the aggregate value of the continuing connected transactions contemplated under the Master Raw Materials and Products Procurement Agreement is expected to be higher than that as envisaged at the time of determining the Existing Annual Caps.

Further, with the re-opening of the PRC which paved the way for a rapid rebound in economic activity worldwide, and the easing of global supply chain disruption resulting in lower freight cost as witnessed in the beginning of 2023, the Group anticipates an increase in demand for the Group's products, such as instant noodle and granola products and packaging materials used in production of instant noodle products in countries such as Thailand, Singapore, Germany and Brazil. In particular, the Group has received additional purchase orders for instant noodle products from subsidiaries of Nissin Japan in the European market. Further, since the commencement of production in the Group's packaging material plant in Zhuhai in December 2021, full-scale production has been underway and it is anticipated that other than in-house procurement, the Group is able to increase its sales of packaging materials to satisfy additional purchase orders and anticipated demand from Nissin Japan Group.

Other than an anticipated surge in transaction volume, the Board has considered the impact of a highly volatile foreign exchange rates on the projected transaction amount under the agreements. In particular, Japanese Yen is the main currency of the Group's purchases under the Master Raw Materials and Products Procurement Agreement and there was an appreciation of Japanese Yen in late 2022 and in early 2023. The Group has therefore revised its outlook on exchange rates and factored in its impact on the Group's projection for the annual caps under the agreement by providing an additional 10% buffer in determining the Revised Annual Caps.

In light of the aforesaid, the Board anticipates that the transactions with Nissin Japan Group pursuant to the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement will exceed the previous projections and that the Existing Annual Caps will not be sufficient to meet the Group's requirements for the three years ending 31 December 2023, 2024 and 2025. Accordingly, the Board proposes to revise the Existing Annual Caps to address its anticipating business needs in view of expected market changes. Save for the revision of the Existing Annual Caps, all terms and conditions of the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement shall remain unchanged.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of the Independent Financial Adviser) are of the view that the Revised Annual Caps in respect of the transactions contemplated under the Master Raw Materials and Product Procurement Agreement and Master Raw Materials and Products Sale Agreement are in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION RELATING TO THE GROUP AND NISSIN JAPAN 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, snacks, mineral water, sauce and vegetable products.

Nissin Japan is one of the largest manufacturers and sellers of instant noodles in the world. Apart from instant noodles, Nissin Japan also engages in the manufacture and sale of other products including chilled and frozen food, snacks, confectionery and beverage products.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Nissin Japan holds approximately 72.05% of the total issued Shares and is therefore the controlling shareholder and a connected person of the Company. Accordingly, the transactions contemplated thereunder the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps is 5% or above, the Revised Annual Caps are subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement and the transactions contemplated thereunder, including the Revised Annual Caps. As such, none of the Directors are required to abstain from voting on the relevant board resolutions approving the Revised Annual Caps.

An Independent Board Committee comprising all independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Revised Annual Caps. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## GENERAL

An ordinary resolution will be put forward at the AGM for the Independent Shareholders to consider and, if thought fit, to approve the Revised Annual Caps.

A circular containing, among other things, (i) principal terms of, and information relating to the Master Raw Materials and Products Procurement Agreement and the Master Raw Materials and Products Sale Agreement; (ii) information relating to the Revised Annual Caps; (iii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Revised Annual Caps; (iv) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to the Revised Annual Caps; and (v) a notice to convene the AGM, is expected to be despatched to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, the Company expects to despatch the circular on or around 26 April 2023.

## (II) CONTINUING CONNECTED TRANSACTIONS – MASTER PROCUREMENT AGREEMENT WITH KOIKE-YA

### 1. Background

On 7 November 2019, the Company (for itself and on behalf of its subsidiaries) and KOIKE-YA entered into the Master Procurement Agreement pursuant to which the Group has agreed to procure the Procurement Products from KOIKE-YA.

