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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)

VOLUNTARY ANNOUNCEMENT

(1) IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ABC PASTRY IN AUSTRALIA; AND (2) GRANT OF CALL OPTION IN RESPECT OF THE PROPERTY

THE TRANSACTIONS

The Board is pleased to announce that on 27 September 2024, the Company, as purchaser, and the Sellers entered into the Share Sale and Purchase Agreement. Pursuant to the Share Sale and Purchase Agreement, the Sellers conditionally agreed to sell, and the Company conditionally agreed to buy, the Sale Shares, being 100% of the issued share capital in ABC Pastry, at the Consideration of AU\$33,700,000 (equivalent to approximately HK\$178,610,000). Upon completion of the Acquisition, ABC Pastry will become a wholly-owned subsidiary of the Company.

In connection with the Acquisition, concurrent with the signing of the Share Sale and Purchase Agreement, the Company (as grantee) and the Land Vendors (as grantors) also entered into the Option Deed, pursuant to which the Land Vendors have granted to the Company the Call Option whereby the Company has the right to require the Land Vendors to sell the Property to the Company (or its nominee).

LISTING RULES IMPLICATIONS

Neither the Acquisition nor the grant of the Call Option by the Land Vendors to the Company constitutes a notifiable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. The Company will comply with all applicable requirements under the Listing Rules in the event that it exercises the Call Option as and when required.

INTRODUCTION

The Board is pleased to announce that on 27 September 2024, the Company, as purchaser, and the Sellers entered into the Share Sale and Purchase Agreement. Pursuant to the Share Sale and Purchase Agreement, the Sellers conditionally agreed to sell, and the Company conditionally agreed to buy, the Sale Shares, being 100% of the issued share capital in ABC Pastry, at the Consideration of AU\$33,700,000 (equivalent to approximately HK\$178,610,000). Upon completion of the Acquisition, ABC Pastry will become a wholly-owned subsidiary of the Company.

In connection with the Acquisition, concurrent with the signing of the Share Sale and Purchase Agreement, the Company (as grantee) and the Land Vendors (as grantors) also entered into the Option Deed, pursuant to which the Land Vendors have granted to the Company the Call Option whereby the Company has the right to require the Land Vendors to sell the Property to the Company (or its nominee).

THE SHARE SALE AND PURCHASE AGREEMENT

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

Date

27 September 2024

Parties

The Purchaser: Nissin Foods Company Limited

The Sellers: Gaoyang Family and Min Investments

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sellers and its ultimate beneficial owner is an Independent Third Party.

Nature of the transaction

Pursuant to the Share Sale and Purchase Agreement, the Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, 100 ordinary shares of ABC Pastry, representing 100% of the issued share capital of ABC Pastry.

Consideration

The Consideration for the Acquisition is AU\$33,700,000 (equivalent to approximately HK\$178,610,000), subject to adjustments for cash, indebtedness and net working capital pursuant to the completion accounts. The Company intends to fund the Acquisition from internal resources of the Group.

The Consideration was determined after arm's length negotiation among the parties to the Share Sale and Purchase Agreement and was determined with reference to, including but not limited to: (i) the valuation of the Sale Shares according to independent valuation report prepared by Roma Appraisals Limited; (ii) the unaudited net assets of ABC Pastry as at 30 June 2024; and (iii) the financial position and track record as demonstrated from the key financial metrics of ABC Pastry.

Completion

The Completion shall take place on the Completion Date, subject to the fulfilment or waiver (as the case may be) of all the conditions precedent and completion obligations of each party contained in the Share Sale and Purchase Agreement.

Upon Completion, ABC Pastry will become a wholly-owned subsidiary of the Company. The results and assets and liabilities of ABC Pastry will be consolidated with, and accounted for as a subsidiary, in the Company's consolidated financial statements.

THE OPTION DEED

On 27 September 2024, the Company (as grantee) and the Land Vendors (as grantors) also entered into the Option Deed, pursuant to which the Land Vendors have, for a consideration of AU\$10, granted to the Company the Call Option whereby the Company has the right to require the Land Vendors to sell the Property to the Company (or its nominee) at the option price of AU\$8,800,000 (equivalent to approximately HK\$46,640,000) (the "Option Price"). The Property is currently used by ABC Pastry for the purpose of food manufacturing. The Option Price is determined after arm's length negotiation among the parties to the Option Deed with reference to, including but not limited to: (i) the valuation of the Property in the amount of AU\$8,800,000 (equivalent to approximately HK\$46,640,000) as at 20 May 2024 by an independent property valuer; and (ii) the current Australian property market sentiment. The Company may exercise the Call Option at any time during the one month period starting on one Business Day after the Completion Date. Upon the exercise of the Call Option, the Land Vendors must deliver to the Company a counterpart of a legally binding agreement for the sale of the Property no later than two Business Days after the relevant date of exercise of the Call Option.

To the best of the Directors' knowledge, information and belief having made all reasonable enquirers, each of the Land Vendors and its ultimate beneficial owner is an Independent Third Party.

