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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)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 11 November 2024, the Company and Nissin Asia entered into the JV Agreement in relation to, among others, the formation of the JV Company, whereby the JV Company will be owned as to 51% by the Company and 49% by Nissin Asia, in New South Wales, Australia. The Company will contribute AUD1,020,000 (equivalent to approximately HK\$5,232,600) in cash to the share capital of the JV Company, which will be financed by the internal resources of the Group. The JV Company will become a non-wholly-owned subsidiary of the Company, the results of which will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As of 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. Nissin Asia is a wholly-owned subsidiary of Nissin Japan. Therefore, Nissin Asia is a connected person of the Company by virtue of it being an associate of Nissin Japan. Accordingly, the JV Formation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios of the JV Formation is more than 0.1% but less than 5%, the JV Formation is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 November 2024, the Company and Nissin Asia entered into the JV Agreement in relation to, among others, the formation of the JV Company, whereby the JV Company will be owned as to 51% by the Company and 49% by Nissin Asia, in New South Wales, Australia. The Company will contribute AUD1,020,000 (equivalent to approximately HK\$5,232,600) in cash to the share capital of the JV Company, which will be financed by the internal resources of the Group. The JV Company will become a non-wholly-owned subsidiary of the Company, the results of which will be consolidated into the financial statements of the Group.

THE JV AGREEMENT

The principal terms of the JV Agreement are set out below:

Date

11 November 2024

Parties

(1) Nissin Foods Company Limited

(2) Nissin Foods Asia Co., Ltd.

Subject Matter

The JV Company will be a limited liability company to be established in accordance with the laws of New South Wales, Australia. The proposed name of the JV Company is Australia Nissin Foods Pty., Ltd. (subject to the final name as approved and registered by the relevant government authority in Australia).

Formation of the JV Company and Capital contributions

The JV Company will be owned as follows after its establishment:

	Capital contribution		Shareholding
	(AUD)	(HK\$)	Percentage
			%
The Company	1,020,000	5,232,600	51
Nissin Asia	<u>980,000</u>	<u>5,027,400</u>	<u>49</u>
Total	<u>2,000,000</u>	<u>10,260,000</u>	<u>100</u>

The amount of the initial capital contribution to the JV Company was determined after arm's length negotiations among the parties with reference to the JV Company's capital requirements for its expected business development and in accordance with their respective shareholding proportion and shall be paid in cash. The capital contribution of AUD1,020,000 by the Company will be funded by internal resources of the Group.

The JV Company will be held as to 51% by the Company and will be accounted for as a non-wholly-owned subsidiary of the Group with its financial results to be consolidated into the Group's consolidated financial statements.

Business of the JV Company

The JV Company will be primarily engaged in the import and sale of instant noodles, snacks, cereals and other food products in Australia and New Zealand.

Management of the JV Company

The Company shall be entitled to appoint no less than two directors and Nissin Asia shall be entitled to appoint no less than one director. The number of directors that Nissin Asia is entitled to appoint shall be fewer than the number of directors appointed by the Company. The JV Company shall have one managing director whom shall be appointed by the board of directors of the JV Company and taken up by a representative of the Company.

Certain reserved matters of the JV Company such as issuance of new shares, reduction of capital and liquidation of the JV Company, are subject to the approval by shareholders of the JV Company holding not less than 75% of its issued shares. The distribution of dividends by the JV Company is decided by ordinary resolution of the shareholders of the JV Company.

Restrictions on transfer of shares and right of first refusal

If any shareholder of the JV Company intends to transfer its shares, consent from the other shareholder is required and such other shareholder shall have the right of first refusal under the same terms.

INFORMATION OF THE PARTIES

The Company

The Company is a renowned food company in Hong Kong and mainland China, with a diversified portfolio of well-known and highly popular brands, primarily focusing on the premium instant noodle segment. In addition, the Company, together with its subsidiaries, 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.

Nissin Japan

Nissin Japan is a company listed on the Tokyo Stock Exchange, Inc. (stock code: 2897) and is one of the largest manufacturers and sellers of instant noodles in the world. Apart from instant noodles, Nissin Japan also manufactures and sells other products including chilled and frozen food, snack, confectionery and beverage products.