### 2. Principal Terms

The principal terms of the Master Procurement Agreement are summarised below:

<b>Date</b>	7 November 2019
<b>Parties</b>	(a) the Company (on behalf of the Group) (b) KOIKE-YA
<b>Duration</b>	A term of three years commencing from 1 November 2019, which will be automatically renewed for successive periods of three years upon its expiry unless otherwise agreed between the parties or until terminated by either party forthwith by written notice subject to compliance with applicable requirements under the Listing Rules. The Master Procurement Agreement was renewed on 31 October 2022 for a further term of three years commencing from 1 November 2022.
<b>Continuing transactions</b>	The Group purchases from KOIKE-YA the Procurement Products.
<b>Pricing guideline</b>	Determined with reference to the cost of such goods plus a profit margin agreed at arm's length basis and taking into account the purchase price for similar products that the Group can procure from other Independent Third Parties in open market. The Directors confirmed that the purchase price charged by KOIKE-YA under the Master Procurement Agreement is fair and reasonable and on normal commercial terms or better.



**Historical transaction amounts** For the three years ended 31 December 2020, 2021 and 2022, the total transaction amounts of the Group’s purchase of goods from KOIKE-YA under the Master Procurement Agreement were nil, nil and approximately HK\$0.7 million, respectively.

### 3. Annual Caps of the purchase of the products

The proposed caps for the fees payable by the Group to KOIKE-YA under the transactions contemplated under the Master Procurement Agreement for each of the three years ending 31 December 2023, 2024 and 2025 are set out below:

	For the year ending 31 December		
	2023	2024	2025
Annual Caps	5.2	7.4	9.6

*(HK\$ million)*

The Annual Caps are based on various considerations, including but not limited to (i) the historical amount of the purchase of the Procurement Products; and (ii) the anticipated increase in the purchases between the Group and KOIKE-YA with reference to the expected market demand of relevant products.

If the transactions contemplated under the Master Procurement Agreement for any of the above years exceed the relevant annual cap(s), the Company will comply with the relevant requirements stipulated under Chapter 14A of the Listing Rules.

### 4. Reasons for and benefits of entering into the transactions

KOIKE-YA has been a valuable business strategic partner of the Group and the Master Procurement Agreement enables the Group to secure a stable source of the Procurement Products. The Procurement Products purchased by the Group from KOIKE-YA comprise snack foods under the brand of “KOIKEYA” and other products, which include potato chips, potato sticks and corn snacks. Sourcing of such diversified products can expand the portfolio of the products that the Group can offer to its customers through its own well-established distribution and sale channels already spread over Hong Kong and the PRC which will in turn enhance the overall income and profitability of the Group. Against the backdrop of the COVID-19 pandemic and travel restriction as well as a relatively weak Japanese Yen, the Company was able to build up the demand for “Made-in-Japan” Procurement Products as a result of the “work-from-home” and “stay-at-home” lifestyle in both Hong Kong and the PRC last year. With the establishment of a thriving customer base and the anticipation of a stronger consumption sentiment, it is expected that the market demand for such “Made-in-Japan” products will continue to grow, and the Company plans to introduce more varieties of “KOIKEYA” brand products in order to obtain a higher market share in the confectionary/snack sector. Accordingly, the Company would need to increase the Annual Caps for its purchase under the Master Procurement Agreement in order to meet the expected increasing demand and the Group’s development plan. On the aforesaid basis, the Directors (including the independent non-executive Directors) consider that the terms of the Master Procurement Agreement were entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of such agreement and the Annual Caps are fair and reasonable and such transactions are in the interests of the Company and its Shareholders as a whole.

## 5. General information relating to the Group and KOIKE-YA

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, snacks, mineral water, sauce and vegetable products.

KOIKE-YA is a corporation incorporated under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange, Inc. with the stock code 2226. KOIKE-YA is engaged in the manufacturing and sales of snack foods and health foods. KOIKE-YA operates confectionery and snack business and lactic acid business. Its products include potato chips and corn snacks under the brand name such as “KARAMUCHO” and “SCORN”.

## 6. Listing Rule implications

As at the date of this announcement, Nissin Japan holds approximately 72.05% of the total issued Shares and is therefore the controlling shareholder and a connected person of the Company and KOIKE-YA is owned as to 45.12% by Nissin Japan. Accordingly, KOIKE-YA is an associate of Nissin Japan and a connected person of the Company under the Listing Rules, and the transactions contemplated under the Master Procurement Agreement constitute continuing connected transactions of the Group under the Listing Rules.