INFORMATION OF ABC PASTRY OF THE TRANSACTIONS

ABC Pastry

ABC Pastry is a leading manufacturer of frozen dumplings which are either company branded (i.e. *ABC Pastry*) or third party branded in Australia. The products are dumplings and juicy buns (also known as soup dumplings) which are sold to food distributors, Asian grocers, contract manufacturers and supermarkets across Australia. *ABC Pastry* is a nationally recognised brand renowned for premium quality dumplings. Its revenue was approximately AU\$15.2 million (equivalent to approximately HK\$80.6 million) for the year ended 30 June 2024. As at the date of this announcement, it is currently wholly owned by the Sellers. Upon Completion, ABC Pastry will become a wholly-owned subsidiary of the Company.

As at 30 June 2024, the audited net asset value of ABC Pastry was approximately AU\$0.8 million (equivalent to HK\$4.2 million). The unaudited net profit (both before and after tax) and audited net profit (both before and after tax) of ABC Pastry for the two years ended 30 June 2023 and 2024, respectively, which were prepared based on applicable Australian Accounting Standards, were as follows:

	Year ended 30 June 2023		Year ended 30 June 2024	
	(Unaudited)	Equivalent to	(Audited)	Equivalent to
	(AU\$'000)	approximately	(AU\$'000)	approximately
		HK\$'000		HK\$'000
Net profit before taxation	3,293	17,453	3,785	20,061
Net profit after taxation	2,232	11,830	2,838	15,041

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition presents a premium opportunity for the Group to tap into the Australian frozen food market. The Australian frozen food market size is expected to experience robust growth as the frozen dumplings, in particular, have been benefiting from the rising Asian migration to Australia. Additionally, there is a growing demand for convenient, high-quality frozen foods, driven by busy lifestyles and a desire for international cuisine such as Asian. This trend is anticipated to continue, and there will be ample opportunities for expansion of the premium frozen food market in Australia.

Since founding the production of frozen dumplings in 1998, ABC Pastry, based in Sydney, has been an experienced manufacturer of frozen dumplings with a reputable brand known to the local Asian communities in New South Wales and Victoria, Australia. Recently, ABC Pastry has been growing the frozen business together with local networks and distributors to cater to nationwide retailers. The Company believes that with our existing expertise and rich experience in operational and financial management as a listed company, the Acquisition would contribute to ABC Pastry's long-term development and enable the Group to diversify its business portfolio and broaden its income sources, which benefits the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction contemplated under the Share Sale and Purchase 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

Neither the Acquisition nor the grant of the Call Option by the Land Vendors to the Company constitutes a notifiable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. The Company will comply with all applicable requirements under the Listing Rules in the event that it exercises the Call Option as and when required.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“ABC Pastry”	ABC Pastry Holdings Pty Ltd, a proprietary limited by shares registered in Australia on 26 June 2012 and owned as to 50% by Gaoyang Family and 50% by Min Investments as at the date of this announcement
“Acquisition”	acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement
“AU\$”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors

“Business Day”	a day that is not a Saturday, Sunday or public holiday in New South Wales
“Call Option”	the call option granted by the Land Vendors to the Company to require the Land Vendors to sell the Property to the Company (its nominee) under the Option Deed
“Company”	Nissin Foods Company Limited, a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board
“Completion”	completion of the Acquisition
“Completion Date”	<p>the later of:</p> <p>(i) 2 December 2024; and</p> <p>(ii) the first business day of the calendar month that commences no earlier than 3 Business Days after the date on which all the conditions precedent set out in the Share Sale and Purchase Agreement have been satisfied or waived (to the extent capable of waiver) other than any condition precedent which by its nature is incapable of satisfaction until immediately prior to Completion;</p> <p>or such other date (which may be an earlier or later date) as may be agreed between the parties to the Share Sale and Purchase Agreement.</p>
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Gaoyang Family”	Gaoyang Family Pty Ltd, a proprietary company limited by shares registered in Australia on 19 March 2013, as trustee for the Gaoyang Family Trust
“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 People’s Republic of China
“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

“Land Vendors”	Min Investments Pty Ltd as trustee for the Wu Family Trust and Ms. Fu-Ping Yang as trustee for the GY Family Trust
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Min Investments”	Min Investments Pty Ltd, a proprietary company limited by shares registered in Australia on 16 November 1992, as trustee for the Wu Family Trust
“Option Deed”	the Option Deed dated 27 September 2024 entered into between the Company and Land Vendors
“percentage ratios”	refers to the percentage ratios under rule 14.07 of the Listing Rules
“Property”	the land and improvements situated at 10 Epic Place, Villawood, New South Wales 2163, Australia with site area of 2,525 square metres, for industrial use
“Sale Shares”	100 ordinary shares of ABC Pastry
“Seller(s)”	Gaoyang Family and Min Investments
“Share Sale and Purchase Agreement”	the Share Sale and Purchase Agreement dated 27 September 2024 entered into between amongst others, the Company and the Sellers in relation to the acquisition of the Sale Shares by the Company from the Sellers
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of AU\$1.00 = HK\$5.30 has been used, where applicable, for illustration purpose only and does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

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

Hong Kong, 27 September 2024

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