Nissin Asia

Nissin Foods Asia Co., Ltd. is a wholly-owned subsidiary of Nissin Japan. It is a company established in Thailand with limited liability and is principally engaged in the provision of managerial or support services to its subsidiaries which are manufacturers and seller of instant noodles in countries such as Thailand, Indonesia, Singapore, Cambodia and Malaysia.

REASONS FOR AND BENEFITS OF THE JV FORMATION

In recent years, it has been observed that the instant noodle markets in Australia and New Zealand achieved a healthy growth during the period from 2019 to 2023. According to the World Instant Noodles Association, demand for instant noodles in Australia increased from 420 million servings in 2019 to 500 million servings in 2023, representing a CAGR of 4.5% over the last five years. Demand for instant noodles in New Zealand increased from 90 million servings in 2019 to 110 million servings in 2023, earning a CAGR of 5.1% over the last five years. The growth in both countries outpaced the corresponding global CAGR of 3.1%.

The Company believes that this growth trend will continue going forward because of the increasing population in, and particularly the rising Asian migration to, Australia and New Zealand, which present ample opportunities for expansion of instant noodle markets in both countries.

Currently, the Group is exporting and selling instant noodles to Australia and New Zealand through third-party distributors on a wholesale basis. The distributors then on-sell the Group's products to sub-distributors, retailers and other customers. By establishing a local presence, the Company can enhance its marketing activities in both markets, strengthen its sales and distribution network and maintain a greater control over retail sales and inventory levels of the Group's products. Other than the Group's products, it is proposed that the JV Company will also sell and distribute instant noodles products produced by Nissin Asia, its subsidiaries or its licensee(s) in order to better capture the taste of Asian population in both markets.

Nissin Asia, being a party to the JV Agreement, has extensive experience in performing instant noodles businesses in southeast Asian markets through its subsidiaries. Therefore, the Company believes that Nissin Asia, as one of the shareholders of the JV Company, will play a vital role in strengthening the distribution and expansion of the instant noodles market in Australia and New Zealand. Leveraging the strengths of both parties under the JV Agreement, the Board is of the view that the establishment of JV Company will broaden the income base of the Group over time and foster long-term growth for both the Company and the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction contemplated under the JV Agreement are fair and reasonable and are on normal commercial terms, and the JV Formation is in the interests of the Company and its Shareholders as a whole.

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. Nissin Asia is an indirect wholly-owned subsidiary of Nissin Japan. Therefore, Nissin Asia is a connected person of the Company by virtue of it being an associate of Nissin Japan. Accordingly, the JV Formation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios of the JV Formation is more than 0.1% but less than 5%, the JV Formation is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Mr. Kiyotaka Ando, the executive Director, who is also a director of Nissin Asia, is regarded as having material interest in the transactions contemplated under the JV Agreement and has abstained from voting on the board resolutions approving the JV Agreement and the transactions contemplated thereunder. Save for the above Director, none of other Directors has been or is deemed to be materially interested in the transactions contemplated under the JV Agreement, so no other Director was required to abstain from voting on the Board resolutions of the Company approving the JV Formation. The Directors (including the independent non-executive Directors but excluding Mr. Kiyotaka Ando) have considered and approved the resolution on the JV Formation.

DEFINITIONS

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

“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“CAGR”	the compound annual growth rate
“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
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“JV Agreement”	the subscription and joint venture agreement dated 11 November 2024 entered into between the Company and Nissin Asia in relation to, among others, the formation of the JV Company
“JV Company”	Australia Nissin Foods Pty., Ltd., a limited liability company to be incorporated under the laws of Australia pursuant to the terms of the JV Agreement
“JV Formation”	the formation of the JV Company pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Nissin Asia”	Nissin Foods Asia Co., Ltd., a company established in Thailand and a wholly-owned subsidiary of Nissin Japan
“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

“percentage ratios”	refers to the percentage ratios under rule 14.07 of the Listing Rules
“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 AUD1.00 = HK\$5.13 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, 11 November 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 Yukie Nakano, Professor Toshiaki Sakai and Professor Keiko Ito.