At the time of entering into the Master Procurement Agreement in 2019, the applicable percentage ratios were less than 5% and the annual transaction amount was less than HK\$3,000,000 and the entering into of the Master Procurement Agreement constituted de minimis continuing connected transaction for the Company under the Listing Rules and was not subject to announcement, reporting and Independent Shareholders’ approval requirements.

Based on the information currently available to the Company, the Board anticipates that the procurement for the financial year ending 31 December 2023 would exceed the above-mentioned exemption threshold. The Company is therefore required to re-comply with the requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Annual Caps exceed 0.1% but do not exceed 5%, the transactions under the Master Procurement Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“13 December 2022 Announcement”	the announcement of the Company dated 13 December 2022
“AGM”	the annual general meeting of the Company to be held on 9 June 2023 or any adjournment thereof, which will be further notified by the Company in relevant circular
“Annual Cap(s)”	the anticipated maximum annual value of the transactions contemplated under the Master Procurement Agreement for each of the three years ending 31 December 2023, 2024 and 2025

“associate”	has the meaning ascribed to it under the Listing Rules
“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 of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing Annual Cap(s)”	the anticipated maximum annual value of the transactions contemplated under, as the case may be, (i) the Master Raw Materials and Products Procurement Agreement for the years ending 31 December 2023, 2024 and 2025 as stated in the 13 December 2022 Announcement; and (ii) the Master Raw Materials and Products Sale Agreement for the years ending 31 December 2023, 2024 and 2025 as stated in the 13 December 2022 Announcement
“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
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders as to voting at the AGM on, among other things, the resolutions approving the Revised Annual Caps
“Independent Financial Adviser”	Optima Capital Limited, being a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, which is the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps in respect of the transactions contemplated under each of the Master Raw Materials and Products Procurement Agreement and Master Raw Materials and Products Sale Agreement
“Independent Shareholders”	Shareholders other than Nissin Japan and its associates, and any other Shareholder(s) who are considered as materially interested in the Master Raw Materials and Product Procurement Agreement and the Master Raw Materials and Products Sale Agreement and the transactions contemplated thereunder including the Revised Annual Caps

“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“KOIKE-YA”	KOIKE-YA Inc., a company incorporated under the laws of Japan on 13 January 1977 and the shares of which are listed on the Tokyo Stock Exchange, Inc. (stock code: 2226)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“Master Procurement Agreement”	the master agreement in connection with the purchase of the Procurement Products of the Group entered into between the Company and KOIKE-YA on 9 November 2019 (as renewed on 31 October 2022)
“Master Raw Materials and Products Procurement Agreement”	the master agreement in connection with the purchase of raw materials and products of the Group entered into between the Company and Nissin Japan on 21 November 2017 (as renewed on 7 November 2019 and 13 December 2022)
“Master Raw Materials and Products Sale Agreement”	the master agreement in connection with the sale of raw materials and products of the Group entered into between the Company and Nissin Japan on 21 November 2017 (as renewed on 7 November 2019 and 13 December 2022)
“Nissin Japan”	Nissin Foods Holdings Co., Ltd., a company established under the laws of Japan on 4 September 1948 whose shares are listed on the Tokyo Stock Exchange, Inc. (stock code: 2897) and the controlling shareholder of the Company
“Nissin Japan Group”	Nissin Japan and its subsidiaries, excluding the Group for the purpose of this announcement
“percentage ratios”	refers to the percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Procurement Products”	means goods including snacks and other products, which KOIKE-YA is to sell to the relevant members of the Group as agreed between the parties to the Master Procurement Agreement from time to time
“Revised Annual Cap(s)”	the revised anticipated maximum annual value of the transactions contemplated under, as the case may be, (i) the Master Raw Materials and Products Procurement Agreement for the years ending 31 December 2023, 2024 and 2025; and (ii) the Master Raw Materials and Products Sale Agreement for the years ending 31 December 2023, 2024 and 2025

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhuhai Nissin Packaging”	Zhuhai Nissin Packaging Company Limited (珠海日清包裝有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 27 March 2023

*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.*