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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 2023**

AND

**(II) INSIDE INFORMATION — UNAUDITED FINANCIAL RESULTS OF THE
CONTROLLING SHAREHOLDER, NISSIN FOODS HOLDINGS CO., LTD.
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The Board of the Company is pleased to announce that on 9 November 2023, it has resolved to approve the unaudited consolidated financial information of the Group for the nine months ended 30 September 2023. 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 2023 (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 2023**

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 9 November 2023, 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 2023 (the “Period”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	NOTES	Nine months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited and restated)
Revenue		2,955,978	3,112,110
Cost of sales and services		<u>(1,950,143)</u>	<u>(2,134,033)</u>
Gross profit		1,005,835	978,077
Other income		40,935	49,382
Selling and distribution costs		(413,261)	(423,884)
Administrative expenses		(235,338)	(216,741)
Finance costs		(134)	(250)
Other expenses		(17,806)	(23,430)
Other gains and losses		<u>(12,539)</u>	<u>(15,399)</u>
Profit before taxation		367,692	347,755
Income tax expense	3	<u>(95,420)</u>	<u>(89,668)</u>
Profit for the period		<u>272,272</u>	<u>258,087</u>
Profit for the period attributable to:			
– Owners of the Company		270,360	232,909
– Non-controlling interests		<u>1,912</u>	<u>25,178</u>
		<u>272,272</u>	<u>258,087</u>
Earnings per share			
– Basic and diluted (HK cents)	4	<u>25.90</u>	<u>22.31</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023

	30 September 2023 <i>HK\$'000</i> (unaudited)	31 December 2022 <i>HK\$'000</i> (restated)
Non-current Assets		
Property, plant and equipment	1,662,468	1,616,034
Right-of-use assets	172,116	186,398
Goodwill	62,497	63,108
Intangible assets	27,456	31,454
Interest in an associate	116	116
Financial assets at fair value through profit or loss	35,852	34,371
Deferred tax assets	56,612	57,041
Loan receivable	–	274
Deposits paid for acquisition of property, plant and equipment	37,808	34,322
Time deposits with maturity over one year	76,283	78,364
Rental deposits	1,444	1,789
	<u>2,132,652</u>	<u>2,103,271</u>
Current Assets		
Inventories	358,385	442,340
Trade receivables	478,288	430,898
Other receivables, prepayments and deposits	91,771	88,121
Loan receivable	274	547
Amount due from ultimate holding company	5,298	4,174
Amounts due from fellow subsidiaries	32,748	34,582
Tax recoverable	3,598	13,987
Financial assets at fair value through profit or loss	213,178	204,239
Time deposits with maturity over three months but not exceeding one year	115,352	20,073
Cash and Cash equivalents	1,186,274	1,257,573
	<u>2,485,166</u>	<u>2,496,534</u>

	30 September 2023 <i>HK\$'000</i> (unaudited)	31 December 2022 <i>HK\$'000</i> (restated)
Current Liabilities		
Trade payables	194,021	185,144
Other payables and accruals	674,085	657,731
Amount due to ultimate holding company	27,099	33,808
Amounts due to fellow subsidiaries	6,390	3,623
Lease liabilities	1,334	6,249
Tax liabilities	41,233	37,588
Deferred income	3,025	2,826
	<u>947,187</u>	<u>926,969</u>
Net Current Assets	<u>1,537,979</u>	<u>1,569,565</u>
Total Assets less Current Liabilities	<u><u>3,670,631</u></u>	<u><u>3,672,836</u></u>
Capital and Reserves		
Share capital	2,941,441	2,941,441
Reserves	600,598	614,312
	<u>3,542,039</u>	<u>3,555,753</u>
Equity attributable to owners of the Company	3,542,039	3,555,753
Non-controlling interests	42,194	43,909
	<u>3,584,233</u>	<u>3,599,662</u>
Total Equity	<u>3,584,233</u>	<u>3,599,662</u>
Non-current Liabilities		
Deferred tax liabilities	66,594	53,655
Lease liabilities	3,577	2,126
Deferred income	16,227	17,393
	<u>86,398</u>	<u>73,174</u>
	<u><u>3,670,631</u></u>	<u><u>3,672,836</u></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 other Asia and Mainland China.

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 2022 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 2022 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 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

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	
	2023	2022
	(unaudited)	(unaudited and restated)
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>270,360</u>	<u>232,909</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,043,677,771	1,043,822,188
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<u>34,910</u>	<u>97,163</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,043,712,681</u>	<u>1,043,919,351</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 2022: Nil).

7. FINANCIAL PERFORMANCE REVIEW

The revenue for the Period amounted to HK\$2,956.0 million, representing a decrease of 5.0% from HK\$3,112.0 million (restated) of the corresponding period of 2022. Revenue from the Hong Kong and other Asia operations decreased by 3.8% due to the absence of a sudden surge in demand especially in the bag-type instant noodles under the pandemic last year. Revenue from the Mainland China operations dropped by 5.8% (in local currency -0.2%) due to the depreciation of Renminbi to Hong Kong Dollar. Segment information about the operation is presented below:

For the nine months ended 30 September 2023 (unaudited):

	Hong Kong and other Asia <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	1,142,108	1,813,870	2,955,978	–	2,955,978
Inter-segment revenue	<u>148,288</u>	<u>171,111</u>	<u>319,399</u>	<u>(319,399)</u>	<u>–</u>
Segment revenue	<u>1,290,396</u>	<u>1,984,981</u>	<u>3,275,377</u>	<u>(319,399)</u>	<u>2,955,978</u>
Result					
Segment results	<u>75,762</u>	<u>263,535</u>	<u>339,297</u>	<u>–</u>	<u>339,297</u>

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

	Hong Kong and other Asia <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	1,186,877	1,925,233	3,112,110	–	3,112,110
Inter-segment revenue	<u>150,572</u>	<u>164,662</u>	<u>315,234</u>	<u>(315,234)</u>	<u>–</u>
Segment revenue	<u>1,337,450</u>	<u>2,089,895</u>	<u>3,427,344</u>	<u>(315,234)</u>	<u>3,112,110</u>
Result					
Segment results	<u>75,773</u>	<u>237,998</u>	<u>313,771</u>	<u>–</u>	<u>313,771</u>

Gross profit and gross profit margin

The consolidated gross profit for the Period was HK\$1,005.8 million, representing an increase of 2.8% from HK\$978.1 million (restated) for the corresponding period of 2022. The gross profit margin for the Period was 34.0%, representing a notable increase of 2.6 percentage point from 31.4% (restated) of the corresponding period of 2022, mainly attributable to the implementation of price adjustments last year and easing of raw material costs during the period.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK\$270.4 million, compared with HK\$233.0 million (restated) for the corresponding period of 2022.

(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 2023

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 2023 (the “Nissin Japan Financial Results”) on 9 November 2023 (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)	
	2023 <i>JPY million</i> (unaudited)	2022 <i>JPY million</i> (unaudited and restated)	2023 <i>JPY million</i> (unaudited)	2022 <i>JPY million</i> (unaudited and restated)
Net sales				
Sales to third Party	18,076	18,028	32,936	33,749
Intersegment Sales	832	619	1,609	1,172
Total	18,908	18,648	34,545	34,922
Segment income	2,420	1,977	3,812	3,842

Note: In the first quarter (from April to July) for the current fiscal year, Nissin Japan has changed the method of presenting Nissin Foods Vietnam Co., Ltd., to be included in “China”, which was included in “Others”, resulting from the review of the business management classification of the Nissin Japan. Accordingly, the amount of the same period for the previous fiscal year reflected this change.

Qualitative Information Concerning Consolidated Business Results

China

In China, the Group has taken steps to expand its geographical sales areas and strengthen its *CUP NOODLES* brand. The economy in mainland China is recovering gradually, but there remains an uncertain future for household spending. Hong Kong's economy is also gradually recovering due to increased inbound tourists from mainland China. Against the backdrop, although there was a recovery trend in instant noodle sales volume from July to September 2023, overall first-half revenue was down year-on-year due to a soft sales volume of instant noodles during the period of the first half. Operating profit was broadly in line with the level of the same period last year due to lower raw material costs over the period and a recovery in instant noodle sales volumes in the period from July to September 2023, which largely offset the drop in profit from a one-off government subsidy recorded in the same period last year.

Consequently, revenue was JPY32,936 million (-2.4%), core operating profit was JPY3,527 million (+6.1%) and operating profit was JPY3,812 million (-0.8%) in this reportable segment. Excluding the impact of currency translation, revenue was JPY32,432 million (-3.9%), core operating profit was JPY3,511 million (+5.7%).

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, 9 November 2023

As at the date of this announcement, Executive Directors are Mr. Kiyotaka Ando, Mr. Toshimichi Fujinawa, Mr. Shinji Tatsutani, Mr. Yasuhiro Yamada, Mr. Katsunori Hiroi and Mr. Xi Xiaotong; and Independent Non-executive Directors are Mr. Masaru Takahashi, Professor Lynne Yuki Nakano, Mr. Toshiaki Sakai and Professor Keiko Ito.